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DATE: 5 March 1999

TO/DEST: Co-ordinator
Transit Services Committee

FROM/EXP: General Manager
OC Transpo

SUBJECT/OBJET: **INTERPROVINCIAL FARE ARRANGEMENTS**

DEPARTMENTAL RECOMMENDATION

That the Transit Services Committee receive this report for information.

BACKGROUND

At its meeting of February 17, the Transit Services Committee directed staff to provide a report on the interchangeability of tickets between OC Transpo and la Société de transport de l'Outaouais (STO).

DISCUSSION

The whole arrangement for interprovincial fares depends on the assumption that, broadly speaking, it is fair and does not represent a revenue loss to either company. It is also simple and does not require complicated administrative procedures to keep track of transferring passengers and their fares. It assumes that about the same number of passengers transfer from STO to OC Transpo services as transfer from OC Transpo to STO, although no recent survey data is available. Approximately 1.4 million transfers a year take place.

Currently, arrangements are as follows:

Transit passes are sold by each organization only to residents of their own province. These are then accepted on the buses of both systems. Pass prices are quite similar and this works very well.

In the case of cash and ticket payments, there is a significant difference between prices as follows:

	<u>Cash</u>	<u>Tickets</u>
OC Transpo	\$2.25	\$1.50
STO	\$2.60	\$2.00

Because these fares are less expensive on the Ontario side of the river, a top-up of \$0.50 is charged by STO to passengers who board STO buses using an OC Transpo transfer. It is assumed that this arrangement is fair since interprovincial passengers pay a fare to each of the transit companies on a round trip.

FINANCIAL IMPLICATIONS

If tickets from either company were accepted on any bus, the fare differential would cause problems. Tickets are widely available and, unlike photo IDs for bus passes, can be bought with no proof of residence. If no top-up were required there would be considerable incentive for passengers to purchase OC Transpo tickets since they are less expensive. If a top-up were required on STO buses for OC Transpo riders, the convenience of using tickets would be lost. In addition, the need to separate the tickets into two types would be introduced into treasury operations, as well as the need for a system for reconciliation of revenues to be developed.

CONCLUSION

The STO is on the brink of introducing a smart card fare system which will remove tickets as a method of fare payment. Instead of tickets, customers will load a smart card with prepaid fares at a lower price than the cash fare. The same sort of smart fare system is also planned for OC Transpo in the next few years. When both companies have this system it will be simple to arrange for payments to be reconciled between the companies. In the meantime, in view of the problems which would be caused by making tickets interchangeable, it is not recommended that changes be made.

Approved by
M.J.E. Sheflin, P.Eng.