
2025 OPERATING BUDGET BRIEFING NOTE

Funds Lost Annually through Transit Fare Evasion, Parking Payment Evasion, Unpaid Parking and Speeding Violations, and Unpaid By-Law Offenses

Issue/Background:

- On January 17, 2025, Budget Committee ([BU8.1](#)) requested the Chief Financial Officer and Treasurer to prepare a briefing note outlining the funds lost annually through:
 - a. Toronto Transit Commission fare evasion;
 - b. Toronto Parking Authority parking payment evasion;
 - c. Non-payment of parking and speeding tickets subject to the Administrative Penalty System (i.e. not issued by police); and
 - d. Non-payment of tickets issued by Municipal Licensing and Standards officers.

Key Points:

A. Transit Fare Evasion on the Toronto Transit Commission

- In 2023, TTC staff initiated a Fare Evasion Study in order to update fare evasion rates coming out of the COVID pandemic period as the basis for the development of an overall fare compliance strategy.
- In March 2024, the Toronto Transit Commission (TTC) presented the findings of a Fare Evasion Study at its Audit and Risk Management Committee meeting, which reported an estimated **\$140.9 million** in passenger revenue loss due to fare evasion, reflecting a more than doubling of the estimated fare revenue loss reported in 2018 by the City of Toronto's Auditor General in the Fare Evasion Report.
- Of the \$140.9 million in revenue loss, \$123.8 million is estimated to be from direct fare evasion, and \$17.1 million is due to partial fare payments.
 - Revenue loss from direct fare evasion broken down by mode found \$67.1 million from bus, \$30.2 million from streetcar, and \$26.5 million from subway (\$14.2 million from crash gates and \$12.3 million at fare gates).

- Revenue loss from partial fare payment down by mode found \$9.1 million from bus, and \$8.0 million from subway.
- In July 2024, the TTC Board approved the Fare Compliance Action Plan which includes two phases:
 - Phase One includes 49 Immediate Response Action Items, delivered through existing TTC resources in four key areas: Education, Environment, Enforcement, and Equity.
 - The TTC's initial efforts have focused on (i) reinforcing the environment (ii) increasing staff presence through strategic deployment, and (iii) raising customer awareness of the consequences of non-payment of fares. Actions already underway to address fare compliance include:
 - Implementing measures to improve the reliability and functionality of fare gates
 - Closing crash gates at subway stations to prevent unauthorized access, as approved by the Board in September 2024
 - Undertaking pilots to assess illegal entries through bus bays
 - Resuming fare enforcement and ticketing activities to deter non-compliance
 - Phase Two focuses on developing a broader Fare Compliance Strategy, including:
 - Further benchmarking and engagement with other transit authorities;
 - Assessing key matters that examine the implications of system-wide fare compliance strategies on service delivery and customer experience and,
 - Exploring the use of technology and other innovation opportunities.
- The 2025 Operating Budget includes \$12 million in additional revenue to be recaptured from fare compliance actions that began in 2024 (noted above) and to be fully implemented in 2025. As a result of these efforts, the revenue loss from fare evasion is projected to reduce to \$128.9 million by the end of 2025.
 - The TTC's 2025 Operating Budget also includes a \$2.6 million new/enhanced investment to support the implementation of actions within the Fare Compliance Action Plan that require additional resources. This investment will fund 69 new positions, comprised of 56 fare inspection staff deployed in the bus network where fare revenue loss is the highest, with the support of 10 Special Constables and 3 program staff to manage and monitor the program, integrate the Fare Compliance program's actions and track, analyze, and report on the program's results.

B. Parking Payment Evasion on the Toronto Parking Authority

- The Toronto Parking Authority (TPA) is responsible for parking enforcement and issuing tickets for TPA off-street locations, including surface parking lots and non-gated parking facilities, while the Toronto Police Service Parking (TPS) Enforcement Unit issues tickets for on-street parking violations.

- Both the TPA and TPS parking enforcement units employ various strategies to ensure compliance with parking payments and minimize fare evasion. These strategies include increasing visibility, raising public awareness, and utilizing technology as part of enforcement measures. The goal of these efforts is to enhance parking compliance and reduce instances of parking payment evasion.
- The TPA's overall objective is to make parking easier by providing speed, convenience, and choice. Therefore, most of TPA's activities and investments focus on offering more payment options and easing wayfinding.
- In recent years, City Council approved an increase of the parking violation fines on municipal or private parking facilities ([GG6.25](#)) as well as on-street parking machines among other offenses ([IE11.2](#)), that are set to an appropriate level based on the seriousness of an offense with intent to reduce and discourage illegal parking habits, aiming to keep the City moving and safe. Increased penalty amounts approved by City Council have encouraged better compliance with the City's parking by-laws in recent years.
- Understanding parking payment evasion in a large city like Toronto is a challenging task due to the complexity and scale of its parking infrastructure. The city has a mix of on-street and off-street facilities managed by different entities, along with various payment methods and fluctuating compliance rates across diverse neighbourhoods. Accurately quantifying evasion becomes a multifaceted issue.
- Additionally, factors such as transient populations, technological gaps, enforcement limitations, and inconsistent user behaviour further complicate the problem. These variables create a dynamic environment where tracking and addressing parking payment evasion requires comprehensive data collection, robust analytics, and coordinated efforts across multiple agencies.
- Given this complexity, Toronto Parking Authority has not invested significant time understanding the lost opportunities caused by parking payment evasion, and for this reason TPA has not been able to quantify the amount of annual lost revenue resulting from parking payment evasion.

