



# **Auditor General Fare Evasion Recommendations Status Update**

## **Revenue Protection**

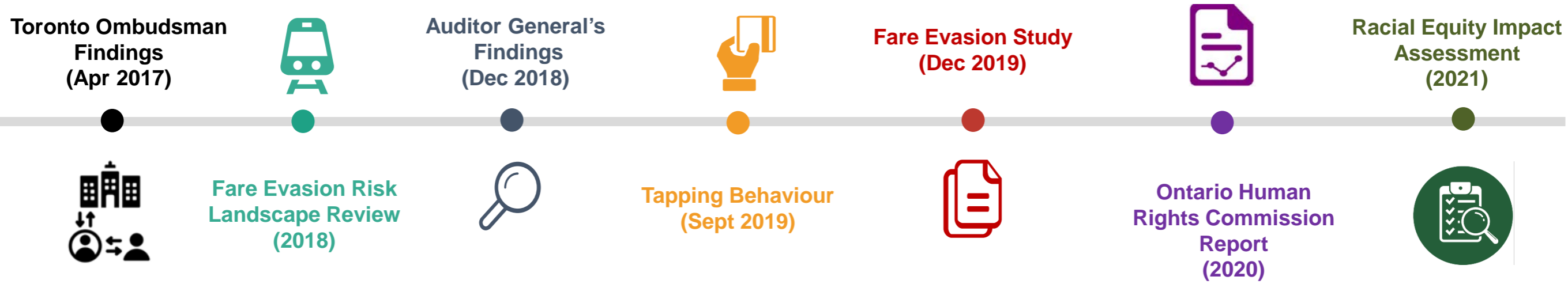
June 2023

# | For Discussion Today:

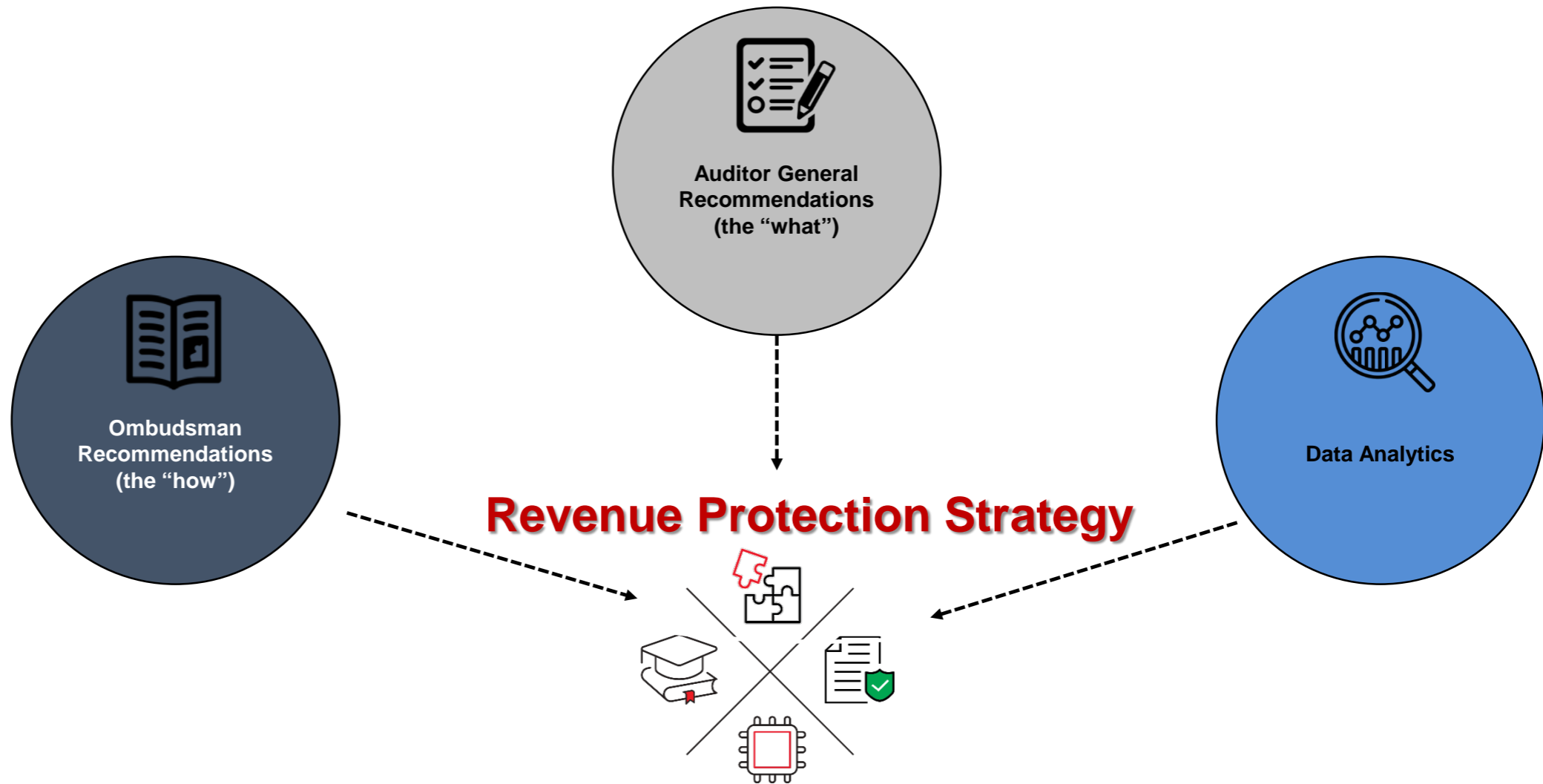
1. Fare Enforcement Strategy
2. 2017 Ombudsman Report
3. Culture Change Program
4. 2018 Auditor General Fare Evasion Study – Recap
5. 2019 ARC Fare Evasion Study Results – Overall
6. AG Phase 1 – Summary
7. Key Accomplishments
8. Next Steps



