

T.1.8/2

TORONTO TRANSIT COMMISSION

ANNUAL REPORT 1971



TORONTO TRANSIT COMMISSION

ANNUAL REPORT TO THE MUNICIPALITY OF METROPOLITAN TORONTO 1971



TORONTO TRANSIT COMMISSION

COMMISSIONERS

RALPH C. DAY, Chairman
G. GORDON HURLBURT, Commissioner
DAVID V. LACEY, Commissioner
D. CRAWFORD SMYTH, Commissioner
FRANKLIN I. YOUNG, Commissioner

OFFICIALS

JAMES H. KEARNS,
General Manager of Operations
W. H. PATERSON,
General Manager—Subway Construction
H. E. PETTETT, General Secretary
R. G. WAITE,
Assistant General Manager of Operations
L. O. MORLEY, Treasurer
D. A. ELLIOTT, Q.C., General Counsel



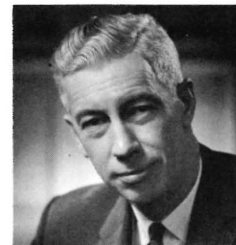
RALPH C. DAY



JAMES H. KEARNS



G. GORDON HURLBURT



W. H. PATERSON



DAVID V. LACEY



H. E. PETTETT



D. CRAWFORD SMYTH



FRANKLIN I. YOUNG



June 27, 1972

Albert M. Campbell, Esq., Chairman
And Members of the Council of
The Municipality of Metropolitan Toronto,
City Hall, Toronto 100.

Ladies and Gentlemen:

Submitted herewith is the Annual Report of the Toronto Transit Commission for the year 1971.

The Commission is pleased to report that its vehicles carried 330,495,450 revenue passengers in 1971, an increase of 6,878,818 over 1970. With the exception of only one year in the past decade, riding has increased annually from 268.8 million riders in 1962 to 330.5 million in 1971, an average gain of more than six million passengers a year. The continuing increase in transit customers in Metropolitan Toronto is in direct contrast to the continent-wide industry trend of declining passengers in major North American cities.

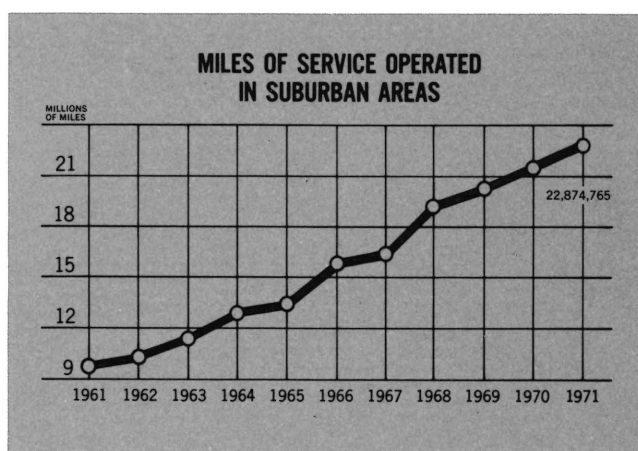
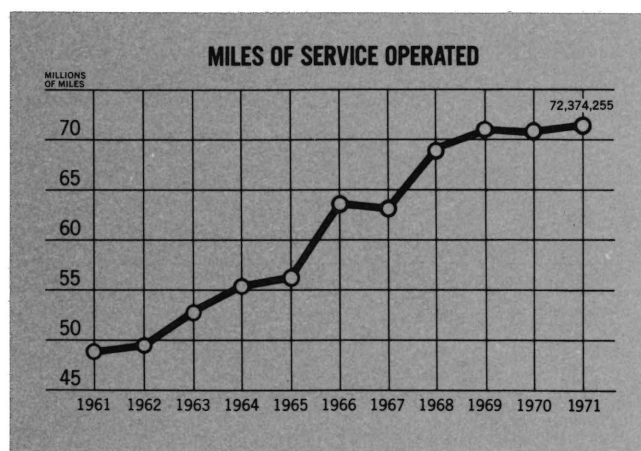
One important reason for the Commission's success in attracting new riders every year has been its uninterrupted program of route expansion and improvement in Metro's suburban Boroughs. It has been a primary objective of the Commission and its management, with the co-operation and assistance of the Boroughs, to develop new markets for transit in these growth areas of the community. This program has been carried out to the limit of the Commission's financial resources.

As a result of this program, riding on TTC suburban routes (Zone 2) reached another all-time high of 87,837,358 revenue passengers in 1971, 3.8 million more than in 1970. Service on these routes was increased by 1.5 million miles over 1970. Fifteen routes were extended during the year and schedule improvements and extended hours of service were introduced on several others.

Subway riding also recorded another jump to 162,200,000 revenue and transfer riders, up 4.6 million over the previous year.

Your Commission's pleasure in reporting a sizable increase in the number of passengers carried is moderated, however, by the fact that there was a loss of \$2,878,889 for the year. Nevertheless, it is some comfort to report that the additional revenue generated by the increased riding, together with a determined effort to control costs, kept the loss to a substantially lower figure than had been projected in last year's report.

In this regard, it must be pointed out that the transit industry is extremely labour intensive and is therefore hit particularly hard by rising labour costs. Wage increases negotiated in 1970 became effective on July 1, 1971 and as a result more than 70% of the Commission's total operating expense in 1971 was accounted for by wages, salaries and related employee costs. This is an increase of more than 2.7% over 1970.



Collective agreements with the Commission's union employees will expire in 1972, and if present economic and wage settlement trends continue, the Commission will have to expect further increases in labour costs. The Commission accepts its responsibility to maintain good wages and working conditions for its employees, but it also recognizes and accepts its responsibility to the community to maintain transit service at fare rates that will not lead to the declining riding trends so evident elsewhere on this continent.

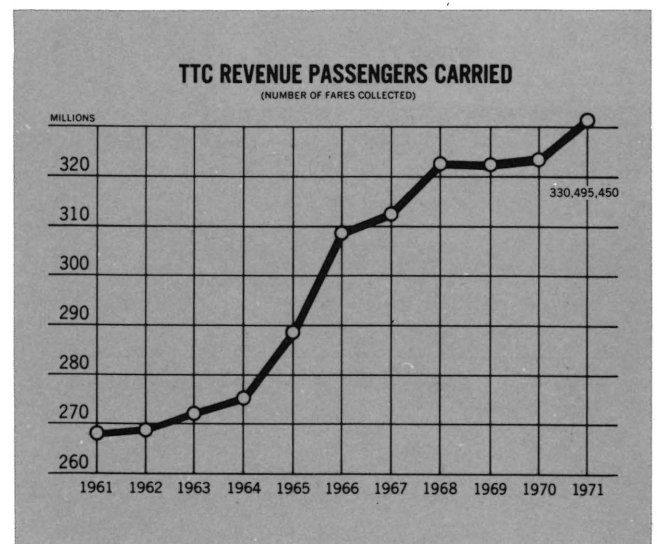
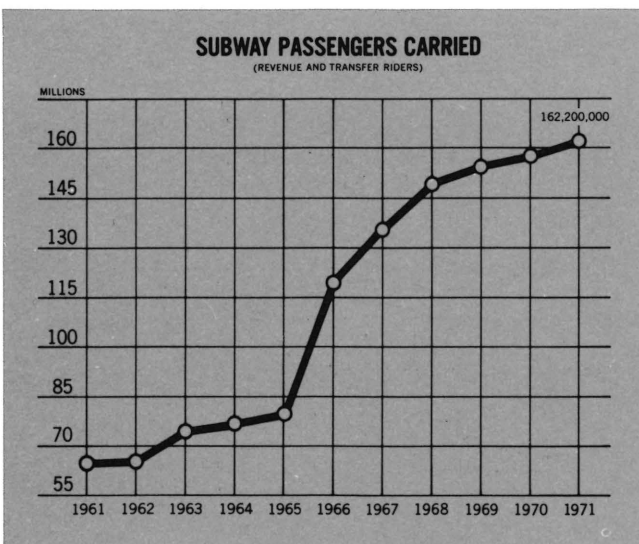
A NEW POLICY FOR TRANSIT FINANCING

The Commission is encouraged by the positive response of your Council and the Province of Ontario to its appeal for a new policy for transit financing. Although final details were not known at the year end, the Commission has every confidence that given adequate financial resources it can continue to extend and improve the system to meet the growing public transit needs of the community.

