Putting Riders Before Faregates

The current demand for public transit in Metro Vancouver presents a great opportunity to build a sustainable transportation network, greatly shifting our dependence from automobiles to transit, biking and walking.

But TransLink faces significant funding challenges and uncertainty. Last year, the TransLink Mayor’s Council reluctantly voted for a $130 million stabilization supplement for their 10-year plan. While the Province of BC and the TransLink Mayor’s Council recently signed a Memorandum of Understanding to discuss future financing, municipal politicians in the region have been clear that funding transit cannot come from increases to property taxes. The Mayor’s Council argues that TransLink needs more sources of revenue from the Province.

Labour unions have lobbied hard in the past for appropriate funding for improvements in the public transit system in the Metro Vancouver area. However, the current proposal to earmark $171.3 million for Faregate and Smart Cards seems totally inappropriate at this time.

Labour unions serving transit riders are concerned about how Faregates are being prioritized over much needed additional service for the region. Smart Cards and Faregates will be the largest amount of money spent on infrastructure for 2011-2013, greater than the amount slated for Bus Replacement and Rapid Transit Fleet expenditures combined.¹

We believe the priority for TransLink’s expansion should be more buses and rapid transit lines, and not Faregates. As workers delivering TransLink’s front line services, we understand there is already a shortage of services for riders.

Although the capital funding for a $171.3 million Faregate and Smart Card capital expansion project has been set aside in the stabilization supplement, it isn’t clear how TransLink will cover operational and maintenance funding: the on-going operating and maintenance costs are unknown.

There has been speculation that the only reason that this project is going ahead is because other levels of government want to see it happen.² The provincial government is committing money to a “design, build, operate and maintain” Smart Cards and Faregates project on the basis of a public-private partnership model further increasing

¹ See Figure 1

² “Service expansion off table, cuts possible, TransLink warns.” Vancouver Sun, June 25, 2010
Putting Riders Before Faregates

the privatization of public transit services.³

TransLink is funding 59% of the capital costs for the project. The Province of British Columbia’s Ministry of Transportation and Infrastructure will be contributing $40 million, while $30 million is coming from the Government of Canada through the Ministry of Transportation Infrastructure and Communities. TransLink is covering the rest of the budget, an additional $101.3 million.

Although other levels of government are significantly contributing to the project, over half of the funding is coming from TransLink. At the same time, there is no net revenue gain from Faregates. TransLink has in fact, rejected many times before proposals because there is no revenue or business case to be made for installing Faregates.

Proof-of-Payment vs. Gated Transit Systems

Currently, TransLink maintains a “proof-of-payment” system. Riders operate on an honour-based system but are expected to provide a ticket or pass when requested by attendants or fare inspection staff.

Under TransLink’s proposal, Faregates would be installed at all SkyTrain and SeaBus stations to control entry and exit. According to TransLink, Faregates are needed at all stations for two purposes: to help with fare evasion, and to ensure the marshalling of people to “tag on” and “tag off” the Smart Card system. TransLink also claims that the gates are for rider safety and security but has admitted that this is mostly to build a public perception of safety.⁴

Faregates are frequently viewed to not be worth the investment to prevent such a small loss of revenue from fare evasion. Successive studies commissioned by TransLink have conclusively demonstrated that Faregates do not justify their cost:

1. A 2005 TransLink report, from then-TransLink Vice-President Sheri Plewes and chief operating officer Ian Jarvis, concluded that enhancing the proof-of-payment system presented “a most cost-effective solution” for the Greater Vancouver Transit Authority (GVTA) at the time.

2. PricewaterhouseCoopers (PWC) noted in a 2008 report that while surveys have showed the public perceives fare-evasion

³ There are three short-listed project bidders for this project: Cubic Transportation Systems Ltd/IBM, Serco/Parkeon, and Thales/Octopus International Projects.
⁴ Ian Jarvis, Metro Vancouver Regional Planning Committee, June 4 2010
rates to be as high as 23%, in fact more than 97% of customers pay the proper fare. The audit also indicates that fare evasion is approximately 2.5% throughout the whole transit system. The survey found the amount of revenue lost was between $5.3 and $9.4 million (2.1% of revenue) in 2006. The PWC suggested TransLink work with the Province on ways to force evaders to pay tickets.

