



## PRESERVING AND ENHANCING THE CANADA PUBLIC TRANSIT FUND

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

**Recommendation 1:** Accelerate the rollout for the Canada Public Transit Fund's baseline stream from April 2026 to budget 2025 to ensure public transit systems have equitable and rapid access to capital funding in order to meet the present and future needs of Canadian commuters.

**Recommendation 2:** Protect the Canada Public Transit Fund by enshrining it in legislation and including an annual funding escalator tied to the cost of construction to ensure the fund maintains its value over time.

**Recommendation 3:** Streamline the application process and remove barriers to the Canada Public Transit Fund to maximize participation

## INFRASTRUCTURE FUNDING GAP

The sunsetting of the Investing in Canada Infrastructure Program (ICIP) in March 2023 and the planned rollout of the \$3 billion annual CPTF in April 2026 results in an infrastructure funding gap for public transit projects that must be filled. The current timing of the CPTF leaves transit agencies facing critical capacity problems and mounting state of good repair (SOGR) backlogs.

In Montreal, the Société de transport de Montréal (STM) estimates its SOGR funding need at approximately \$550 million annually. In Toronto, the Toronto Transit Commission (TTC) has unfunded SOGR needs estimated at \$900 million annually. These challenges must be addressed to accommodate Canada's substantial projected population increase, as well as advance key policy aims around affordability, housing, and climate change mitigation.

## REALIZING CRITICAL CO-BENEFITS

Accelerated baseline funding will help achieve critical co-benefits. This includes the development of high-density housing around transit facilities to create vibrant, sustainable transit-oriented communities that reduce the reliance on personal vehicles. This will decrease traffic congestion in Canada's cities and accelerate the reduction of greenhouse gas emissions, contributing to the fight against climate change. Accelerating the CPTF baseline funding stream's rollout to Budget 2025 will help ensure that transit agencies are prepared to handle current infrastructure demands and can effectively plan for multi-year projects.

# IMPLEMENTING A FUNDING ESCALATOR TO ADDRESS RISING CONSTRUCTION COSTS

The cost of construction and other capital needs are influenced by factors such as material prices, labor costs, and regulatory requirements, which tend to rise faster than general inflation. To ensure the CPTF remains effective and maintains its value over time, it is essential to include a funding escalator tied to the cost of construction.

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## LEGISLATIVE ENSHRINEMENT OF THE CPTF

To safeguard the CPTF's future and achieve the program's aim of providing reliable and predictable capital funding for transit agencies, it is crucial to pass legislation that enshrines the CPTF's permanency. This can protect the program from potential budget cuts and austerity measure. by safeguarding the CPTF's predictability, transit agencies can confidently plan and implement long-term projects that are essential for expanding and enhancing their networks.

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## SIMPLIFYING AND REMOVING BARRIERS TO ENTRY

**MRA Stream:** While CUTA appreciates the proposed regional collaboration and accountability for the metro-region agreement (MRA) stream, several gaps and issues could impede the program's success. CUTA and our transit agency members are concerned about the ability of transit systems and municipalities to meet the intensive demands of the integrated regional plan (IRP) guidelines, especially in regions lacking strong planning frameworks. These challenges could delay funding for urgent SOGR costs and capital expansion projects.

A phased approach to the MRA stream is proposed, allowing regions more time to develop collaborative governance frameworks and IRPs, with funding flexibility during the phase-in period. Without flexibility, the CPTF is at risk of stalling at launch and leading to regional disparities, with funds only flowing to metropolitan regions that already have IRPs in place.

CUTA recommends revising MRA submission requirements to reduce detailed information early in planning, clarifying fund distribution criteria, and ensuring flexibility in achieving co-benefits. Additional clarity is needed on investment categories, cost-sharing formulas, evaluation processes, and fund flow.

**Baseline Stream:** Although the expression of interest (EOI) process for the baseline stream is simple compared to the MRA stream, some components of this stream should be modified. Requiring a minimum average of \$100,000 annual capital investment and ridership of 30,000 will exclude many small and rural systems that are depending on this baseline funding to address critical capital needs. CUTA strongly recommends reducing these thresholds and carving out exceptions for small systems. The focus on fixed-route systems may also exclude systems offering on-demand service.





