Getting back on track: Towards a safe recovery for Ontario public transit

Written submission to the Standing Committee on Finance and Economic Affairs regarding the study of the recommendations relating to the Economic and Fiscal Update Act, 2020 and the impacts of the COVID-19 crisis on certain sectors of the economy

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Ontario has a choice. We can use this moment to create a future with more public transit, helping our cities move better and lowering our greenhouse gas emissions. Or we can choose a future with greater individual car use, more congestion, and increased emissions. To build better cities, create jobs, and decarbonize our economy we should continue to invest in public transit.

OPTA is heartened that public transit's benefits and importance are well understood by the government. The inclusion of operating support in the safe restart agreement reached with the federal government was enormously important. It reflected the unique challenges public transit faced in the depths of the pandemic's first wave transporting essential, overwhelmingly lower-income, workers to their jobs. And it understood the imperative to keep service levels high enough to prevent crowded vehicles. Transit systems and their riders are grateful for the Ontario government's decisive action.

It should continue.

Ridership levels are highly unlikely to return to pre-pandemic levels for some time. Future waves of Covid-19 are possible. Telecommuting is likely to continue at elevated levels. We can expect some people to be reluctant to use public transit until a vaccine is found. But there will be a full recovery. When, we do not know, but if operating support for transit is not extended, there is a high probability that when the full recovery arrives transit will have suffered an irreparable downward spiral. If the funding that was delivered through the safe restart agreement is not extended before ridership can recover, it could create a dangerous gap in the bridge that takes us to a safe recovery for Ontarians.

The Canadian Urban Transit Association (CUTA) has recommended that the federal government maintain ridership-adjusted operating funding support for public transit until revenues and ridership can recover to pre-pandemic levels. **OPTA recommends that the Ontario government continue to match this support for transit should it be extended beyond the 6-8 months envisioned in the Safe Restart Agreement.**

Furthermore, an existing funding program that Ontario transit systems rely on as a dedicated and reliable source of revenue is in danger of being dramatically affected by COVID-19. The *Ontario Gas Tax Funds for Public Transit* program is considered the best practice in the entire country when it comes to stable and reliable capital and operating funding for public transit. This program distributes 2-cents of existing gas tax revenues to municipalities with transit systems on an equitable basis with a formula that balances both population and ridership. It is however based on litres of gasoline sold in the province of Ontario, and due to COVID-19, this usually stable and reliable tax base has been hit dramatically by the lockdown measures.

Ontario transit systems need reliable and predictable sources of revenues to be able to plan long-term ridership growth and recovery strategies, deliver job-creating capital projects and maintain service levels in our communities. **To maintain funding stability, OPTA recommends that this program should follow the lead of the federal Gas Tax Fund (GTF) program by de-linking itself from gas tax revenues, and instead follow a 3.5% annual escalator based on the 2019-20 allocation as a base funding year.** This escalator is based on the more accurate price inflation rate within the municipal infrastructure sector, as recommended by the Federation of Canadian Municipalities[1]. This program should also continue to maintain its spending authorization within legislation on a dedicated basis.

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[1] FCM (2019) The case for growing the Gas Tax Fund. p.18
https://fcm.ca/sites/default/files/documents/resources/report/the-case-for-growing-the-gas-tax-fund.pdf