



Fare Compliance Action Plan: Response to Member Motions

Date: September 24, 2024

To: TTC Board

From: Chief Strategy and Customer Experience Officer
Chief Financial Officer

Summary

On July 17, 2024, the TTC Board endorsed a report entitled, Fare Compliance Action Plan. That report was initially presented to the Audit and Risk Management Committee at its Special meeting on July 15, 2024.

At the July 17 meeting, the TTC Board directed staff to provide a follow-up report at its September Board meeting on four strategies identified in the Phase 1 Fare Compliance Action Plan (items 4a-d). Additionally, the TTC Board directed staff to report in late 2024/early 2025 with refinements to the TTC's fare evasion ticketing system and to develop an educational campaign (items 5a-b):

4. That TTC staff report back to the September TTC Board meeting with an action plan by the end of 2024 to:
 - a. Keep crash gates closed, except when they are opened by a Collector for a patron who has paid their fare. This will save \$14.2 million per year and requires those who want to pay a reduced/concession fare to get a PRESTO card, which can be done online, and will allow them the two-hour transfers;
 - b. Phase out cash fares at stations and legacy fare media on all modes;
 - c. Strategies to count cash fares on buses; and
 - d. Phase out acceptance of undated Child (PRESTO) cards, which the audit showed are almost always used fraudulently.
5. Direct TTC staff to:
 - a. Report back to the Board in Q1 2025 on the development of a system that includes first-pay and the issuance of cautions, a progressive fine schedule, and, in consultation with CUPE Local 5089 and ATU Local 113, a strategy to respond to customers who are non-compliant.
 - b. Develop and implement education and advertisement campaigns by the end of Q3 2024 on:
 - The benefits of the PRESTO mobile application, such as the ability to load funds in the application; and
 - "Tap to Transfer".

This report provides a status update and implementation plan on items 4a-d and 5a-b, including initiatives, such as:

- Eliminating the need for crash gates.
 - Providing recommendations on cash management at stations.
- Discontinuing legacy TTC tickets and tokens.
- Addressing strategies to reduce the fraudulent use of Child PRESTO cards.

Items such as registered fareboxes and progressive fines are still under research and analysis.

Recommendations

It is recommended that the TTC Board:

1. Receive this report for information.

Financial Summary

There are no financial impacts associated with the Board's receipt of this report.

Formal revenue targets have not been established with the initiatives listed in Phase One of the Fare Compliance Action Plan at this time.

The primary goal of this phase is to curb current fare evasion rates and assess the impact the immediate actions have on fare compliance and revenue capture. The results of these initiatives will inform the establishment of an initial revenue target, which will be reported to the TTC Board in December 2024.

The development of a broader Fare Compliance Strategy in Phase Two will establish formal revenue targets with the conclusion of this phase of work.

Equity/Accessibility Matters

Equity, Diversity, Inclusion and Accessibility is a key principle of the TTC's Corporate Plan, and as a proud leader in providing accessible public transit in the City of Toronto, we are committed to ensuring reliable, safe, accessible and inclusive transit services for all our customers. This is supported through leveraging PRESTO technology and engaging with the City of Toronto's Poverty Reduction Strategy Office (PRSO) and the TTC's Advisory Committee on Accessible Transit (ACAT).

The fare compliance initiatives described in this report will be implemented in a fair and equitable way, with mindfulness toward our customers with disabilities and customers from equity-deserving groups.

Keeping crash gates at subway stations closed will have implications for TTC customers who still use paper transfers, Support Person Assistance Cards, or Convention Passes. In order to access a subway station, they will need to advise a Customer Service Agent (CSA). CSAs are (and will continue) to be available at all main station entrances to assist customers with purchasing and paying fares and entering stations.

Transitioning to a single cash fare, a change in line with many GTHA transit partners, such as York Region Transit (YRT) and Brampton Transit, will primarily affect customers who infrequently ride transit. Physical PRESTO cards continue to be available at no cost at more than 50 Toronto Public Library branches across the city for customers who may have difficulty purchasing one, including in Neighbourhood Improvement Areas (NIAs). They are also available at no cost through PRESTO in Mobile Wallet. Limited use PRESTO Tickets provided by social and community agencies will also continue to be available, including youth and senior PRESTO Tickets. Access to senior and youth concession fares will remain available for customers paying with a PRESTO card.