# Content Overview



# Fare Enforcement Strategy



# Impact of Ombudsman Recommendations

Recommendation Category	Action Taken
Policy & guideline development	<ul style="list-style-type: none"> <li>✓ Developing Use of Discretion policy</li> <li>✓ Amending Use of Force policy</li> <li>✓ Developing Body Worn Camera and In Car Camera policy</li> <li>✓ Developing Data Collection procedure</li> <li>✓ Developing guidelines to provide Fare Inspectors with greater transparency and accountability</li> </ul>
Training	<ul style="list-style-type: none"> <li>✓ All Fare Inspectors have attended a two-day, in-person training program on the Use of Discretion and Use of Force policies.</li> <li>✓ The first day of training was led by Dr. Akwasi Owusu-Bempah, Dr. Scot Wortley and staff from TTC's Racial Equity Office and the second day was led by TTC staff.</li> </ul>
External consultations	<ul style="list-style-type: none"> <li>✓ In 2019, the TTC retained Dr. Akwasi Owusu-Bempah and Dr. Scot Wortley to conduct a review of historical race-based data collected by Fare Inspectors and Special Constables around enforcement activities, and provide a Racial Equity Impact Assessment</li> <li>✓ In 2020, TTC retained Arleen Huggins, the TTC's External Advisor on Diversity and Inclusion</li> </ul>
Deployment Strategy	<ul style="list-style-type: none"> <li>✓ The Fare Inspection deployment strategy strives to strike a balance between the Ombudsman recommendations, the AG recommendations and leveraging data to refine deployment strategies while staying flexible to meet emerging needs.</li> </ul>
Fare Inspector & Special Constable Complaints (FISCC) Office	<ul style="list-style-type: none"> <li>✓ The TTC launched the FISCC Office on June 30, 2021 in order to create a more inclusive transit system. The goal of the FISCC Office is to investigate all complaints involving TTC Fare Inspectors and Special Constables, as well as related policies and services</li> </ul>



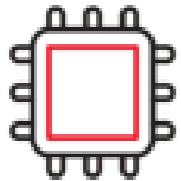
# Culture Change Program – Four Key Pillars



