

# Ontario's Public Transit Agencies

Ridership, Finances and Operating Subsidies

Briefing Deck



**FAO**

Financial Accountability  
Office of Ontario

# Purpose and Overview

- This report examines Ontario's municipal and provincial transit agencies' ridership and finances, providing:
  - an overview of Ontario's public transit agencies and the impact of the COVID-19 pandemic on transit agency ridership;
  - an overview of the own-source revenues, operating expenses and operating subsidies of Ontario's public transit agencies;
  - an overview and a projection of provincial operating transit subsidies through 2028-29; and
  - an analysis of the distribution of provincial subsidies across economic regions on a per-resident basis.
- Transportation services that are not provincially or municipally operated or largely focus on seasonal or leisure travel are outside the scope of this report. In addition, capital expenditures and subsidies are also outside of the scope.



# Transit Agencies in Ontario



# Ontario's Transit Agencies

- In 2022, Ontario's public transit system was operated by 106 municipal transit agencies and two provincial transit agencies, which facilitated 590.9 million passenger trips.
- The Toronto Transit Commission (TTC) is the largest municipal transit agency with ridership of 321.0 million, followed by OC Transpo (50.8 million) and MiWay (35.7 million).
- The Province has two public transit agencies: Metrolinx, which serves the Greater Golden Horseshoe (GGH) region and had ridership of 34.6 million in 2022, and the Ontario Northland Transportation Commission (ONTC), which connects Northern Ontario to large urban centres and had ridership of 0.3 million.

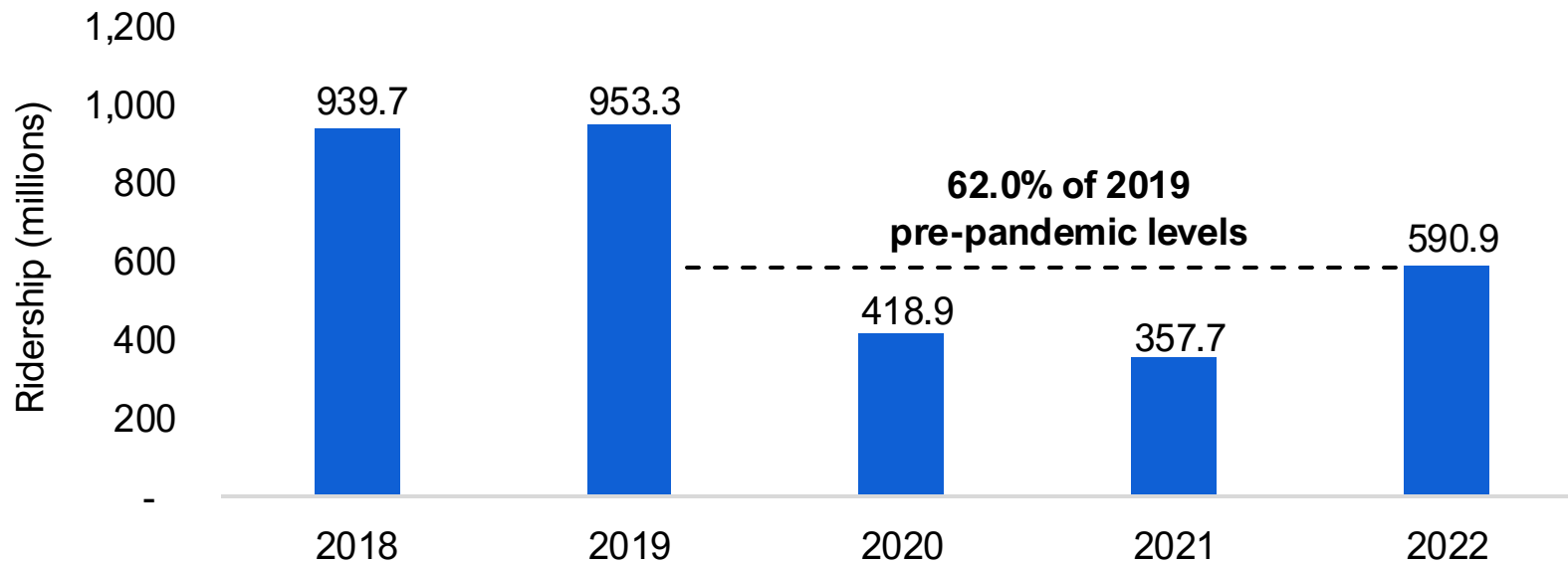
Level of Government	Number of Agencies	Ridership (millions)	Share of Total Ridership (%)
Municipal Transit Agencies	106	556.0	94.1
Provincial Transit Agencies	2	34.9	5.9
<b>Total</b>	<b>108</b>	<b>590.9</b>	<b>100.0</b>

Note: The Greater Golden Horseshoe region includes the Greater Toronto and Hamilton Area, Brantford, Brant County, Peterborough, Niagara Region, Simcoe County, Wellington County and Waterloo Region.  
Source: FAO analysis of information provided by the Province.