We are confident, too, that a policy of financial support for transit is a major step towards the realization of the full potential of public transit; its potential as a major part of any program to keep the use of the private automobile under control in congested areas; its potential to provide low-cost mobility for all Metro area citizens; its potential as an aid to achieving community land use goals; and its potential to reduce pollution.

The Commission is aware of the additional responsibility it faces as a result of the new transit financing policy and offers its assurance to both Council and the Province that the Commission will continue to be operated on a business-like basis for the maximum benefit of the community and its citizens.

The following pages cover the detailed financial and operating results for 1971.



FINANCIAL



The Commission's operations resulted in a loss of \$2,878,889 for the year 1971. The basic adult fare was increased to the present level of four tickets or tokens for \$1.00 on February 8, 1969 and this increase resulted in profits in the years 1969 and 1970. As anticipated, steadily rising labour and other costs resulted in the loss for 1971.

In June, 1971 the Government of Ontario announced that it would provide financial assistance to Municipalities in respect of their expenditures for the operation of public transportation systems. As a consequence the Municipality of Metropolitan Toronto has undertaken to reimburse the Commission for the portion of the 1971

loss that is recognized as eligible for financial assistance from the Province. The Municipality will recover 50% of this amount from the Province. Present indications are that approximately \$1,900,000 of the Commission's 1971 loss will be eligible for financial assistance. The amount recoverable from the Municipality will be recorded in the Commission's accounts when this is determined by provincial auditors.

The 1971 financial and statistical results may be summarized as follows with comparative figures for 1970:

	1971	1970	Increase (Decrease)	
			Amount	%
Total revenue	\$83,635,177	\$81,722,677	\$ 1,912,500	2.34
Total expenses	86,514,066	79,820,139	6,693,927	8.39
Net Earnings (Loss)	<u>\$ (2,878,889)</u>	<u>\$ 1,902,538</u>	<u>\$ (4,781,427)</u>	<u>—</u>
Vehicle miles operated	73,396,007	71,986,143	1,409,864	1.96
Revenue passengers (Zone fare system)	330,495,450	323,616,632	6,878,818	2.13

The increases in vehicle miles operated and passengers carried reflect the continuing expansion of passenger services.

Revenue for 1971 with comparative figures for 1970 may be summarized as follows:

	1971	1970	Increase	%
Passenger services	\$80,067,234	\$78,359,934	\$ 1,707,300	2.18
Other revenue as shown in Statement of Earnings	<u>3,567,943</u>	<u>3,362,743</u>	<u>205,200</u>	<u>6.10</u>
Total	<u>\$83,635,177</u>	<u>\$81,722,677</u>	<u>\$ 1,912,500</u>	<u>2.34</u>

Revenue from passenger service represented 95.73% of total revenue in 1971 compared with 95.89% in 1970.

The regular fare structure adopted on February 8, 1969 was maintained throughout 1971 and is as follows:

TICKETS AND TOKENS

Adult—

- 1-zone fare, zone 1 or zone 2. 4 tickets or tokens for \$1.00
- Ticket books 20 tickets for \$5.00
- 2-zone fare, zones 1 and 2..... 5 combination tickets for \$2.00
- Zones 3 and 4, 2 tickets @..... 5 for \$.50

Child—

- 1-zone fare 6 tickets for \$.50

Scholar—

- 1 or 2 zone ride between 6:30 am and 4:30 pm (Effective March 1, 1969)... 14 tickets for \$2.00

CASH FARE

Adult—

- Zone 1 or 2 30¢
- Zone 3 or 4 15¢

Child—

- Zone 1 or 2 10¢
- Zone 3 or 4 5¢

Reduced fares of eight one-zone tickets for \$1 were introduced on January 1, 1970 for all residents over 65 who were in receipt of a government income supplement. This reduced fare plan was extended on January 1, 1971 to include all Metropolitan Toronto residents who had reached age 65. On the same date the reduced rate of 8 tickets for \$1 was expanded to cover a trip through both zones in Metropolitan Toronto. The Municipality reimburses the Commission for the difference between the regular rates of fare and the special rates for senior citizens. These payments amounted to \$482,491 in 1970 and \$2,558,342 in 1971 and are included in income from passenger services.

Total expenses continued to rise and reached a new high in 1971 of \$86,514,066 as shown in the following table:

	1971	1970	Increase (Decrease)	%
Wages, salaries and other employee costs	\$61,006,087	\$54,745,955	\$ 6,260,132	11.43
Electric traction power purchased	3,344,094	3,164,552	179,542	5.67
Automotive fuel, including provincial taxes of \$1,548,409 (1970—\$1,498,509)	2,582,621	2,464,059	118,562	4.81
Vehicle and other licences	220,412	220,676	(264)	(.12)
Municipal taxes	\$ 1,341,573	\$ 1,327,425	\$ 14,148	1.07
Public liability and property damage	896,388	978,530	(82,142)	(8.39)
Depreciation	6,609,713	6,748,316	(138,603)	(2.05)
Other expenses including cost of repair and maintenance materials	7,470,813	6,974,361	496,452	7.12
Debenture interest and related expenses	3,042,365	3,196,265	(153,900)	(4.81)
	<u>\$86,514,066</u>	<u>\$79,820,139</u>	<u>\$ 6,693,927</u>	<u>8.39</u>



Wages, salaries and other employee costs accounted for 70.52% of total expenses for 1971, the highest percentage in the Commission's history. The comparable figure for 1970 was 68.59%. The increase of \$6,260,132 in this group of expenses in 1971 was 93.52% of the increase in total expenses.

CAPITAL ASSETS:

The Commission's balance sheet as at December 31, 1971 reflects the large capital expenditures made during the year on the northerly extension of the Yonge Street subway, on the purchase of 76 new subway cars, on the rebuilding of 109 trolley coaches and on other assets.

Effective July 23rd, 1971 the Province of Ontario increased its contribution to subway construction costs to 50% of virtually all subway land, construction and equipment costs incurred after that date. Prior to July 23, 1971 the Province's contribution towards subway construction costs was limited to 50% of certain construction costs only, excluding land and equipment costs.

