2023 INDUSTRY HIGHLIGHTS

Key takeaways from the 2023 CUTA Factbook

November 2024

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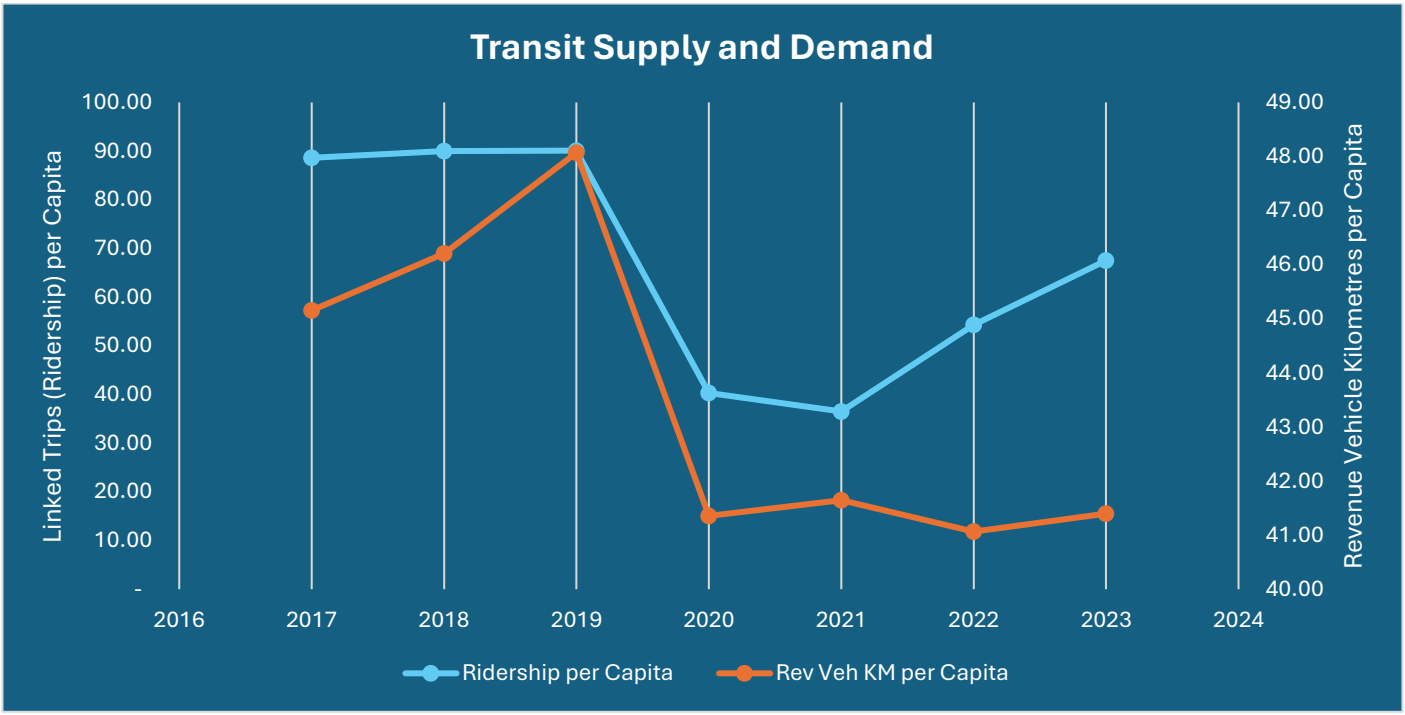
Using data from CUTA's 2023 Factbook, this report provides a snapshot of Canada's public transit trends, financial challenges, and fleet conditions. Key takeaways include a notable rebound in ridership, especially in smaller communities, though numbers remain below pre-pandemic levels. Financially, the Revenue-Cost ratio has declined due to slow revenue recovery amid rising expenses. The report also highlights the aging transit fleet, with maintenance needs growing as supply chain issues delay replacements. In 2023, the Canadian public transit industry evolved to adapts to new mobility trends and population shifts.