# Impact of the COVID-19 Pandemic on Ridership

- Due to the COVID-19 pandemic, ridership in Ontario declined to 357.7 million trips in 2021, representing 37.5% of the 2019 pre-pandemic level.
- In 2022, total ridership partially rebounded to 590.9 million trips, or 62.0% of the 2019 pre-pandemic level.
- Commuter-heavy transit agencies were most impacted by the pandemic, such as the TTC, OC Transpo and Metrolinx.



Note: Ridership is defined as a linked trip, riding one way from origin to final destination.

Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Reports from 2017-18 to 2022-23; and FAO analysis of information provided by the Province.

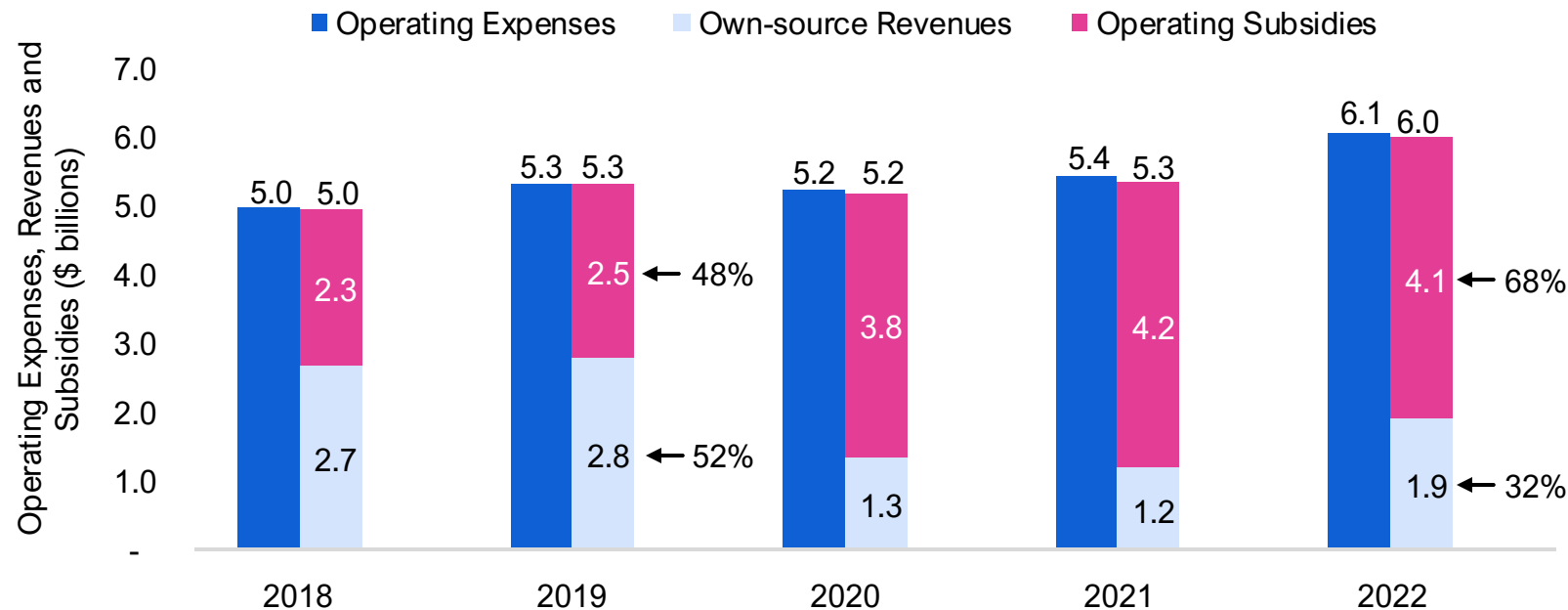


# Transit Agencies' Finances



# Overview of Transit Agencies' Finances

- In 2022, public transit agencies recorded \$6.1 billion in operating expenses and \$6.0 billion in operating revenues, which consisted of \$1.9 billion in own-source revenues and \$4.1 billion in government operating subsidies.
- Due to the impact of the pandemic, transit agencies have become more reliant on government subsidies to fund their operations, with subsidies accounting for just under half of total operating revenues in 2019, compared to approximately two-thirds in 2022.

