

The ttc: private, public, or private- public partnership?

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In July 2012, the TTC was evaluated and given a disappointing grade by TTCriders Group based on its performance at five aspects. These five aspects are about fares, transit expansion, accessibility, service frequency, and environmental impact (“TTC gets”, 2012). Unlike any other major city in North America, the TTC fares covered 70% of its operating cost, which was the highest farebox ratio within the 11 major North American cities (see Appendix 1). After derailed for 16 months, the transit expansion plan finally came back on track, still with concerns about the certainty of funds.

Due to budget constraints, the target timeline of making all new and existing subway accessible has been pushed back several times from 2020 to 2024, then to 2025. The TTC ridership increased by 12.5% in 2011 while service levels only rose by 8.4%, resulting in insufficient service to connect our neighborhoods. As for the environmental impact, the TTC collected no data for this purpose (“The state,” 2012). All these issues are mainly accounted for prolonged budget deficits, which the TTC has been struggling for many years.

History of the TTC

The Toronto Transportation Committee (TTC) is a public transport service agency established in 1954, the third largest transit system in North America that operates streetcar, transit bus, and rapid transit service (subway and RT) in Toronto. The TTC consists of four repaid transit service lines with 69 stations, 149 bus routes, and 11 streetcar lines, making 243 connections among them. In 2011, the ridership went up to 500.2 million, which exceeded all historical records.

The TTC service covers the Greater Toronto Area benefited 4.5 million people. Particularly, the TTC provides Wheel-Trans service that is responsible for door-to-door accessible transit service for physically disabled people, 2.7 million trips made through this service in 2011 ("2011 TTC," 2011).

Private Transportation Companies 1849-1921

The Williams Omnibus Bus Line was the first private-owned transportation company in Toronto, which carried passengers in stagecoaches drawn by horses serving a limited area along Young Street in 1849. With the population growth, Williams Omnibus Line was heavily loaded. The city then gave the first transit franchise for a street railway to Alexander Easton's Toronto Street Railway (TSR) in 1861. After the franchise expired in 1891, the city passed on the right to a new company, the Toronto Railway Company (TRC), under James Ross and William Mackenzie. The TRC made the first electric car run on August 15, 1892, to meet the franchise requirement.

The city limits had extended greatly by 1912. The city attempted many times to force TRC to enlarge its service area and failed. In order to build several routes and better serve the greater area, the city created its own street railway operation, the Toronto Civic Railways (TCR). By 1921 when TRC's franchise expired, the city created the Toronto Transportation Commission combined with the TCR (Filey, 1996).

Toronto Transportation Commission 1921- 1954

Toronto Transportation Commission went through boom times and downturns from 1921 to 1954.

Streetcars and railways served progressively in the extended Toronto area. There were many remarkable milestones during this period such as:

- 575 new "Peter Witt" streetcars entered service in 1921;

- the first gasoline-electric hybrid bus entered service in 1926;
- in 1927, TTC expanded its lines of service with Island ferry, hydro-electric railway, and other intercity bus service;
- TTC overcomes the stock crash in 1929 and made improvements;
- 745 PPC streetcars, which are also called “ red rocket”, entered service in 1938;
- The great moment came on Sep. 8, 1949, that the city of Toronto was symbolized with its opening ceremony of “ Canada’s First Subway”;
- in 1954 Toronto Transportation Commission was renamed as Toronto Transit Committee (“ A cavalcade,” 1954).

Toronto Transit Committee and Its Budget Issues

Financial Situation at Beginning From the early 1950s, Toronto Transit Committee had been operated by the supervision of Metropolitan Toronto, which was under the auspices of the Province of Ontario who united Toronto with the other 12 suburbs. Since the opening of its first subway in 1954, TTC had planned to expand its subway due to the increasing needs of the largely adjacent Metro area.

This plan was facing obstacles because of the quadrupled bus service and the pressure from Metro Toronto to set up unprofitable service to the suburbs. The development of the TTC went forward because of the subsidy of Metro Toronto as well as the Province of Ontario, making the entire capital budget come from taxpayers. In the 1970s and the 1980s, the Toronto Transit Commission was seen worldwide as a ‘ transportation showcase’. From 1979 until 1990, it won awards after awards for safety and design (“ A BRIEF,” 2012).

From 1972, the TTC's operating profit was greatly affected by the request from the City's political pressure, which was to eliminate the fare zone system to prevent the suburban from paying an additional fare. By the late of 1980s, the subsidies from Metro Toronto and the Province was up to a quarter of the taxpayers' money, which was 32% of the TTC total revenue, however, the subsidy level within the North American cities was still the lowest ("A BRIEF," 2012). Budget Cuts from the Province By the late 1990s, budget shortage became a major issue for the TTC.

Previously the TTC's subsidies were split into halves provided by the Province and the City. On Feb. 18, 1996, the newly elected government of Mike Harris ended the province subsidy for the TTC. In 1998, the provincial government put an end to the federal system of Metro Toronto and let Toronto become a unified City. The result was a significant cutback in transit services. The City of Toronto's subsidy of the TTC was roughly \$150 million, and the TTC had a continental high farebox recovery of 82%. With passengers paying far more for far worse service, the TTC's ridership had dropped to roughly 360 million ("A History," 2012) (See Appendix 2).