Subway construction costs are shared between the Commission and the Municipality of Metropolitan Toronto according to the arrangements summarized in Note 2 to the Financial Statements included with this report. The increase in the Provincial subsidy significantly reduces the share of subway construction costs to be borne by the Municipality. It also relieves the Commission of 50% of the cost of subway equipment for which it is responsible, including the 62 subway cars purchased in 1971 for use on the Yonge subway extension to Sheppard and existing subway lines. The cost of the 14 subway cars bought for the Yonge extension from Sheppard to Finch will now be shared equally between the Municipality and the Provincial government.

Additions to capital assets in 1971 may be summarized as follows:

Additions to capital assets for subways in operation and the surface transit system	\$ 5,861,302
Less retirements at cost	<u>3,406,938</u>
Net Increase	\$ 2,454,364
Additions to subway extensions under construction	<u>33,994,160</u>
	<u><u>\$36,448,524</u></u>

Additions to and retirements of capital assets for subways in operation and the surface system were as follows:

Additions, at cost:	
109 Trolley Coaches rebuilt	\$ 3,822,368
Signal systems	853,249
Land—Additional easement cost—Yonge subway	\$180,732
—Additional expropriation award and interest—Greenwood yard	333,700
	<u>514,432</u>
Track and overhead construction	250,237
Shop and stores equipment	79,207
Automotive service vehicles	77,959
Communications equipment	64,498
Additions to existing subway structure	\$ 51,937
Less capital contributions received from the Municipality of Metropolitan Toronto	51,937
	<u>—</u>
Rapid transit studies	50,592
Farehandling equipment	49,905
Furniture and office equipment	46,892
Other	51,963
	<u>5,861,302</u>
	\$ 5,861,302
Retirements, at cost:	
109 Trolley coaches	\$ 2,324,525
15 P.C.C. Streetcars	397,184
Trackwork	261,975
Land sold	243,316
Automotive service vehicles	77,923
Substation and shop equipment	38,088
Rail service equipment	19,852
Furniture and office equipment	13,909
Other assets	30,166
	<u>3,406,938</u>
	\$ 3,406,938

Expenditures in 1971 on subway extensions and cars which were under construction at the end of the year amounted to \$33,994,160 as shown below:

Yonge Street subway northerly extensions:			
From Eglinton Avenue to Sheppard Avenue,			
Tunnel and station structures	\$17,443,818		
Engineering and administration	2,405,079		
Signal system	744,253		
Track installation	718,873		
Other	177,461	\$21,489,484	
From Sheppard Avenue to Finch Avenue,			
Engineering and administration	\$ 967,786		
Tunnel and station structures	479,591		
Other	189,244	1,636,621	
Expenditures on additional entrance to King station		235,977	
Payments for 76 subway cars for Yonge subway extensions and existing subway lines		10,576,440	
		33,938,522	
Net reduction in accounts payable and accruals, contract holdbacks, cash and miscellaneous costs		55,638	
		<u>\$33,994,160</u>	

The Municipality of Metropolitan Toronto contributed \$27,754,022 for its share of these subway construction costs in 1971 leaving \$6,240,138 to be borne by the Commission.

CAPITAL DEBT:

All capital borrowings required by the Commission are effected through the issue of Municipality of Metropolitan Toronto debentures. The Commission is required to provide the Municipality with funds to meet all principal and interest payments on such debentures.

There were no new issues for Commission purposes in 1971.

During 1971 a total of \$1,967,672 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.

Sinking fund earnings in 1971 amounted to \$283,292 of which \$114,330 were required earnings at the actuarial rate of 3% and \$168,962 were excess earnings.

The net capital debt of the Commission at December 31, 1971 after deducting sinking fund balances of \$4,789,168 was \$59,068,718 in respect of the following debenture issues:





Type of Debenture	Year of Issue	Interest Rate	Year of Final Payment	Net Debt
Serial	1950	2¾%	1980	\$1,522,080
Sinking Fund	1955	3¾%	1980	654,999
Serial	1951	3¾%	1981	2,859,940
Serial	1953	3¾%-4%	1983	4,921,694
Serial	1954	3½%	1984	1,950,345
Sinking Fund	1956	4½%	1986	1,417,484
Serial	1962	5¾%	1992	3,513,279
Sinking Fund	1963	5%	1993	1,644,432
Serial	1963	5½%	1993	8,658,000
Serial	1965	5¼%	1995	18,027,000
Sinking Fund	1966	6%	1996	7,590,128
Sinking Fund	1967	6%	1997	2,779,285
Sinking Fund	1967	7%	1997	3,306,504
				<hr/>
				\$58,845,170
				Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds
				<hr/>
				\$ 223,548
				Net Debt
				<hr/>
				\$59,068,718

The outstanding debt at December 31, 1971 included \$9,936,090 on which principal and interest payments are made in United States Funds. The cost of servicing this portion of the debt is influenced by the rate of exchange on United States dollars at the time of payment.

FINANCIAL STATEMENTS AND AUDIT

Messrs. Price Waterhouse & Co. the independent accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records and other supporting evidence for 1971 as they considered necessary. Their report is appended to the financial statements which are a part of this report.

The Metropolitan Auditor has submitted his report covering the year 1970 and is currently engaged on his review of the 1971 accounts.

OPERATIONS

ROUTE EXTENSIONS

Again in 1971, the Commission acted to meet the growing transportation needs of the Metro community by extending and improving service on many transit routes. Service operated in the suburban areas (zone 2) was increased by more than 1.5 million miles to a new high of 22,874,765 miles.

As mentioned previously in the report, there has been uninterrupted transit expansion in the suburban areas since Metro was formed in 1954, and the Commission's continuing program of extending the surface route grid system to the perimeters of Metro represents a solid achievement and a significant contribution to the mobility of all citizens.

The following were the major route improvements in 1971:

- | | | | |
|------------------|--|-----------------|--|
| BELLAMY 9 | —Extended east of Scarborough Golf Club Road via Ellesmere and Neilson Road to an off-street loop just south of Highway 401. | | |
| BLOOR WEST 49 | —Extended to provide better service in the Markland Wood Area. | | |
| BRIMLEY 21 | —Monday-Friday evening service extended to Progress Avenue loop. | | |
| DON MILLS 25 | —Extended north via Don Mills and Finch to Seneca College. | | |
| DON MILLS 25A | —New rush hour service introduced from Pape Station to the Lesmill Industrial Area. | | |
| DUFFERIN 29 | —Extended north on Dufferin to Dolomite Drive. | | |
| EGLINTON WEST 32 | —Extended west of Weston Road via Eglinton to Royal York Road. | | |
| ISLINGTON 37 | —Extended north of Albion via Islington Avenue to Steeles Avenue. | | |
| | | JANE 35 | —Extended north of Lambton via Jane to Lawrence Avenue. |
| | | KINGSWAY 3 | —Extended via West Mall and Evans to serve the new Sherway Plaza and the Evans Avenue Industrial Area. |
| | | MARTIN GROVE 46 | —Extended north of Albion via Martin Grove to a new off-street loop near Royalcrest Road. |
| | | McCOWAN 16 | —Extended north on McCowan from Ellesmere to the vicinity of the CPR Yard (north of Sheppard). |
| | | QUEENSWAY 80A | —A new routing introduced between Humber and Long Branch via Islington, Judson and Horner. |





- ROYAL YORK 73 —Extended north of Dixon Road via Royal York, St. Phillips, Humber, Weston Road, Albion Road and Islington to Wardlaw Crescent.
- RUNNYMEDE 71A —A new branch route from Runnymede Station via Runnymede, Henrietta, Castleton, Corbett and Rockcliffe looping via Rockcliffe, Lambton, Guestville, Eglinton, Weston Road, Humber Blvd. and Alliance.
- SHEPPARD 84A —Sunday service inaugurated between Weston Road and Midland Avenue.
- VICTORIA PARK 24 —Extended north of Old Sheppard to Finch Avenue.
- WILSON 96B —“Martin Grove” branch extended to Humber College.
- WOODBINE 91C —Extended north from Lawrence Avenue to York Mills Road to serve the Underhill and Three Valleys districts.