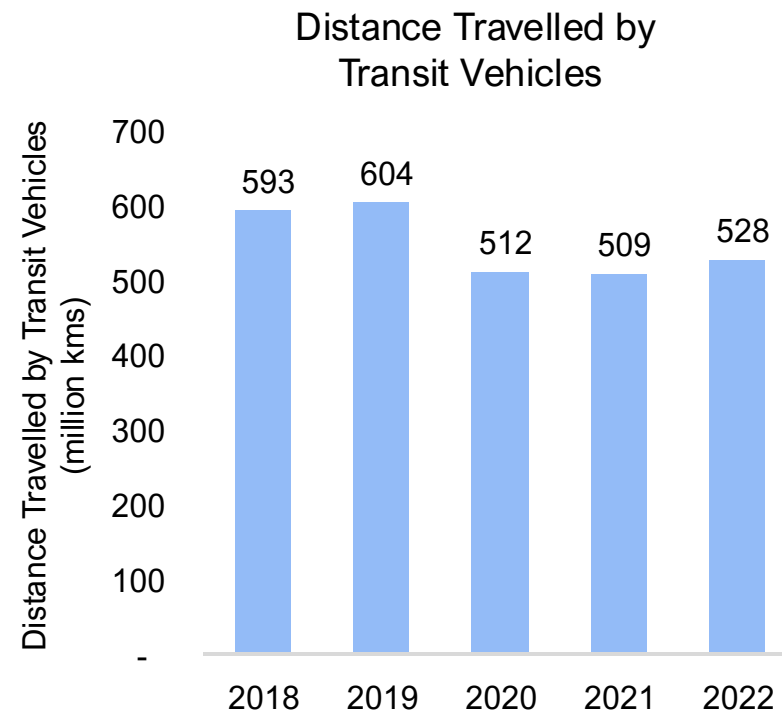
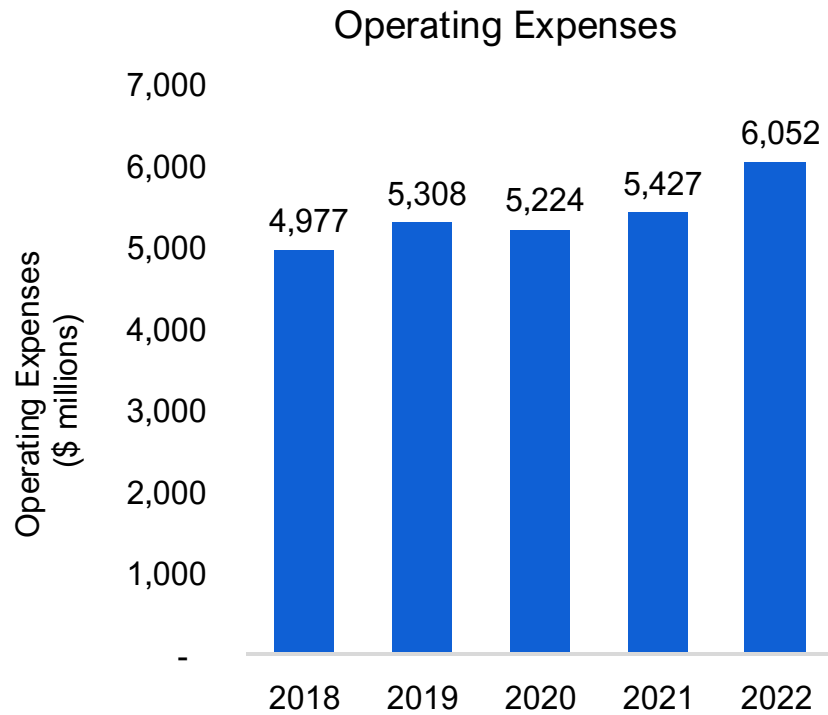


Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Reports from 2017-18 to 2022-23; and FAO analysis of information provided by the Province.



# Operating Expenses

- The total operating expenses for Ontario's transit agencies increased at an average annual rate of 5.0% from 2018 to 2022.
- Over the same period, agencies' overall service levels declined to 528 million kilometers in 2022.



Note: Distance travelled is represented by revenue vehicle kilometres, which refers to the number of kilometres travelled by vehicles providing regular passenger services. It excludes vehicle kilometres related to other services (such as school contracts and charters) as well as training, tests and maintenance. Distance travelled reflects municipal transit agencies and Metrolinx's GO Transit but excludes the ONTC and Metrolinx's UP Express.

