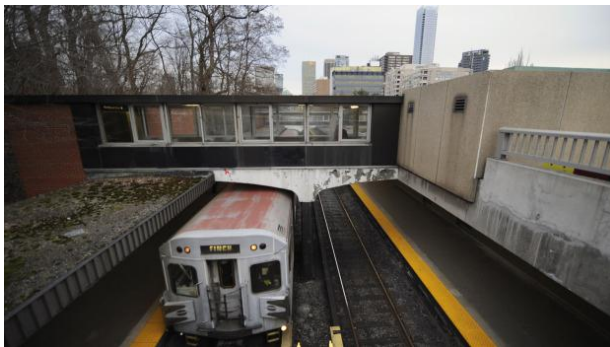


Economy Lab

Delving into the forces that shape our living standards

Posted on Thursday, February 23, 2012 10:41AM EST

<http://www.theglobeandmail.com/report-on-business/economy/economy-lab/daily-mix/whats-missing-from-fords-subway-dream-a-business-plan/article2347357/>



What's missing from Ford's subway dream? A business plan

By Richard Gilbert
Globe and Mail Blog

A Toronto subway train arrives at a downtown station last month. Toronto Mayor Rob Ford favours subway development over surface routes. Fred Lum/The Globe and Mail

The oddest aspect of today's Globe [article](#) by Toronto Mayor Rob Ford is that it does not appear to have been written by someone who knows how to run a business. The Ford family runs a very successful business and I presume Rob Ford has been an important part of that.

The article champions a businesslike approach to Toronto's transit system. It talks about the need to rethink the TTC's "fundamental business model." This would include reducing "its cost base while maximizing the value of its real-estate assets, its retail opportunities and its licensing opportunities."

But nowhere does it seriously address the question of how to add customers, the life-blood of any business. Passenger fares are overwhelmingly the main source of TTC revenue. The expectation of more fare revenue should be the main pillar on which transit expansion is founded.

There is a nod in this direction: "operational excellence ... will attract new riders." That could be true, to a small degree.

However, the only truly effective way to produce large increases in the TTC's ridership will be to increase residential and employment densities along its routes. Mayor Ford appears to have no plan for this.

As I [wrote](#) last June, Toronto's record of transit-related development is not encouraging. There must be 30,000-40,000 jobs or residents within a square kilometre of each station to cover the cost of a regular subway line. If this density cannot be reached then a subsidy would be required to stimulate demand.

Indeed, there is a vague allusion in his article to “development charges,” which would have the opposite effect. They would deter rather than encourage transit-related development.

A businesslike approach to transit management and development in Canada is urgently required. Regrettably, Mr. Ford has not made use of a superb opportunity to provide it

Richard Gilbert is a Toronto-based consultant who focuses on energy and transportation. His latest book is Transport Revolutions: Moving People and Freight without Oil, written with Anthony Perl.