SPECIAL SERVICES

The Commission continued its efforts to attract new customers to its express and special bus services to sporting events and other major traffic generating attractions. Seven express bus routes to the Canadian National Exhibition carried 222,357 riders, up 5,714 over 1970. Special fare services to major league hockey and football games, horse racing and the annual Christmas Light tours attracted more than 270,000 passengers.

A new express bus service from downtown to Ontario Place was operated during 1971 and more than 143,000 riders were carried to and from the Province's lakefront showcase.

MANPOWER AND LABOUR RELATIONS

Constructive and co-operative relations between the Commission and the three unions representing its employees were continued during the year.

The total number of regular employees on strength at December 31, 1971 was 6,670, an increase of 108 compared with the previous year.

The number of active employees leaving the Commission dropped from 5.4% of employee strength in 1970 to 4.2% of employee strength in 1971. Job applicants increased from 16,830 in 1970 to 17,079 in 1971.

The total amount paid in wages, salaries and other employee costs during 1971 was \$61,006,087, an increase of \$6,260,132 over 1970. Total labour costs represented 70.52% of the total expenses for 1971.

Resulting from a regular actuarial review of the TTC Pension Fund Society, significant improvements in pension benefits were introduced effective January 1, 1971. The pensions of all 942 pensioners were increased by \$15.00 per month. The regular pension formula was improved and all employees retiring on and after January 1, 1971 will receive an increase averaging 26.7%. These improvements were accomplished without increasing contributions. The rate of contributions, including Canada Pension Plan requirement, amounts to 5½% paid by employees which is matched by the Commission.



TTC 50 YEARS!

MARKETING AND PUBLIC INFORMATION

One of the most important single public information projects undertaken during 1971 was the TTC's 50th Anniversary celebration.

It was focussed on an exhibit at the Canadian National Exhibition which was visited by an estimated 225,000 persons during the nineteen days.

The display was designed to recap the fifty years since September 1921 when the transit system came under public ownership in Toronto and to provide a look into the transit future.

Among the features of the exhibit were a Toronto Railway Company street car built in 1892; one of the TTC's rebuilt electric trolley buses; a 3-screen, audio-visual "trip" through fifty years of transit history; a 60-square foot map which was illuminated progressively to show the extent and pace of transit growth; a full scale mock-up of a 16 foot diameter concrete subway tunnel; a large aerial photo of Metropolitan Toronto illuminated to show the TTC's concept for an integrated rapid transit-commuter rail system; and models of subway stations now under construction.

The exhibit was dismantled after the CNE and parts of it were displayed at City Hall for several weeks.

A "50 year" film slide presentation was also produced by the Commission's staff and it proved to be an effective community relations project. Following its completion in August for showing at the CNE, by the end of the year it had been shown to about 2,000 persons at service clubs, ratepayers' associations, church groups and schools. Many requests have been made for bookings in 1972.





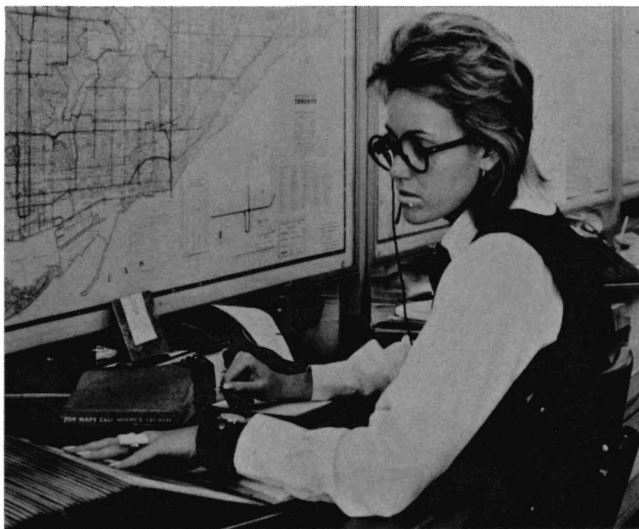
The Commission's telephone information staff answered 1,294,342 requests for route, schedule and fare information during the year, an increase of 128,899 over 1970. More than 100,000 transit route maps and 500,000 pocket bus schedules were made available to the public on the vehicles, at subway stations, hotels and other locations and by mail.

A total of 25,045 lines of advertising space in Metro area newspapers was used to promote transit riding generally, to announce route and service changes, and to promote service to special attractions such as Ontario Place, the CNE, the Yonge Street Mall and sporting events.

The policy of visiting residents and business people along the route of the Yonge extension prior to the start of construction work was continued during 1971. The purpose of these visits is to inform those most directly affected about the project, starting times of construction in their districts and to explain how the construction work may affect them.

By the end of the year, visits had been made to all the businesses on Yonge Street between Eglinton and Sheppard Avenues and pre-construction visits to businesses in the section between Sheppard and Finch were started as soon as the first structural contract was signed last December.

Fourteen tours of subway construction sites were conducted by the department for various government and transit officials, newspaper, radio and television reporters.



the way to go
WHEN YOU
'LIVE IT UP DOWNTOWN' AT THE MALL!



If you're planning to "Live It Up Downtown" in the Yonge Street Pedestrian Mall, go the fast, convenient way - by subway.
The mall, located between Albert and Adelaide Streets, is right over the Queen Street Subway Station. Queen or Albert Street subway exits will put you right into the action.

With its landscaping, sidewalk cafes and entertainment, the Mall - open for a full week - will be a welcome "car-free" experience for the Yonge Street pedestrian. Take the family or get together with friends and head downtown to where it's happening. Walk, take a bus or drive to the nearest subway station and forget your parking worries. TTC INFORMATION 487-2424

'Live it up downtown'
Yonge Street Mall
Sun. May 30th to Sat. June 5th



TRANSIT GOES WHERE THE ACTION IS!

PASSENGER VEHICLE FLEET

At the year end, the passenger fleet was as follows:

Street cars	422
Subway cars	334*
Motor buses	963
Trolley buses	152

TOTAL 1,871

*Subway car total does not include 76 new Canadian built cars purchased for service on the Yonge subway extension. These cars were delivered during 1971 but at the year end had not been formally accepted by the Commission. Acceptance testing and preparation for service was in progress.

Fifteen street cars surplus to the Commission's requirements were disposed of during the year.



TROLLEY BUS MODERNIZATION PROGRAM

Rehabilitation and modernization of the Commission's fleet of 152 electric trolley buses was commenced late in 1970 and by December 31, 1971, 110 vehicles had been completed. Target date for completion of the remaining vehicles is August 1972.

As mentioned in previous reports, the project involves the installation of new bus bodies built by a Canadian company and the complete overhaul of original electrical traction equipment. When the program has been completed, the Commission will have replaced its entire fleet of trolley buses with new vehicles which are virtually identical in style and comfort to the most modern diesel bus.

