



ANALYSIS: Climate Funding in the 2022 Budget

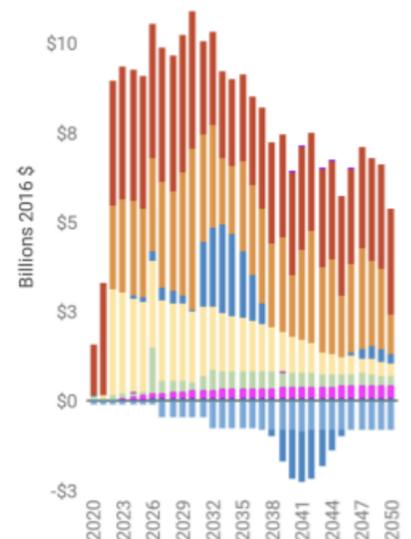
Overall 2022 Budget Observations

JANUARY 21 2022

- The 2022 City Budget is another “status quo” budget. Toronto has faced more than a decade of austerity budgets that are harming our communities. In the face of a pandemic, deepening inequality, and a climate emergency, we need more than “status quo”.
- In December 2021, City Council passed a new TransformTO Net Zero Strategy. However, spending for climate action in 2022 has not significantly increased compared to 2021. This doesn’t reflect Toronto’s step up in climate ambition.
- There are challenges in assessing the exact amount of funding needed this year for Toronto to meet its targets. The Strategy is new and more detailed plans are still being produced by the City.
- To fund climate action and make investments to lower emissions and create a more liveable and equitable Toronto, the City must find new sources of funding and adopt new revenue tools to fund climate action and other chronically underfunded programs and services.

TEA’s approach to assessing climate investments in the City Budget

- We know that the pandemic delayed TransformTO work last year, with Environment & Energy (EED) staff temporarily redeployed to the Office of Rebuild & Recovery (TORR).
- The Net Zero by 2040 Strategy provides a financial model of investments needed to reach net zero by 2040. The model is based on a starting year of 2020 - but we don't know how far behind the City may be because of the pandemic.
- For comparison, the City’s *Briefing Note on Greenhouse Gas (GHG) Reduction and Climate Resilience Investment*¹ identifies **\$358.5M** of transit capital investment with emissions reductions and/or resilience components in 2022.
- The strategy’s Technical Report financial model² indicates the City will need to make the following investments (interpreted from figure 54, right);
 - 2021 investment: **over \$3B** in transit enhancements
 - 2022 investment: **over \$8B** (in transit enhancements + residential + non-residential bldgs)
 - 2023 investment: **over \$9B** (transit + res + non-res)



*Capital Investments over the Do Nothing scenario
Net Zero Strategy Technical Report, p.106*

What TEA is calling for: funding in this year's Budget and improvements to the budget process

Increase funding to match the level of our climate ambition; especially in areas that reduce GHGs and improve equity.

- **Transportation** (36% of Toronto emissions)
 - Fully fund equity-improving transit programs including Fair Pass and RapidTO.
 - Ensure transit service levels are increased; act quickly to correct recent decreases.
 - Allocate the funds necessary to meet Toronto's commitments to electrifying transit and the City's own fleet.
 - Invest in Vision Zero and active transportation; invest in protective infrastructure for pedestrians and cyclists sooner, especially in communities where active transportation infrastructure is the most lacking.
- **Buildings** (57% of Toronto emissions)
 - Given the housing crisis, ensure that significant funds are earmarked for greening buildings, and directly contribute to increasing the # of safe and affordable housing units.

Improve the budget process & adopt new revenue tools, which includes:

- Meaningful public engagement process for the next Budget cycle
- Improve equity assessment on budget notes
- Ensure a robust Climate Lens is applied to Operating and Capital Budgets
- Ensure Carbon Budget development is on track for implementation in the 2023 Budget
- Increase transparency and accountability
- Adopt new fair and equitable revenue sources to fund these vital investments in our future

Since the original TransformTO climate plan was passed in 2017, there have been repeated delays and underfunding of climate action in the City Budget. **By setting a new target of net zero by 2040, the City has taken a significant step up in its level of ambition. Now, we'll need to step up the political will to fully implement the plan, and that requires new revenue to fund climate action.**

This will require investments from other levels of government, but we can't rely on these sources alone. Civil society groups are calling on the City to **implement new revenue tools that are fair and equitable.**

We'll be sharing more analysis in our deputation to the Budget Committee on January 24th & 25th.

Speak up for bold, urgent and ambitious climate action:

- Send a letter by emailing buc@toronto.ca
- Sign up to our email list for more updates and opportunities to take action: torontoenvironment.org/newsletter_signup
- Find more blogs and analysis at torontoenvironment.org/news_media

¹ [2022 Capital Budget Briefing Note - Greenhouse Gas \(GHG\) Reduction and Climate Resilience Investment Summary](#), p.10

² [TransformTO Net Zero Strategy Technical Report](#), p.106