



TRANSPORT ACTION ONTARIO

(formerly Transport 2000 Ontario)

Advocating for Sustainable Public and Freight Transportation
Box 6418, Station "A" Toronto, ON M5W 1X3

C-6

TTC Fare Policy Should Include Subsidized Transit Pass for Working Poor 2013 11 15

Dear Chair Stintz and TTC Commissioners,

PRESENTED TO
THE COMMISSION NOV 18 2013

Problem: Annual Operating Budget Reality

With annual increases in salary, fuel and other operating costs, each year the TTC has projected operating expenses that are higher than the increase in projected revenue even with a growing ridership. In fact, a rising ridership means a higher operating shortfall. As the TTC does not turn a profit, it costs the TTC money for each additional ride carried, and the required subsidy from the City in turn gets pushed up with higher ridership. The situation is aggravated when the province refuses to reinstitute its 50% share of the operating subsidy.

When riders and potential riders are forced to choose between better service and lower fares, the more affluent ones will opt for better service and a fare increase, This inevitably draws vocal opposition from the working poor who worry about not being able to afford the current fare, let alone an ever increasing one. This puts the TTC in an extremely uncomfortable position.

The result has been that the TTC is asked to severely limit, or even freeze fares for all riders to satisfy the minority of riders that actually need a bigger subsidy. This hurts the TTC's ability to provide the service levels needed to keep up with the growing demand for transit in Toronto and better still effect a real shift from cars to public transit.

Opportunity: Hamilton Street Railway's Affordable Transit Pass Program

A potential solution is at hand right down the QEW where a subsidized transit pass is offered by the Hamilton Street Railway, but the cost implication is paid for by the City of Hamilton. The Hamilton Street Railway (HSR) has for several years offered a subsidized transit pass for the working poor at 50% of the cost of the regular monthly adult transit pass.

Like the TTC, HSR operates at arm's length from its municipal owner, the City of Hamilton. While the transit agency sets fare policy, the city sets social policy. The City of Hamilton is the enabling partner for HSR to make this subsidized transit pass possible to offer. The City of Hamilton administers the means-testing eligibility for the pass, while HSR sells the pass to those who offer confirmation of eligibility provided by the City of Hamilton. The municipality is thus able to monitor the number of eligible riders and can budget accordingly. The transit agency does not take a loss on its operating budget from offering the subsidized pass.

If a similar system were offered through a partnership between the City of Toronto and the TTC, there would be an immediate reduction in the cost of transit passes to those who struggle the most to pay TTC fares. Additionally, each future fare increase would affect most directly those able to afford an increase and not the working poor.

While there will continue to be opposition to fare hikes, opposition to fare hikes going forward would be expected to be much reduced with a subsidized pass available for the working poor. In an initial phase, this affordable pass for the working poor could even be set to match the current Seniors Pass rate (a 17.5% discount) and increased annually to ultimately reach Hamilton's 50% rate discount.

Lastly, given that this is a new subsidy within the fare structure, this initiative provides an excellent rational and mechanism for the Province to restart funding the operating costs of transit across the province thus creating the prospect of continued increases in provincial support and real fare relief and improved service for all riders.

Recommendation:

Given the above, the TTC is encouraged to initiate dialogue with the City Manager and the Chief Financial Officer on emulating the Affordable Transit Pass Program offered by Hamilton Street Railway and the City of Hamilton for use on the TTC using a means-tested eligibility criteria administered and funded by the City of Toronto.

Respectfully submitted,

Bruce Budd, Secretary
Transport Action Ontario

P.S. 1) More information on Hamilton's Affordable Transit Pass Program can be found at the following:
<http://www.hamilton.ca/HealthandSocialServices/SocialServices/SupportPrograms/AffordableTransitPass.htm>

2) Submission prepared with input from Karl Junkin.