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Toronto Transit Commission Annual Report 1973



TORONTO TRANSIT COMMISSION

ANNUAL REPORT TO THE MUNICIPALITY OF METROPOLITAN TORONTO 1973



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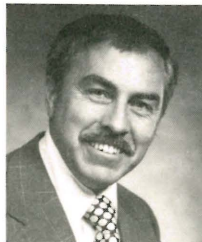
TORONTO TRANSIT COMMISSION

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G. GORDON HURLBURT, Vice Chairman
E. H. FARROW, Commissioner
PAUL GODFREY, Commissioner
D. CRAWFORD SMYTH, Commissioner

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J. T. HARVEY,
General Manager—Subway Construction
H. E. PETTETT, General Secretary
R. G. WAITE,
Assistant General Manager of Operations
L. O. MORLEY, Treasurer
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KARL L. MALLETTE



JAMES H. KEARNS



G. GORDON HURLBURT



J. T. HARVEY



E. H. FARROW



H. E. PETTETT



PAUL GODFREY



D. CRAWFORD SMYTH



June 28, 1974

Paul V. Godfrey, Esq., Chairman
And members of the Council of
The Municipality of Metropolitan Toronto
City Hall, Toronto.

Ladies and Gentlemen:

The following is the Annual Report of the Toronto Transit Commission for the year 1973.

The Commission continued to attract new transit customers at an unprecedented rate. The system carried 329,027,000 passengers in 1973, an increase of 36,063,000 over 1972. This was the highest increase in any year since the TTC was expanded to serve the entire Metropolitan area in 1954, and was more than double the previous best one-year gain of seventeen million riders in 1966. Total system riding in 1973 was ninety million higher than ten years ago, and annual transit rides per capita in Metropolitan Toronto have increased from 143 in 1964 to 158 in 1973.

Three important changes in fare policy were made by the Commission in 1973. On January 22nd, a single system-wide fare was introduced in place of the two-zone fare policy that had been in effect since 1962. There was no increase in the basic adult fare—25¢ at the ticket rate or 30¢ cash, and passengers now travel anywhere in the Metropolitan area for one fare. The change meant a saving of from 15¢ to 25¢ a trip for riders whose trips crossed the former zone boundary. This move was made to eliminate inequities inherent in the two-zone system and as further encouragement to Metro citizens to use their public transit system.

In the second major fare policy decision, the Commission removed all restrictions in the use of student fares to permit students to ride for the reduced rate anytime all year. Previously, reduced rate tickets could be used only on school days until 4:30 p.m. This change was followed by the introduction of a 15¢ exact cash student fare as a convenience to students who could not conveniently buy tickets and to reduce the number of change transactions by operators and drivers.

Also during 1973, the long-standing controversial policy of using height as the determining factor for eligibility of a child's fare was dropped and replaced by a 12-year age limit.

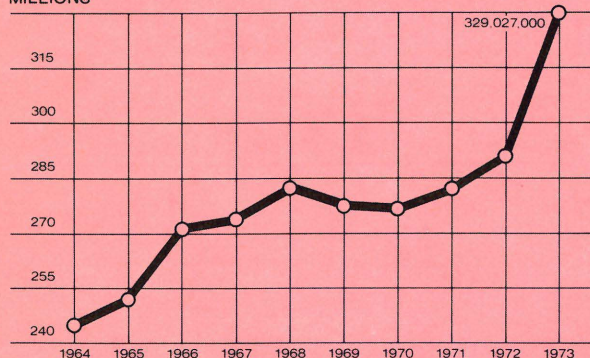
There is no doubt that these zone and fare policy changes contributed in large measure to the increased use of the system during the year.

To meet the increased passenger demand and to extend and improve service, 5.3 million more miles of service were provided in 1973 than in the previous year. Passenger service miles reached a new high of 78.9 million for the year, an increase of 23 million over the annual miles operated in 1964.

One of the year's highlights was the successful opening of the first half of the Yonge subway extension from Eglinton to York Mills Station on March 31, 1973. Despite the many operational problems involved in using an on-line station, York Mills, as a temporary subway terminal, service on the subway and on the extended connecting surface routes was efficiently maintained.

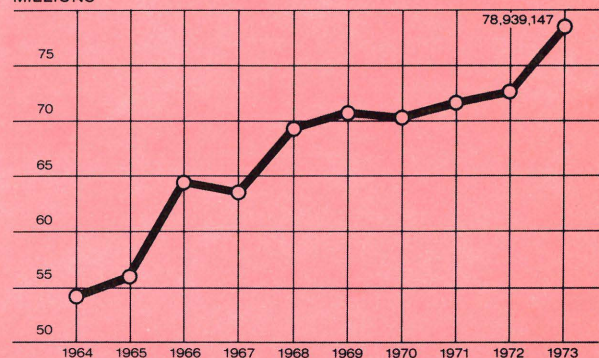
TTC PASSENGERS CARRIED

MILLIONS



MILES OF SERVICE OPERATED

MILLIONS



Customer acceptance of public transit in Metropolitan Toronto as an alternative to the private automobile needs no further emphasis in this report, but it must be pointed out that the rapidly growing demand for service is putting severe strains on the system.

One of the more serious problems is that of attracting new operators and drivers to the job. Despite an aggressive hiring program during 1973, the Commission was unable to meet its manpower requirements for new and improved services and at the same time maintain the high standard of service expected of it. Unfortunately, the impact of this shortage hit hardest during rush hour peaks when some scheduled trips could not be operated, resulting in gaps in the service, overcrowding and the bunching of vehicles. It has become increasingly obvious that there is a shortage of qualified labour in Metropolitan Toronto and the Commission has already taken steps in an effort to recruit employees from other parts of Canada and abroad.

Because of this labour shortage, it is more important than ever to make the most effective possible use of available manpower and equipment during peak travel periods. For example, the use of reserved bus lanes must be extended in order to improve the speed, reliability and capacity of public transit. Serious consideration should also be given to restricting rush hour parking on transit routes where this is still permitted.

The Commission is encouraged by the progress being made towards the wider implementation of variable work hours in downtown Toronto and the TTC will continue to work closely with the staff of the Toronto Variable Work Hours Project. The Commission considers this project to be one of the most potentially promising solutions to the ever-increasing peak period use of road and transit facilities in Metropolitan Toronto. If this demand can be modified by spreading the arrival and departure times of a significant number of workers, the community will achieve more efficient use of its roads and transit system at relatively little cost.

The continuing high rate of inflation and a shortage of materials across the entire economy are cause for serious concern. These problems are nationwide and are not confined to the transit industry to be sure, but they cannot be accepted with resignation or without comment by your Commission. It is ironical that at a time when the TTC is gaining more new customers than ever before in its history, it is becoming increasingly difficult because of rapidly rising costs and manpower and material shortages to maintain and improve the high standard of service that attracted the new customers in

the first place. The Commission and its staff recognize fully that this can lead to disgruntled transit riders and everything possible will be done to provide the frequent, reliable and convenient service necessary to keep its present customers and to attract new ones.

