



PUBLIC TRANSIT: A PRIORITY FOR ADDRESSING AFFORDABILITY, HOUSING PRESSURES AND POPULATION GROWTH

WHO WE ARE: The Ontario Public Transit Association (OPTA) is the collective voice of the transit industry in Ontario. Our member-driven trade association represents public transit systems, health and social service agency transportation providers, suppliers to the industry, consultants and government representatives.

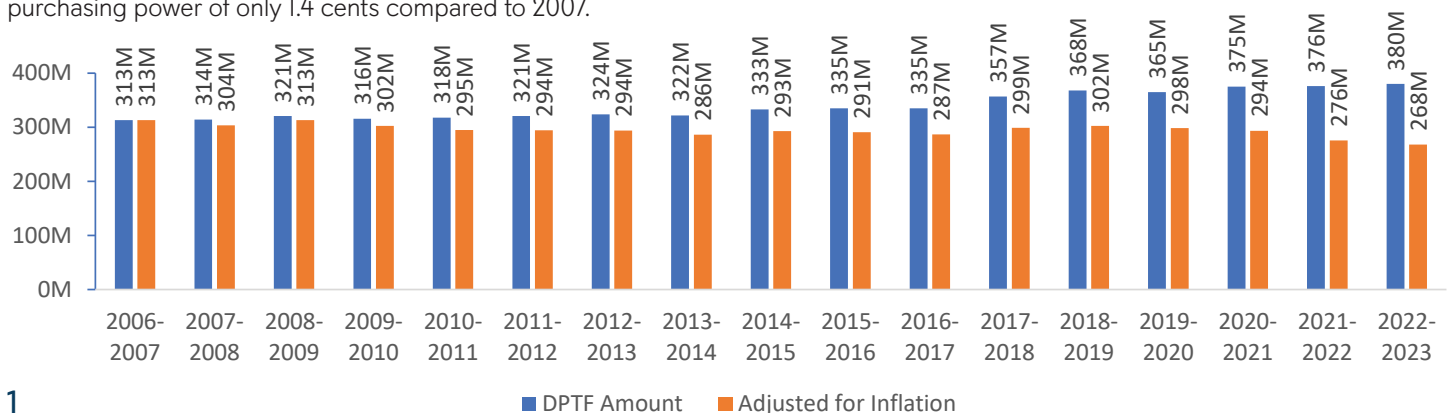
Recommendation 1: Supplement the total funding envelope of the Dedicated Public Transit Fund (Ontario Gas Tax Program) to a total of \$700 million in 2023-2024 and \$725 million in 2024-2025. This will help transit agencies keep pace with ridership demand, and avoid further service cuts and unprecedented fare increases. It will help align the fund with its original mandate of supporting ridership growth, and it will support affordable transportation for Ontarians as the province’s population grows at a record pace.

Recommendation 2: As a step toward maintaining transit fleets in advance of the federal Permanent Public Transit Fund coming online in 2026, the province should provide assistance to Ontario public transit agencies by covering 1/3 of bus purchases. This investment, estimated at \$450M per year for two years, will help systems maintain and expand their fleets in order to meet growing ridership demand and address state-of-good-repair needs.

Public transit ridership is back to pre-pandemic levels or higher in most Ontario jurisdictions. However, the fiscal situation facing Ontario’s transit agencies remains dire as they contend with significant capital and operating deficits, which are already resulting in costly fare increases and service reductions. This impacts rider convenience and affordability. With the federal Permanent Public Transit Fund coming online in 2026, funds are urgently needed in the interim period to ensure transit systems can continue to provide affordable transportation options to Ontario communities.

The Dedicated Public Transit Fund (DPTF) provides flexible funding for transit systems through gas tax revenues. Since 2007, the fund has received 2 cents/liter of gasoline sales. It is a valuable tool for transit system finances, as it supports capital and operating costs.