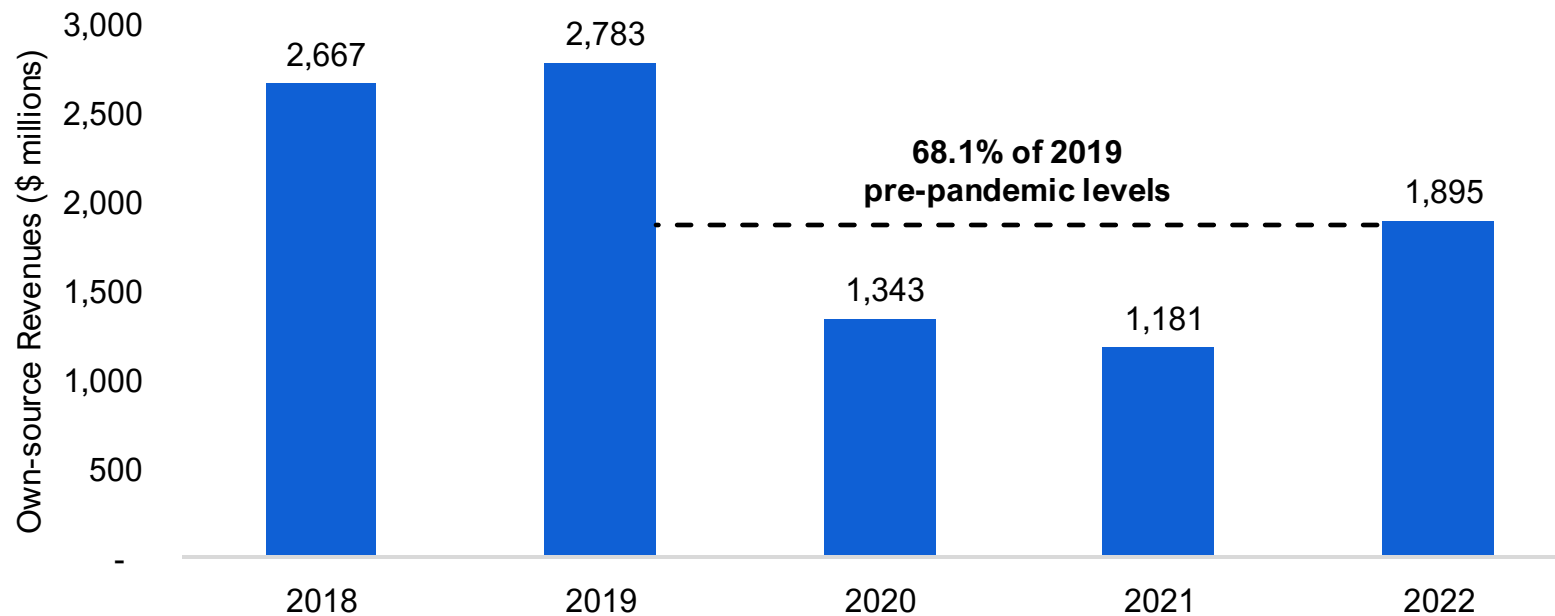
Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Reports from 2017-18 to 2022-23; and FAO analysis of information provided by the Province.





# Own-source Revenues

- Own-source revenues refer to revenues that are generated by transit agencies (such as passenger fares), rather than subsidies provided by the government.
- Due to the impact of the pandemic on ridership, between 2019 and 2021, transit agencies' own-source revenues decreased by 57.6%.
- In 2022, own-source revenues recovered to 68.1% of the 2019 pre-pandemic peak.