C. Unpaid Provincial Offences Act Fines for Parking Violation and Speeding

- The City is responsible for the collection of *Provincial Offences Act* fines for Parking Violation Notices (PVNs) as well as fines for Red Light Camera (RLC) and Automated Speed Enforcement (ASE).
- In recent years, the City of Toronto issued more than 2 million PVNs. The majority of PVNs were issued by the Toronto Police Service's Parking Enforcement Unit as well as Police Officers. The Municipal Law Enforcement Officers only issues a small portion of the annual PVNs.
- Under the administration of the Administrative Penalty System (APS), Legal Services is responsible for managing the screening review dispute resolution process, including the cancellation, variance, or affirmation of administrative penalties. Court Services is responsible for providing administrative support to the

Administrative Penalty Tribunal. Revenue Services is responsible for processing and collecting administrative penalties issued.

- Table 1 below shows total issuance of PVNs for fiscal 2022-2024. Details show that more than 83% of expected revenue in 2022 was collected by the end of 2024.

Table 1 - Collection Activity for PVNs Issued in 2022-2024

Year	Number of PVNs issued	Total Amount Issued (\$)	Amount Collected (\$)	Amount Outstanding (\$)	Collection Rate as of Dec 2024
2022	1,824,514	86,435,065	71,786,946	14,648,119	83%
2023	2,257,417	108,542,770	84,120,417	24,422,353	77%
2024	2,148,985	136,770,750	77,066,244	59,704,506	56%

- The outstanding amount includes violations awaiting a screening/hearing decisions and violations sent to Ministry of Transportation (MTO) for plate denial. Violations in plate denial will be collected by MTO through the plate renewal process. The PVN recipients will continue to pay in later years (when renewing their vehicle license plates at the MTO) or following dispute resolution. Therefore, the final collection rate is expected to approach approximately 83% (or 99% when excluding cancelled PVNs).
- Court Services, Revenue Services, and Accounting Services assess the appropriateness of the fines deemed collectible and recorded as receivables in the City's financial records as part of the year-end process. Upon completion of final year-end closing, City staff provides information on the total number and type of parking violation notices (PVNs) issued to the General Government Committee at the first opportunity on an annual basis.
- Red Light Camera (RLC) and Automated Speed Enforcement (ASE) moved to the Administrative Penalty System (APS) on January 20, 2025. This move changes the dispute mechanism for violations of RLS and ASE offences from a court-based system to an administrative review model.

- Table 2 below shows total charges filed for RLC and ASE for fiscal 2022 – 2024. In general, there is a high collection rate on expected revenue for ASE and RLC.

Table 2 - Collection Activity for RLC and ASE Offenses in 2022-2024

Year	Type of Enforcement Agency	Charges Filed (#)	Expected Revenue(\$)	Amount Collected (\$)	Amount Outstanding (\$)	Collection Rate as of Dec 2024
2022	ASE	279,184	22,625,071	20,996,034	1,629,037	93%
	RLC	126,602	27,914,475	27,291,274	623,201	98%
	Total	405,786	50,539,546	48,287,309	2,252,238	96%
2023	ASE	373,470	30,266,009	30,008,227	257,782	99%
	RLC	161,758	35,666,021	31,538,155	4,127,866	88%
	Total	535,228	65,932,030	61,546,382	4,385,648	93%
2024	ASE	500,905	40,593,341	29,232,884	11,360,457	72%
	RLC	144,237	31,802,816	18,990,251	12,812,565	60%
	Total	645,142	72,396,157	48,223,135	24,173,022	67%

- There is no statute of limitations on the outstanding POA fines for RLC and ASE. Persons convicted of an offence under the POA will continue to pay in later years for the fines that are partially paid and fines that are in default. Court Services continues to actively pursue collections through all available means including contracted collection agencies, license suspension and/or plate denial, and civil enforcement.
- Revenues associated with RLC and ASE as part of POA, for violations before January 20, 2025, are recognized within Court Services on an accrual basis based on a realizable value per enforcement ticket type. The realizable value takes into consideration the trend of collections and the determination made by the court system. Violations occurring after this date will be under APS model. Budget and actual revenues through APS will be recognized corporately in Non-Program Revenue account, similar to PVNs, starting in January 2025.

D. Unpaid By-Law Offenses Issued by Municipal Licensing and Standards (MLS)

- Court Services is responsible for the collection of *Provincial Offences Act* fines for MLS generated POA offences. There is a Victim Fine Surcharge (VFS) imposed and regulated by the Province under the POA other than parking offenses and the City collects VFS on behalf of the Province. The amount of the VFS is variable and is based on the amount of the fine.
- Similarly, there is no statute of limitations on the outstanding POA fines for MLS offences. Persons convicted of an offence under the POA will continue to pay in later years for the fines that are partially paid and fines that are in default. Court Services continues to actively pursue collections through all available means including contracted collection agencies, license suspension and/or plate denial, and civil enforcement.
- Revenues associated with POA offences issued by MLS are recognized within Court Services on an accrual basis based on a realizable value per ticket. The realizable

value takes into consideration the trend of collections and the determination made by the court system.

- Table 3 below shows total charges filed for MLS offences for fiscal 2022 – 2024. In general, there is a high collection rate on expected revenue.

Table 3 - Collection Activity for By-Law Offenses in 2022-2024

Year	Type of Enforcement Agency	Charges Filed (#)	Expected Revenue(\$)	Amount Collected (\$)	Amount Outstanding (\$)	Collection Rate as of Dec 2024
2022	MLS	3,221	821,323	805,039	16,284	98%
2023		4,080	1,040,359	1,010,627	29,732	97%
2024		5,542	1,413,155	569,145	844,010	40%

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