From that point on, the TTC has been always struggling among its farebox recovery, city subsidy, and possible subsidy from the province of Ontario. The TTC would sacrifice its frequent service and routes to save its operation cost. The TTC also has many employees working overtime to compromise the labor cost, saying that this way can be more cost-efficient than hiring more employees. Nevertheless, the TTC was renowned because of its sunshine list that has more and more employees every year earning more than \$100,000 annually. Other Problems

Along with struggles for its budget subsidies, the TTC also had been dragged off by other problems such as service cuts, fare hikes, and union strikes. In February 2012, The TTC reduced its frequency service on more than 35 routes in order to meet its targeted operating budget (“TTC bus,” 2012). In November 2009, the TTC board discussed a fare increases proposal that would generate \$62 million (“TTC fare,” 2009). This fare hike was implemented on January 3, 2010 (Litwinenko, 2009) (See Appendix 3). The bargaining between the TTC and its union had been on and off for decades.

In March 2011, at the request of Mayor Rob Ford, the Ontario government agreed to ban transit strikes in Toronto and would pass a bill to set the TTC as an essential service. In the long-run, critics argued that this would cost taxpayers more because TTC contract disputes could cause a bigger raise to settle in the arbitration (“Liberals close,” 2011).

Options for the TTC

Given the fact that the TTC consistently facing a budget shortage, frequent service reduction and routes cut, and union issues, the discussion of finding solutions for the TTC has been ongoing for a long time.

Some people think that privatizing the TTC would make the TTC operating efficiently and profitably in the hands of private companies. Others argue that the private sector emerging in public transit could be a better option, giving the reason that the private sector infuses profitable drives and boost skills in a public transit system. Many others defend that the TTC should stay public in order to serve better for the public rather than only chasing profit

as what happened in private companies. Each of them gives insights into this transportation crisis. Privatizing the TTC

The voices of privatizing the TTC are not sound nowadays comparing to the 1990s. Corcoran (1990) stated blankly “ mass transit and mass losses go hand in hand”. He doubted the reason for the government so heavily involved in public transportation and the seemingly inherent unprofitable operations. Despite the fact that the government rejected the proposal by five developers for investment to build the subway extension, a public transit system proved its ability in managing this mass system, which was badly managed, underfinanced, poorly planned, and heavily subsidized. Private-Public Partnership

With regard to privatizing the TTC, many people are generally meant to privatize parts of the TTC because they still want the TTC to remain the function to serve and benefit the public. Which parts should be privatized could be a complex process of evaluation. City councilor Karen Stintz thought “ adding some private-sector appointees could boost skills on the TTC board without reducing its accountability to the public. Private-sector members could contribute project management, financial, and customer service skills” (Kalinowski, 2010). Staying Public Staying public remains its power in many people’s thoughts towards the TTC.

These people think public transit should benefit the public in its full strength. Serving the TTC riders at its very best could be conflict sometimes with gaining profit through the operation. Knowing and still offering some money-losing services to benefit its needed riders differentiate the public system from the private or so-called private-public partnership system. “ Keep TTC <https://assignbuster.com/the-ttc-private-public-or-private-public-partnership/>

public”, the message was given through a coalition, the public transit alliance with the members from the Toronto Environmental Alliance, the Amalgamated Transit Union, Local 113, and community activists.

They held a \$500, 000 ad campaign for “ Keep TTC public” to claim that private or private-public partnership can be a disastrous experiment for Torontonians, and the TTC should stay public (Yuen, 2010). The video of “ Keep TTC public” presented compelling reasons against transit privatization, compared with other cities’ transit systems that were in either private or private-public partnership. The examples used were London, Melbourne, Auckland, and Vancouver. In 2003, a Private-Public Partnership was introduced in the London transit system. This partnership ended in 2009 because the 30 years contracted? 7 billion was used up in 7. 5 years, and even overspent more than ? 1 billion. Private companies ran Auckland transport by using the zone system. Due to the ticket difference, riding a similar distance from Scarborough to Etobicoke would cost \$16. 5 in Auckland. When the Melbourne government decided to privatize its transit system, its original objective was to reduce the city’s subsidy and increase the quality of service by using the private company. By 1999 when the privatization became effective, the subsidy to the transit system doubled the previous level when it was in public.

Till 2010, comparing between Melbourne and Toronto, the subsidy to Melbourne transit system was 4 times the subsidy for the TTC, while the ridership of the Melbourne transit system was just 1/3 of the TTC. Vancouver Canada line was another example for PPP (Private-Public Partnership) which drawn money from the bus fares to subsidize this rapid transit line. This

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video logically presented the historical cases from different angles to demonstrate the disability of the private system to public transit, giving an inevitable statement that the private company operates for the profit rather than the benefit to the public (“ Keep TTC,” 2010).

Conclusion

In December 2011 the 2012 Budget Committee meeting, the TTC presented its fewer services on many routes because of the subsidy budget cut (Munro, 2011). It is a definite scheme that the TTC will still be facing various problems due to its political context, budget structure, service range, and union issue, simply put as its complexity. Looking back on its history and steps of its developments, the TTC managed to meet the service requirement and survived in public for today’s economy. However, the debate of whichever is the best solution for the TTC will still be ongoing.

There is no simple answer to this question but only hopes that people wish the TTC carry on its responsibility in better serving the people in Toronto.

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Appendix 1

Revenue/Cost Ratios - Canada

TTC	Montreal	Ottawa	Vancouver
70%	56%	43%	48%
(2011)	(2009)	(2009)	(2009)

Revenue/Cost Ratios - U. S.

TTC	Atlanta	Chicago	Los Angeles	New York	Philadelphia	Boston	Washington
70%	29%	40%	29%	54%	38%	42%	45%
(2011)	(2009)	(2009)	(2009)	(2009)	(2009)	(2009)	(2009)

Source: City of Toronto

Toronto Transit Commission 2011-2020

Capital Plan, http://www.toronto.ca/budget2011/pdf/presentation11_ttc.pdf

Appendix 2

Toronto Statistics For 1921-2004

Appendix 3