In this connection, the Commission is actively pursuing advancing technology to increase its efficiency and productivity in terms of both manpower and equipment. Projects well under way include the development of a sophisticated system of automatically monitoring the location of all surface vehicles so that schedules can be better controlled to ensure a more reliable service; and the preparation of a computer model to simulate subway operations. This will permit operational changes to be tested and assessed using the model without the need to disturb daily operations in the vital subway network. In addition, new uses of the computer continue to be introduced to produce better management information. Financial assistance to enable many of these projects to be carried out is being provided by the Province and by Metropolitan Toronto.

It is appropriate at this point to record the Commission's appreciation of the work of its staff and officials. Special mention must be made of the operators and drivers who for the seventh consecutive year have won North America's top transit safety award. The large increase in riding and the shortage of operating personnel have made their work particularly difficult this year. These circumstances have also put additional pressures on the maintenance and administrative staffs, and the Commission acknowledges their conscientious and efficient effort to provide the best possible transit service to the citizens of Metropolitan Toronto.

The following pages cover the detailed financial and operating results for the year 1973.



FINANCIAL



Revenue from passenger services decreased by \$1,711,555 (2.05%) to \$81,912,244 due mainly to the change from a zone fare system to a flat fare early in the year. The average fare on regular services was 24.257¢ per passenger carried. Total revenue for 1973 was \$85,298,653. Expenses increased by \$10,322,234 (11.12%) to a total of \$103,164,924 in 1973.

The Municipality of Metropolitan Toronto undertook to reimburse the Commission for its loss from operations in 1973. The loss for the year was \$17,866,271 or 5.430¢ per passenger carried. The Municipality recovers from the Province of Ontario 50% of its expenditures for public transit operations, subject in 1973 to a maximum amount determined on a population and ridership formula.

The highlights of the financial and statistical results for 1973 compared with 1972 were as follows:



	1973	1972	Increase (Decrease)	%
Total expenses	\$103,164,924	\$92,842,600	\$10,322,324	11.12
Total revenue	85,298,653	86,669,476	(1,370,823)	(1.58)
Loss	<u>\$ 17,866,271</u>	<u>\$ 6,173,124</u>	<u>\$11,693,147</u>	<u>189.42</u>
Vehicle miles operated	80,144,491	74,718,160	5,426,331	7.26
Passengers Carried	329,027,000	292,964,000	36,063,000	12.31

REVENUE

An analysis of gross revenue for 1973 in comparison with 1972 revenue shows:

	1973	1972	Increase (Decrease)	%
Passenger services	\$81,912,244	\$83,623,799	\$(1,711,555)	(2.05)
Other revenue as shown in Statement of Revenue and Expenses	3,386,409	3,045,677	340,732	11.19
Total	<u>\$85,298,653</u>	<u>\$86,669,476</u>	<u>\$(1,370,823)</u>	<u>(1.58)</u>

Revenue from passenger services consisted of fare revenue and revenue from charter and special services, and represented 96.03% of gross revenue in 1973 compared with 96.49% in 1972.

The fare structure in effect at December 31, 1973 was as follows:

TICKETS AND TOKENS

Adult-	
Tickets or Tokens.....	4 for \$1.00
Ticket Books.....	20 tickets for \$5.00
Zone 3 and 4	
2 tickets @	5 for \$.50
Child-	
Tickets.....	6 for \$.50
Scholar-	
Tickets.....	7 for \$1.00

CASH FARES

Adult-	
1 Fare	30¢
Zone 3 or 4	15¢
Child-	
1 Fare	10¢
Zone 3 or 4	5¢
Student-	
Exact Fare.....	15¢

Tickets were available at 8 for \$1.00 to all Metropolitan residents who had reached age 65. The Municipality of Metropolitan Toronto continued to reimburse the Commission for the difference between the regular rate of fare and the reduced rate for senior citizens. These payments amounted to \$2,594,036 in 1973 and \$2,892,117 in 1972 and are included in revenue from passenger services.

EXPENSES

Total expenses reached a new high of \$103,164,924 in 1973 due in large measure to the increase in labour costs under the terms of the union agreement and an increase of 7.26% in mileage operated. The two year union agreement which came into effect on July 1, 1972 provided for wage increases of 6% on July 1, 1972 and on March 1 and November 1, 1973.

A summary of 1973 expenses in comparison with expenses for 1972 follows:

	1973	1972	Increase (Decrease)	%
Wages, salaries and other employee costs	\$ 75,384,550	\$66,204,585	\$ 9,179,965	13.87
Electric traction power purchased	4,095,357	3,555,181	540,176	15.19
Automotive fuel, including provincial taxes of \$1,832,178 (1972—\$1,697,857)	3,094,602	2,946,167	148,435	5.04
Vehicle and other licences	271,793	229,735	42,058	18.31
Municipal taxes	1,194,604	1,348,812	(154,208)	(11.43)
Public liability and property damage	869,607	1,155,090	(285,483)	(24.72)
Depreciation	7,010,981	6,876,395	134,586	1.96
Debenture interest and related expenses	2,781,315	2,900,397	(119,082)	(4.11)
Other expenses including cost of repair and maintenance materials	8,462,115	7,626,238	835,877	10.96
	<u>\$103,164,924</u>	<u>\$92,842,600</u>	<u>\$10,322,324</u>	<u>11.12</u>



Wages, salaries and other employee costs accounted for 73.07% of total expenses in 1973 compared with 71.31% in 1972 which indicates the great impact of labour costs in the rapidly accelerating expense of providing transit services.

CAPITAL ASSETS AND CAPITAL CONTRIBUTIONS

Additions to capital assets during 1973 are summarized as follows:

Subway Extensions and Improvements Yonge Street Northerly Extension:

Tunnel and station structures	\$ 8,655,423
Engineering and administration	2,252,157
Traction power and supervisory control	1,883,655
Signal system	1,383,498
Track installation	1,043,689
Other	123,166
	<u>\$15,341,588</u>

Add change in accounts payable and accruals, contract holdbacks, cash and miscellaneous costs	4,758,489	\$20,100,077
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88 Subway Cars—progress payment	2,406,705
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Spadina Subway—design engineering	1,098,249
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Bloor-Danforth Subway—work car and subway car parts	419,540
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Rapid Transit Rehabilitation—Track and signal system	324,487
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King Station Additional Entrance—Escalator and holdback release	178,933
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Improvements to Queen and Dundas Stations	118,967
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Other	6,828
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Surface Assets

105 Buses	4,922,870
Rehabilitation of streetcars	1,369,962
Track construction	455,691
Communications system	199,973
Other	588,870

\$32,191,152

Retirements of capital assets, at cost, were:

25 Streetcars	\$ 480,350
14 Buses	326,237
Track	140,300
Rail service vehicles	93,818
Automotive service vehicles	50,175
Other	443,194
	<u>\$ 1,534,074</u>

Much of the cost of additions to capital assets was recovered by capital contributions received from Metropolitan Toronto and the Province of Ontario. Metropolitan Toronto has assumed responsibility for all rapid transit construction costs on new lines. On the Eglinton to Sheppard portion of the Yonge Street extension the Commission is responsible for equipment costs. The Province of Ontario subsidizes capital asset expenditures to the extent of 75% of all rapid transit construction expenditures except for contracts made before December 1, 1972 which are subsidized at 50%. The level of subsidy for eligible surface assets is 75%. Eligible assets are basically those which are directly involved in the carriage of passengers. Metropolitan Toronto receives the benefit of the Provincial Subsidy on rapid transit construction and passes on to the Commission the subsidy received on eligible surface assets.

