Appendix 2 - Variance Analysis

What does Niagara Transit Commission do?

Niagara Transit is responsible for the operation, management, and maintenance of Niagara's comprehensive regional transit system. The Niagara Transit Commission (NTC) has the sole responsibility for transit operations within the Niagara Region.

Variance Analysis (in thousands of dollars)

The NTC is operating at year-to-date surplus after indirect allocations of $2,222 with a forecasted surplus of $267 due to the following factors:

Labour Related Costs – The unfavourable year-to-date and forecasted variances of $330 and $744 are due to greater than budgeted actual benefits for unionized staff and higher than budgeted overtime in fleet maintenance. The forecast also includes a year-end payment for the expected deficit in benefits identified by the provider.

Administrative – The favourable year-to-date variance of $1,114 is attributable to the budget timing and spend related to consulting and advertising and branding projects which are expected to be incurred by the end of the year.

Operational & Supply – The favourable year-to-date variance of $196 is due to the timing of uniform and license renewals which is spent in the fall. These costs will be spent by the end of the year. There is an unfavourable forecasted variance of $122 due to slightly higher than budgeted specialized service costs.

Equipment, Vehicles, Technology - The favourable year-to-date and forecasted variances of $887 and $1,674 are mainly attributable to the removal of the carbon tax on fuel and to the actual average cost per litre. The favourable forecasted variance related to the removal of Carbon tax and the fuel contract costs being less than the budgeted cost per litre is $1,773. In addition, the forecasted fuel usage by the City of Niagara Falls and Metrolinx is less than budgeted by $1,030 which is offset in less than budgeted revenues below in "other Revenue". The forecasted favourable variance is offset by incremental vehicle supply parts and repairs and maintenance due to the aging fleet and delay in receiving new buses of $1,099.

Federal & Provincial Grants – The unfavourable year-to-date variance of $163 relates to the timing of spend and corresponding matching of revenues related to the administrative costs of an Investing in Canada Infrastructure Program ICIP-NIR-07 relating to the MasterPlan.

By-Law Charges & Sales – The favourable year-to-date and forecasted variances of $1,306 and $1,536 are mainly due to higher than anticipated fare revenue. There is a forecasted favourable variance of $1,760 in fare revenues due to increased ridership excluding UPASS ridership. There is also a forecasted favourable variance related to providing summer service with Brock University of $213. This is offset by the reduction relating to the year-end reconciliation of the UPASS agreement with Niagara College of $102 and the reduction to the new contract beginning September 1, 2025 of $416.

Other Revenue – The unfavourable year-to-date and forecasted variances of $1,074 and $2,395 are mainly due to the strategy to not recognize the budgeted Provincial Gas Tax revenue of $1,315 as NTC is in a forecasted surplus position. The unrecognized Provincial Gas Tax will be available for future Capital and/or Operating use. In addition, there is less than budgeted fuel reimbursement revenue from the City of Niagara Falls and Metrolinx totaling $1,030 resulting in decreased fuel costs within 'Equipment, Vehicles, Technology' as noted above.

Indirect Allocations – The favourable year-to-date and forecasted variances of $329 and $232 are mainly due to less than expected costs related to insurance premiums and self-insurance claims.