



## ENSURING SUSTAINABLE FUNDING THROUGH A NEW NATIONAL PUBLIC TRANSIT STRATEGY

**WHO WE ARE:** The Canadian Urban Transit Association (CUTA) helps connect the public transit industry. Our members include transit systems, public bodies, companies that supply the sector and experts in urban mobility.

**Recommendation:** The Government of Canada is encouraged to take a leadership role in an upcoming national taskforce, along with provinces, local governments, and transit agencies, to develop a national public transit strategy with a new funding model for Canada's public transit agencies.

### THE STATUS QUO ISN'T WORKING

With the arrival of approximately 500,000 new Canadians annually over the next decade, Canada's public transit systems are poised to play a pivotal role in supporting our growing communities. As these systems strive to accommodate the needs of existing riders and newcomers, it becomes imperative to develop a reliable and sustainable funding strategy that can adequately fund operations, facilitate growth, address environmental concerns, and support key policy aims.

Canada's public transit systems are at a crossroads. They collectively face unfunded operational shortfalls estimated at over three quarters of a billion dollars in 2023 that threaten their ability to serve communities effectively. It is imperative for all levels of government to engage in a national conversation on public transit funding. The federal government has a unique opportunity to lead this dialogue, ensuring that Canada's transit systems receive the support they need.

## CURRENT FUNDING MODEL CHALLENGES

**Reduced Service Quality:** Inadequate funding has a direct impact on service quality, as transit agencies struggle to maintain aging infrastructure, upgrade technology, and expand routes to meet growing demand. Passengers experience overcrowding, longer wait times, and unreliable service.

**Inequities and Accessibility Issues:** Relying on fares can lead to fare increases, making public transit less affordable for low-income individuals and families. This exacerbates social and economic inequities and reduces accessibility for those who need transit the most.

**Vulnerability to Economic Downturns:** Transit agencies' reliance on farebox revenue leaves them highly susceptible to economic fluctuations. During downturns, ridership declines, resulting in severe revenue shortfalls that disrupt service provision.

---

## OUR CALL FOR A NATIONAL CONVERSATION

**Collaborative Solution Development:** Addressing the challenges facing public transit requires a collaborative effort from all levels of government—federal, provincial, and municipal. A national conversation would provide a platform for these stakeholders to come together, share insights, and develop holistic solutions.

**Sustainable Funding Alternatives:** A national dialogue can explore and identify sustainable funding alternatives that reduce transit agencies' reliance on farebox revenue. This may include innovative revenue streams, dedicated funding sources, and cost-sharing mechanisms between governments.

**Equity and Accessibility:** Through this conversation, we can prioritize equity and accessibility by ensuring that public transit remains affordable for all, while expanding services to under-served communities. A national perspective can help develop strategies that target social and economic disparities.

**Economic Benefits:** A well-funded public transit system stimulates local economies, creates jobs, and contributes to economic growth. The discussion should explore the economic benefits of investing in public transit and the potential to support ridership growth.

---

## THE NEED FOR FEDERAL LEADERSHIP

The federal government has a unique opportunity to lead this national conversation on public transit funding. Their involvement can serve as a catalyst for meaningful change by:

- **Coordinating Efforts:** Federal leadership can facilitate coordination among provinces and municipalities, encouraging collaborative solutions that benefit all regions of Canada.
  - **Incentivizing Innovation:** The federal government can incentivize the development of innovative funding models and technologies that improve public transit's operational efficiency and financial sustainability.
- 

## THE PATH FORWARD: A NATIONAL PUBLIC TRANSIT FUNDING STRATEGY

By pooling expertise, resources, and perspectives, we can devise a comprehensive national public transit funding strategy that fosters sustainable growth, reduces emissions, and supports housing initiatives. A collaborative approach also ensures that the diverse needs and priorities of various regional stakeholders are considered.



**Head Office**  
55 York Street Suite 1401  
Toronto, ON Canada M5J 1R7  
Tel. : 416.365.9800

**Ottawa Office**  
440 Laurier Avenue West, Suite 200  
Ottawa, ON Canada K1R 7X6  
Tel. : 416.365.9800