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

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**Recommendation:** The Government of Canada must collaborate with provincial governments, municipalities, transit agencies, and other key stakeholder groups to identify and implement a long-term sustainable funding solution to address the operating shortfalls and structural deficits faced by public transit systems across the country.

## THE STATUS QUO ISN'T WORKING

With Canada's population set to increase drastically over the next decade, 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.

Since the pandemic, transit agencies have struggled with growing operating shortfalls. TransLink faces a structural deficit of \$600 million in 2026. In their 2024 Operating Budget and 10 Year Capital Plan report, the TTC estimated their operating pressures for 2025 to be worth approximately \$354 million. The Autorité Régionale de Transport Métropolitain (ARTM), which oversees the transit systems of the Greater Montreal Area including Laval, Longueuil, and the exo commuter trains, currently faces a total operating deficit of \$561 million and has been collaborating with the Government of Quebec to partially alleviate it. This is not isolated to Canada's largest systems, as transit agencies of all sizes are affected.

# THE CONSEQUENCES OF INADEQUATE OPERATIONAL FUNDING

**Reduced Service Quality:** Operation shortfalls can lead to reduced service frequency. This can discourage ridership, further decreasing farebox revenue and worsening operational shortfalls. This “death spiral” effect, ultimately reduces ridership and perpetuates the cycle.

**Unsustainable Funding Model:** Transit agencies have attempted to cover these shortfalls through various mechanisms, including provincial gas tax funding, other dedicated government supports, municipal reserves, and less desirable options such as fare increases and service reductions. None of these options are highly sustainable, especially in the context of Canada’s current affordability crisis. Further inaction on this front will lead to less frequent, reliable, and affordable transit services, ultimately undermining the aims of the Canada Public Transit Fund (CPTF) and other federal funding programs.

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## 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 Access:** Through this conversation we can ensure 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.

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## 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.

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## 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.



## PRESERVING AND ENHANCING CANADIAN PUBLIC TRANSIT: A PRACTICAL APPROACH TO NATIONAL PROSPERITY

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

As policymakers committed to ensuring Canada's economic prosperity and fostering efficient governance, it is imperative to preserve and enhance the Canada Public Transit Fund (CPTF). Public transit is more than just a service – it's an economic engine, a practical climate solution, and a vital tool in addressing the housing and affordability crises afflicting millions of hard-working Canadians.

### 1. EXPANDING HOUSING SUPPLY AND TACKLING AFFORDABILITY CHALLENGES

**Supporting High-Density Housing:** Public transit is a catalyst for high-density housing development around existing and new transit infrastructure. The CPTF encourages construction of housing near transit hubs, or transit-oriented communities, as a critical pre-requisite for funding.

Through the CPTF, we can contribute to growing Canada's housing supply in regions with the highest housing demand.

By supporting and protecting the CPTF, lawmakers are promoting policies that reduce barriers to home ownership, and increase housing supply while lowering costs, particularly in Canada's largest cities where demand is highest. Expanding the housing supply near transit hubs helps reduce the cost of living for Canadians.



## 2. REDUCING CONGESTION AND BOOSTING ECONOMIC PRODUCTIVITY

**Congestion Reduction:** Toronto alone loses an estimated \$11 billion in productivity each year due to congestion. Other large cities face comparable impacts, and many fast-growing smaller communities are at risk of encountering the same fate if transit capacity does not keep pace with demand.

Public transit investments reduce road congestion, enabling businesses to operate more efficiently and workers to spend less time commuting. Supporting the CPTF ensures that transit systems can grow alongside communities, combatting congestion where it exists and may emerge, and safeguarding economic productivity across Canada.

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## 3. PUBLIC TRANSIT AS A CORE COMPONENT OF CLIMATE POLICY

**A Climate Solution Beyond Carbon Taxes:** Public transit presents a key opportunity to address climate change without relying on costly measures like carbon taxes. It provides a practical approach to reducing emissions.