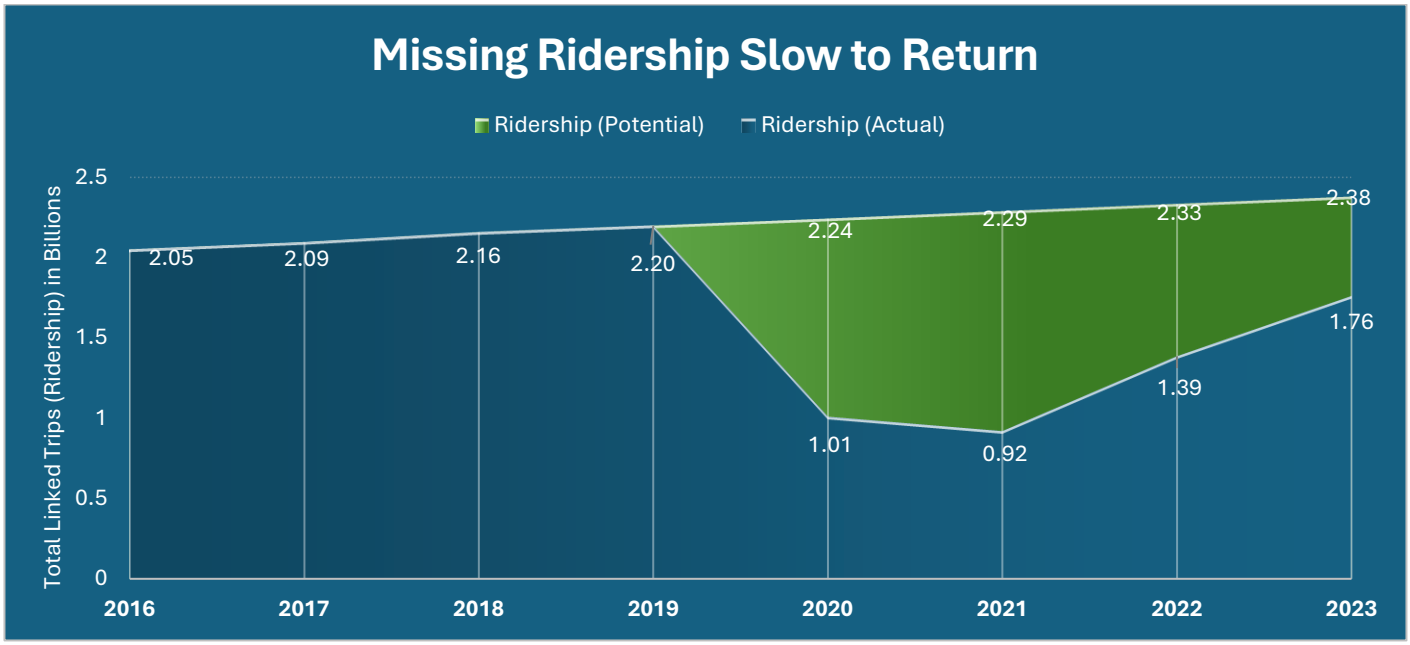
In 2023, CUTA transit system members reported providing 1.76 billion linked trips in Canada, reflecting ridership across the country. Ridership serves as a measure of public demand for transit services, while revenue vehicle kilometers indicate the supply side of transit operations.

Between 2017 and 2019, ridership per capita increased only slightly, even as service levels per capita saw substantial increases. However, between 2021 and 2023, the trend reversed: ridership per capita rose significantly, with only minor changes in service levels per capita. This demonstrates transit's effectiveness in providing mobility in the context of urban population growth, as seen over the past few years. It's important to note that total ridership and ridership per capita remained below pre-pandemic levels in 2023.



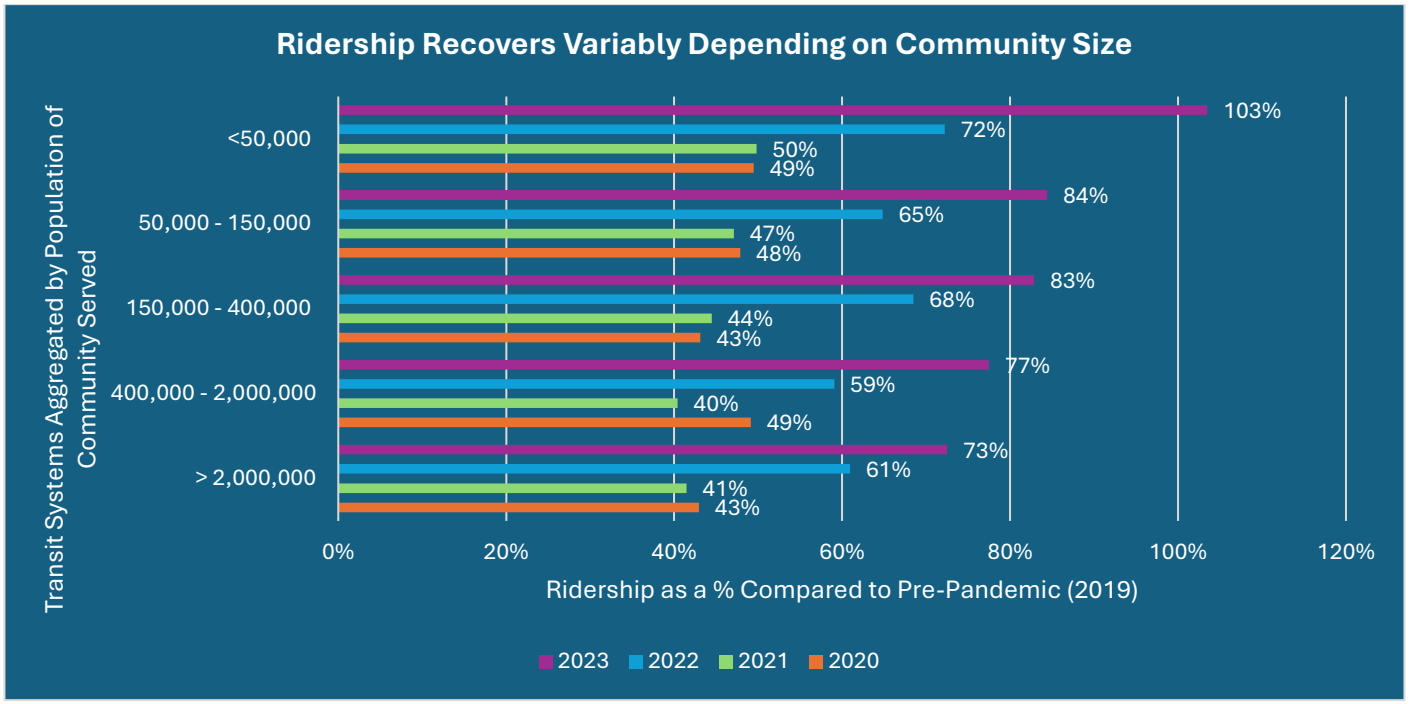
Prior to 2019, national public transit ridership in Canada was growing at a steady rate of approximately 2% per year. Had this growth continued uninterrupted, ridership in 2023 could have reached 2.38 billion. The graph below shows the gap between actual reported ridership and this projected trend.