The TTC and Metrolinx will continue to work on fare modernization, including transitioning the remaining TTC legacy fare media onto PRESTO, including Support Person Assistance Cards and Convention Passes, and further expanding the third-party retail network.

Decision History

At its meeting on June 12, 2019, the TTC Board received the report, [PRESTO Implementation Update](#); the Board was informed that the TTC would stop selling tickets and tokens in November 2019 at our stations. This was implemented and the last day to purchase tickets, tokens, and remaining pass products from TTC stations was November 30, 2019.

At its meeting on February 23, 2023, the TTC Board received the report, [Fare Modernization Update](#), on the TTC's Fare Collection Modernization Program. The TTC Board received and endorsed a plan to no longer accept TTC tickets and tokens. It was highlighted that the number of TTC tickets and tokens held by customers was declining, and as a result, TTC legacy tickets would no longer be accepted as valid fare payment after September 4, 2023, and tokens at a later date, in favour of PRESTO fare media and Open Payments.

At its meeting on July 17, 2024, the TTC Board received the report, [Fare Modernization Annual Update](#), which stated that there has been a diminishing use of legacy payment options combined with availability of more convenient options, thereby suggesting that acceptance of legacy fare media (not sold for well over a year) should end soon. The report further stated that a recommendation for this would be brought to the Board in the fall.

At its meeting on July 15, 2024, the TTC Audit and Risk Management Committee received the report, [Fare Compliance Action Plan](#), which presented several initiatives to

encourage and improve fare compliance across the TTC. The Committee adopted the report and added specific quick-win tactics to be implemented by the end of 2024, including keeping crash gates closed, phasing out cash fares at stations and legacy fare media on all modes, strategies to count cash fares on buses, and phasing out the acceptance of undated Child cards.

At its meeting on July 17, 2024, the TTC Board [adopted the recommendations](#) from the TTC Audit and Risk Management Committee and requested staff develop and implement education and advertisement campaigns by the end of 2024.

Comments

At the July 17, 2024 meeting, the TTC Board requested staff report back at the September Board meeting on four strategies identified in the Phase 1 Fare Compliance Action Plan (items 4a-d). Additionally, the TTC Board directed staff to refine its by-law fine structure and develop a fare compliance education campaign (items 5a-b).

4.a. Keep crash gates closed

The “crash gate” is a fare gate that stays closed and opens automatically when a customer approaches, allowing entry into the fare paid zone of the subway station, as shown in Figure 1 and Figure 2. Customers using a crash gate are expected to pay their fare via the farebox, which is typically adjacent to the crash gate. This configuration is maintained at all times as crash gates are no longer consistently positioned near the Collector Booth and Customer Service Agents or Collectors are often unavailable to monitor the farebox during breaks or while assisting customers.

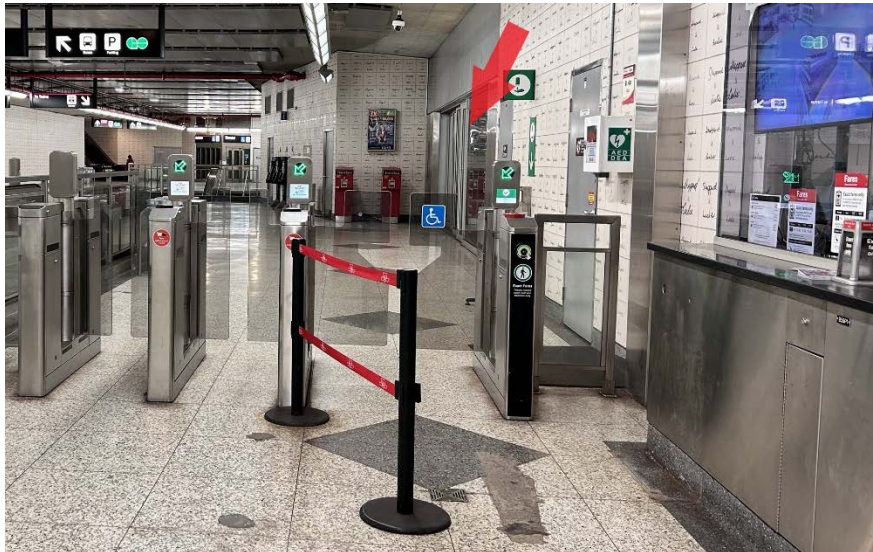
A crash gate is for customers using the following forms of payment:

- Cash (Adult, Youth and Senior).
- Legacy Fares (TTC Tickets, Tokens and Day Pass).
- Children Under 12 without a PRESTO card.
- Bus/Streetcar Paper Transfers.
- Support Person Assistance Cards.
- Convention Passes.

