



Engagement Paper: Permanent Public Transit Funding in Canada



Infrastructure
Canada

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Aussi disponible en français sous le titre : Document de mobilisation : Le financement permanent du transport en commun au Canada

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Cat. No. T94-41/2022F-PDF
ISBN 978-0-660-45793-2

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Background

Investments in public transit and active transportation are critical to build a prosperous, inclusive, and sustainable Canada. These investments:

- improve quality of life by reducing commute times and enabling Canadians to get around their communities safely and efficiently;
- provide access to meaningful employment, services, and recreation; and,
- tackle traffic congestion, pollution, and greenhouse gas (GHG) emissions.

Public transit and active transportation are also closely connected to housing affordability. Transit stations and other connections to public transit, such as cycling and walking pathways or local bus stops, help unlock opportunities to build more housing supply by allowing communities to build more densely.

Denser communities provide more housing options for low- and middle-income families while unlocking job opportunities for builders and associated sectors.

Permanent investment in public transit is a critical element of the Government of Canada's plan to tackle the housing affordability challenges by providing Canadian families with a diverse set of affordable housing options.

While the COVID-19 pandemic has impacted public transit systems, reducing overall ridership and demand, it also demonstrated how vital transit is and will continue to be for all Canadians.

This is especially true for those who have been on the front lines in the fight against the COVID-19 pandemic, such as those delivering essential services, who continued to rely on public transit throughout the height of the pandemic.

As communities across the country continue to grow and expand, all governments will need to continue to invest to build the public transit of today and tomorrow.

That is why, in February 2021, the Government of Canada [announced new permanent public transit funding](#) of \$5.9 billion over five years and \$3 billion per year ongoing starting in 2026-27.

That is on top of the over \$13 billion invested since 2015 through the Investing in Canada Infrastructure Program and Public Transit Infrastructure Fund.

This new funding is a transformational approach that will provide the stable and predictable support that communities have long sought so they can continue to effectively plan to maintain and expand their transit systems.

Permanent public transit funding is also a key opportunity to address shared challenges, such as increasing the supply and affordability of housing, building sustainable communities, and fighting climate change.

The Government of Canada's Vision for Public Transit

To build better, more affordable, sustainable, and inclusive communities, the Government of Canada must set and meet objectives such as creating good jobs, reducing greenhouse gas emissions, and addressing housing affordability. Targeted investments in public transit and active transportation are key elements in achieving these objectives. Specifically, new investments in public transit and active transportation need to ensure:

- **Social Inclusion:**
 - **Accessibility:** Public transit and active transportation are accessible, safe, reliable and built in a way that ensures transit is a preferred option.
 - **Equity:** Inequalities in access to public transit are addressed, especially for vulnerable populations that are often heavily reliant on public transit, particularly for those who need it most.
- **Housing Supply and Affordability:** New investments in public transit and active transportation facilitate opportunities for more housing, especially close to where investments are made.
- **A Clean and Healthy Environment:** Healthy lifestyles are supported, and carbon footprints reduced by meeting the growing demand for active transportation projects while continuing to drive reduced emissions and improved resilience to climate change with transit investments.

- **Economic Benefits:** Public transit and active transportation investments provide meaningful local economic benefits to community members, especially for those from marginalized communities.
- **Stronger Coordination and Planning:** All orders of government – and governments within regions – work collaboratively to design and deliver public transit that is data-driven and reflective of community wants and needs.
- **Data Collection and Use:** Robust data and performance metrics are shared with the Government of Canada at the very early stages of project development to ensure that Government of Canada objectives will be met.
- **Future Proof Public Transit Investments:** Public transit and active transportation infrastructure is modern, resilient, and fiscally sustainable, supporting movement within communities for decades to come.
- **Consideration of Alternative Financing Methods:** Funding recipients explore partnerships with the Canada Infrastructure Bank and the private sector to maximize the number of projects and offer efficient spending of infrastructure dollars.

Making progress on these issues will ensure that Canadians have access to the public transit and active transportation options they need, that will provide important co-benefits that will make life more affordable while providing good job opportunities and more transportation options for Canadians.

Achieving these goals will require the Government of Canada to work closely with provinces, territories, municipalities, transit agencies, and Indigenous peoples, the owners and operators of our transit networks. Transit and active transportation decisions also impact various stakeholders, including advocacy groups, labour, industry, economic development organizations, housing and environment stakeholders, and more.

