

# Will the 2024 Federal Budget Leave Public Transit Behind?

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## Quick Summary

There is an urgent need to fix public transit funding in Canada. The 2024 Federal budget is the place to do it.

[The heads of Toronto's, Montreal's, and Metro Vancouver's transit agencies](#)<sup>1</sup> have all called on the federal government to advance the forthcoming [Permanent Public Transit Funding Program](#)<sup>2</sup> to early 2024, instead of 2026. Public transit rider groups and ENGOS have [echoed the calls for transit funding in the 2024 federal budget](#).<sup>3</sup>

The transit funding program is also critical to delivering on goals around housing. Recently, Prime Minister Trudeau announced that this forthcoming Federal Transit Funding Program will require high density housing and the [elimination of minimum parking requirements within 800 metres of frequent-service public transit stations](#).<sup>4</sup> This would help more Canadians live closer to public transit hubs and encourage greater housing supply. Despite Canada's pressing housing and climate crisis, the program is still slated to be delayed until after the next federal election.

In a recent interview with LaPresse, Quebec's Transportation Minister Geneviève Guilbault lamented the federal government continuing to drag its feet on implementing this program, and called out a ['complete disengagement' on the issue of public transit operations funding](#).<sup>5</sup> In response, Minister Pablo Rodriguez said that the federal government was ["not ruling out" accelerating the Permanent Public Transit Program to this year's budget](#).<sup>6</sup>

Here is what to look out for in the federal budget, and what stakeholders have been calling for.

## The Federal Role in Public Transit Infrastructure

In recent years, the federal government has taken a more active role in public transit than in the past. In 2016, the federal government created the first long-term, dedicated transit *capital* investment program in Canada's history (\$23.5 billion), as part of the *Investing in Canada Infrastructure Program*. Before this, Canada was long known as the only G7 country with no national public transit strategy, funding program, or policy framework.

With this program, Canada funds 40 per cent of the **capital** expenditures of new transit infrastructure, like bus procurement, light rail or subway construction. Federal transit funding is not allowed to be used to hire drivers or mechanics to improve day-to-day service frequency, hours or coverage, known as **operations** funding.

<p><b>Capital Expenditure</b></p>	<p>Money provided for building out new public transit infrastructure like subway or light rail construction, or buying more buses.</p>
<p><b>Operating Funding</b></p>	<p>Money provided to run public transit, such as hiring bus drivers and mechanics to improve service and increase frequency - i.e. how often the bus comes.</p>

During the COVID-19 pandemic, the federal government also began temporarily funding public transit operations, providing unprecedented emergency relief to public transit systems to keep them afloat amid the loss of ridership and revenue from fares. However, this funding has now expired, and the federal government has returned to its position of only funding capital expenditures.

In the 2022 federal budget, the federal government moved up the deadline for applying for funding under the *Investing in Canada Infrastructure Program* (ICIP) from March 2025 to March 2023. This created a significant gap between the old and new public transit programs.

If the new program doesn't begin until 2026, the federal government is effectively "hitting pause" on funding their 40 per cent share of new transit capital projects for three years. While ICIP continues to fund existing projects still under construction, there is currently no federal funding available to get new projects off the ground or meet current and ongoing needs. While there are some small application-based programs for specific categories, like rural transit, active transportation and electric buses, there is no core capital funding available to replace what was once served by ICIP.

## Why This Matters

As outlined in the joint letter from Canada's three largest transit agencies, pressing needs have not gone away. [In Montreal, 93 per cent of public transit assets will be 40 years old by 2030.](#)<sup>7</sup> The region's Metropolitan Transport Authority (ARTM) is currently papering over their operating deficit [by slashing their budget for maintenance and repair, which is completely unsustainable.](#)<sup>8</sup> Operating deficits have already caused Montreal's public transit system, the STM, to [cancel the low-wait time guarantee on its entire "10-minute or less" frequent bus network in February 2023.](#)<sup>9</sup>

In Toronto, the state of good repair backlog of public transit assets is expected to grow by more than \$8 billion over the next 10 years. In a city still reeling from the derailment of the Scarborough RT, the Toronto Transit Commission (TTC) had to cancel their plans to [replace subway cars that are reaching the end of their life because they lacked the funding.](#)<sup>10</sup> Last year, TTC CEO Rick Leary

warned that the signal system on the Bloor-Danforth Line 2 subway was now [so “frail” that he worried it might need to be shut down at some point in the future.](#)<sup>11</sup>

In Metro Vancouver, a fast ridership recovery has meant buses are routinely packed like sardines and [passing-up passengers because there is no more room.](#)<sup>12</sup> Metro Vancouver’s Mayor’s Council have called on the federal government to accelerate their public transit program to this year’s budget to rapidly address overcrowding and fund their 10-year *Access for Everyone* expansion plan.

The federal government’s current approach has simply not worked to increase public transit service levels. Public transit service levels for the average Canadian are now [7 per cent less than they were when \\$23.5 billion dollars worth of federal investments began in 2016.](#)<sup>13</sup>

## What Environmental Defence Wants to See In the Budget

Environmental Defence is concerned that Canada’s approach to public transit in the forthcoming *Permanent Public Transit Funding Program* will continue to deliberately exclude funding for improving day-to-day service coverage and frequency, which is the most important factor in getting more people to choose public transit over cars and thereby reduce carbon emissions. To put it bluntly, it is not possible to significantly reduce carbon emissions using public transit without dedicated funding for improving day-to-day service. Buses without drivers don’t do the job. Canada will never see the much higher share of urban travel made by public transit common in European and East Asian countries unless there is a sustainable funding source for both capital projects and operations.

[Environmental Defence welcomed the federal government’s pre-budget announcement](#) that it would require high density housing and the elimination of minimum parking requirements within 800 metres of frequent-service transit stations.<sup>14</sup> This was one of the key recommendations from its most recent report, [Putting Wheels on the Bus: Unlocking the Potential of Public Transit to Cut Carbon Emissions in Canada.](#) This report, supported by modelling from Dunskey Energy + Climate Advisors, found that with the right policy interventions, Canada can double public transit ridership by 2035 and reduce carbon emissions by 65 million tonnes, if investments begin now. In addition to enabling more housing near public transit, achieving these outcomes requires accelerating the deployment of the program, significantly expanding federal and provincial funding for public transit operations, implementing more transit priority lanes, and establishing zero-emission bus procurement requirements. Our report recommended that Canada double the size of the forthcoming *Permanent Public Transit Fund* with an additional \$3 billion per year on average for transit operations and bus fleet electrification.

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For more information or to request an interview, please contact: [media@environmentaldefence.ca](mailto:media@environmentaldefence.ca)