Figure 1: Photo of Fare Line at Leslie Station, Red Arrow Pointing to Crash Gate



Figure 2: Close-Up Photo of Crash Gate at Leslie Station, Red Arrow Pointing to Crash Gate



The 2023 Audit Risk and Compliance Fare Evasion Audit identified fare evasion at crash gates currently results in an annual revenue loss of approximately \$14.2 million, with 44.3% of patrons using the crash gates not paying a fare. This percentage includes both individuals who evade fares entirely and those who use invalid transfers. In addition to the \$14.2-million loss, patrons who pay only a partial fare at the farebox at the crash gate contribute to an additional annual revenue loss estimated at about \$8 million.

Crash Gate Closure

The permanent closure of crash gates will be implemented through a phased approach, which started on September 9, 2024, at stations where crash gate usage is minimal. This approach will help monitor the impact and/or implications of this change to the customer experience and identify where adjustments may need to be made in stations that have a higher volume of customers needing to use the crash gate. The plan for closure of the crash gates is as follows:

- **Phase One** started on September 9, 2024, which involved the turning off of automatic open fare gate features at all five stations on Line 4 (Don Mills, Leslie, Bessarion, Bayview, and Sheppard-Yonge), as well as shifting crash gate locations at select stations to assess passenger behaviour, which will inform Phases Two and Three.
- **Phase Two** to occur between October 2024 and Q1 2025, will see crash gates gradually closed at approximately 50 additional stations (with the exception of high-volume stations, such as Union and Kennedy).
- **Phase Three** in 2026 – full permanent closure of crash gates at all stations which is, however, dependent on the completion of 4b below.

TTC staff stationed at fare gates will be able to open a fare gate for the relatively small number of customers not using debit, credit or PRESTO for payment. Analysis will be conducted to assess the impact of the crash gate closures. This review will identify best practices and key insights as well as financial impacts, which will be applied to strategically plan the closure of the remaining crash gates.

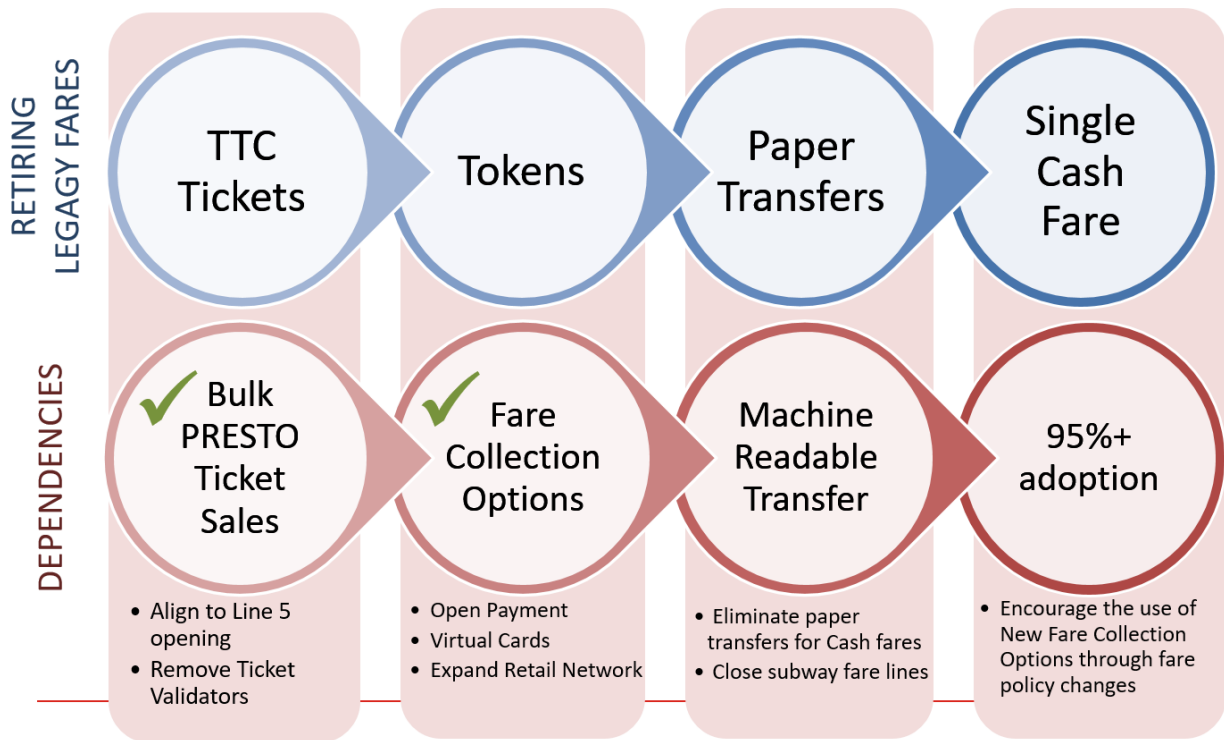
4.b. Phase out cash fares at stations and legacy fare media on all modes