Permanent public transit funding will help to provide the stability that enables long-term planning. In support of that, efficient planning processes may present opportunities to align investment priorities of other partners with Government of Canada objectives. At the same time, permanent public transit funding should be flexible enough to respond to varied needs across communities of all sizes and types - from metropolitan areas to

rural, northern and Indigenous communities - while supporting better collaboration across orders of government.

Objectives for Permanent Public Transit Funding

This section outlines the Government of Canada's key objectives and desired outcomes for the design of the permanent public transit funding envelope.

Social Inclusion

Public transit and active transportation must be accessible regardless of factors such as age, ability, race, gender, or income. If equity and accessibility figure more prominently earlier in the planning process, it will better position Canada's public transit systems to help everyone get where they need to go.

Overall, public transit investments support improved social inclusion, but can also have temporary negative impacts on communities during construction, such as by disrupting business activity, roads, and walkways. However, proper planning and design during the early phases of projects can help mitigate these kinds of impacts during construction. So, while some disruptions are unavoidable, all efforts must be made to provide community benefits and mitigate negative impacts to communities during project construction.

Guiding Questions

How can the Government of Canada ensure that public transit programs drive and deliver on social inclusion and accessibility before project construction, during construction and beyond?

- What measures can be implemented (including through community benefits agreements) during the early stages of project planning and design to support communities through the temporary impacts associated with project construction and to promote additional positive outcomes?
- What consultative activities should be required by governments and transit agencies to inform planning and investment decisions?

- What can be done to mitigate the potential for displacement associated with transit expansion?

Housing Supply and Affordability

New investments in public transit can unlock incredible opportunities to provide housing for more Canadians by building sustainable communities near transit stations and corridors. While this is true, the same investments, without the appropriate measures, can also drive-up demand and reduce overall housing affordability. Community planners, governments and developers must ensure that investments in housing near transit stations do not displace existing residents. Investments in more affordable housing near transit, accompanied by increased density and diverse housing types, will help to ensure that existing residents are able to continue to live and thrive in complete and inclusive communities.

As the Government of Canada signaled in Budget 2022 and the 2030 Emissions Reduction Plan, it is committed to exploring opportunities to link investments in infrastructure funding, including public transit funding, to housing outcomes.

Guiding Questions

How can the Government of Canada ensure permanent public transit funding contributes to efforts to improve housing affordability?

- What measures can incentivize appropriate levels of housing density, diversity and affordability near major transit stations?
- What measures can help ensure that objectives in transit and housing development are complementary (e.g., greater transit access and ridership, greater housing supply and affordability)?
- How can the Government of Canada ensure that the development of new transit projects serves the housing needs of communities?

Clean and Healthy Environment

Public transit and active transportation investments are a critical element of Canada's plan to rapidly reduce greenhouse gas emissions and achieve net-zero emissions by 2050. Public transportation allows people to get around their communities with fewer impacts on the environment, including by helping to tackle congestion in urban centres. Accessible, integrated systems of active transportation and public transit should be the most convenient and cleanest way for Canadians to get where they need to go.

At the same time, the Government of Canada recognizes the need to prepare for the impacts of climate change today by building resilient infrastructure. All infrastructure, including public transit and active transportation infrastructure, must be designed to withstand the impacts of extreme weather events.

Guiding Questions

How can permanent public transit funding reduce overall GHG emissions and accelerate Canada's path towards achieving net-zero?

- What transit-planning, land-use, zoning and related measures can help maximize GHG emissions reduction from Government of Canada investments in public transit?
- How can the Government of Canada account for and encourage the use of cleaner (e.g., low carbon) building materials?
- How can the Government of Canada most effectively support investments in zero-emission transit fleets across the country?
- What environmental impacts, other than GHG emissions, should the Government of Canada consider in the design of the permanent public transit funding envelope?
- How should the growing need for climate resilience inform investments in transit?

Economic Benefits

The design and construction of public transit and active transportation creates good, high-paying jobs in construction, engineering, and project management, but also in other fields such as accounting, finance, and legal

services. Once complete, these projects improve economic productivity by connecting more people to jobs, goods and services. At the same time, affordable transit enables people to save on transportation costs, reduces road congestion and wear and tear, and enables those providing goods and services to move more efficiently within their communities.