3. In 2008 and 2009, the International Association of Public Transport (UITP) studied data from 31 operators from 19 countries to quantify the problem of fare evasion in urban and suburban areas. The study revealed that the most efficient tools to fight against fare evasion are employing inspectors, police partnerships, the duties and level of power given to ticket inspectors, innovative types of tickets (such as contactless smart cards). The use of access control and controls outside the vehicles are considered less effective.5

Additionally, there are numerous benefits to the existing proof-of-payment system: a station design that feels more open and simple for passengers, easy entry and exit in case of emergency, and overall straightforward access for mobility-impaired passengers.

We believe that effective methods for reducing fare evasion are within our current reach without expanding expensive Faregate infrastructure.

Cities with Smart Cards and No Gates

Smart Cards are reusable payment cards that allows riders to load their cards in person, over the phone or online. Smart Cards require space for special equipment and procedures for riders to properly validate their cards for each trip and an inspector to check the validity of the cards.

However, this can be done without gates. There are several cities that use proof-of-payment lines in combination with electronic fare payment technology.

Cities that use both Smart Cards and proof-of-payment lines include:

1. Parts of the London and Seattle systems don’t have gates but

---

5 Gabriele Bonfanti, Thierry Wagenknecht. Public transportations international, January/February 2010, Human factors reduce aggression and fare evasion
Putting Riders Before Faregates

use Smart Cards. HKL in Helsinki, Finland, operates a barrier free streetcar, heavy rail, and commuter rail services as proof-of-payment with a regional smart card program. TPG in Geneva, Switzerland, uses self-Service barrier-free card collection throughout its bus/streetcar, light rail, and ferry operations. ACT in Bologna, Italy also operates a self-serve bus operation and a contactless smart card.6

2. The city of Calgary decided this year that it will embrace the Smart Card but has decided against Faregates due to cost.7 Their card system will also be operational by 2012 and is projected to cost $1.7 million.

Smart Cards: Privacy and Technology Concerns

Although we are primarily concerned about the priority of investing in Faregates for the transit system, we also wanted to raise some initial concerns with Smart Cards.

Privacy Concerns

There are ongoing privacy concerns with technology used by some Smart Card companies, including one of the current bidders:

1. As of July 2010, Hong Kong’s Octopus Holdings Ltd (bidder for the TransLink project) is under fire after it reversed their position and admitted to selling the personal data of nearly 2 million customers to business partners.8 Octopus Holdings Ltd earned approximately $44 million Hong Kong dollars (US $5.7 million) over 4 years from the sharing of personal information with 6 companies for marketing purposes. About 10% of Octopus cards have personal data attached to them, allowing them to collect reward points and provide security if they are lost.

2. At the end of July 2010, in South East Queensland, Australia it was revealed that the police have made 46 applications to access the personal information from riders’ “Go Cards”. Requests to access information enabled police to use Go Card technology to not only pinpoint the movements of criminal suspects but also of potential witnesses.9

---

6 Transit Cooperative Research Program, A toolkit for Self-Service, Barrier-Free Fare Collection, 2002.
7 2008 fare evasion on C-train was estimated at 1.9% with 50 officers checking fares.
9 Police are able to request this information under an exemption to the Information Privacy Act.
Putting Riders Before Faregates

Technology

Smart Cards can work within two types of electronic payment systems:

1. Open payment systems
2. Closed payment systems

An open payment system enables riders to pay by debit, credit card, smart phones, and/or cellular phones. New York, Chicago, Philadelphia and Washington are moving from custom-built Smart Cards to open payment systems.

Closed payment systems require a special transit card. Closed payment systems mean that Smart Cards are “system specific”, that is, designed to be used only on one type of transit within a city.

The debate whether to use Smart Cards on an open or closed system is currently taking place in Toronto, Ontario.

The Province of Ontario is pushing for an integrated regional fare and single-card system that will allow transit users to cross boundaries in different cities.

All constituent parts of the Greater Toronto Area transit system and 9 municipal transit authorities (including Ottawa) are introducing “Presto cards”. However the Toronto city councillors on the Toronto Transit Commission (TTC) board have decided to move ahead on a bidding process to choose an open fare provider.

TTC chair Adam Giambrone says that Toronto is testing the Presto system but they’re concerned that they will be locked into a system that is not an open system. The TTC also says that an open system will be much cheaper.