Other transit properties in Canada and the United States have shown considerable interest in this venture. As a result, the body manufacturer leased one of the Commission's completed vehicles and it has been loaned to several properties in both countries for display and in-service testing.





PROTOTYPE P.C.C. STREET CAR OVERHAUL

In connection with a study to determine the feasibility and cost of extending the life of the Commission's street car fleet, a complete heavy overhaul and rehabilitation program was undertaken on one car.

The work included renewal of the metal roof, replacement of structural body beams and supporting members, a new underfloor, new heating ducts, overhaul of the motors and other electrical components, and replacement of about 70% of all electrical wiring. The visible changes included new floor covering, reupholstered seats and a new interior colour scheme.

The study was nearing completion at the year end at which time there were indications that a major fleet rehabilitation program was feasible.

The Commission has confidence in the street car as an efficient, quiet, pollution-free transit vehicle and fully expects to continue the operation of street cars in Metropolitan Toronto for at least another ten years.



SAFETY

The safety highlight of the year 1971 was the winning of the American Transit Association's top award for traffic and passenger safety among the major cities on the continent for an unprecedented fifth consecutive year. Other awards for outstanding achievement were also received from such organizations as the Canada Safety Council, Canadian Transit Association and the National Safety Council.

Despite the continuing increase in the volume of traffic on Metro streets, the Commission's operators and drivers recorded another all-time low traffic accident rate for surface route operation. The 1971 accident rate was 4% below 1970, and over the past ten years it has been cut by 44%. The Commission is proud to say that Metro's transit system is now recognized as the safest of all cities in North America with populations of over one million.

The growing number of individual safe driver awards each year is indicative of the excellent record of TTC drivers:

	Number of Drivers Qualified		
	1971	1970	1969
20-Year Awards	2	—	—
10-Year Awards	286	248	239
5-Year Awards	499	450	353
1-Year Awards	1205	1242	1202
	<hr/>	<hr/>	<hr/>
	1992	1940	1794

From an industrial injury standpoint, 1971 was also the best in TTC history, with a system rate of 10.0 injuries per million man-hours worked. It was the lowest injury rate of any known major transit system on the continent and compared very favourably with Ontario industry as a whole.

Several awards for industrial safety achievement were received, and of the 34 maintenance groups in the TTC Zero Injury Competition, sixteen were injury-free. Collectively, the sixteen groups have completed nearly six million injury-free man-hours of work.

James H. Kearns, General Manager of Operations, accepts American Transit Association's top Safety Award, the Silver Plaque, from Operator D. R. (Del) Holt, St. Clair Division. Del was presented the plaque by Carmack Cochran, ATA President, in Detroit.

IMPROVED SUBWAY ENTRANCE FACILITIES

During 1971 a second automatic token or cash fare turnstile was installed at seven secondary subway station entrances. Previously there was one turnstile at each of these unmanned entrances and in the event of a jammed coin chute or mechanical failure it was necessary for passengers to walk to the main entrance. Provision of the additional turnstiles has virtually eliminated this source of inconvenience to passengers.

As a further convenience to customers who use the secondary entrances, dollar bill acceptors were installed at four locations. The bill acceptors work in conjunction with the existing token vending machines and passengers may now purchase tokens from the machines with either coins or dollar bills.



SUBWAY IMPROVEMENT PROJECTS

A number of projects designed to provide improved comfort, convenience and safety were completed during 1971. These included:

Audigauge testing of all rail joints in the subway system to reveal any internal faults.

Installation of bus arrival indicator lights in the concourse waiting area at Warden Station. This new signal light system announces the arrival of buses at the various

loading platforms and it permits passengers to wait in the protected concourse until the arrival of their bus.

Installation of a new, more convenient entrance to Victoria Park Station.

Conversion of the escalator at Old Mill Station from standard to treadle actuated operation. In off-peak hours the new escalator does not run continuously. It remains stationary until a passenger steps on the treadle at the top or bottom of the stairway. The expected advantages are two-way escalator service for passengers, longer equipment life and lower maintenance costs.

Installation of 196 safety gates at the ends of subway station platforms.

Installation of new water spray rail lubricators in Davisville Yard and at the south end of St. Andrew Station to reduce rail squeal.

Installation of additional benches at several subway stations.

Installation of a luggage conveyor adjacent to the subway entrance turnstile at Islington subway terminal. The luggage roller was installed for the convenience of the growing number of passengers who use the Airport Express buses from the subway terminal.





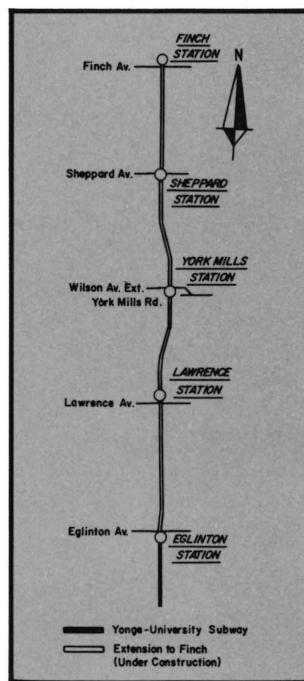
SUBWAY CONSTRUCTION

YONGE SUBWAY NORTHERLY EXTENSION PROJECT SUMMARY

In 1967, formal approval was given by Metropolitan Toronto Council and the Ontario Municipal Board to the construction of an extension to the Yonge Subway from the present northerly terminus at Eglinton Station to Sheppard Avenue, a distance of 4.02 miles. Preliminary planning and survey work commenced in March 1967 and by the end of 1968 four major contracts had been awarded.

During 1969, Metropolitan Council and the Ontario Municipal Board approved a further extension of 1.52 miles from Sheppard Avenue to Finch Avenue. The complete Yonge Subway Northerly Extension will therefore be 5.54 miles in length.

The line is being built mostly in tunnel beneath Yonge Street to approximately Hogg's Hollow, then slightly to the east for the Don River crossing and back to the Yonge Street alignment to Finch Avenue. There will be four stations located at Lawrence Avenue, York Mills Road, Sheppard Avenue and Finch Avenue. At Eglinton Avenue, the Don River crossing, the stations, and from Sheppard to Finch Station, cut-and-cover construction is being used.



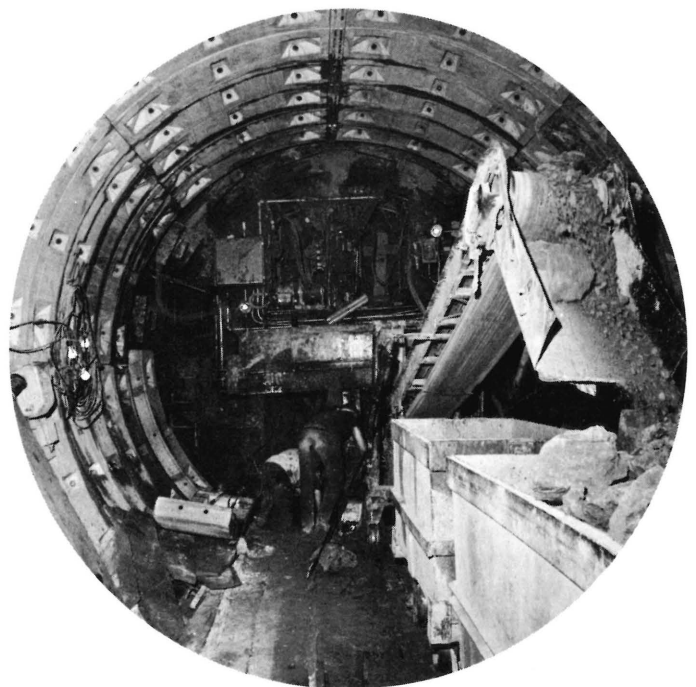
PROGRESS 1971

At December 31, 1971, a total of 24 major contracts had been awarded. Nine of the 24 were completed and work was in progress on fifteen. At the year end, tenders for one contract were being assessed, three contracts were out for tender and the remaining 21 were in preparation.

