



# **Auditor General's Report - Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection**

## **TTC Board Decision**

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The TTC Board, at its meeting on February 27, 2019 adopted the following:

The Auditor General recommends that:

1. The Board request the Chief Executive Officer, Toronto Transit Commission, to set acceptable targets for its fare evasion rates (by mode and overall) and to develop short and long-term strategies to reduce the fare evasion rates and the resulting revenue loss, while ensuring good customer service.
2. The Board request the Chief Executive Officer, Toronto Transit Commission, to raise customer awareness and understanding of the importance of paying the appropriate fare, as well as the PRESTO card payment process, Proof-of-Payment system, and consequences if found evading fare.
3. The Board request the Chief Executive Officer, Toronto Transit Commission, to:
  - a. Accurately measure and publicly report on the fare evasion rate every year; and
  - b. Reports from Internal Audit on fare evasion study should be made public.
4. The Board request the Chief Executive Officer, Toronto Transit Commission, to further improve the fare inspection program by ensuring:
  - a. Adequate training to Fare Inspectors on data collection and why this work is important to Toronto Transit Commission;
  - b. Development of realistic and clear performance expectations; and
  - c. Implementation of ongoing monitoring of staff performance and regular review of inspection data.
5. The Board request the Chief Executive Officer, Toronto Transit Commission, to explore system wide options that can help prevent and reduce fare evasion on streetcars with multiple doors and Proof-of-Payment policy.

6. The Board request the Chief Executive Officer, Toronto Transit Commission, to expand its fare inspection program to include buses and develop effective fare inspection methods for buses.
7. The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure that bus operators and streetcar operators are instructed and trained to press the fare dispute key whenever the appropriate fare is not paid. Data from the fare dispute keys should be routinely analyzed and used to aid in the strategic allocation of fare enforcement resources.
8. The Board request the Chief Executive Officer, Toronto Transit Commission, to expand its fare inspection program to include coverage of subway station entrances.
9. The Board request the Chief Executive Officer, Toronto Transit Commission, to take the necessary actions to reduce the number of illegal entries, particularly at automatic subway entrances, including:
  - a. Perform a cost-benefit analysis of continuing to keep the automatic entrances open, whether to install high gates in high-risk entrances at subway stations, and whether to station Toronto Transit Commission staff at some of these entrances;
  - b. Complete work on the fare gate sensors and fare gate event data reporting, so that information can be used to determine the rate of illegal entries at subway stations and to strategically allocate fare inspection resources; and
  - c. Ensure security camera video is monitored on a regular basis.
10. The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure the contracted service requirements are upheld regarding functionality of Metrolinx Single Ride Vending Machines and PRESTO Card Readers, and recover from Metrolinx lost passenger revenue.
11. The Board request the Chief Executive Officer, Toronto Transit Commission, to review current TTC fare gate functionality issues, and develop and implement short and long-term strategies to improve fare gate functionality to reduce revenue loss.
12. The Board request the Chief Executive Officer, Toronto Transit Commission, to instruct and train crash gate staff on Toronto Transit Commission (TTC) policy, to request the fare collector to close the TTC fare gate when unattended by TTC staff, and to ensure fare collectors are trained in this task.
13. The Board request the Chief Executive Officer, Toronto Transit Commission, to re-assess whether there is a critical need to issue Child PRESTO cards, balancing provision of good customer service with the risk of fraudulent use of the Child Cards.

14. The Board request the Chief Executive Officer, Toronto Transit Commission, to *NOT* distribute the Toronto Transit Commission's promotional Child PRESTO cards until appropriate controls are in place.
15. The Board request the Chief Executive Officer, Toronto Transit Commission, to explore ways to provide a Child PRESTO Card that is visually different from an Adult PRESTO card, including further negotiation with Metrolinx to issue visually different PRESTO cards for adults and children aged 12 and under.
16. The Board request the Chief Executive Officer, Toronto Transit Commission, to make the necessary changes to the Child PRESTO cards so that bus and streetcar operators can spot inappropriate use of PRESTO concession cards including:
  - a. Negotiate with Metrolinx to provide a different light and sound on PRESTO card readers for Child PRESTO cards from other concession types; and
  - b. Perform cost benefit analysis and consider making change to Toronto Transit Commission revenue vehicles to include display of the PRESTO concession type for bus and streetcar operators.
17. The Board request the Chief Executive Officer, Toronto Transit Commission, to ensure adequate controls are in place and consistently applied in the issuance of Child PRESTO cards by Distributors.
18. The Board request the Chief Executive Officer, Toronto Transit Commission, to find ways with Metrolinx to either seize or obtain confirmation of deactivation for Child PRESTO cards found to be fraudulently used.
19. The Board request the Chief Executive Officer, Toronto Transit Commission, to work with Metrolinx to determine the feasibility of temporarily suspending the Child PRESTO cards on the Toronto Transit Commission until appropriate controls are in place.
20. The Board request the Chief Executive Officer, Toronto Transit Commission, to conduct a cost-benefit analysis of Transit Fare Inspectors vs. Transit Enforcement Officers with a view to improving the effectiveness and efficiency of the fare inspection program.
21. The Board request the Chief Executive Officer, Toronto Transit Commission, to review the level of authority, tools and uniform provided to Transit Fare Inspectors to ensure they can carry out their duties in a safe and effective manner.
22. The Board request the Chief Executive Officer, Toronto Transit Commission, to take steps to improve the speed, reliability, and functionality of PRESTO hand-held devices for fare inspections. Such steps should include, but not be limited to:
  - a. Improving tracking and reporting of the functionality and repairs of the hand-held devices;