The main users of crash gates are customers who make cash payments, with an average of 23 youth and senior cash fares and 64 adult cash fares at each station daily. To streamline the process and reduce congestion at the gates, adults who pay by cash will be directed to use the fare vending machines instead of the crash gates. The permanent closure of crash gates is dependent on implementing the following changes:

- Harmonizing cash fares;
- Installing Machine Readable Transfers to provide a similar customer experience for cash-paying customers as PRESTO customers;
- Stopping the acceptance of legacy fare media (TTC tickets and tokens); and
- Introducing a PRESTO product for Support Persons and Convention Passes.

Figure 3: Dependencies to Close Crash Gates

Roadmap to Permanent Closure of Crash Gates



Cash harmonization would replace the current system of multiple cash fares for Adult, Youth and Seniors with a single cash fare with concession fares (Youth and Senior) only available through PRESTO (PRESTO card, Mobile Wallet and bulk PRESTO Tickets). Several GTHA transit agencies, including York Region Transit, Brampton Transit and Hamilton Street Railway have harmonized cash fares with concessions only available through PRESTO. Harmonizing cash fares to the Adult cash fare would result in a 40% and 46% increase to the Youth and Senior cash fares, respectively. The TTC will review cash harmonization strategies with stakeholders before proceeding. This will further address the TTC's enforcement and compliance issues in relation to cash fares.

Once cash fares are harmonized, customers using cash at a station would purchase a single ride PRESTO Ticket at a Fare Vending Machine (FVM), eliminating the need to use cash fares at station fareboxes and thereby the use of the crash gate. Consideration was given to updating the FVMs to dispense single ride Youth and Senior PRESTO Tickets, but this change would increase the likelihood of concession fraud, so the TTC decided against implementation.

Machine Readable Transfers will support the implementation of harmonized cash fares on all modes and allow customers to pay their cash fares and receive transfers on buses and streetcars with barcodes to enable free transfer throughout the TTC by tapping any PRESTO validator. Machine Readable Transfers will also eliminate the need for customers with paper transfers to use crash gates. This capability is a requirement under the current agreement with PRESTO and is planned to be implemented in 2026.

The TTC stopped selling legacy TTC tickets, tokens, and remaining TTC Passes (day and GTA weekly) in a phased approach, starting with all subway stations on November 30, 2019, and concluding with all third-party network locations on March 24, 2023.

In February 2023, the TTC Board received and endorsed the plan to no longer accept TTC tickets and tokens. It was highlighted that the number of TTC tickets and token held by customers was declining, and as a result, TTC legacy tickets would no longer be accepted as valid fare payment after September 4, 2023, and tokens at a later date. For various reasons, the TTC did not proceed with the stop acceptance date of September 4, 2023, for TTC tickets and continues to accept TTC tickets, tokens and day passes today.

Retirement of legacy fare media forms (TTC tickets, tokens and passes) is supported by:

- Lines 5 and 6 – both are reliant on fare payment before boarding and have limited TTC ticket, token and day pass acceptance capabilities.
- The 2012 PRESTO Agreement requirements.
- The Auditor General's 2019 Recommendations on Fare Compliance, which recommended that the TTC develop strategies to reduce fare evasion rates.

For these reasons, the TTC will stop accepting legacy TTC tickets, tokens and day passes effective December 31, 2024. This will be widely communicated to customers well in advance.

The TTC continues to work with Metrolinx to make PRESTO products more readily available, including the expansion of the Third-Party Network, and additional fare product availability in the second generation of PRESTO.