Unfortunately, progress on the construction contracts under way was seriously hampered by labour disputes in the construction industry. These disputes affected seven major structural contracts and resulted in a loss of a total of 288 calendar days.

Progress was also adversely affected due to remedial work required on two tunnelling contracts. It was necessary to correct the alignment of concrete tunnel liners, and this in turn necessitated adjustment of the associated invert and catwalk structures.

As a result of the above delays, completion and opening of the subway extension to Sheppard Station by the Spring of 1973 became impossible. Therefore, at the year end, in order to begin service on part of the line at the earliest possible date, the possibility of operating the line to York Mills Station was being investigated.





ADDITIONAL ENTRANCE—KING STATION

Construction of additional entrance-exit facilities at King subway station was commenced during the year. The expanded facilities will include an underground connection to the Commerce Court development now under construction. Three new escalators will be installed at the new entrance.

Target date for completion of this project is November 1972.

SPADINA RAPID TRANSIT

Following the decision of the government of the Province of Ontario with regard to the William R. Allen Expressway, the Joint Technical Transportation Planning Committee representing the Province, Metropolitan Toronto and the Commission was assigned to study and report on the rapid transit project which had been planned in conjunction with the expressway.

Substantial environmental investigation, technical research and cost estimating work was undertaken by the committee task force and this was followed by the preparation and study of eighteen possible alignments for the rapid transit route from Wilson Avenue to Bloor Street.

The Joint Technical Transportation Planning Committee reviewed the various alignments in detail and at the year end five possible routes were being considered, ecological and cost studies were completed, and a report on the five alternatives was nearing completion.





COMMUTER RAIL-SUBWAY STUDY

During 1971 a study of commuter rail-subway transportation in the Metropolitan Toronto region was begun by the Federal Department of Transportation and the Provincial Department of Transportation and Communications. The Canadian National and Canadian Pacific Railways and the Commission are working with the two government departments on this study.

As a first step, the railways commenced a review of preliminary proposals to provide convenient connections between the subway system and the commuter rail system, both existing and proposed.

PRIVATE BUILDING DEVELOPMENT ALONG THE SUBWAY ROUTES

During the year there was continued interest and activity by developers planning new buildings or additions to existing buildings at many locations adjacent to Metropolitan Toronto's subway system. If the projects are contiguous to the subway structures, the building plans must be studied and approved by the Commission. Thirty-nine such proposals were processed by the TTC Subway Construction Branch during 1971.



CONCLUSION

The Commission gratefully acknowledges the continued co-operation of Metropolitan Council and its officials, and of the elected representatives and officials of the City and all area Boroughs.

The Commission also wishes to record its appreciation to its employees for their efficient and conscientious work during the year.

Yours truly,

McAay
Chairman

S. Gordon-Hustler
Commissioner

D. Hacey
Commissioner

B. B. Smith
Commissioner

J. P. ...
Commissioner

TORONTO TRANSIT COMMISSION

BALANCE SHEET AT DECEMBER 31, 1971

	ASSETS	
CURRENT AND WORKING ASSETS:	1971	1970
Cash	\$ 760,577	\$ 928,487
Short-term investments, at cost which approximates market	5,000,000	11,930,578
Accounts receivable	1,086,430	1,029,374
Gray Coach Lines, Limited—current account	1,214,012	1,200,365
Working funds advanced to employees and agents	477,393	357,464
Materials and supplies, at cost	2,924,856	2,460,913
Prepaid expenses	624,131	773,420
	12,087,399	18,680,601
INVESTMENTS:		
Mortgages on property sold and other long-term receivables	208,025	1,411,269
Capital stock of Gray Coach Lines, Limited, at cost (Note 3)	1,000,000	1,000,000
	1,208,025	2,411,269
UNAMORTIZED DEBENTURE DISCOUNT	968,944	1,023,292
CAPITAL ASSETS:		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	390,901,461	388,395,160
Less: Capital contributions toward construction costs of subways in operation received from The Municipality of Metropolitan Toronto	197,128,290	197,076,353
	193,773,171	191,318,807
Less: Accumulated depreciation	99,443,905	95,931,870
	94,329,266	95,386,937
Subway extensions and related projects under construction (Note 2)	71,992,197	37,998,037
Less: Capital contribution received from The Municipality of Metropolitan Toronto	63,473,487	35,719,465
	8,518,710	2,278,572
Total capital assets	102,847,976	97,665,509
	\$117,112,344	\$119,780,671



LIABILITIES		1971	1970
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		\$ 12,046,190	\$ 9,903,019
Debenture interest accrued		529,475	537,834
		<u>12,575,665</u>	<u>10,440,853</u>
PROVISIONS			
For tickets and tokens held by the public		1,162,000	810,000
For public liability and workmen's compensation		2,000,000	2,000,000
		<u>3,162,000</u>	<u>2,810,000</u>
CAPITAL DEBT:			
The Municipality of Metropolitan Toronto-			
For debentures maturing in annual installments from 1972 to 1995 (including \$7,337,090 debentures payable in United States funds)		41,452,338	42,958,530
For sinking fund debentures maturing between 1980 and 1997 (including \$2,599,000 debentures payable in United States funds) less sinking fund balance of \$4,789,168 (Note 4)		17,392,832	18,137,604
Total, including \$2,027,976 serial debentures maturing and sinking fund payments due in 1972		58,845,170	61,096,134
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds		223,548	248,834
		<u>59,068,718</u>	<u>61,344,968</u>
EQUITY			
EQUITY ACQUIRED FROM TORONTO TRANSPORTATION COMMISSION ON JANUARY 1, 1954:			
Earnings retained and invested in improvement and expansion of the system by Toronto Transportation Commission		24,803,733	24,803,733
EARNINGS RETAINED AND INVESTED IN THE SYSTEM by Toronto Transit Commission			
		17,502,228	20,381,117
		<u>42,305,961</u>	<u>45,184,850</u>
		<u>\$117,112,344</u>	<u>\$119,780,671</u>

TORONTO TRANSIT COMMISSION STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1971

	1971	1970
REVENUE:		
Passenger services	\$80,067,234	\$78,359,934
Rental of land, air rights, buildings, subway concessions and equipment	1,222,384	1,096,616
Rental of advertising space	931,546	841,668
Interest earned	768,286	882,719
Dividend from Gray Coach Lines, Limited	359,000	322,000
Miscellaneous	286,727	219,740
	83,635,177	81,722,677
EXPENSES:		
Wages, salaries and other employee costs	61,006,087	54,745,955
Electric traction power purchased	3,344,094	3,164,552
Automotive fuel, including provincial taxes of \$1,548,409 (1970—\$1,498,509)	2,582,621	2,464,059
Vehicle and other licences	220,412	220,676
Municipal taxes	1,341,573	1,327,425
Public liability and property damage	896,388	978,530
Depreciation	6,609,713	6,748,316
Other expenses including cost of repair and maintenance materials	7,470,813	6,974,361
	83,471,701	76,623,874
Earnings before debenture interest	163,476	5,098,803
Debenture interest and related expenses	3,042,365	3,196,265
	163,476	5,098,803
Net earnings (loss) for the year (Note 1)	\$(2,878,889)	\$ 1,902,538