- b. Finalizing the Service Level Agreement with Metrolinx, which should specify a level of speed and functionality for the hand-held devices that meets Toronto Transit Commission's business requirements; and
  - c. Holding Metrolinx accountable for its contracted service requirements on the speed, reliability and functionality of the hand-held devices supplied to the Toronto Transit Commission.
23. The Board request the Chief Executive Officer, Toronto Transit Commission, to improve the effectiveness of the off-boarding inspection process to minimize the number of passengers walking away from fare inspection, including measures such as installation of temporary or permanent physical barriers where feasible, and assigning a sufficient number of Transit Fare Inspectors and Transit Enforcement Officers for the off-boarding inspection.
24. The Board request the Chief Executive Officer, Toronto Transit Commission, to provide Transit Fare Inspectors with efficient access to the previous fare evader database during inspections.
25. The Board request the Chief Executive Officer, Toronto Transit Commission, to improve the effectiveness and consistency of the scheduling practices of its fare inspection program to:
- a. Ensure the route and timing coverage is risk-based and strategic; and
  - b. Increase the use of plain clothed Transit Fare Inspectors as it enables a more accurate assessment of fare evasion rates and a more effective inspection program.
26. The Board request the Chief Executive Officer, Toronto Transit Commission, to explore ways to increase actual inspection time by Transit Fare Inspectors including:
- a. Automating the manual ticketing process and the recording and reporting of fare inspection results;
  - b. Assessing the feasibility of establishing an internal fare evasion ticket appeal process, similar to Metrolinx (GO Transit); and
  - c. Exploring ways to reduce travel time by Transit Fare Inspectors between their reporting and lunch locations and assigned routes.
27. The Board request the Chief Executive Officer, Toronto Transit Commission, to finalize updating the TTC By-law No.1 and enhance the Fare Inspection Policies and Procedures manual to ensure they are up to date and include sufficient details to facilitate consistent fare inspections.

28. The Board forward this report to City Council for information through the City's Audit Committee.

## **Additional Motions**

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The Board also adopted the following member motions:

- i. The TTC Board direct the TTC Chief Executive Officer to use all tools and means available to him to ensure Metrolinx addresses the operational and policy issues identified by the TTC and the Auditor General, and resolved to the satisfaction of the TTC in the interests of its customers.
- ii. That the service level agreement with Metrolinx be assessed against a standard expected of a supplier and owner of a payment card system, such as a debit or credit payment system.
- iii. That the TTC Chair request that the Chair of Metrolinx agree to co-sponsor an initiative to raise PRESTO performance standards to contracted levels; and
- iv. That the President & Chief Executive Officer of Metrolinx and the Chief Executive Officer of the Toronto Transit Commission report back to the TTC Board on this initiative no later than Q3 2019.
- v. That the TTC Board direct the Chief Executive Officer, Toronto Transit Commission, to conduct a cost-benefit analysis of the TTC's major fare categories, utilizing new PRESTO data, as a part of the Fare Pricing Strategy report expected in Q4 2019.
- vi. That the TTC Board direct the Chief Executive Officer, Toronto Transit Commission, to initiate a review of the Child PRESTO card fare category data, including the following, and report back to the TTC Board in Q3 2019.
  - a. Overall PRESTO card usage by children under the age of twelve.
  - b. Station by station usage of the Child PRESTO card.
  - c. A specific, costed action plan to reduce Child PRESTO card fraud and evasion.
- vii. That the TTC Board Chair, Toronto Transit Commission write a letter to the Chair, Metrolinx reaffirming the Board's commitment to ensuring that Metrolinx equipment meets the contractually-required service levels and establishing a final Service Level Agreement to ensure future service standards.

- viii. That the TTC Board direct the Chief Executive Officer, Toronto Transit Commission, to advise the President & Chief Executive Officer, Metrolinx that the TTC intends to be involved in meaningful consultations as a key customer as PRESTO develops and implements its plans for an account-based fare collection system.
- ix. That the TTC Board direct TTC staff to review the status of all service level agreements for PRESTO equipment and report back to the TTC Board in Q2 2019.
- x. That the TTC Board direct TTC staff to work with Metrolinx to implement controls for all concession cards similar to the controls recommended by the Auditor General with respect to child cards.
- xi. That the TTC Board request a response from Metrolinx on the timeline for re-introducing debit/credit payments on PRESTO fare and transfer machines.
- xii. That the response be brought to the April 11, 2019 TTC Board meeting.