4.c. Strategies to count cash fares on buses

The 2023 Audit, Risk and Compliance Fare Evasion Study identified that the annual revenue loss due to partial cash fares on buses is estimated at \$9.1 million. In an effort to reduce customer conflicts with Operators and increase service reliability, Bus Operators are instructed not to dispute fares. Staff are examining the use of registering fareboxes on buses as a mechanism to more accurately capture cash fares. Registering fareboxes have been used in the transit industry for decades with local examples being York Region Transit and MiWay. Modern registering fareboxes have capabilities of accepting all coins, bills, Open Payments, and dispensing Machine Readable Transfers. Staff will develop a business case to determine the benefits of registering fareboxes and impacts to reducing partial fares on buses against the cost of the capital investment. The business case will include a pilot to determine full-scale feasibility.

4.d. Phase out the acceptance of undated Child cards

Since the 2019 Auditor General Study that first identified Child PRESTO card fraud, the TTC has made the following improvements to mitigate Child PRESTO card fraud:

- A Human Machine Interface update was performed in September 2021 to identify Child PRESTO cards with a different light and sound from Adult PRESTO cards when validated on readers. This has reduced Child PRESTO card usage to less than 2% from 6%.
- All PRESTO cards are programmed for Adult fares by default.
- Proof of age is required when obtaining a Child PRESTO card.
- Child concession expires on the child's 13th birthday; the system automatically converts the card to Adult fare pricing.

The TTC understands the need to maintain the integrity of fare collection by ensuring that concession fares are used as intended. The PRESTO child concession is a PRESTO-owned fare media, which is a universal concession on all PRESTO and virtual cards. Therefore, any change to the configuration of the card would take effect at all transit authorities using the PRESTO product. As a result, it is necessary to ensure that any change does not impact any regional partner's operation. The TTC will continue to collaborate with PRESTO to explore the capability for implementing an annual expiry for Child cards, with a focus on achieving regional alignment.

The TTC will also continue to conduct analysis of Child card usage patterns and identify strategies to address and mitigate against misuse of the Child concession in the interim.

5.a. Report back to the TTC Board in Q1 2025 on the development of a system that includes first-pay and the issuance of cautions

The TTC has initiated the process for the potential development of a system that includes first-pay and the issuance of cautions. This has included starting initial communications with CUPE Local 5089 and ATU Local 113 in the hopes of forming a collaboratively developed strategy to respond to customers who are non-compliant. Initial exploration of the required regulatory changes has begun and discussions with the City of Toronto will follow. Outreach to Metrolinx will also be conducted to assess the effectiveness and administrative logistics of their graduated fine structure system. These efforts, along with additional stakeholder consultations identified, will continue over the course of 2024, with a report coming back to the Board for review in Q1 2025.

5.b. Develop and implement education and advertisement campaigns

TTC staff understand the importance of fare compliance through education. The TTC has developed and implemented over six education and advertisement campaigns, in collaboration with PRESTO over the last year. Another campaign is set to launch in fall 2024, positioning PRESTO as the easy and convenient way to travel more – focusing on its benefits. The TTC is also deploying specific tactics to deter students from fare evasion, including direct outreach to school boards and local colleges and universities. Information and details on the education and advertisement campaigns can be found in Attachment 1.

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Attachments

Attachment 1 – Education and Advertisement Campaigns

Attachment 1 – Education and Advertisement Campaigns

The TTC has developed and implemented the following education and advertisement campaigns to date:

- **Fall 2024, Tap to transfer:** Tap every time you enter a station and whenever you board a vehicle on the street. Failure to pay your fare may result in a fine of \$235 or \$425.
- **Spring 2024, Tap to improve service, Tap for improved safety, Tap out of respect, Can't afford to pay:** Paying your fare allows us to build new connections and routes throughout the city, increase our staff in stations to assist you on your journey, improve safety, and is an investment in better transit and a better city. If you can't afford to pay, visit toronto.ca/transitdiscount for more information on the Fair Pass Program.
- **2023, Fare enforcement in effect:** The TTC resumed ticketing customers for fare-related offences, such as fare evasion or not having Proof-of-Payment of their fare, following a pause in enforcement as a result of COVID-19. Tap your PRESTO, credit, debit, or device every time you enter a station and whenever you board a vehicle on the street. Tapping deducts your fare, validates your two-hour transfer, or verifies your monthly pass.
- **2022, Fare is fair:** Fare evasion costs the TTC millions of dollars every year. That's money that could be used to deliver service.
- **2020, There's no excuse not to pay your fare:** You may face a fine of up to \$425 or a criminal charge.
- **2019, Tailgating could cost you \$425, Thanks for paying your share, Smile! You're on Fare Evader Camera:** To every customer who pays their fare, thank you. Your fares allow us to maintain and upgrade our system. To fare evaders who don't pay their share, be prepared to be fined up to \$425.