Guiding Questions

How can the Government of Canada ensure that permanent public transit funding drives jobs creation and broader economic benefits through planning, construction, and operations?

- What measures can ensure that transit systems and projects are designed to encourage local economic growth and help workers access jobs more easily?
- How can permanent public transit funding support domestic economic goals (e.g., job creation, support for the manufacturing sector, etc.)?
- What measures can help make sure public transit investments provide local economic benefits for those directly impacted by project construction?

Stronger Coordination and Planning

Public transit investments work best when there is effective coordination and collaboration not only between orders of government, but regional governments as well. The same is true for coordinating planning across public transit and related issues, from transportation overall to land-use and housing. To build on the progress to date, governments must ensure their objectives and desired outcomes align at the earliest stage possible. Permanent public transit funding will aim to secure and incentivize strong partnership and alignment among all jurisdictions.

Guiding Questions

How can the Government of Canada, provincial/territorial, municipal and Indigenous governments better coordinate and collaborate with one another to deliver the best public transit for their communities?

- What approaches are most effective at promoting collaboration among orders of government and among local governments (e.g., neighbouring municipalities)?
- How can the project development and assessment requirements of different orders of government be better aligned to facilitate effective design and delivery of projects?
- What measures can help ensure that public transit planning and design is coordinated for example with land use, or housing policies?
- What measures can encourage communities to integrate active transportation networks more effectively?

Future-Proofed Public Transit Investments

While the need to build new transit is critical, maintaining existing systems and accounting for life-cycle costs associated with public transit and active transportation investments is also important. Yet, these are often left out of funding program design. Life-cycle analyses help ensure that public transit investments made now will be sustainable in the future, capturing the cost of maintenance over time.

Guiding Questions

How can the Government of Canada ensure public transit systems – physically, financially, and otherwise – are able to be responsive to changing conditions and continue to function effectively over the long term?

- How can the Government of Canada incentivize and ensure life-cycle analyses help to inform investment decisions into public transit?

- How can the Government of Canada design the program in a way that will support long-term plans and associated upkeep?
- What other aspects of sustainability and resilience should the Government of Canada consider in developing an approach to deliver permanent public transit funding?

Consideration of Alternative Financing Methods

Investments in public transit can be among the largest investments in both size and scope that communities can make. Canadians expect their governments to deliver public funding as effectively and efficiently as possible. Alternative financing methods can provide opportunities for the public sector to partner with private sector entities to help design and deliver public transit. Projects – such as the Réseau express métropolitain in Montreal – serve as good examples of how alternative financing can effectively support new major projects.

Guiding Questions

How can the Government of Canada ensure alternative financing methods are leveraged effectively?

- What program design elements can ensure alternative financing opportunities are explored?
- How can the Government of Canada help ensure alternative financing approaches align with and/or support social inclusion and related objectives?

How will the program be delivered?

Permanent public transit funding must be designed to deliver for communities. That means the program needs to be efficient and flexible while delivering the economic, social, and environmental outcomes that Canadians expect. The Government of Canada has already invested billions of dollars in thousands of public transit projects across the country using a variety of program designs such as allocation-based formulas and application-based programs.

A mix of solutions including stable and predictable funding and application-based funding, will be needed to meet the diverse range of transit projects and needs from coast to coast to coast.

Guiding Questions

- How can different solutions like stable and predictable transfers, application-based programs, or other models be best used to support transit systems and advance the federal objectives laid out in this paper?

Conclusion and Next Steps

Permanent public transit funding will provide a transformational opportunity for governments to work together, plan for the long-term, and take meaningful steps forward in how we invest in public transit and active transportation.

This renewed focus on key investments in cities and communities will help strengthen our ability to improve access to reliable public transit, build more affordable housing, create good jobs, and essential services, build stronger local economies, and reduce greenhouse gas emissions.

Better, more integrated planning between governments and across transit, housing, and land use will unlock tremendous potential to think big and to plan the future footprint of our communities. Transparent decision-making and improved incentives will ensure the best investment decisions are made.

While this paper provides principles for the way forward, there is still more work to be done. In the coming period, the Government of Canada will continue to engage key partners, stakeholders, and the public on the shape of permanent public transit funding in Canada.