Already, systems elsewhere in the world are moving to the use of cell phones and credit cards as the identifying device for payment systems, and the system-specific card is likely be obsolete in less than a decade.

A History of Turning Down Faregates

Installing turnstiles at SkyTrain stations has been considered on several occasions by the Greater Vancouver Transit Authority (GVTA), but was rejected because of the business case: the expense of implementing, maintaining, and enforcing Faregates exceeds the benefits for Metro Vancouver.¹⁰

In 1999, TransLink chairman George Puil and Minister responsible for SkyTrain Jenny Kwan went to London to see their Faregate system. Puil, Chairman of TransLink from 1998 to 2003, said the Board looked at Faregates twice during his tenure and was convinced both times that they cost more than they are worth.

In 2005, a vote on the Canada Line rapid transit system forced another discussion around Faregates to resurface. A 2005 staff report estimated that Faregate turnstiles would cost $32.2 million per year, but would only reduce fare evasion by $2.9 million. The GVTA board voted to build the Canada Line stations without turnstiles and controlled access.\(^{11}\)

In September 2007, Transportation Minister Kevin Falcon visited Europe and returned impressed by the London and Dutch transit systems. Minister Falcon announced plans in November 2007 to install Faregates. At the time, Falcon said in the Vancouver Sun that the project would be paid for entirely by the Province.\(^{12}\)

In December 2007, Premier Gordon Campbell’s former deputy minister and former special adviser Ken Dobell visited TransLink on behalf of Cubic Transportation Systems.\(^{13}\) Dobell, a former TransLink CEO, registered to lobby Falcon on behalf of Cubic Transportation Systems Inc approximately two weeks after Falcon announced he wanted to see TransLink bring in controlled-access gates to SkyTrain.

In April 2009, it was announced that the provincial and federal governments would spend $100 million to put Faregates in place at SkyTrains.

On April 3, 2009 the Board of Directors approved a funding agreement with the provincial and federal governments for the purchase and installation a SkyTrain Faregate system.\(^{14}\) However, in August of that year, a TransLink spokesman revealed that the gates would not be installed before 2012, and that some form of Smart Card system will be implemented at the same time.

On December 4, 2009 the TransLink Board of Directors approved the capital spending for the Smart Card and Faregate project.

**Metro Vancouver Board of Directors Positions**

---

\(^{11}\) Vancouver Sun, November 9 2007.
\(^{12}\) “SkyTrain faregates earlier dismissed as too costly,” Vancouver Sun, November 9 2007.
\(^{14}\) 2009 Statutory Annual Report
Putting Riders Before Faregates

Although municipal politicians in the region are unable to vote on the Smart Card and Faregate plan, they have expressed concern about this spending.

In July 2008, the Metro Vancouver Board of Directors put forward a resolution asking that TransLink base any decision around turnstiles on a financial and security analysis. They also noted that the greatest transportation need for citizens of Metro Vancouver is additional service, more buses and more rapid transit lines.

Metro Vancouver Board approved the TransLink’s 2011 Transportation and Financial Base Plan on June 25, 2010. Metro Vancouver staff say that the SmartCard and Faregates should only go ahead “if there’s a clear and prior commitment to implement new innovative transit pricing solutions.”

To conclude, we, the unions, support the call from mayors in the region to put spending on additional service first and foremost. Unions representing members serving transit riders are troubled by the prioritizing of Faregate infrastructure over much needed additional service for the region. In addition, we believe that there is no business case for the Faregates. TransLink’s own research has resulted in gates being rejected on several occasions. We believe that patrols and checks are more effective and efficient than gates.

Figure 1
Source: 2011 Transportation and Financial Base Plan Consultation, Ian Jarvis, CEO, June 2010

Smart Card and Faregate expenditures are greater than Bus Replacement and Rapid Transit Fleet expenditures combined.
Capital Expenditures 2011-2013
(in millions)

- Bridge Program: $2.4
- Major Road Network: $94.4
- SeaBus: $23.5
- Smart Card and Gating: $170.6
- Bus Replacement: $132.3
- Rapid Transit Fleet: $37.8
- Transit Infrastructure: $128.8
- Operating Subsidiaries and Contractors Minor Capital: $134.0

- Capital program total: $828 million
- Provincial & Federal Government contributions: $245 million