



Investing in the Future of Canadian Communities Through Public Transit

Written submission for the pre-budget consultations in advance of Budget 2024

Canadian Urban Transit Association

August 3, 2023



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Recommendation: Resolve the current infrastructure funding gap for public transit systems by shifting the start date of the Permanent Public Transit Fund (PPTF) by introducing a component baseline stream of the fund (\$500 million annually) into the 2024 budget. Additionally, the intake process for the remaining PPTF funds should be made available beginning in 2024 so that transit systems can begin the planning and application process for accessing those funds in 2026.

The Infrastructure Funding Gap

The accelerated sunset of the Investing in Canada Infrastructure Program (ICIP) in March 2023 and the planned rollout of the \$3 billion annual Permanent Public Transit Fund (PPTF) in 2026/2027 results in a significant infrastructure funding gap for public transit projects that must be filled. The Canadian Urban Transit Association (CUTA) recognizes the importance of a seamless and effective implementation of the PPTF to facilitate long-term public transit planning across Canada. However, the current timing of the PPTF leaves transit agencies facing critical capacity problems and mounting state of good repair backlogs. These challenges must be addressed to accommodate Canada's substantial projected population increase, as well as advance key policy aims such as affordability and GHG emissions reduction.

Mounting Infrastructure Pressures

Based on the government's ambitious immigration target of roughly 500,000 new Canadians each year, by the mid-2040s, Canada will have a population of 45 to 50 million people with transit systems built for 25 million people. Municipalities must be equipped to expand transit networks to meet rising demand and to ensure new housing developments are properly integrated with public transit infrastructure. The alternative is more road congestion, commuter dissatisfaction and higher GHG emissions. For example, in Brampton, where ridership has well surpassed 2019 levels, the transit system remains strained as the municipality is currently unable to procure new buses or build new facilities. Similar situations are playing out in other fast-growing regions like St. John's, Halifax, Sherbrooke, and metro Vancouver. Without swift action to resolve the transit infrastructure gap seen in municipalities across Canada, fast-growing communities will not have the transit service capacity to support their expanding populations.

Transit systems nationwide face mounting state of good repair backlogs, including facility maintenance, vehicle maintenance, track replacement and more. These backlogs must be addressed promptly to ensure infrastructure resilience and safety. This issue is compounded by climate change and the need for systems to retrofit and adapt their infrastructure to handle extreme weather conditions. Government support must be provided before these backlogs become insurmountable. In Toronto alone, the state of good repair backlog stands at \$92 million in 2023. Without additional funding support, the TTC projects this figure will rise to \$538 million in 2024 and will exceed \$1 billion by 2025.

A Smooth Launch for the PPTF

To achieve the seamless rollout of the PPTF in 2026/2027, the government must support transit systems in the interim to ensure transit infrastructure remains in good condition and grows with the population. Additionally, it is critical that transit agencies have support from the government as they undertake the necessary steps to qualify for funding under the PPTF. Integrated regional transit plans will feature prominently in eligibility for funding and many metropolitan regions across Canada have not gone through this extensive planning exercise yet. A portion of funds from the PPTF must be released for these planning exercises and associated studies beginning in 2024. Without government support for this important work before 2026, the PPTF will stall at launch and lead to regional disparities with funds only flowing to those metropolitan regions that already have integrated regional transit plans in place. In addition, the intake process for the remainder of the PPTF funds should begin in 2024, with those funds being dispensed starting in 2026. This will help municipalities and transit agencies identify and prepare key projects and priorities for funding.

Recommendations for Resolving the Infrastructure Gap

To address the infrastructure funding gap and support transit agencies in preparing for the PPTF's launch in 2026/2027, CUTA recommends accelerating the launch of a component baseline funding stream of the program, equalling \$500 million annually, beginning in the 2024 budget. Additionally, the intake process for the remaining PPTF funds should be made available beginning in 2024 so that transit systems can begin the planning and application process for accessing those funds in 2026.





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