OPTA thanks the government for topping up the DPTF for the past two years to address reduced gasoline sales. Unfortunately, the top-ups did not factor in recent rapid inflation, which has significantly devalued the total funding envelope. Ontario transit agencies’ operating costs have increased by 13% year-over-year due to inflation. Adjusting for inflation using the CPI, 2 cents today has the purchasing power of only 1.4 cents compared to 2007.



THE DPTF NO LONGER SUPPORTS RIDERSHIP GROWTH

In many ways, the program is a victim of its own success – ridership has grown but the total funding envelope has not kept pace. Transit systems are acutely impacted by Canada’s affordability crisis and are being compelled to allocate DPTF funding to cover the rising cost of providing standard services, rather than supporting ridership growth as the program was intended. Transit systems are struggling to provide frequent, reliable, and affordable service as demand for transit in Ontario continues to grow.

In Burlington, ridership stands at 120% compared to 2019 levels. Operating expenses have increased by 10% this year and capital costs by 25%, but its portion of the DPTF remains relatively steady at \$2.3M/year.

UNPRECEDENTED GROWTH OF ONTARIO COMMUNITIES

40-45% of the 500,000 new Canadians arriving each year choose to settle in Ontario. The province will see its population rise to roughly 20 million by the early-2040s. In Brampton, Canada’s fastest-growing large city, where ridership is 133% compared to 2019 levels, the transit system remains strained as the municipality is currently unable to procure electric buses or build new facilities. Without action, fast growing municipalities like Brampton will not have the transit service capacity to support their expanding populations or address the need for more high-density housing. Municipalities must be equipped to expand transit networks to meet rising demand and to ensure new housing developments are properly integrated with public transit infrastructure. The alternative is more road congestion, commuter dissatisfaction and higher GHG emissions.

OPERATIONAL PRESSURES

Thanks to recent provincial support for Toronto’s transit operations, the previously reported \$510M province-wide operating shortfall has been partially alleviated. However, most Ontario transit systems continue to face operating pressures. Many have increased fares, which harms low-income families most dependent on public transit. Some transit systems accessed reserve funds while some had to cut service. Research shows that service cuts reduce transit frequency and public appeal, reducing ridership in the process.

Transit System Fare Increases:

- London: 18%
- Windsor: 15%
- Sault Ste Marie: 10%
- Cornwall: 9%
- Barrie: 9%
- Chatham-Kent: 8%

STATE OF GOOD REPAIR AND INFRASTRUCTURE PRESSURES

Transit systems also face mounting state of good repair backlogs, including facility maintenance, vehicle maintenance, track replacement and more. These backlogs must be addressed promptly to ensure infrastructure resilience and safety. This issue is compounded by climate change and the need for systems to retrofit and adapt their infrastructure to handle extreme weather conditions. In Ottawa, for example, the capital funding gap is projected to be \$1.4B by 2032 to maintain the transit system in a state of good repair and to deliver upon the planned infrastructure needs.

The shift to zero-emission buses (ZEBs) in public transit, driven by decarbonization mandates, demands substantial investments beyond traditional vehicles. ZEBs are pricier and require added infrastructure like charging stations and specialized garages. While there is some federal support, transit agencies and municipalities shoulder a significant share of these costs. This hampers fleet expansion amid growing demand, jeopardizing state of good repair. As older diesel buses need replacement, costlier ZEBs pose a challenge. Without more support, transit fleets will struggle to grow and may in fact shrink.

2022 Ontario Bus Statistics:

- 16,993 active buses (all fuel types)
- Roughly 24% are within 3 years of the end of their lifespans

Provincial funding will allow transit agencies to grow and maintain their fleets. Currently, systems and municipalities bear significant costs, which limits the number of vehicles

they can acquire and forces them to defer or limit other priorities. Transit agencies are also compelled to procure costlier ZEB. Without provincial support for bus purchases, Ontario’s transit systems will not have sufficient fleet capacity to serve existing riders and the thousands of new residents expected to settle across the province over the next decade.