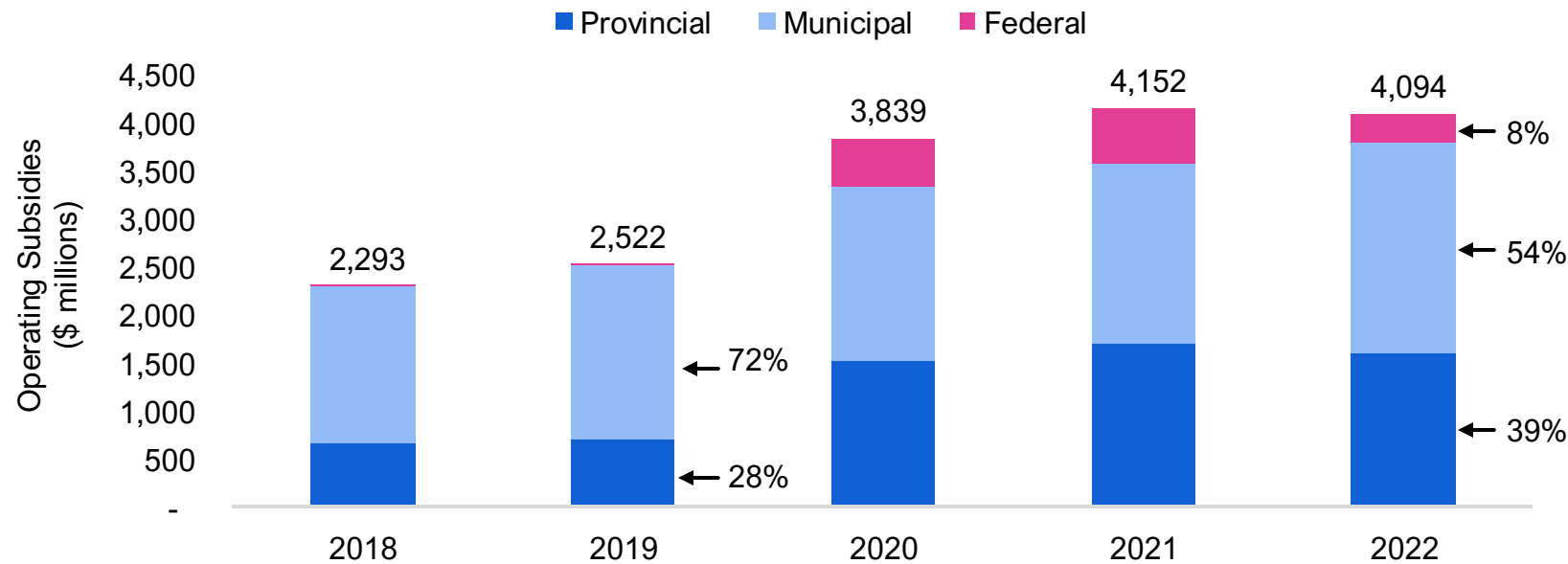


Source: Ontario Northland, Annual Reports from 2017-18 to 2022-23; and FAO analysis of information provided by the Province.



# Operating Subsidies

- Public transit agencies rely on operating subsidies from municipal, provincial and federal governments to cover the gap between their operating expenses and own-source revenues.
- Operating subsidy revenues increased from \$2,522 million in 2019 to \$4,094 million in 2022 due to the impact of the pandemic.
- In 2019, the Province and municipalities provided 28% and 72% of subsidies, respectively. In 2022, the Province provided 39% of subsidies, municipalities provided 54% and the federal government provided 8%.



Source: FAO estimates based on information from Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual reports from 2017-18 to 2022-23; Government of Ontario, 2018-2022 Financial Information Returns; and the Province.



# Comparing Municipal and Provincial Agencies

- On aggregate, the financial scale of municipal transit agencies exceeds that of provincial agencies.
- In 2022, on a per-passenger trip basis, the average expenses and subsidies of provincial agencies were higher than those of municipal agencies.
- Provincial transit agencies incur higher costs per trip than municipal agencies, largely due to the greater geographical areas they cover and their greater use of larger, capital-intensive modes of transportation.

Level of Government	Own-source Revenues (\$ millions)	Operating Subsidies (\$ millions)	Operating Expenses (\$ millions)	Own-source Revenues Per Trip (\$)	Operating Subsidies Per Trip (\$)	Operating Expenses Per Trip (\$)
Municipal	1,394	3,054	4,455	2.51	5.49	8.01
Provincial	502	1,039	1,597	14.36	29.77	45.73
<b>Ontario Total</b>	<b>1,895</b>	<b>4,094</b>	<b>6,052</b>	<b>3.21</b>	<b>6.93</b>	<b>10.24</b>

Note: Figures are presented on a calendar year basis. For provincial agencies, the FAO estimates calendar year values based on actual values reported on a fiscal year basis. The sum of own-source revenues and operating subsidies may not equal operating expenses due to agencies possibly recording an operating budget surplus or deficit, or due to other adjustments.

Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Report 2022-23; and FAO analysis of information provided by the Province.



# Financial Analysis by Transit Agency

- In 2022, by own-source revenues, operating expenses and operating subsidies, the largest transit agencies were the TTC, Metrolinx and OC Transpo.

Transit Agencies	Own-source Revenues (\$ millions)	Operating Subsidies (\$ millions)	Operating Expenses (\$ millions)	Own-source Revenues as Share of Expenses (%)	Operating Subsidies as Share of Expenses (%)
TTC	795	1,421	2,216	35.9	64.1
Metrolinx	413	988	1,470	28.1	67.2
OC Transpo	114	487	601	19.0	81.0
MiWay	78	137	215	36.2	63.8
Brampton Transit	81	109	190	42.8	57.2
All Other	414	951	1,360	30.5	70.0
<b>Ontario Total</b>	<b>1,895</b>	<b>4,094</b>	<b>6,052</b>	<b>31.3</b>	<b>67.6</b>

Note: Figures are presented on a calendar year basis. For provincial agencies, the FAO estimates calendar year values based on actual values reported on a fiscal year basis. The sum of own-source revenues and operating subsidies as a percentage of operating expenses may not equal 100 per cent due to agencies possibly recording an operating budget surplus or deficit, or due to other adjustments. For additional data on other municipalities, please visit the FAO website.

Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Report 2022-23; and FAO analysis of information provided by the Province.



# Provincial Transit Operating Subsidies



# Overview of Provincial Transit Operating Subsidies

- The Province provides operating subsidies to transit agencies through direct subsidies to provincial transit agencies, ongoing funding to municipalities and time-limited programs.