Metropolitan Toronto's share of 1973 expenditures on subways under construction and in operation was \$23,338,028, towards which the Province of Ontario contributed \$14,682,922. The Province of Ontario's contribution towards expenditures in 1973 on surface assets has been recorded at \$5,200,187 which is received by the Commission through Metropolitan Toronto.



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.

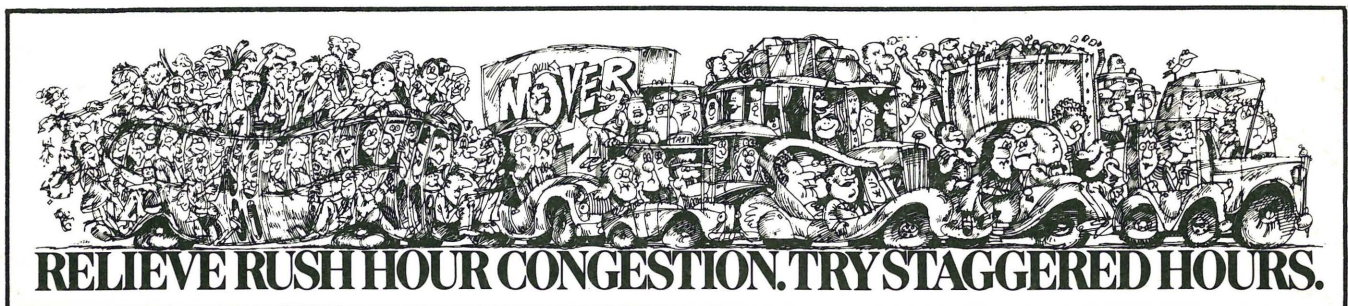
There were no new issues for Commission purposes in 1973.

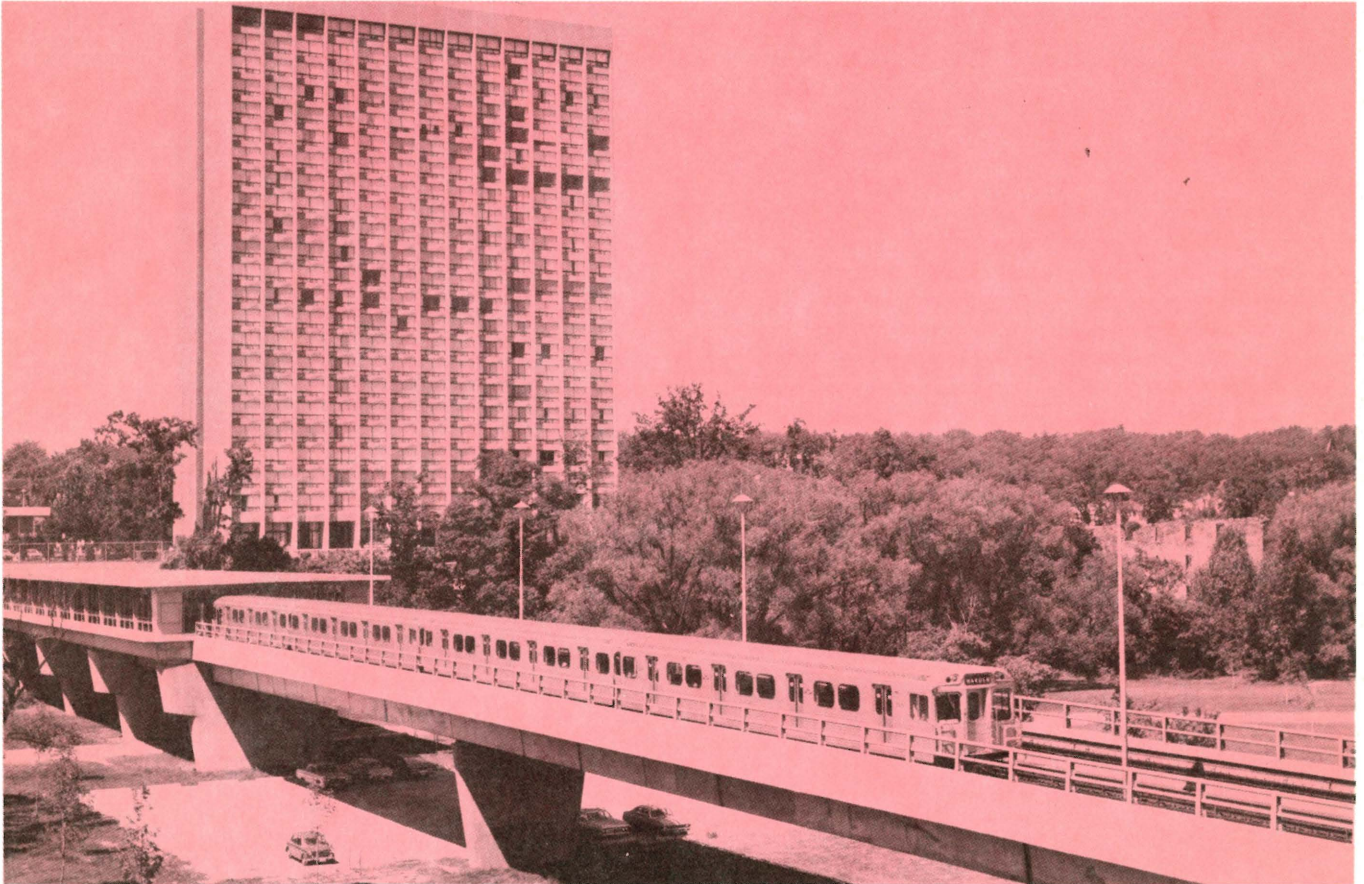
During 1973 a total of \$2,079,661 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.

Sinking fund earnings in 1973 amounted to \$398,009 of which \$150,481 were required earnings at the actuarial rate of 3% and \$247,522 were excess earnings.

The net capital debt of the Commission at December 31, 1973 after deducting sinking fund balances of \$6,437,768 was \$54,172,196.

The outstanding debt at December 31, 1973 included \$8,687,320 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 1973 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 1972 and is currently engaged on his review of the 1973 accounts.

OPERATIONS

YONGE SUBWAY EXTENSION

As mentioned previously, a significant achievement in 1973 was the opening of the first 2.68 miles of the 5.41-mile Yonge subway extension. The new section of line extended the original 4½-mile Yonge subway from its northerly terminus at Eglinton Station to York Mills Station in the Borough of North York and brought the total length of Metro's subway system to just over twenty-three miles. In the first nine months of operation, the new section between Eglinton and York Mills carried nine million riders.

Co-incident with the opening of the subway extension, extensive changes were made to several surface routes in Metro's northern suburban area to provide convenient connections with the subway.



SYSTEM RIDING AND EXPANSION

System expansion and schedule improvements continued to be given top priority. In addition to the route changes associated with the opening of the Yonge subway extension, many other major route extensions and improvements were made throughout Metro.