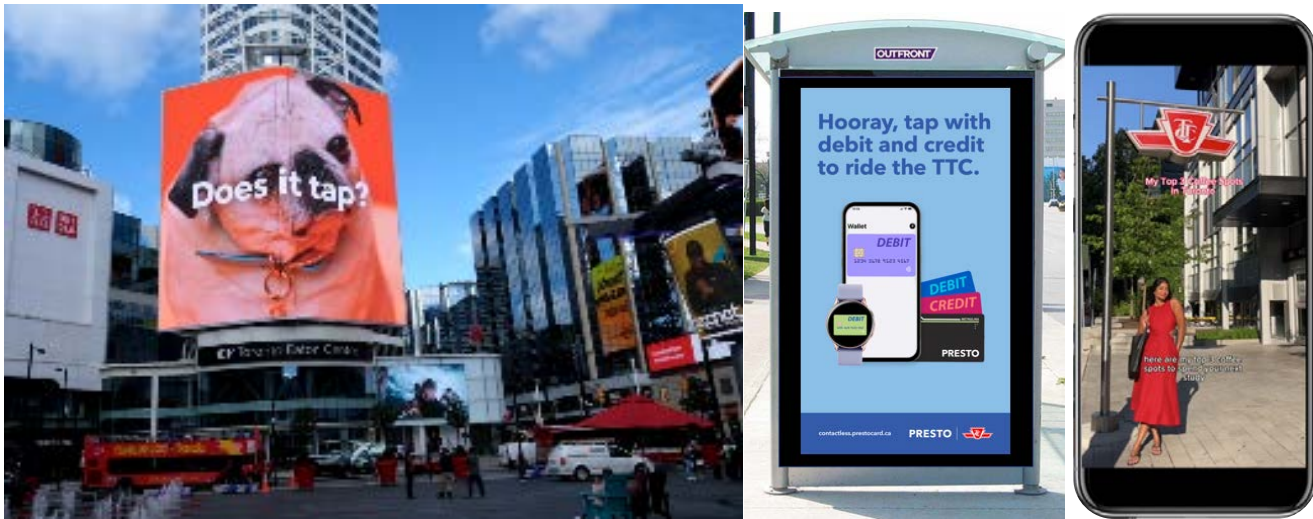
As part of the annual back-to-school education and awareness campaigns on the TTC, messaging is shared on social media accounts that directly speak to fare compliance and the fines associated with not paying a fare. These messages about fare compliance and fines associated with not paying a fare are reinforced throughout the year.

Through the TTC's ongoing commitment to building customer awareness, PRESTO continues to proactively invest in marketing campaigns and customer education to support the TTC. These programs include the following elements:

- Fully integrated paid marketing campaigns targeting transit users within the TTC footprint/coverage area.
- The development of a suite of marketing assets that can be used on owned TTC signage within/around TTC stations as well as inside/outside vehicles, such as streetcars, buses and subways.
- An ongoing series of "how to" videos to educate TTC customers on new products to help address key customer questions.

Over the past 12 months, the following marketing programs were in market:

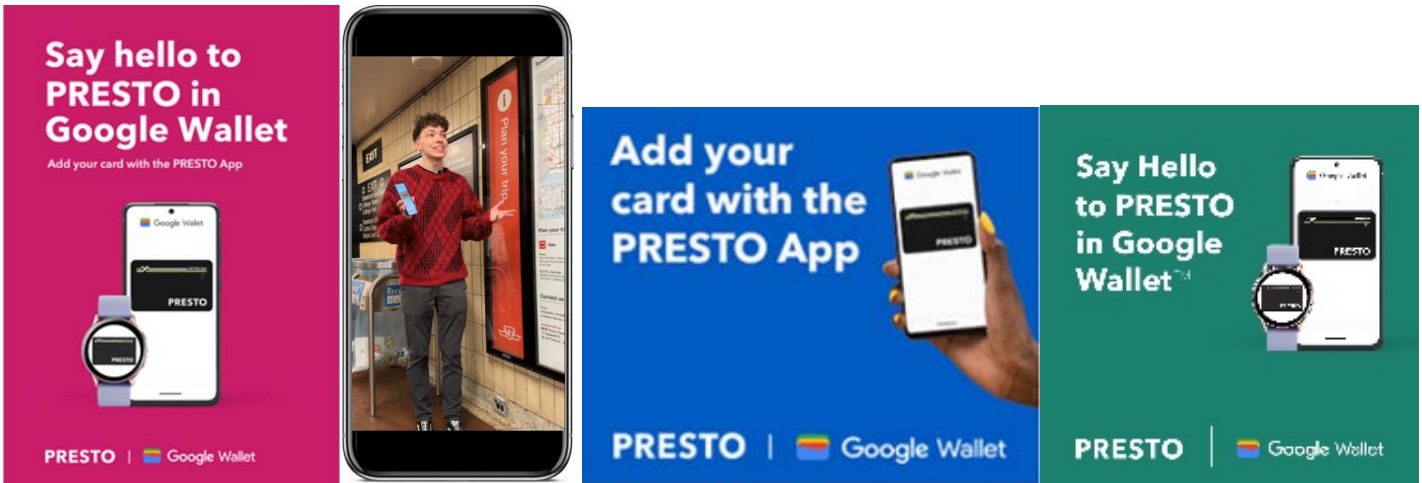
PRESTO Contactless campaign: August 15 to October 8, 2023



PRESTO Contactless campaign on TTC Assets



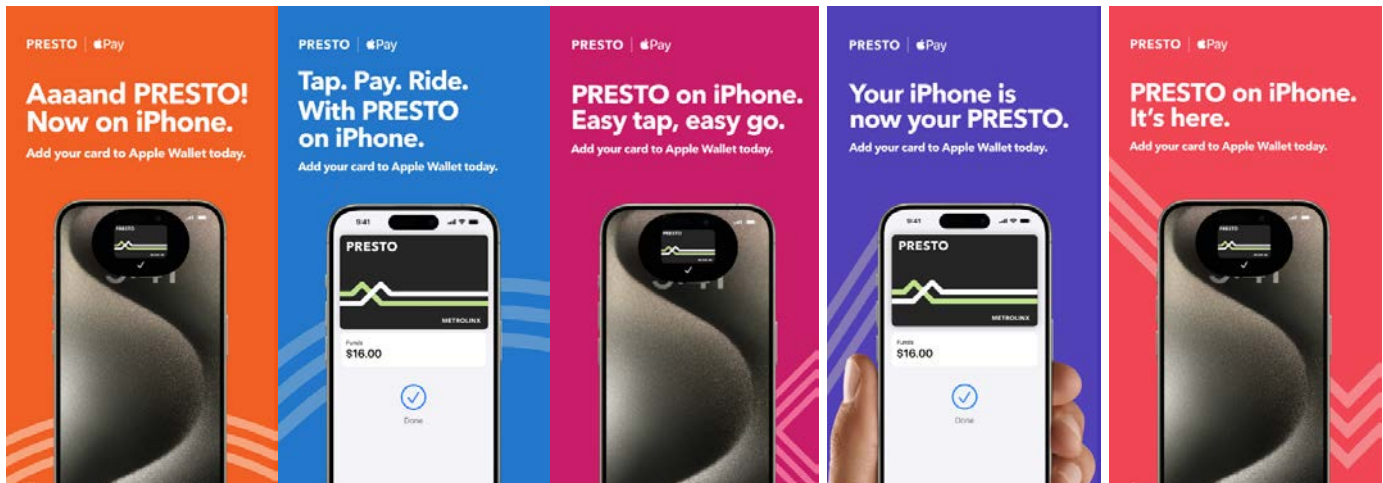
PRESTO in Google Wallet: November 2022 to March 31, 2023



Google Wallet – How-to Videos

- How to convert your card in Google Wallet:
<https://youtu.be/46dIVbiFzFY?si=YmWTFLqGUNvL2bYY>
- How to add a PRESTO card to Google Wallet:
https://youtu.be/SFGpf2USgBk?si=1RrqmE4a_F4Y8LS5
- How to load your card in Google Wallet:
<https://youtu.be/HLDD86TUIbU?si=orpOluEOO4YxsZAh>