Subsidy	Actual (\$ millions)					FAO Projection (\$ millions)					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Metrolinx Base Operating Subsidy	363	381	959	942	986	1,071	1,099	1,126	1,183	1,226	1,269
Fare Integration Programs	37	40	2	4	15	32	144	152	25	26	27
Ontario Gas Tax Program	364	365	375	376	378	377	370	375	380	385	391
Safe Restart Agreement	-	-	575	381	252	-	-	-	-	-	-
Ontario-Toronto New Deal Agreement	-	-	-	-	-	300	110	110	110	-	-
ONTC Operating Subsidy	46	41	45	43	54	65	74	74	85	86	88
Other Operating Subsidies	<1	6	6	19	7	5	9	5	5	5	5
<b>Total</b>	<b>809</b>	<b>833</b>	<b>1,962</b>	<b>1,765</b>	<b>1,693</b>	<b>1,850</b>	<b>1,806</b>	<b>1,843</b>	<b>1,788</b>	<b>1,728</b>	<b>1,779</b>

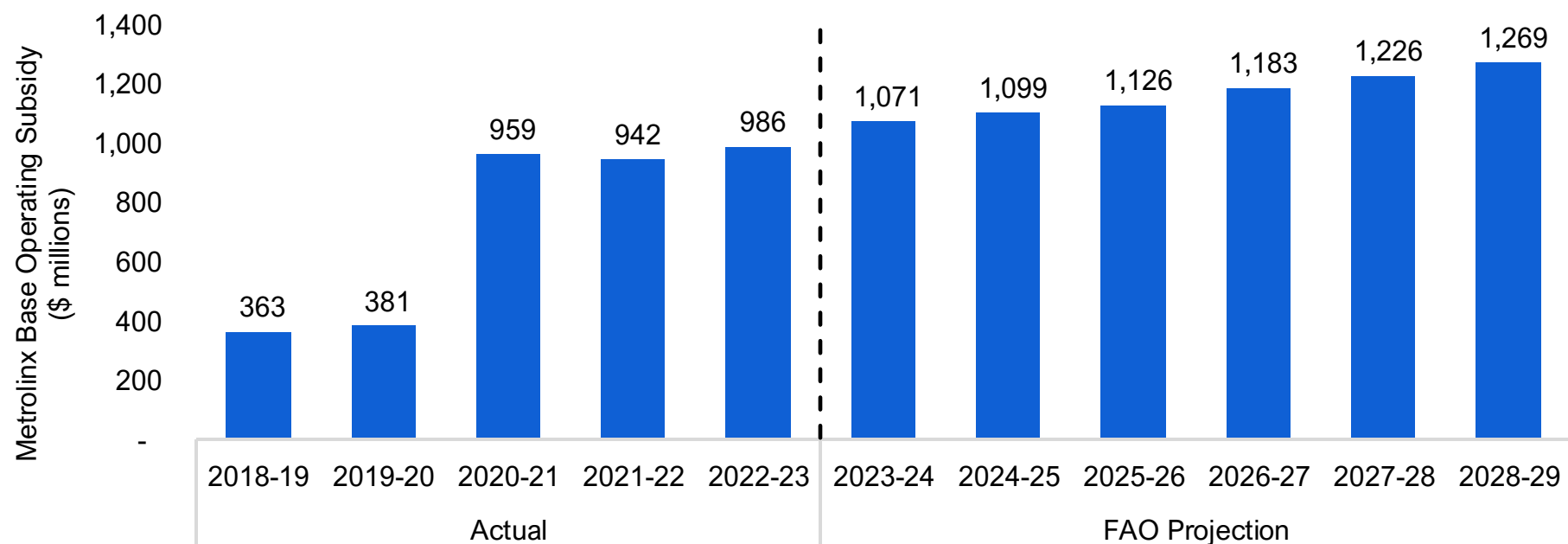
Note: A portion of the Ontario Gas Tax Program, Safe Restart Agreement and other subsidies may be used for capital. Safe Restart Agreement amounts exclude the federal contribution. The 2018-19 ONTC operating subsidy cost is an FAO estimate.

Source: Government of Ontario, Ontario – Toronto New Deal Working Group: Term Sheet Detail, November 26, 2023 and FAO analysis of information provided by the Province.



# Metrolinx Base Operating Subsidy

- The Province provides a base operating subsidy to Metrolinx to support its core activities, which include operating GO Transit and UP Express, administering the PRESTO payment card system and coordinating regional transit.
- Metrolinx's base operating subsidies have increased significantly due to the impact of the pandemic on ridership. Going forward, the FAO projects that the Metrolinx's base operating subsidy will remain elevated compared to the pre-pandemic period.



Source: FAO analysis of information provided by the Province.



# Fare Integration Programs

- The Province funds two fare integration programs that reduce or eliminate the second fare paid by passengers when transferring between transit agencies to reduce costs for passengers and increase ridership. These are:
  - The fare integration program between GO Transit and 12 GGH region municipal transit agencies, excluding the TTC; and
  - The One Fare program between the TTC and its neighbouring transit agencies as well as with GO Transit, launched in February 2024, with funding committed by the Province until March 2026.