These were as follows:

- BAYVIEW 11 —Changed to operate between Steeles Avenue and Lawrence subway station.
- BRIMLEY 21 —Extended from Ellesmere to the Scarborough Town Centre via Progress.
- CALEDONIA 18 —Extended from Yorkdale to Christie subway station via Caledonia, Davenport and Christie.
- DAVISVILLE 28 —Extended to operate between Davisville and Lawrence subway stations via Davisville, Bayview and Lawrence.
- DOWNTOWNER —New street car route extending the former Kingston Road street car route from Bingham Loop to Bathurst subway station via Kingston Road, Queen and Bathurst Streets.

- EGLINTON WEST 32 —Extended from Martin Grove to Disco Road and Attwell Drive via Renforth Drive and Carlingview Drive, replacing a section of the former West Mall route.
- KEELE 41C —Extended north of Highway 7 to the village of Maple. Service on this route north of the Metro boundary is operated under agreement with the Town of Vaughan.
- KENNEDY 43 —Finch branch of the route extended north to Steeles Avenue and Progress branch extended to Neilson Road in the Malvern development area.
- KIPLING 45 —The looping of the "Belfield" branch extended to serve more of the Belfield-Attwell Drive industrial area.



- LAWRENCE EAST 54 —Extended from Beechgrove Drive in Scarborough to provide a connection with the GO Transit rail line at the Rouge Hill Station.
- LEASIDE 56 —“Brentcliffe” branch extended via Beth Neelson Drive to provide service to growing industrial area.
- MALL CIRCLE 87 —New route operating from Brown’s Line and Lakeshore, north on West Mall, through Sherway Gardens Shopping Centre, north on Wellesworth Drive, Gentian and Renforth to Eglinton and south on East Mall.
- SHEPPARD —New section of route operating on Huntingwood to McCowan Road.
- SPADINA 77 —Extended north from Dupont to Davenport Road and George Brown College.
- VICTORIA PARK 24 —Finch branch of route extended via McNicoll to Gordon Baker Drive and a new rush hour service provided to the industrial area north of Steeles Avenue. Service north of Metro boundary operated under agreement with Town of Markham.
- WILSON 96 —Extended from Humber College to Carrier Drive to serve new industrial area.

MANPOWER AND LABOUR RELATIONS

The total number of regular employees on strength at December 31, 1973 was 7,243, an increase of 349 compared with the previous year.

The number of active employees leaving the Commission was 282, or 3.9% of employee strength. This is down from the previous year when the turnover was 365 or 5.3% of employee strength. Job applicants increased from 17,509 in 1972 to 17,714 in 1973.

The number of operators increased by a net of 132 but despite a drastically stepped-up hiring program consisting of a substantial increase in classified newspaper advertising, the use of radio and television spot announcements, extended Employment Office hours and exterior vehicle advertising, the Commission was still hard-pressed for drivers and operators at year end.

Collective agreements with the Commission’s union employees will expire in 1974, and if present economic and wage settlement trends continue, the Commission will have to expect further increases in labour costs.

FAMILY FUN PASS

On March 18, 1973, the Commission introduced a Sunday and Holiday Family Fun Pass designed to encourage more riding on the TTC on days when the system is normally lightly used. The \$1.00 pass enables individual riders or family groups up to five in number to ride anywhere in Metro, as often as they want, on any Sunday or statutory holiday with the exception of Labour Day. The family pass proved popular and by the year end approximately 81,000 passes had been sold. Surveys taken during the year indicate that each family pass is used by an average of 3.2 riders.



CHARTERED "FREE RIDE" PROMOTIONS

Based upon the success of similar free ride promotions in 1972, two private companies again chartered the entire TTC system in 1973. The T. Eaton Company Limited hired the system and provided free rides to all passengers for two hours on June 28th. McGuinness Distillers Limited repeated their successful New Year's Eve promotion and provided free transportation for everyone from 8:00 p.m. December 31st to 4:00 a.m. on January 1st.

In addition, the Walter M. Lowney Company Limited provided free rides to all children twelve years of age and under on August 20th, "Children's Day" at the Canadian National Exhibition.

DIAL-A-BUS DEMONSTRATION PROJECT

A dial-a-bus demonstration project, funded by the Province of Ontario and operated by the TTC, was introduced in the Fall of 1973 in sections of the Borough of North York. The test is providing valuable insights into the operation and customer acceptance of premium fare, on-demand service in a large urban area with an extensive grid system of fixed routes.



REGIONAL TRANSIT

The Commission has urged the formation of a regional transit authority for some years and was therefore encouraged by the announcement by the Province in August 1973 that a Steering Committee was being formed to investigate and recommend the most appropriate form of an operating and co-ordinating regional transit authority. The Commission was represented on this Committee by the General Manager of Operations.

There is an ever-increasing need to improve, integrate and co-ordinate transit service between Metro and the regions surrounding it and the Commission is convinced the advantages of a new regional authority can be of tremendous benefit to the residents of the communities involved.



VINTAGE STREET CARS MAKE SIGHTSEEING DEBUT

During the year the Commission restored two fifty-year old "Peter Witt" street cars for use on a regular downtown sightseeing route—the Belt Line Tour Tram. The two cars, typical of those introduced in Toronto in 1922, were fully restored at the Commission's Hillcrest Shops. The twenty-minute tour was operated daily from June 24th to September 3rd and carried over 20,000 passengers. Special mention should be made of the assistance given to the Commission by the Metropolitan Toronto Convention and Tourist Bureau in the operation of this unique service.

TRANSPORTATION FOR THE PHYSICALLY HANDICAPPED

At the request of Council, consideration was given to the operation of a pilot project to transport handicapped persons. The Commission's staff met with Metro officials and citizen members of the Technical Committee on Transportation of the Physically Handicapped and plans were made for a project to serve employed or employable persons confined to wheelchairs or unable to use normal automobile transportation.

A Metro-wide newspaper survey was conducted to identify these citizens and to determine their individual transportation requirements.

Following analysis, it was decided to invite proposals from private operators of wheelchair transportation services for the operation of the pilot project, and at the year end proposal documents were being drafted.



PASSENGER VEHICLE FLEET

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

	1973	1972
Street cars.....	393*	418
Subway cars.....	410	410
Motor buses.....	1,097	1,006
Trolley Buses.....	152	152
	<hr/>	<hr/>
	2,052	1,986

*Includes Witt car # 2778.

One hundred and five new buses were purchased and placed in service and twenty-five street cars surplus to the Commission's requirements were disposed of during the year.

In late 1973 the Commission ordered 128 more buses at a cost of \$6,411,000.

NEW SUBWAY CARS

During the Spring, an order was placed with Hawker-Siddeley Canada Limited for eighty-eight new subway cars. The new cars will be similar in design to the seventy-six Hawker Siddeley cars put in operation in 1972. Delivery of the new cars is expected to begin in July 1974.

P.C.C. STREET CAR REHABILITATION PROGRAM

The complete overhaul and rehabilitation of 150 of the Commission's P.C.C. street car fleet which started in 1972 continued at a good pace during 1973. By year end a total of 121 cars were completed.

SAFETY

Safety programs, both industrial and traffic, continued to receive close attention throughout the Commission's work force.

In 1973, for an unprecedented seventh consecutive year, TTC men won the American Transit Association's highest award for traffic and passenger safety in competition with U.S. and Canadian cities of over a million population.