**Structure for success**



**Modernize policy, procedures, standards and programs**



**Update technologies**



**Overhaul training and monitoring systems**

# 2018 Auditor General Fare Evasion Study - Recap

## System Wide Fare Evasion Rates



5.4%

Weighted Average Fare Evasion Rate

Streetcar 15.2%  
Bus 5.1%  
Subway 3.7%

## Financial Impact



\$60.7M\*

Annual Uncollected Revenue\*\*

Streetcar \$12.2M  
Bus \$30.1M  
Subway \$18.4M

## Recommendations



Phase 1: 27

TTC Board Approved Recommendations

# 2019 ARC Fare Evasion Study Results – Overall\*\*

## System Wide Fare Evasion Rates



5.7%

Weighted Average Fare Evasion Rate

Streetcar 15.9%  
Bus 6.3%  
Subway 2.4%

## Financial Impact



\$70.3M\*

Annual Uncollected Revenue

Streetcar \$23.0M  
Bus \$34.4M  
Subway \$12.9M

## Considerations



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TTC Management to Report Back to the Audit, Risk and Management Committee by Q3 2020

\* Based on Average Fare (2019) of \$2.25.

- Streetcar fare evasion rate at 15.9%, accurate to plus or minus 0.8%, 19 times out of 20
- Bus fare evasion rate at 6.3%, accurate to plus or minus 0.9%, 19 times out of 20
- Subway fare evasion rate at 2.4%, accurate to plus or minus 0.2%, 19 times out of 20

\*\*See: Appendix 3 for methodology





# AG Phase 1 – Recommendation Categories



**Fare Inspection and Collection**

**12**



**Concession Card Fraud Prevention**

**7**



**PRESTO Systems and Equipment**

**3**



**Foundational Items**

**5**

Implemented & Closed by AG	
Implemented & AG Approval Pending	3
In-Progress	9

Implemented & Closed by AG	2
Implemented & AG Approval Pending	5
In-Progress	

Implemented & Closed by AG	
Implemented & AG Approval Pending	
In-Progress	3

Implemented & Closed by AG	2
Implemented & AG Approval Pending	2
In-Progress	1



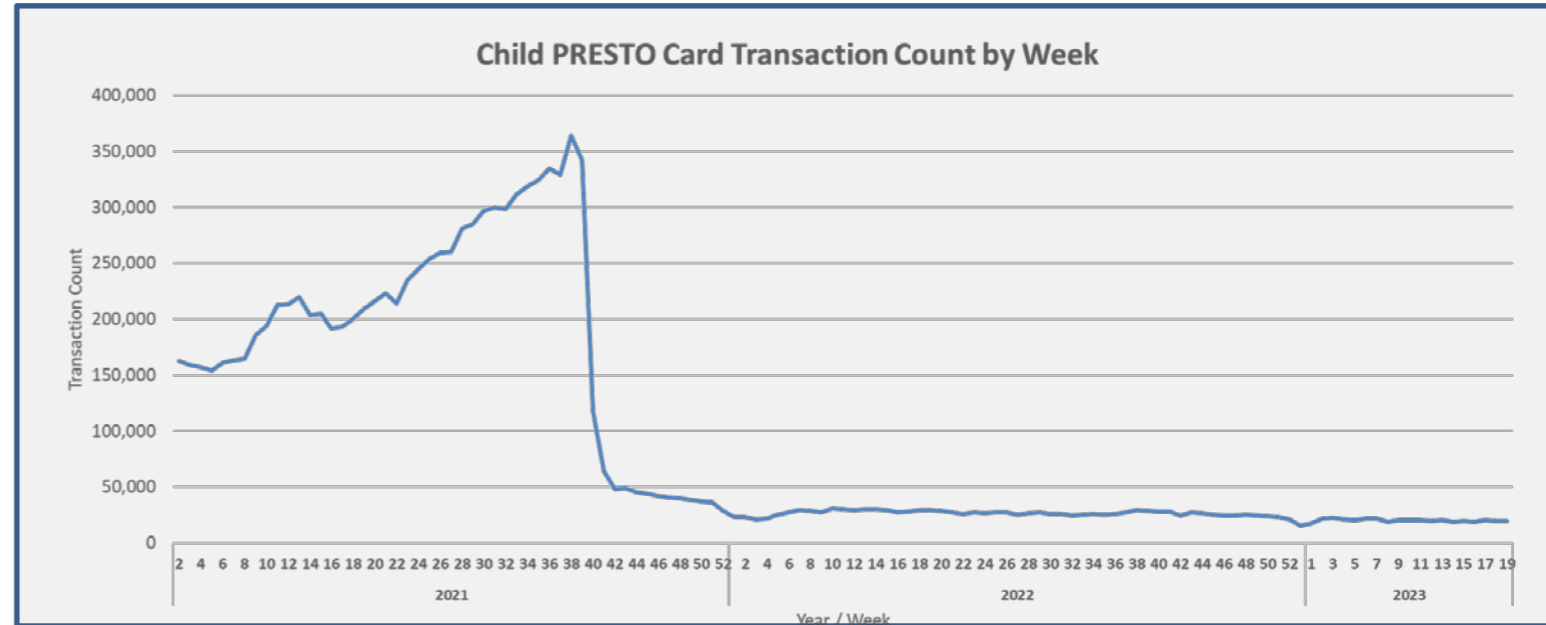
# TTC Fare Inspection and Collection Approach