Transit systems have been actively working to attract riders back by enhancing customer service, introducing a variety of more affordable fare options, and offering tailored mobility services such as on-demand and microtransit. Although ridership is rebounding faster than anticipated, significant changes in travel patterns have reduced reliance on certain forms of urban mobility. Transit systems identify the widespread adoption of hybrid and remote work models as key contributors to the decline in travel demand.



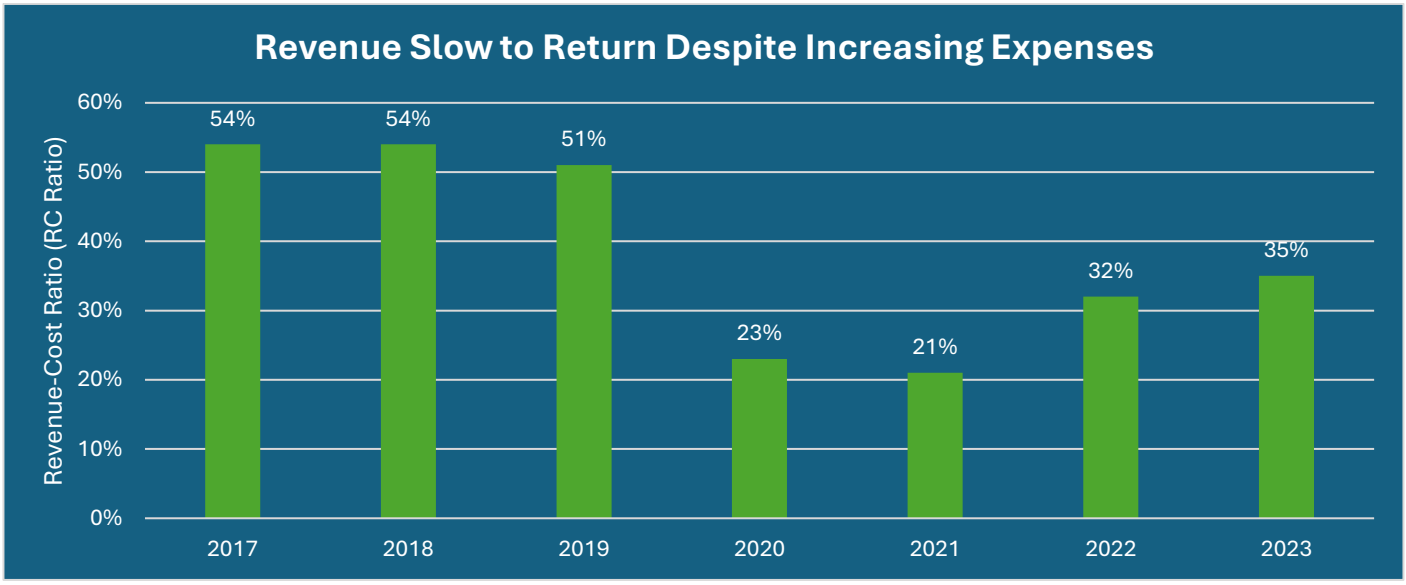
Ridership growth across Canada has varied significantly by region. While many transit systems are progressing toward pre-pandemic levels, some have already exceeded them by as much as 84%. In 2023, transit systems serving smaller communities collectively surpassed pre-pandemic ridership by 3%.

