



PATHWAY TOWARD FISCAL SUSTAINABILITY FOR TRANSIT

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.

OPTA appreciates the Government of Ontario’s ongoing commitment to public transit infrastructure and its recognition of transit as an essential pillar of economic growth, environmental sustainability, and social cohesion. To ensure its continued success and role in Ontario’s growth strategy, OPTA recommends the following policy proposals as part of a roadmap toward fiscal sustainability for transit agencies.

Recommendation 1) Enhance the Dedicated Public Transit Fund (DPTF): Increase DPTF funding to \$725 million in 2024-2025. This support will enable agencies to address rising ridership demand, replace aging buses, and avoid further service cuts and fare hikes. The adjustment aligns with the fund’s original intent to support ridership growth alongside Ontario’s population increase.

Recommendation 2) Match Federal Canada Public Transit Fund (CPTF) Baseline Contribution: By matching federal capital funding contributions under the CPTF baseline stream, projected to be roughly \$220 million per year, the province can support critical investments in public transit infrastructure and state of good repair.

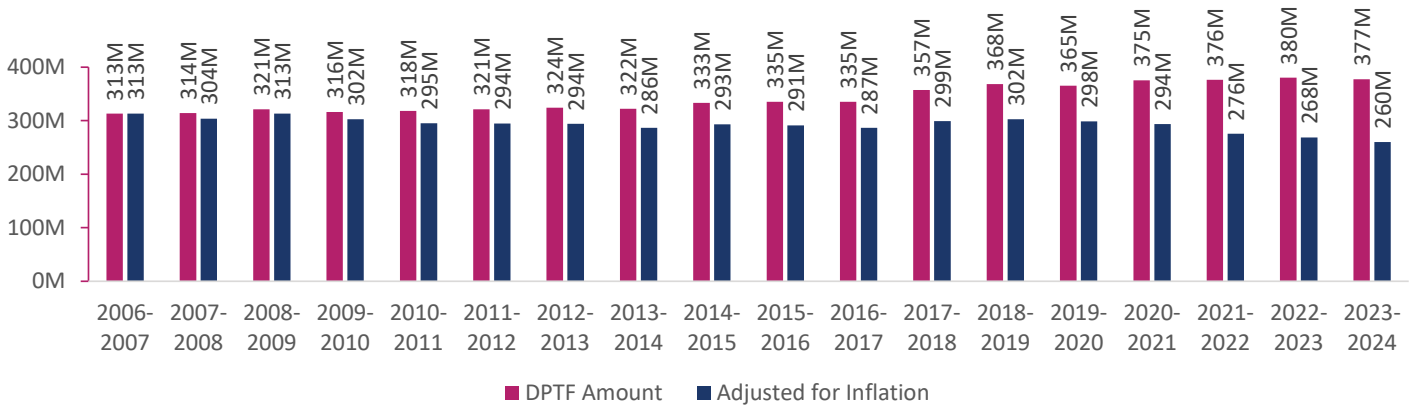
Challenges Facing Ontario Transit Agencies

Transit ridership has returned to pre-pandemic levels in most communities, but agencies face severe operational funding shortfalls, rising costs, and limited revenue tools, all while meeting the needs of Ontario’s rapidly growing population. Funding shortfalls have forced service cuts, fare hikes, and the depletion of municipal reserves, threatening long-term fiscal stability and Ontario’s growth goals.

The Dedicated Public Transit Fund (DPTF), funded by a 2-cent-per-liter gas tax since 2007, has seen its purchasing power drop by 30% due to inflation, with total funding remaining relatively static for past four years. Over the past two years alone, transit operating costs have risen by 7% and 13% respectively, while Ontario added nearly one million more residents. Without the enhanced DPTF funding, agencies risk further service reductions, limiting access, increasing congestion, and compromising key growth priorities.



Static DPTF Funding and the Need to Restore the Program's Value



The Case for Enhanced DPTF Funding

Addressing current challenges and identifying stable long-term funding solutions for transit is critical as trends like electrification and reduced vehicle usage shrink the DPTF's revenue base. Transit agencies are committed to providing reliable, affordable services as demand grows amid Canada's affordability crisis. OPTA looks forward to partnering with the Province to develop sustainable funding solutions to secure Ontario's transit systems for the future.

Future Opportunities with the Canada Public Transit Fund (CPTF)

By matching federal baseline contributions, estimated to be around \$220M for Ontario, all three levels of government can align to accomplish more together. Past programs like PTIF and ICIP invested nearly \$17 billion in Ontario transit (2016-2023), with the Province contributing over \$8.3 billion. Continued cost-sharing practices would help alleviate municipal burdens, enabling communities to allocate more local funds to address operational needs.

Fleet procurement is a key area where provincial matched funds for the CPTF baseline stream could drive meaningful change. With bus procurement costs rising and the North American manufacturing market shrinking by 50%, agencies face delays, rising maintenance costs, and reduced reliability. The average bus age has increased from 8.3 years in 2019 to 9.5 years in 2023, underscoring the need for sustainable investments.

Addressing Operational Funding Gaps and Municipal Funding Cliffs

Operational funding remains a critical gap and threatens the fiscal standing and service capabilities of transit agencies. Despite a 28% ridership increase from 2022 to 2023 and a projected 6% rise in 2024, agencies are still challenged by escalating costs and static provincial funding levels.

A 2023 OPTA survey revealed a \$510 million operational funding shortfall, worsened by inflation and demand growth. Over half of transit agencies have relied on municipal reserves for consecutive years—an unsustainable practice that risks higher taxes, depleted reserves, and further service cuts or fare hikes.

Year	Total Ridership
2022	545M
2023	700M
2024	748M (Projected)

In Order to Address Operating Shortfalls...