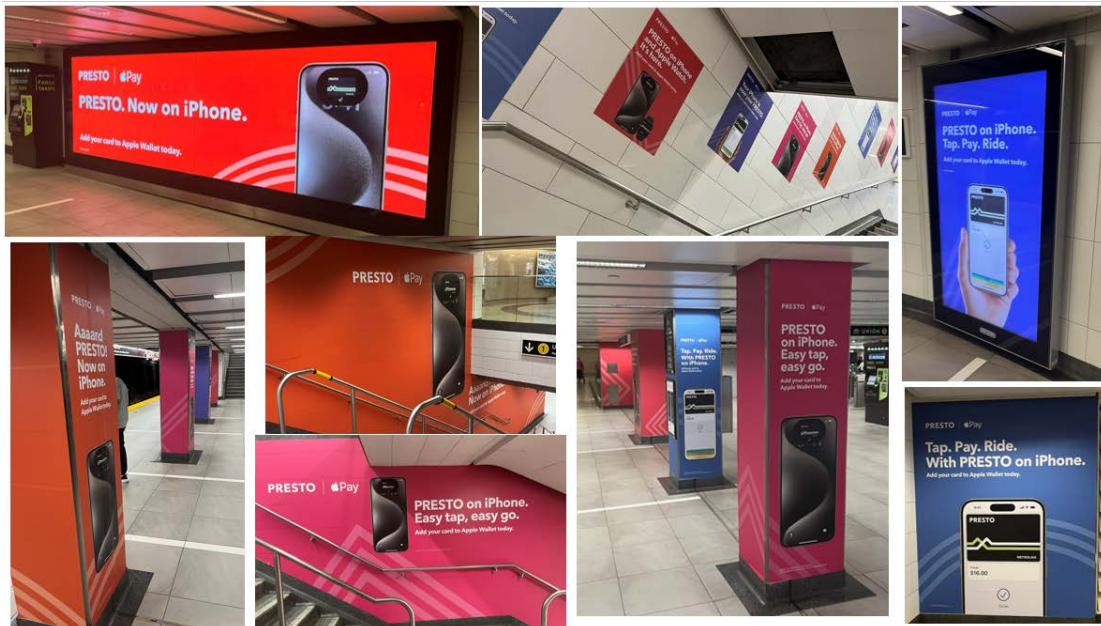
PRESTO in Apple Wallet: July 16 to end of September 2024



Nine Digital Screen Panels in Bay Concourse to TTC Entrance



Paid Campaign: TTC Union Station Domination



The following fare payment information is available on the TTC website:

- [General information about TTC Fares and Passes](#)
- [How to buy fares and passes](#)
- [PRESTO in Google Wallet](#)
- [PRESTO in Apple Wallet](#)
- [Debit and credit card payment](#)
- [Ontario's One Fare Program](#)
- [ID requirements](#)
- [Proof-of-Payment](#)

The TTC regularly promotes fare payment options on social media. Some examples include:

- <https://www.facebook.com/122038136879640/posts/427200259696758>
- <https://www.facebook.com/TorontoTransitCommission/videos/psa-tap-your-card-not-your-wallet-%EF%B8%8Fif-the-card-you-want-to-pay-your-fare-with-is/816236503620705/>
- <https://www.instagram.com/p/C2-JXHlrKIX/>
- <https://www.facebook.com/122038136879640/posts/505407761876007>
- <https://www.facebook.com/122038136879640/posts/368909272192524>
- <https://www.instagram.com/p/Cv9uIDUR2zK/>
- <https://www.instagram.com/p/CvxEuSUu9y0/>
- <https://www.facebook.com/watch/?v=612108407114878>
- <https://www.facebook.com/photo.php?fbid=258393143244138&set=a.122037356879718&type=3>

In partnership with PRESTO/Metrolinx, the TTC also runs its digital and printed ad campaigns across the TTC when new fare products are introduced on PRESTO. Recent campaigns have promoted the introduction of debit and credit card payment, Ontario's One Fare Program, PRESTO in Apple Wallet, and PRESTO's new virtual card.

The TTC will continue this momentum to build the PRESTO brand, educate customers on all the different ways to pay, and encourage the adoption of PRESTO products. In 2025/26, PRESTO will develop a GTHA-wide campaign that will encourage ridership by positioning PRESTO as the easy and convenient way to travel more – focusing on the benefits of Contactless, Mobile Wallet, One Fare, and PRESTO Perks. This work will include online videos, social media, radio, out of home, and content creators, to increase awareness and usage of the PRESTO portfolio of products. How-to videos will continue to support and address customer education needs. Assets will also be developed for the TTC to extend the reach of the campaign.