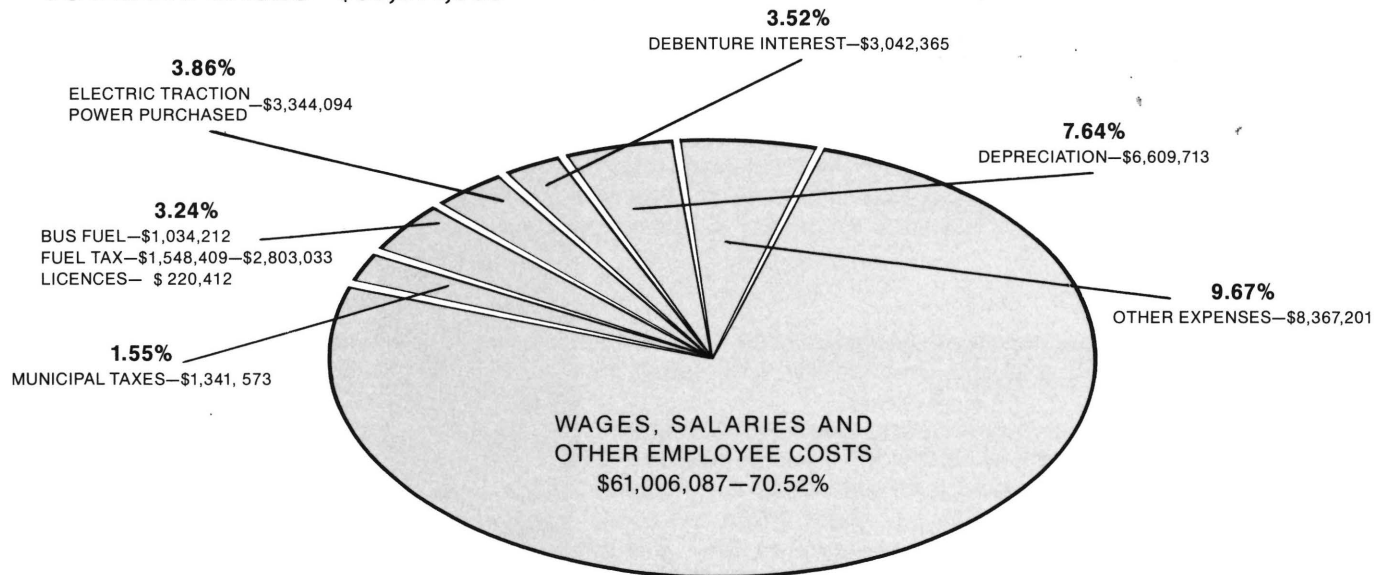
STATEMENT OF EARNINGS RETAINED AND INVESTED IN THE SYSTEM FOR THE YEAR ENDED DECEMBER 31, 1971

	1971	1970
Balance at January 1	\$20,381,117	\$18,478,579
Net earnings (loss) for the year (Note 1)	(2,878,889)	1,902,538
	\$17,502,228	\$20,381,117



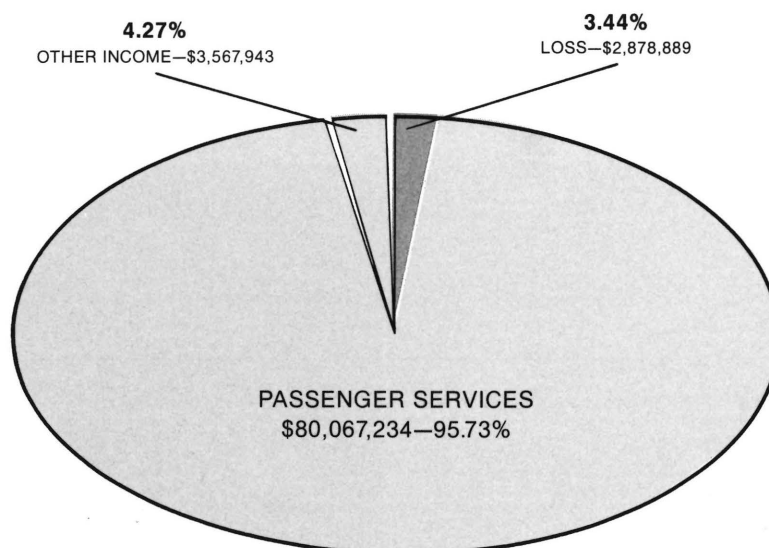
WHERE THE 1971 DOLLARS WENT

TOTAL EXPENSES—\$86,514,066



WHERE THE 1971 DOLLARS CAME FROM

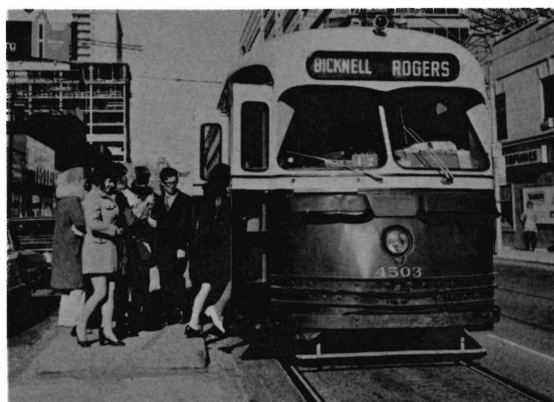
TOTAL REVENUE—\$83,635,177



TORONTO TRANSIT COMMISSION

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1971

	1971	1970
Source of funds:		
Passenger revenue	\$80,067,234	\$78,359,934
Other income	3,567,943	3,362,743
	<hr/>	<hr/>
Repayment of long-term receivable	83,635,177	81,722,677
Proceeds of capital asset disposals and mortgage principal repayments	1,194,432	—
	<hr/>	<hr/>
	357,391	166,394
	<hr/>	<hr/>
	85,187,000	81,889,071
Application of funds:		
Operating expenses and debenture interest	86,514,066	79,820,139
(Deduct) Add items not requiring current funds—		
Depreciation	(6,609,713)	(6,748,316)
Other	(58,450)	36,369
	<hr/>	<hr/>
	79,845,903	73,108,192
Expenditures on construction of subways	34,576,547	21,122,848
Less: Capital contributions received from The Municipality of Metropolitan Toronto	27,805,959	20,595,756
	<hr/>	<hr/>
	6,770,588	527,092
Additions to other capital assets	5,330,852	1,263,239
Debenture debt repayments	1,967,671	1,929,619
	<hr/>	<hr/>
	93,915,014	76,828,142
Increase (decrease) in working capital position	<u>\$ (8,728,014)</u>	<u>\$ 5,060,929</u>



TORONTO TRANSIT COMMISSION NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1971



Note 1: Operating subsidy

In 1971 the Province of Ontario undertook to provide financial assistance to municipalities in respect of their expenditures for the operation of public transit services. To qualify for this assistance, The Municipality of Metropolitan Toronto has agreed to assume responsibility for that portion of the Commission's 1971 operating deficit that is eligible for financial assistance from the Province. Present indications are that the Municipality will assume responsibility for approximately \$1,900,000 of the Commission's 1971 operating deficit and will recover 50% of that amount from the Province.