This is the eighth time in ten years that the TTC has won the award. During 1973, TTC operators and drivers maintained the all-time record low accident rate of 4.8 accidents per 100,000 miles of city surface operation. The system accident rate has been cut by 47% in the past ten years.

The Commission's Safe Driving Awards program continued to be an important part of the safety effort. A total of 2,161 drivers qualified for awards in 1973, an increase of 110 over 1972.

In the field of industrial safety, the Commission is pleased to report that its industrial accident rate was the lowest in history in 1973. Safety awards were made to several groups including two gold awards for 1,000,000 man hours of accident-free work and four silver awards for 500,000 man hours of accident-free work.

There are forty-two competing work groups in the Commission's "ZERO" injury program and thirty awards were made for safety performance in 1973. Special mention should be made of the men in the Signal Maintenance section of the Plant Department who, in twenty years of subway operation, have accumulated one million injury-free man hours.

For the third consecutive year, the Commission received the Award of Honor from the National Safety Council. This award is considered the top award for employee safety achievement.



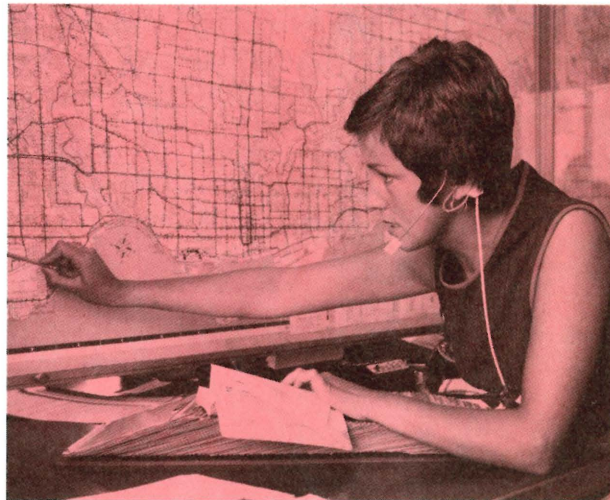
PUBLIC INFORMATION AND COMMUNITY RELATIONS

The Commission's telephone information staff answered 1,554,043 requests for fare, schedule and route information during the year. This record high was an increase of 229,763 calls over 1972 and was due in large part to the substantial increase in system riding and the opening of the Yonge Subway extension to York Mills Station. This increase was also reflected in the distribution of printed information. More than 125,000 transit route maps and 648,000 pocket bus schedules were distributed on the vehicles, at subway stations, convention hotels and other locations and by mail. The regular program of posting permanent and temporary signs at terminals and stops to announce route extensions, diversions and schedule changes was continued. Just under 8,000 such signs were used in 1973.

During the year, the Commission's audio-visual presentation, "Moving People" was shown to 26 Metro area community groups, including service clubs, schools, community associations and senior citizen clubs. It was also made available to Metro Cable T.V. for broadcast to their viewers.

The Commission is represented on the Metropolitan Toronto Transportation Plan Review which held about fifty public participation meetings in 1973. In addition to the work by staff assigned full-time to this important two-year project, Commissioners and members of the Commission's regular staff participated in many of the above meetings.

TTC activity in the community was expanded in another important way in 1973. The student safety program which was introduced on an experimental basis in 1972 was put into full scale operation. Buses were taken to 129 Metro area schools where an estimated 50,000 children in the junior grades met in bus "classrooms" to talk to TTC inspectors about transit and traffic safety. The young students are inquisitive and enthusiastic, and our staff will again work closely with the various school boards to extend and improve this program.





SUBWAY CONSTRUCTION

YONGE SUBWAY NORTHERLY EXTENSION— PROGRESS 1973

As mentioned previously in this report, the first 2.68-mile section of the Yonge extension from Eglinton Station to York Mills Station was opened for revenue operation on March 31, 1973. At December 31, 1973, all contracts for the entire 5½-mile project, with the exception of two, had either been completed or were under construction. One tender was being assessed and the other was in preparation.

At the year end, construction on the remaining 2.73-mile section between York Mills and Finch was 95% completed and preparations for the opening on March 30, 1974 were well in hand.

Unfortunately, progress during the year was again delayed by labour disputes in the construction industry. A total of 202 calendar days' work was lost on the project in 1973. The stoppage of escalator installation work which began in 1972 carried over into 1973 and the sixteen escalators at Lawrence and York Mills Stations were not in operation for the March 31st opening.

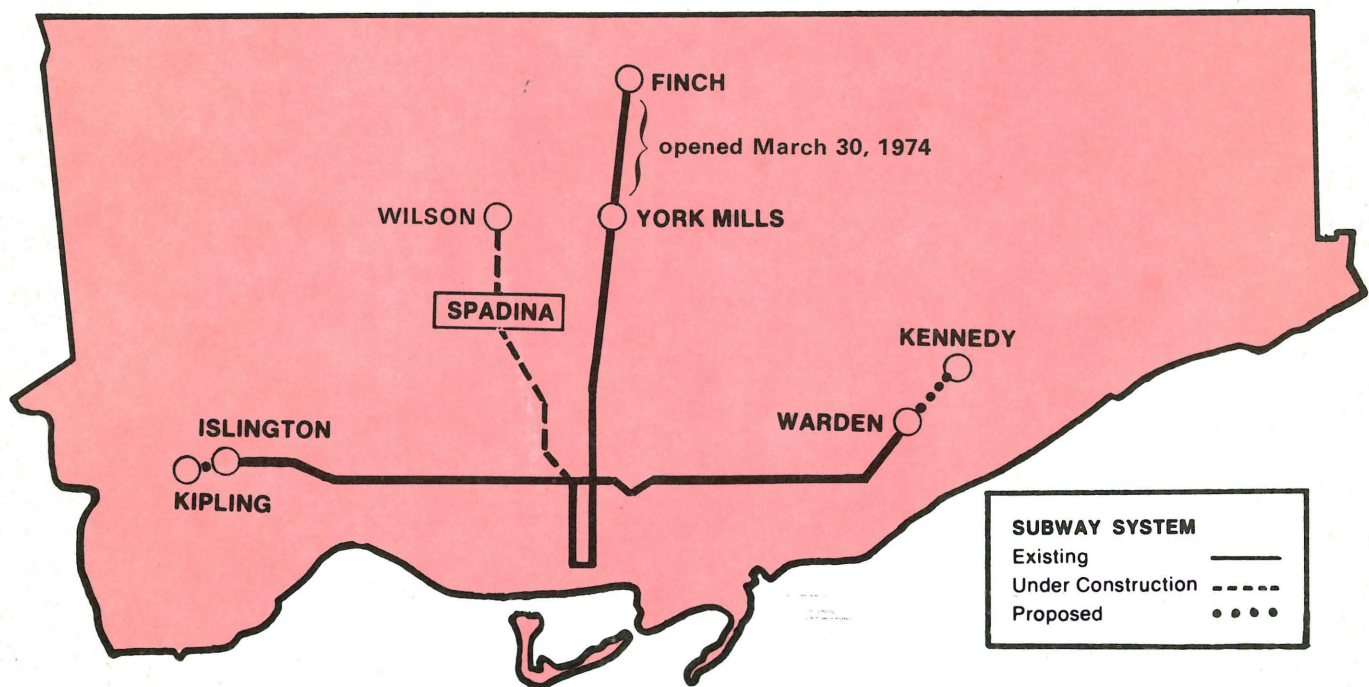
SPADINA RAPID TRANSIT

On May 24, 1973, formal approval was given by the Ontario Municipal Board to Metropolitan Toronto's application to construct the Spadina rapid transit line. This decision was appealed but the approval was confirmed on August 1, 1973.