Streetcar Deployment	Subway Deployment	Technology Update
<ul style="list-style-type: none"><li>• Deployment in the downtown core to promote increased inspections of customers and vehicles.</li><li>• Objective is to increase Fare Inspector presence on high ridership routes and core areas.</li><li>• Allows an increase in the number of inspections and minimizes wait times between streetcar boarding.</li></ul>	<ul style="list-style-type: none"><li>• Fare Inspectors are deployed to subway stations with the highest rates of fare evasion events.</li><li>• Currently one fare inspection team on the AM and PM shifts are assigned to subway stations to conduct concession fare media inspections.</li><li>• Faregate sensor data will be used to inform future deployment strategies at additional subway stations.</li></ul>	<ul style="list-style-type: none"><li>• Revenue Protection is collaborating with PRESTO to procure a new hand-held point of sale device (HHPOS).</li><li>• The new HHPOS device will decrease inspection times and allow Fare Inspectors to process fares on vehicles providing virtually no downtime to the TTC's fare payment system.</li></ul>

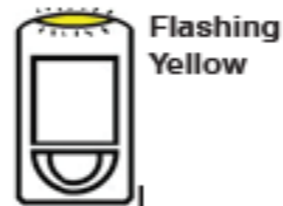


# Concession Card Fraud Prevention

An update to the PRESTO display screen was made in fall 2021. When a child PRESTO card is presented, a different light and sound is activated. This technology advancement has led to a change in customer behavior resulting in a reduction of fraudulent Child PRESTO card usage by approximately 90%.



When customers are tapping a child PRESTO card, the reader will beep with a three chime sound and a yellow flashing light will appear at the top of the card reader.



# PRESTO Systems and Equipment

- TTC has taken actions to reduce the number of illegal entries including:
  - Updates to fare gate settings;
  - Re-distributing resources to high risk entrances; and
  - Installing 37 fare line barriers at key stations to eliminate the gap between the collector booth and the first fare gate.
- In Q1 2023, Metrolinx replaced PRESTO fare payment devices with new devices on all TTC vehicles. New devices enable TTC to implement Open Payments accepting debit, credit cards and NFC contactless payments via smart mobile devices.



# Next Steps

## 1. Continue to build on progress for remaining Phase 1 Auditor General Recommendations

- All 27 Phase One have been actioned.
- Four (4) of the recommendations are accepted and closed by the Auditor General.
- Ten (10) of the recommendations are deemed complete by the TTC but are pending the Auditor General's Office review.
- Thirteen (13) of the recommendations are in progress.

## 2. Audit Risk and Compliance 2023 Fare Evasion Review

- Results of this review are scheduled to be presented to the TTC Audit & Risk Management Committee in November 2023.
- Review findings will then be used by Revenue Protection to inform fare evasion targets for each mode as well as deployment models and inspection methods.
- Targets will also be used to inform forecasted passenger revenue impacts, incorporated through the 2024 budget process.

## 3. TTC Board Update

- A more detailed status of AG recommendations to come in October with the Auditor General presentation to the TTC Board.

