ONTARIO PUBLIC TRANSIT ASSOCIATION

PATHWAY TOWARD FISCAL SUSTAINABILITY FOR TRANSIT

The Ontario Public Transit Association (OPTA) represents Ontario's public transit systems, health and social service transportation providers, industry suppliers, consultants, and government officials.

OPTA appreciates the Government of Ontario's ongoing commitment to and recognition of public transit as a pillar of economic growth, environmental sustainability, and social cohesion. To support Ontario's growth and ensure transit agencies remain stable and strong, OPTA recommends the following policy priorities as part of a roadmap toward long term fiscal sustainability.

Key Recommendation: Right-size the Gas Tax for Transit Program

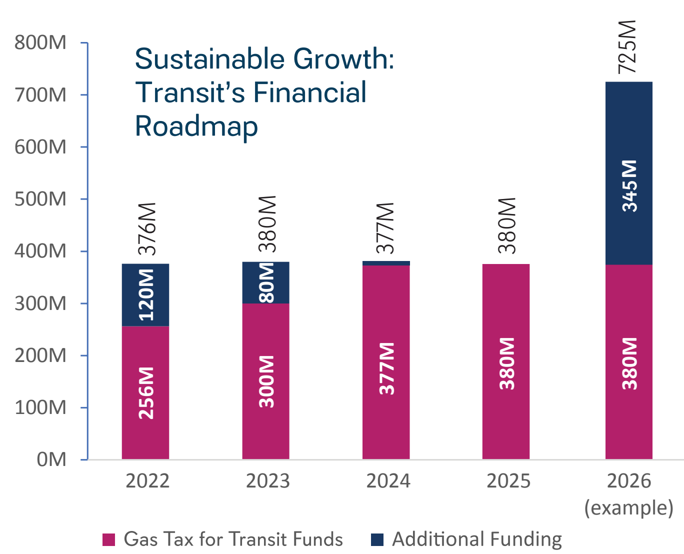
The Gas Tax for Transit Program is highly valued by transit agencies because it provides flexible and reliable funding that supports operating and capital needs. However, program funding has not kept pace with growth or inflation and has remained at roughly $380 million per year since 2019. Transit agencies are struggling to replace aging buses, maintain service levels, and reduce the need for fare increases. Increasing the program funding envelope to $725 million annually would right-size it by restoring its purchasing power and giving transit systems the stability they need. Fully supporting this program is vital to keeping transit frequent, reliable, safe, and affordable for riders across Ontario.

Challenges Facing Ontario Transit Agencies

Ridership has returned in many communities, yet agencies face severe operating pressures, rising costs, and limited revenue tools while serving a rapidly growing population.

Among OPTA members, 67 percent reported raising fares to manage budget shortfalls, and another 22 percent relied on municipal reserves. New infrastructure investments also require sustainable operating support to ensure the public can fully benefit from them.

The Gas Tax for Transit Program has not grown with demand or inflation, limiting long term planning and service reliability. Without enhanced provincial funding, agencies risk service reductions, reduced access, and increasing congestion.

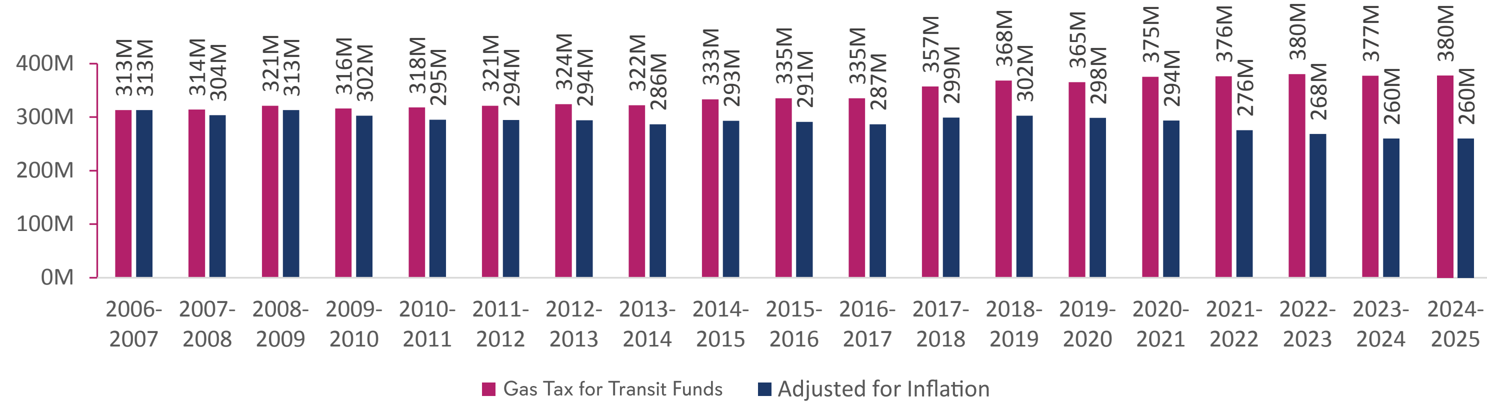


The Case for Enhanced Gas Tax for Transit Funding

Stable and predictable funding is essential, as reduced fuel consumption continues to plateau the gas-tax revenue base. Transit agencies remain committed to reliable, affordable service amid rising household costs.

Strengthening transit will help the government meet its priorities, and OPTA looks forward to working with the Province on sustainable, long-term funding solutions.

Static Gas Tax for Transit Funding and the Need to Restore the Program's Value



Supporting Safety and Security on Public Transit

Incidents of violence and social disorder on public transit have increased and threaten the gains in ridership that the government aims to create through capital investments and the One Fare program. With increased funding, public transit agencies will be equipped with necessary resources, including enforcement and outreach staff, technology solutions and other capital investments to help prevent incidents of violence and social disorder.

Facilitating Frequent and Reliable Service for One Fare Users

The introduction of One Fare has expanded travel opportunities and improved affordability for riders across the GTHA. Fare integration is a vital step forward, but its full benefits can only be realized when riders also have access to frequent, reliable and safe transit service. To support growing demand and ensure a seamless travel experience, transit funding must reflect both the needs of riders and the operational realities facing transit systems. Strengthening core, predictable funding will allow agencies to maintain service levels, increase capacity, and deliver the dependable, connected network that One Fare users expect.

Future Opportunities with the Canada Public Transit Fund (CPTF)

The CPTF maintains strong potential for Ontario, but recent federal adjustments have introduced uncertainty. Reductions to future allocations make a strong and stable provincial funding base more important than ever.

A reinforced provincial role would ease pressure on municipalities and help ensure they can focus on delivering service. A consistent cost sharing framework among all orders of government, rather than reliance on short term programs, is essential to meeting Ontario's mobility and growth needs.

Year	Total Ridership
2022	545M
2023	700M
2024	760M
2025	800M (Projected)

Fleet procurement is already experiencing strain. Many systems face bus shortages and aging vehicles that limit their ability to meet rising demand. Predictable provincial support would stabilize fleet planning, especially as manufacturing costs rise due to tariffs and supply chain pressures.

Addressing Operational Funding Gaps

Operational funding remains the most significant challenge in as we approach 2026. While ridership continues to grow, agencies face sharply rising costs with provincial contributions that have remained flat.

Financial uncertainty has forced many systems to rely on municipal reserves for consecutive years, an approach that is not sustainable. Continued dependence risks higher property taxes, reduced municipal savings, and the possibility of service cuts or fare increases. Stable provincial operating support is essential to protect service capacity and maintain affordability.

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