The alignment, known as Modified 1B, calls for the subway to run from the existing St. George Station, north on Spadina Avenue, beneath the floor of the Nordheimer and Cedarvale ravines north on the partially finished Allen Expressway right-of-way to a terminal station at Wilson Avenue. Stations will be located on Spadina north of Bloor Street, Dupont Street, St. Clair Avenue, Eglinton Avenue, Glencairn Avenue, Lawrence Avenue, Yorkdale Road and Wilson Avenue.

The approved Spadina line is one of eighteen alignments which were evaluated by representatives of the Province, Metropolitan Toronto and the TTC. The estimated cost of the project is \$155 million.

Target date for completion of the 6¼-mile project is late 1977.



BLOOR-DANFORTH SUBWAY EXTENSIONS

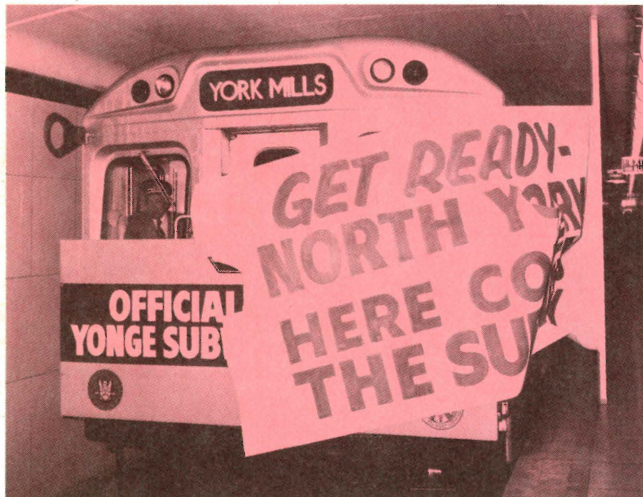
The Commission submitted reports to the Metropolitan Transportation Committee recommending a 1.6-mile easterly extension to the Bloor-Danforth subway from Warden Station to Eglinton and Kennedy Road and a one-mile westerly extension from Islington Station to Kipling Avenue.

PRIVATE BUILDING DEVELOPMENT ALONG THE SUBWAY ROUTES

There was no let-up in activity by developers constructing new buildings or modifying existing buildings at many locations near the subway system during 1973. Where such developments are contiguous to the subway structures, building plans must be approved by the Commission.

In 1973, thirty-one new submissions in this category were processed by the Subway Construction Branch. A number of these development plans include direct connections between the proposed new building and the adjacent subway station.





CONCLUSION

The success of public transit in a large urban complex is dependent upon the support and assistance of many individuals and organizations in the community. In this regard, the Commission gratefully acknowledges the continued co-operation it and its staff has received from Metropolitan Council and its officials, from the City and Borough Councils and their staffs, and from the Provincial Ministry of Transportation and Communications. The many suggestions and ideas received from interested citizens are also of great help to the Commission.

Yours truly,

Karl Mallette

Chairman

S. Lordon-Hubbard

Vice-Chairman

E. H. Dawson

Commissioner

Paul Selby

Commissioner

D. B. Smith

Commissioner

TORONTO TRANSIT COMMISSION

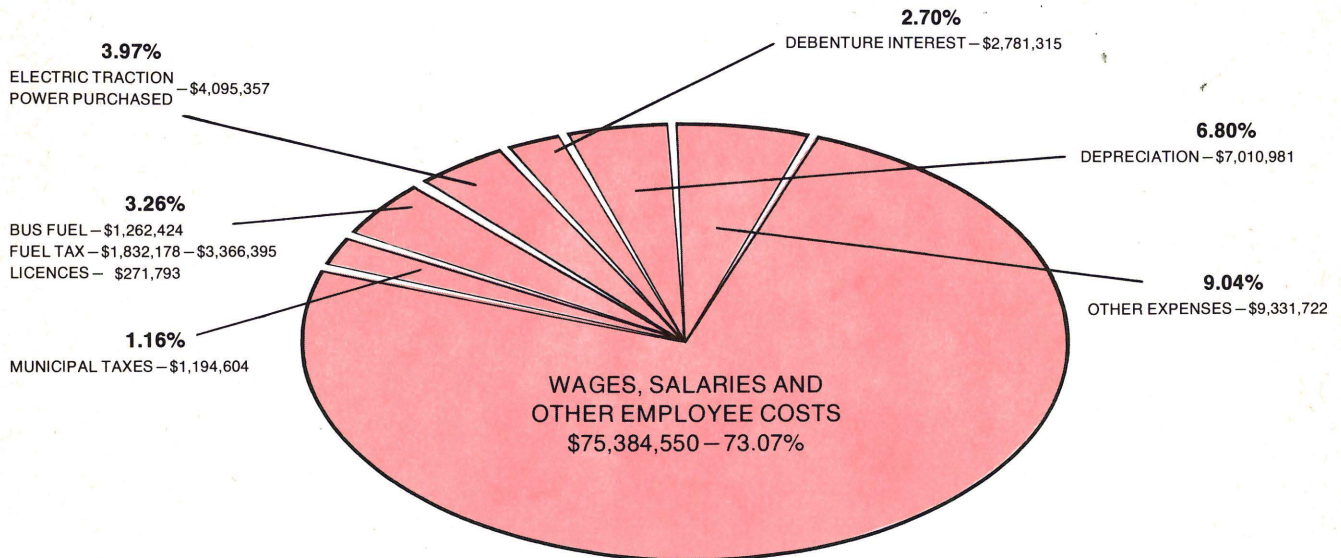
STATEMENT OF REVENUE AND EXPENSES AND EARNINGS RETAINED AND INVESTED IN THE SYSTEM FOR THE YEAR ENDED DECEMBER 31, 1973

	1973	1972
REVENUE:		
Passenger services	\$81,912,244	\$83,623,799
Rental of land, air rights, buildings, subway concessions and equipment	1,636,485	1,433,924
Rental of advertising space	1,071,225	994,265
Interest earned	97,526	308,799
Dividend from Gray Coach Lines, Limited	200,000	100,000
Miscellaneous	381,173	208,689
	<u>85,298,653</u>	<u>86,669,476</u>
EXPENSES:		
Wages, salaries and other employee costs	75,384,550	66,204,585
Electric traction power purchased	4,095,357	3,555,181
Automotive fuel, including provincial taxes of \$1,832,178 (1972—\$1,697,857)	3,094,602	2,946,167
Vehicle and other licenses	271,793	229,735
Municipal taxes	1,194,604	1,348,812
Public liability and property damage	869,607	1,155,090
Depreciation (Note 3)	7,010,981	6,876,395
Debenture interest and related expenses	2,781,315	2,900,397
Other expenses including cost of repair and maintenance materials	8,462,115	7,626,238
	<u>103,164,924</u>	<u>92,842,600</u>
Loss from operations for the year	17,866,271	6,173,124
Operating subsidy (Note 1)	<u>17,866,271</u>	<u>6,173,124</u>
Balance of loss for the year	—	—
Balance of earnings retained and invested in the system at beginning and end of year	<u>\$20,381,117</u>	<u>\$20,381,117</u>