	Actual	FAO Projection					
	(\$ millions)	(\$ millions)					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
GO Transit – GGH Region Fare Integration Program	15	21	23	24	25	26	27
One Fare Program	-	10	121	128	-	-	-
<b>Total Fare Integration Programs</b>	<b>15</b>	<b>32</b>	<b>144</b>	<b>152</b>	<b>25</b>	<b>26</b>	<b>27</b>

Note: Excludes municipally organized and funded free transfer agreements between participating municipal transit agencies in the GGH region.  
Source: FAO analysis of information provided by the Province.





# Ontario-Toronto New Deal Agreement

- In November 2023, to support the City of Toronto in its transit operations as Safe Restart Agreement funding ends and the TTC continues to recover from the pandemic, the Province and the City announced the Ontario-Toronto New Deal Agreement, which included two new time-limited subsidies:
  - the Subway and Transit Safety, Recovery and Sustainable Operations Fund, a one-time \$300 million operating subsidy to the TTC in 2023-24; and
  - the Finch West and Eglinton Crosstown LRT operating support of \$330 million over three years between 2024-25 and 2026-27 to support operations while bringing the Finch West and Eglinton Crosstown LRT lines into service.



# Other Subsidies

- The Ontario Gas Tax Program uses revenue generated by Ontario's gasoline tax to provide ongoing funding for municipal transit operations, service expansion and transit infrastructure. In 2022-23, funding amounted to \$378 million and is projected to rise to \$391 million in 2028-29.
- The Safe Restart Agreement (SRA) was a joint federal-provincial initiative to provide municipal transit agencies with funding to address financial pressures related to the pandemic. Between 2020-21 and 2022-23, funding amounted to \$2,629 million to municipal transit agencies, which was comprised of \$1,421 million in federal funding and \$1,208 million in provincial funding.
- The ONTC receives an annual subsidy from the Province to support its operations, which totalled \$54 million in 2022-23. The FAO forecasts that the ONTC operating subsidy will increase to \$88 million by 2028-29, in part due to the reintroduction of the Northlander.

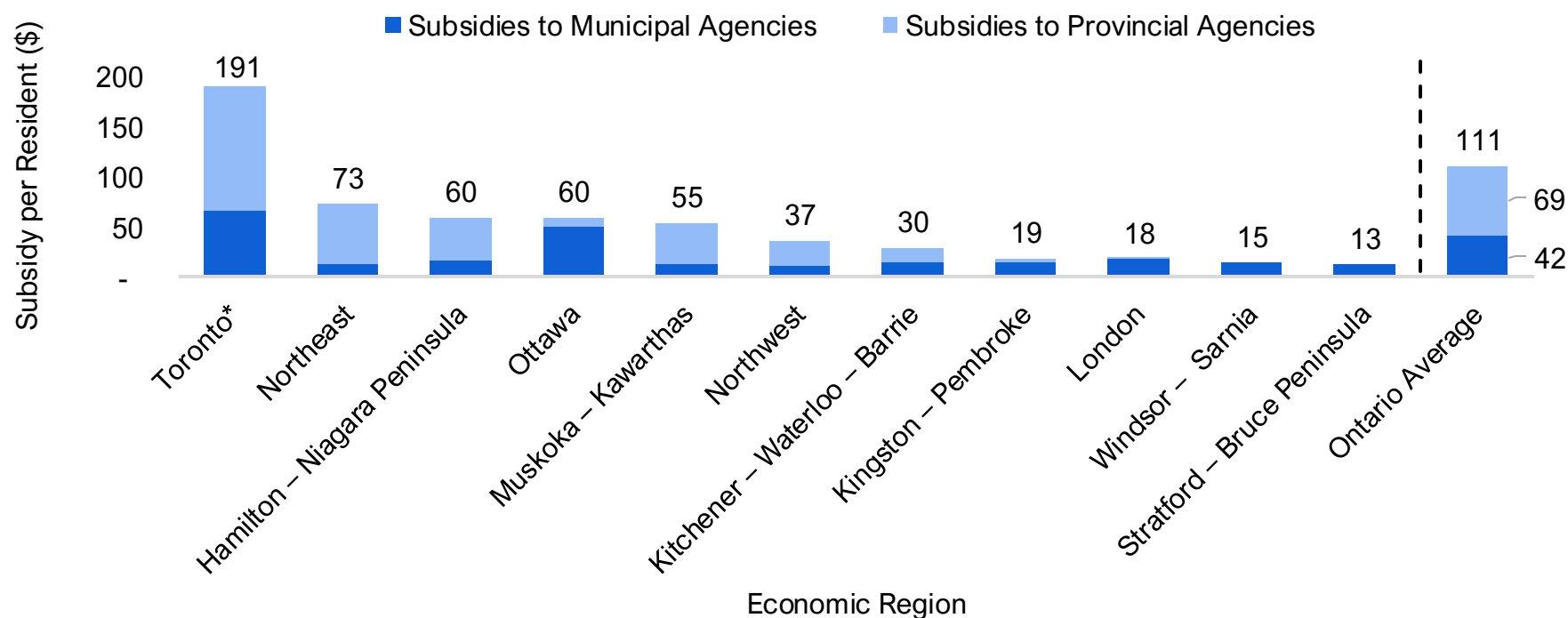


# Distribution of Provincial Transit Operating Subsidies by Economic Region



# Regional Distribution of Transit Subsidies

- In 2022-23, on average, each Ontario resident received an estimated \$111 in provincial transit operating subsidies.
- The Toronto economic region received the highest amount of subsidies equivalent to an estimated \$191 per resident. Generally, regions served by both municipal and provincial transit agencies receive more in subsidies than regions with only municipal transit agencies.