In 1972 a payment in excess of the subsidy noted above has been received by the Commission from the Municipality. This payment is subject to adjustment when the final amount of the subsidy for 1971 is determined. Because some uncertainty exists as to the amount of the subsidy for 1971, the Commission has decided not to record the subsidy in its 1971 financial statements.

Note 2: Subway construction

The Commission is proceeding with construction of a 4.02 mile northerly extension to the Yonge Street subway from Eglinton Avenue to Sheppard Avenue and a further 1.52 mile northerly extension from Sheppard Avenue to Finch Avenue.

The extension from Eglinton Avenue to Sheppard Avenue was undertaken on a cost-sharing agreement whereby The Municipality of Metropolitan Toronto assumed responsibility for all right-of-way land and subway construction costs and the Toronto Transit Commission was responsible for equipment costs, which include track, power distribution and signal systems, yards, shops and rolling stock. The extension was authorized by Ontario Municipal Board Orders dated July 13 and October 6, 1967 as amended by an Order dated September 16, 1970 at a total estimated cost of \$102,450,000 of which right-of-way land and subway construction costs of \$81,500,000 were to be borne by the Municipality and equipment costs of \$20,950,000 were to be borne by the Commission.

The northerly extension from Sheppard Avenue to Finch Avenue was authorized by an Ontario Municipal Board Order dated December 1, 1969 as amended by an Order dated June 8, 1971 at a total estimated cost of \$37,500,000, all of which was to be borne by the Municipality.

The Municipality receives a subsidy towards subway construction costs from the Province of Ontario. Amendments to the Public Transportation & Highway Improvement Act in 1971 increased this subsidy to 50% of all subway land, construction and equipment costs incurred after July 22, 1971. Prior to that date the subsidy was payable on certain subway construction costs only. By arrangement with the Municipality the Commission receives the benefit of the 50% subsidy on equipment costs for the Eglinton to Sheppard extension and on subway cars delivered in 1971 for the Bloor-Danforth subway. The Commission is responsible for the remaining 50% of such costs. As a result the Commission's share of the total estimated cost of the Eglinton Avenue to Sheppard Avenue extension is reduced from \$20,950,000 to \$11,540,000.



Land for the right-of-way of the Yonge Street subway extensions is purchased by the Municipality and is not recorded on the Commission's books.

Expenditures on and funds appropriated for subway extensions and related projects under construction at December 31, 1971 are summarized as:

Construction and equipment costs—			
Yonge Street northerly extension—			
From Eglinton Avenue to Sheppard Avenue	\$63,020,570		
From Sheppard Avenue to Finch Avenue	2,458,773		
King Station additional entrance	398,832		
Subway cars	10,576,440		
	76,454,615		
Cash in subway bank account	153,506		
Miscellaneous costs	145,379		
			\$76,753,500
Less:			
Accounts payable and accruals	1,777,505		
Contract holdbacks	2,983,798		
			4,761,303
			<u>\$71,992,197</u>

Note 3: Gray Coach Lines, Limited

Gray Coach Lines, Limited, a wholly-owned subsidiary of Toronto Transit Commission, operates interurban coach services and its financial statements are published separately. Its operations in 1971 resulted in net earnings of \$557,612 (1970—\$717,927) and its net worth as shown by its balance sheet at December 31, 1971 was \$8,384,609.

The earnings of Gray Coach Lines are recorded in the accounts of the Commission only to the extent of dividends received. Gray Coach Lines paid a dividend in 1971 of \$359,000 (1970—\$322,000), approximately 50% of its 1970 net earnings.

The Statement of Earnings reflects charges of \$2,882,913 (\$2,398,758 in 1970) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

Note 4: Sinking fund

The sinking fund balance of \$4,789,168 at December 31, 1971 consists of:

- (i) the annual levies paid by the Commission into The Municipality of Metropolitan Toronto sinking fund together with interest credited at the rate of 3% per annum, which is the rate required to provide sufficient funds to retire the debentures at maturity, and
- (ii) the Commission's equity of \$631,940 in the actual earnings of the sinking fund in excess of the 3% rate.

Note 5: Contingency

The Commission is involved in litigation concerning the value of land expropriated for its account in the area of Greenwood subway yard. Following hearings before an Arbitration Board and the Ontario Court of Appeal, and appeals from the awards made at each hearing, the Supreme Court of Canada in October 1971 made an award of \$832,300 plus interest which amount the Commission has recorded in its accounts. On appeal by the former owner the Supreme Court of Canada has agreed to a re-hearing which is expected later this year.



May 10, 1972

AUDITORS' REPORT

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1971 and the statements of earnings, earnings retained and invested in the system and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the final determination of the operating subsidy referred to in Note 1, these financial statements present fairly the financial position of the Commission as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.
Chartered Accountants

TORONTO TRANSIT COMMISSION

Five Year Summary

FINANCIAL SUMMARY:	1971	1970	1969	1968	1967
Gross Revenue	\$83,635,177	\$81,722,677	\$79,002,886	\$66,755,432	\$62,506,278
Wages, salaries and other employee costs	61,006,087	54,745,955	50,577,986	45,467,045	38,566,249
Automotive fuel tax	1,548,409	1,498,509	1,460,419	1,385,147	1,173,304
Municipal taxes	1,341,573	1,327,425	1,210,744	1,164,735	1,970,671
Total expenses	86,514,066	79,820,139	74,872,786	67,941,167	60,093,797
Net earnings (loss)	(2,878,889)	1,902,538	4,130,100	(1,185,735)	2,412,481
 OPERATING STATISTICS:					
Revenue passengers (number of fares collected)— zone fare system	330,495,450	323,616,632	322,193,404	323,481,655	314,413,486
Revenue passengers, average weekday— zone fare system	1,100,000	1,071,000	1,067,000	1,061,000	1,034,000
Miles operated including charter and special services:					
Motor bus	35,574,271	33,770,827	33,539,469	32,394,222	29,135,421
Subway	22,839,644	22,735,322	22,693,554	20,536,788	16,417,656
Streetcar	10,987,701	11,426,600	11,843,060	12,741,953	13,794,616
Trolley bus	<u>3,994,391</u>	<u>4,053,394</u>	<u>4,162,231</u>	<u>4,071,456</u>	<u>3,940,400</u>
Total	73,396,007	71,986,143	72,238,314	69,744,419	63,288,093
Electric traction power consumption— kilowatt hours	235,250,000	236,530,000	236,541,000	227,322,000	209,637,000
Diesel oil consumption— gallons	6,372,848	6,334,838	5,993,606	5,747,131	5,165,104
Gasoline consumption —gallons	168,682	166,021	198,769	242,616	328,676
Average number of regular employees including Gray Coach Lines	6,815	6,535	6,529	6,490	6,328
Passenger vehicles owned:					
Buses	963	963	1,003	942	939
Streetcars	422	437	446	543	675
Subway cars	334	334	334	334	334
Trolley buses	<u>152</u>	<u>152</u>	<u>152</u>	<u>153</u>	<u>153</u>
Total	1,871	1,886	1,935	1,972	2,101
Metropolitan area population	2,059,000	2,004,000	1,935,000	1,906,000	1,888,000