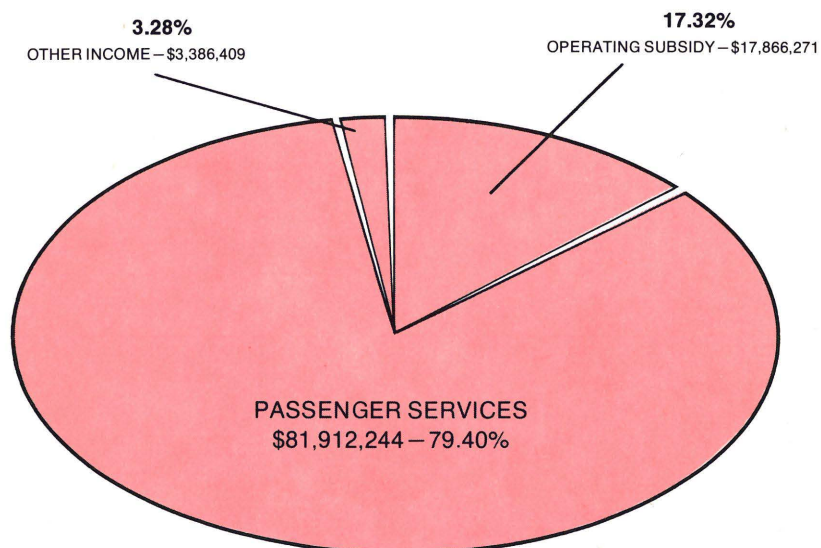
WHERE THE 1973 DOLLARS WENT

TOTAL EXPENSES — \$103,164,924



WHERE THE 1973 DOLLARS CAME FROM

TOTAL INCOME RECEIVED — \$103,164,924



TORONTO TRANSIT COMMISSION

BALANCE SHEET AT DECEMBER 31, 1973

	ASSETS	
	1973	1972
CURRENT AND WORKING ASSETS:		
Cash	\$ 584,432	\$ 1,150,668
Short-term investments, at cost which approximates market	500,000	2,991,395
Accounts receivable	2,752,208	1,687,489
Operating subsidy receivable (Note 1)	5,245,009	747,384
Gray Coach Lines Limited—current account	1,748,455	1,306,312
Working funds advanced to employees and agents	485,736	586,736
Materials and supplies, at cost	3,468,827	3,582,921
Prepaid expenses	348,261	455,957
	15,132,928	12,508,862
INVESTMENTS:		
Mortgages on property sold and other long-term receivables	64,404	96,550
Capital stock of Gray Coach Lines, Limited, at cost (Note 4)	1,000,000	1,000,000
	1,064,404	1,096,550
UNAMORTIZED DEBENTURE DISCOUNT	862,973	915,504
CAPITAL ASSETS (Note 2):		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	474,640,837	407,912,698
Less: Capital contributions received	266,665,876	205,866,235
	207,974,961	202,046,463
Less: Accumulated depreciation	110,735,902	105,211,504
	97,239,059	96,834,959
Subway extensions under construction	55,891,087	91,962,148
Less: Capital contributions received	53,756,830	86,018,256
	2,134,257	5,943,892
Total capital assets	99,373,316	102,778,851
	\$ 116,433,621	\$ 117,299,767



LIABILITIES	1973	1972
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 13,160,083	\$ 11,561,499
Debenture interest accrued	511,492	520,692
	<u>13,671,575</u>	<u>12,082,191</u>
PROVISIONS:		
For tickets and tokens held by the public	1,405,000	1,357,000
For public liability and workmen's compensation	2,000,000	2,000,000
	<u>3,405,000</u>	<u>3,357,000</u>
CAPITAL DEBT:		
The Municipality of Metropolitan Toronto—		
For debentures maturing in annual instalments from 1974 to 1995	38,255,800	39,885,841
For sinking fund debentures maturing between 1980 and 1997 less sinking fund balance of \$6,437,768	15,744,232	16,591,860
	<u>54,000,032</u>	<u>56,477,701</u>
Total (Note 5)		
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	172,164	198,025
	<u>54,172,196</u>	<u>56,675,726</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		
	<u>20,381,117</u>	<u>20,381,117</u>
	<u>45,184,850</u>	<u>45,184,850</u>
	<u>\$116,433,621</u>	<u>\$117,299,767</u>

TORONTO TRANSIT COMMISSION STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1973

	1973	1972
Source of funds:		
Passenger revenue	\$ 81,912,244	\$83,623,799
Other income	3,386,409	3,045,677
Operating subsidy	17,866,271	6,173,124
	<u>103,164,924</u>	<u>92,842,600</u>
Proceeds of capital assets disposals and mortgage principal repayments	91,880	129,585
	<u>103,256,804</u>	<u>92,972,185</u>
Application of funds:		
Operating expenses	103,164,924	92,842,600
(Deduct) Add items not requiring current funds—		
Depreciation	(7,010,981)	(6,876,395)
Other	335,581	116,577
	<u>96,489,524</u>	<u>86,082,782</u>
Expenditures on capital assets	32,191,152	38,108,093
Less: Capital contributions received	28,538,215	31,282,714
	<u>3,652,937</u>	<u>6,825,379</u>
Debenture debt repayments	2,079,661	2,027,976
	<u>102,222,122</u>	<u>94,936,137</u>
Increase (decrease) in working capital position	\$ 1,034,682	\$ (1,963,952)

TORONTO TRANSIT COMMISSION NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1973



Note 1: Operating subsidy

In 1971 the Province of Ontario enacted legislation to provide financial assistance to municipalities in respect of their expenditures for the operation of public transit services. In each of the years 1971 to 1973 The Municipality of Metropolitan Toronto has assumed responsibility for the Commission's operating deficit and has received financial assistance from the Province which included 50% of such deficits.

At December 31, 1973 the Municipality had made payments to the Commission of \$12,621,262 in respect of the 1973 operating deficit leaving a balance of \$5,245,009 which was received by the Commission in 1974.

Note 2: Capital asset additions and capital contributions

The Commission constructs or purchases its capital asset additions and receives capital contributions from The Municipality of Metropolitan Toronto and the Province of Ontario.

The portion of the northerly extension to the Yonge Street subway from Eglinton Avenue to York Mills Road (2.68 miles) was completed and opened for service on March 31, 1973. At December 31, 1973 the Commission was in the process of completing the remaining 2.73 miles of this extension from York Mills Road to Finch Avenue (which was opened for service on March 30, 1974).

The Commission is proceeding with construction of the 6.25 mile Spadina subway line from St. George Station to Wilson Avenue which was authorized by the Ontario Municipal Board at a total estimated cost of \$155,000,000. The Commission has also ordered 88 subway cars as authorized by the Ontario Municipal Board at a total estimated cost of \$25,402,480.