Note: An economic region refers to a grouping of census divisions, as defined by Statistics Canada.

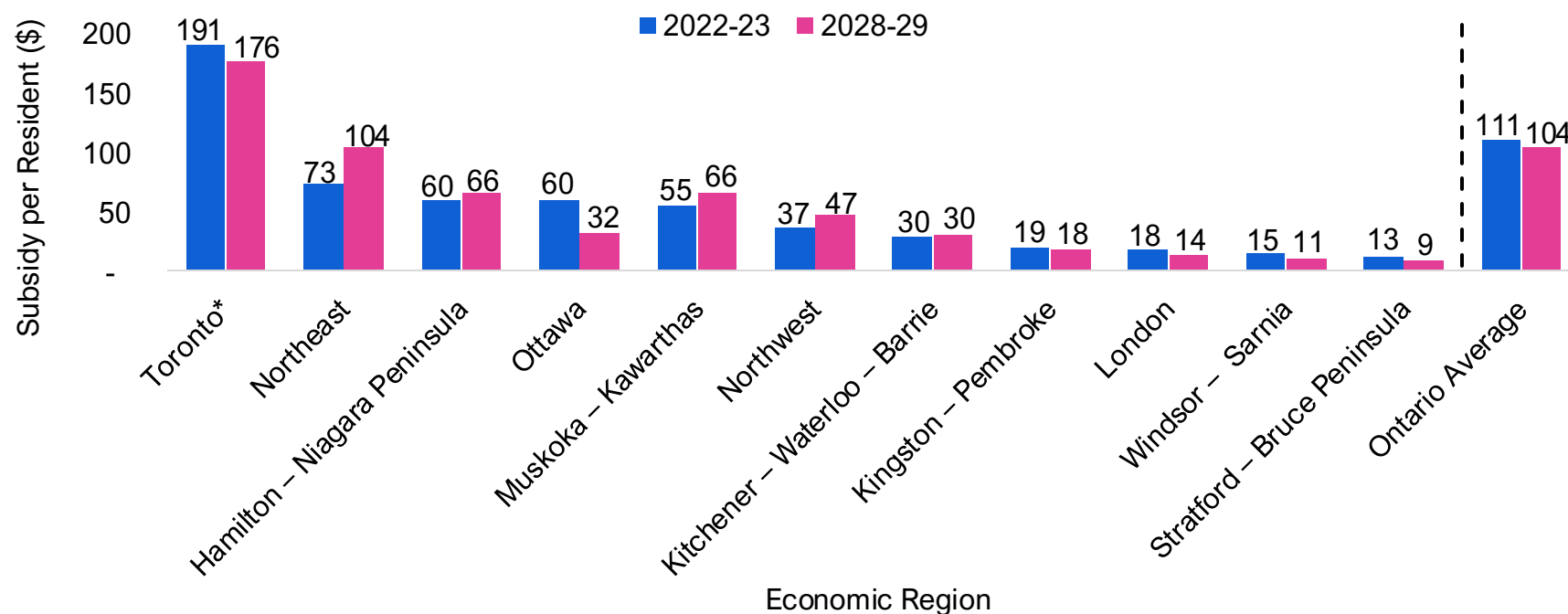
\* The Toronto economic region includes Durham Region, York Region, the City of Toronto, Peel Region, Oakville, Milton and Halton Hills.

Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Report 2022-23; and FAO analysis of information provided by the Province.



# Regional Distribution in 2028-29

- The FAO projects per-resident subsidies to decline to about \$104 per resident in 2028-29.
- The Ottawa and Toronto regions will experience the largest decreases in 2028-29, largely due to the conclusion of time-limited funding.
- Per-resident subsidies for the Northeast, Muskoka – Kawarthas and Hamilton – Niagara Peninsula regions are projected to rise in 2028-29 due to higher ONTC / Metrolinx subsidies.



Note: An economic region refers to a grouping of census divisions, as defined by Statistics Canada.

\* The Toronto economic region includes Durham Region, York Region, the City of Toronto, Peel Region, Oakville, Milton and Halton Hills.

Source: Canadian Urban Transit Association, Ontario Urban Transit Fact Book 2022 Operating Data, No. RTS 22-20, February 2024; Ontario Northland, Annual Report 2022-23; and FAO analysis of information provided by the Province.



# Thank you!



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