

Traffic congestion is expensive: it costs Ontario \$56B annually (so far...)

by [Marzio Pelù](#) December 9, 2024

TORONTO – Traffic congestion in Toronto, and more generally in Ontario, not only creates problems for the nerves of those who have to move, but also has a cost that would amount to more than 56 billion dollars each year, according to the report commissioned by the Residential and Civil Construction Alliance of Ontario (RCCAO) and the Ontario Road Builders' Association (ORBA) at CANCEA (The Canadian Center for Economic Analysis) and released today.

The *Toronto Sun* talked about first it in an article ([here](#)), speaking to the executive director of the RCCAO, Nadia Torodova: “We knew we were going to get big numbers, but the numbers that we did get were quite staggering” said Todorova. “The total impact of congestion right now in 2024 for Ontario is \$56.4 billion, and that includes both economic impacts and also the social impacts of congestion”.

Just under 80% of that impact – \$44.7 billion – is directly felt in the Toronto and Hamilton metropolitan area (GTHA), while \$11.7 billion is the cost of congestion for the rest of Ontario. The total is therefore 56.4 billion, divided as follows: 12.8 billion of economic costs and 43.6 billion of social costs. But what does it mean? The same report explains it.

There are economic costs because “congestion directly impacts business productivity by increasing delays in the transport of goods and services and reducing the efficiency of workers. This is evident in both transportation-related sectors and the broader supply chain, where bottlenecks and inefficiencies propagate across industries. For example, delays in goods movement can cause disruptions in production schedules, leading to increased costs and reduced competitiveness”.

About the social value cost, “congestion imposes significant costs on commuters by diminishing their quality of life. This includes increased stress, lower life satisfaction, and reduced well-being, as extended commute times infringe upon time that could otherwise be spent on leisure, family, or personal pursuits. These non-market costs are converted into monetary units using income equivalence approaches, which estimate the financial compensation needed to offset these intangible losses”.

But there are also other consequences of traffic congestion. According to the report, for example, if congestion mitigation efforts had been initiated ten years ago, 88,000 more jobs could have been created in the GTHA.

Not only that. In the GTHA, if heavy congestion had been reduced over the past decade so that no commuters experience more than two days of congestion per week, real GDP in the GTHA could be \$27.9 billion higher today, representing a 4.9% increase over the GTHA 2024 economy, corresponding to an additional \$3,400 in economic activity per person. Furthermore, congestion has resulted in a \$5.0 billion reduction in private capital investment, including losses of \$570 million in manufacturing, \$180 million in construction, and \$100 million in professional services.

“It has such a wide reaching impact, both economic and socially, that it really makes the case that we need to see sustained, long term and consistent investment in transit and transportation infrastructure, to ensure that those goods and people are moving and ensure we’re prepared for the future”, said Todorova. Also because, she added, “with population projections over the next 20 years, if we’re not built for the future, we’re really going to suffer incredible and severe consequences...”.

The future, in short, it’s not rosy: according to the report, “looking ahead, if congestion levels remain unchanged, the annual cost of congestion could rise to \$108 billion by 2044, equivalent to 6.2% of Ontario’s potential economic output and representing a 95% increase over today’s congestion costs. Of this total cost, almost 80% (\$85.5 billion) would be incurred within the GTHA, with \$42.5 billion (50%) representing social value costs due to the impact on resident’s well-being”. In other words: a disaster.

You can download and/or read the whole report here: [*Impact-of-Congestion-in-the-GTHA-and-Ontario-December2024*](#)