Investing in public transit offers a tangible, technology-driven solution to reduce emissions. It supports the development of cleaner technologies within Canada's existing and emerging manufacturing industries.

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## 4. ECONOMIC CO-BENEFITS AND JOB CREATION

**Investing in Canada's Economy:** Supporting the CPTF facilitates job creation not only construction but also in the production of vehicles and technologies that drive our economy forward. This is especially evident as systems transition to zero-emission transit options, which can help position Canada as a leader in the field.

**Return on Investment:** Capital investments in public transit can generate an estimated \$2.50 to \$4 in additional economic activity for every dollar spent. This translates into broader economic growth, connecting Canadians to jobs, services, and each other.

**Community Growth and Social Cohesion:** Reliable, affordable, and safe transit systems foster community growth, enhance access to economic opportunities, and strengthen social cohesion. Ensuring the success of the CPTF means ensuring the success of Canadian communities.

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## A CALL TO ACTION

As stewards of Canada's economic future, policymakers have the opportunity to champion a public transit strategy that delivers tangible benefits for Canadians. The CPTF is a key tool, developed in collaboration with transit agencies across Canada, that addresses housing challenges, fights congestion, combating climate change, and fostering economic growth. We urge you to support and preserve this essential program, ensuring that public transit continues to be a driver of Canada's prosperity.



## PRIORITIZING SAFETY ON PUBLIC TRANSIT

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### Recommendations:

1. The Government of Canada must pass Bill C-395 which amends subsection 269.01 of the Criminal Code to strengthen penalties for assaults on transit workers and expands the current definition of transit operators to include all transit workers.
2. The Government of Canada should establish an application-based transit safety and security fund that allots \$75M/year for two years. This will help support transit agencies with the specific expenditures needed to prevent, combat, and respond to safety and security incidents on their systems. Eligible costs can include staffing, training, station enhancements, public awareness and other safety and security measures identified by transit agencies.

To address incidents of violence and harassment on public transit systems across Canada, the Canadian Urban Transit Association (CUTA) calls for swift action to ensure the safety and security of transit riders and workers. In response to these concerns, CUTA established the Transit Safety Taskforce, dedicated to addressing the root causes of violence on transit and advocating for practical solutions. Last year, after thorough research and collaboration, the taskforce released a comprehensive set of recommendations aimed at enhancing safety measures on transit systems and engaging with all levels of government and partnering organizations to address broader societal issues that play out on public transit.

### CONCERNS AND THEIR IMPACT

An Ipsos survey from last year has revealed deeply concerning statistics, with 27% of Canadians expressing fears about using public transportation, particularly when traveling alone. Harassment, verbal abuse, physical threats, and unwelcome advances were identified as the primary drivers of these concerns, and the fear of crime significantly shapes public safety perceptions. These safety concerns not only jeopardize the ongoing recovery efforts of our transit systems but also have the potential to ripple into other sectors, resulting in reduced use of vital community resources.

### CURRENT PROGRESS AND SEASONAL RISKS

Incidents of violence on transit have decreased since the winter months. However, with the cyclical nature of these incidents, transit agencies expect a resurgence this winter without prompt and sustained action in the coming months. Since the release of CUTA's safety and security recommendations, several transit agencies have worked to develop new safety strategies based heavily on our report.

### ADDRESSING BROADER SOCIETAL ISSUES

Public transit systems are a reflection of the communities they serve, and certain societal issues such as homelessness, substance use, and mental health can profoundly impact these systems. Resolving these broader concerns extends beyond the scope of transit agencies alone. Our recommendations underscore CUTA's call for all levels of government to step up with appropriate funding and support, prioritizing actions that can be led by transit systems.

### TRANSIT SAFETY RECOMMENDATIONS

The taskforce's recommendations align with the ongoing efforts of transit agencies and are divided into five key focus areas: customer safety, staff safety, housing and supports, substance use, and mental health. The 27 recommendations developed by our taskforce require support from all levels of government. However, these measures can only be realized with federal support.