Rising costs of living and housing, coupled with increased flexibility to work from home, have driven people away from major metropolitan areas like Toronto, Montreal, and Vancouver to smaller cities. This trend is expected to influence transit service usage and accelerate population growth in smaller communities (McQuillan, 2024).



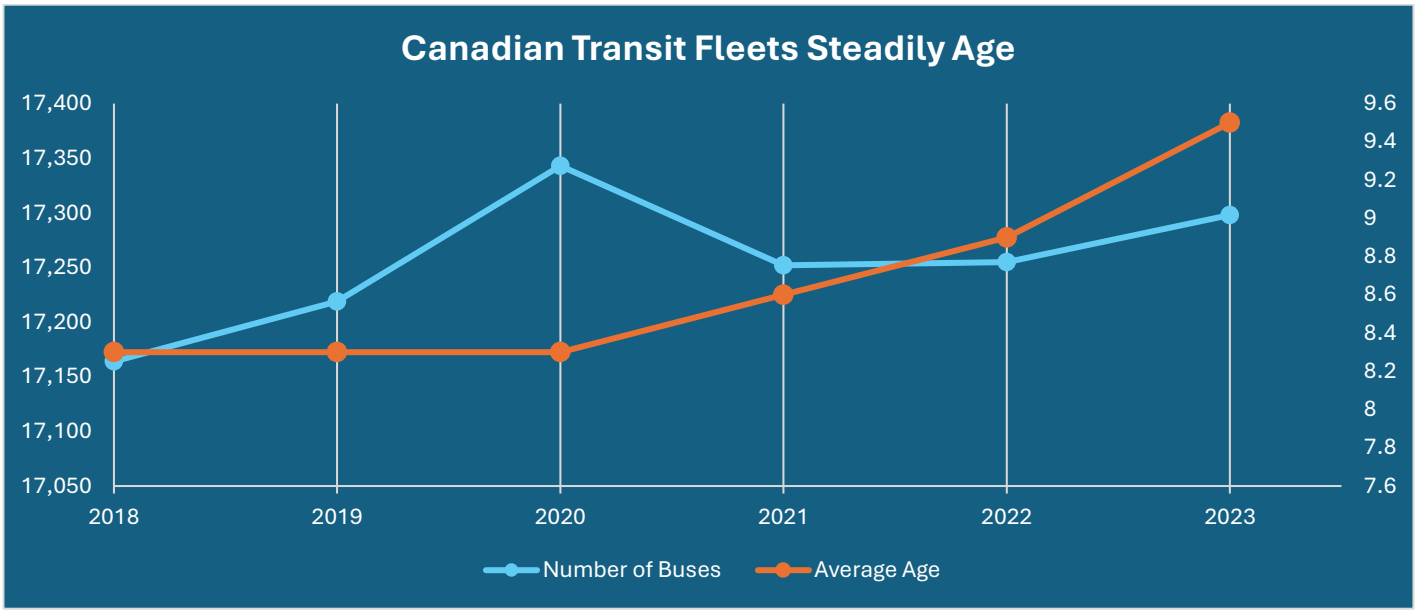
The primary indicator of the financial position of transit systems is the Revenue-Cost Ratio (RC ratio), which represents the portion of operating costs covered by operating revenues. In Canada, the overall RC ratio dropped from 51 percent in 2019 to 35 percent in 2023. Passenger fare revenues in 2023 reached only 85 percent of their 2019 levels, while total direct expenses rose by 21 percent over the same period.

Passenger revenue has been slow to return to pre-pandemic levels, partly due to efforts to attract riders back to transit through strategies focused on diversifying fare options and expanding fare concessions.



The graph shows that from 2018 to 2020, Canadian transit systems maintained an average bus age of 8.3 years by performing necessary repairs, refurbishments, and replacements of aging vehicles, as well as occasional fleet additions. Although large portions of fleets were unused during the pandemic, buses continued to age and require maintenance.

The pandemic disrupted vehicle production and delivery due to severe supply chain issues, delaying both refurbishments and replacements. The average bus age rose to 9.5 years in 2023. A key concern in 2021, 2022, and 2023 is that aging transit fleets lead to increased maintenance costs and mounting replacement needs that will continue to accumulate over time.



McQuillan, K. (2024, April). *Leaving the big city: New patterns of migration in Canada.* School of Public Policy. https://www.policyschool.ca/wp-content/uploads/2024/04/UP48-PatternsMigrationCda.McQuillan.Apr24.r2.pdf