Supporting public transit

Written submission for the pre-budget consultations in advance of Budget 2023

Canadian Urban Transit Association

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Recommendation: Provide operating support for public transit as ridership returns to pre-pandemic levels.

We are encouraged that all levels of government recognise the advantages and significance of public transit. It is key to decarbonizing the transport sector, fostering more inclusive economic growth, advancing affordable housing, and promoting social equity. The unprecedented $4.6 billion investment in operating support for transit systems and their users through the Safe Restart Agreement, and the additional $750 million in operating support provided in February 2022 were highly appreciated. However, as public transit systems continue to trend toward pre-pandemic ridership levels, they still require an additional infusion of funds in 2023 to help mitigate revenue shortfalls.

While two million people use public transportation every day, the pandemic has dramatically reduced ridership. According to the most recent StatsCan data from July 2022, transit systems are at roughly 63% of pre-Covid ridership levels and 66% of pre-Covid revenues.

Without adequate funding, public transit agencies will have no choice but to reduce service and operations that were essential for supporting frontline workers during the pandemic and are needed for our post-pandemic recovery. It is critical that we avoid a downward spiral of reduced service levels that would lead to reduced ridership, reduced revenue and have lasting negative impacts on ridership trends, emissions reduction potential, cost of living and even social equity targets in marginalized communities.

When revenue shortfalls led to significant service reductions in Toronto in the 1990s, it took 18 years for ridership to recover. Allowing a downward spiral across the country must be avoided. Our cities will become more congested. Climate goals will become harder to reach. Canada's commuters must be able to count on their lifeline to employment, education, recreation, and critical services.

Public transit connects our nation's sprawling urban regions and represents a gateway to growth and progress in suburban and rural areas. Canada needs more housing – and more public transit to serve it. **We welcomed the $750 million investment in transit operations announced in February 2022, which also worked to accelerate progress on housing supply, in collaboration with municipalities. We recommend this measure be renewed for 2023.**

CUTA believes that provincial governments should also assume some of these costs, like many did with matching arrangements through the Safe Restart Agreement and the February 2022 transit investment. To avoid the disparities between provinces, we encourage the federal government to include a provision for limited baseline funding without provincial matching. This would still incentivise provincial matching to access a province's full allocation.

Federal government support was essential in addressing revenue shortfalls. With ridership levels still on their way toward pre-pandemic levels, support is still needed. Many of our nation's largest transportation agencies serving big cities are forecasting steep financial losses through 2024. In the U.S., the federal government helped protect public transit by delivering two rounds of operating support, the latest extending through 2024.

Capital investment in public transit is needed and welcome. We thank the government for continuing to work proactively with transit systems and provinces to keep the pipeline of capital projects active through the Investing in Canada Infrastructure Program. We are also pleased that the government has opened consultation on permanent capital funding for public transit and we will be providing a submission to Infrastructure Canada. However, without emergency operating support, we will face an ironic situation of new transit lines being built while existing service levels are reduced.