The current bases for capital contributions are as follows:

- (1) For additions and major improvements to the subway system and equipment the Municipality makes a capital contribution equal to the total cost (except for the Eglinton to Sheppard extension of the Yonge Street subway, where the Commission is responsible for equipment costs) and recovers 75% of this amount from the Province.
- (2) For most of its other capital asset additions the Commission receives the benefit of a 75% capital contribution that the Province has agreed to pay to municipalities. The Provincial contribution is subject to limits based on population.



Additions to capital assets during 1973 are summarized below. These figures do not include land for subways which is purchased by the Municipality and is not recorded on the Commission's books:

	Total Expended	Contributed by Province and Municipality
Subway extensions and improvements		
- Yonge Street northerly extension	\$20,100,077	\$19,130,747
- Spadina subway	1,098,249	1,098,249
- 88 subway cars—progress payment	2,406,705	2,406,705
- other	1,048,755	702,327
Surface assets		
- 105 buses	4,922,870	3,692,153
- rehabilitation of streetcars	1,369,962	1,027,471
- other	1,244,534	480,563
	<u>\$32,191,152</u>	<u>\$28,538,215</u>

Expenditures on and funds appropriated for subway extensions under construction at December 31, 1973 are summarized as follows:

Construction and equipment costs—		
Yonge Street northerly extension—		
From York Mills Road to Sheppard Avenue	\$27,585,602	
From Sheppard Avenue to Finch Avenue	25,975,529	
Spadina subway	1,215,708	
88 subway cars	2,406,705	
Other	118,967	
	<u>57,302,511</u>	
Cash in subway bank account	209,603	
Miscellaneous costs	302,144	
	<u>57,814,258</u>	
Less:		
Accounts payable and accruals	743,544	
Contract holdbacks	1,179,628	
	<u>1,923,172</u>	
		<u>\$55,891,086</u>

Note 3: Depreciation policy

Capital assets are depreciated on the straight-line method over their estimated useful lives. No depreciation is charged on the portion of the total cost of capital assets for which capital contributions have been made by The Municipality of Metropolitan Toronto or the Province of Ontario.



Note 4: 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. The accounts of Gray Coach Lines are not consolidated with those of the Toronto Transit Commission because consolidation is not felt to be the more informative presentation in the circumstances. The earnings of the Company, after a dividend to the Commission, are retained to maintain and improve the service for the benefit of the population it serves and are not likely to accrue to the Commission. In addition, the Company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations is carried out under an agreement with the Province as part of the "GO Transit" commuter system.

The results of the Company's operations are summarized as follows:

	Year ended December 31	
	1973	1972
Revenue	\$18,334,432	\$15,845,476
Expenses including Ontario income taxes	17,266,321	14,808,715
Net earnings for the year	<u>\$ 1,068,111</u>	<u>\$ 1,036,761</u>

The Company's balance sheet is summarized as follows:

	As at December 31	
	1973	1972
ASSETS		
Current assets	\$ 5,349,305	\$ 5,026,518
Investments, primarily held for modernization and expansion of the system	1,547,750	1,240,800
Capital assets at cost less accumulated depreciation	6,839,975	6,084,479
	<u>\$13,737,030</u>	<u>\$12,351,797</u>
LIABILITIES		
Current liabilities	\$ 2,534,549	\$ 2,065,427
Provisions, mainly for public liability and workmen's compensation	1,013,000	965,000
Capital stock, reserve and retained earnings	10,189,481	9,321,370
	<u>\$13,737,030</u>	<u>\$12,351,797</u>

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 1973 of \$200,000 (1972—\$100,000).

The statement of revenue and expenses reflects charges of \$3,547,289 (\$2,949,475 in 1972) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

Note 5: Capital debt

Capital borrowings 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. At December 31, 1973 the net capital debt of the Commission was as follows:

	1973	1972
Instalment debentures—		
2¾% due 1980*	\$ 1,183,840	\$ 1,352,960
3¾% due 1981*	2,358,620	2,613,810
3¾%—3½% due 1983*	2,545,860	2,754,240
4% due 1983	1,699,656	1,835,858
3½% due 1984	1,704,151	1,828,994
5¾% due 1992	3,319,673	3,418,979
5½% due 1993	8,222,000	8,446,000
5¼% due 1995	17,222,000	17,635,000
	<u>38,255,800</u>	<u>39,885,841</u>
Sinking fund debentures—		
3¾% due 1980	394,736	523,933
4½% due 1986*	1,163,772	1,294,485
5% due 1993	1,481,805	1,565,937
6% due 1996	7,024,099	7,317,278
6% due 1997	2,588,998	2,687,602
7% due 1997	3,090,822	3,202,625
	<u>15,744,232</u>	<u>16,591,860</u>
	<u>\$54,000,032</u>	<u>\$56,477,701</u>

*Payable in U.S. dollars

Instalment debenture maturities and scheduled sinking fund payments required in the next five years increase from \$2,143,859 in 1974 to \$2,437,732 in 1978.

The sinking fund balance of \$6,437,768 at December 31, 1973 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 to provide sufficient funds to retire the debentures at maturity, and
- (ii) the Commission's equity of \$1,039,138 in the actual earnings of the sinking fund in excess of the 3% rate.



May 15, 1974

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, 1973 and the statements of revenue and expenses and 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 these financial statements present fairly the financial position of the Commission as at December 31, 1973 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.

Pricewaterhouse & Co.

Chartered Accountants

TORONTO TRANSIT COMMISSION

Five Year Summary

FINANCIAL SUMMARY:	1973	1972	1971	1970	1969
Gross Revenue.....	\$ 85,298,653	\$ 86,669,476	\$ 83,635,177	\$ 81,722,677	\$ 79,002,886
Wages, salaries and other employee costs.....	75,384,550	66,204,585	61,006,087	54,745,955	50,577,986
Automotive fuel tax.....	1,832,178	1,697,857	1,548,409	1,498,509	1,460,419
Municipal taxes.....	1,194,604	1,348,812	1,341,573	1,327,425	1,210,744
Total expenses.....	103,164,924	92,842,600	86,514,066	79,820,139	74,872,786
Net earnings (loss).....	(17,866,271)	(6,173,124)	(2,878,889)	1,902,538	4,130,100
Operating subsidy.....	17,866,271	6,173,124	2,878,889	—	—
OPERATING STATISTICS:					
Passengers carried.....	329,027,000	292,964,000	281,496,000	276,529,000	276,908,000
Passengers carried average weekday.....	1,100,000	984,000	935,000	921,000	918,000
Miles operated including charter and special services:					
Motor bus.....	39,449,463	36,928,361	35,574,271	33,770,827	33,539,469
Subway.....	26,185,136	22,992,648	22,839,644	22,735,322	22,693,554
Streetcar.....	10,867,126	10,832,375	10,987,701	11,426,600	11,843,060
Trolley bus.....	3,642,766	3,964,776	3,994,391	4,053,394	4,162,231
Total	80,144,491	74,718,160	73,396,007	71,986,143	72,238,314
Electric traction power consumption— kilowatt hours.....	248,080,556	239,386,000	235,250,000	236,530,000	236,541,000
Diesel Oil consumption— gallons.....	7,279,040	6,732,430	6,372,848	6,334,838	5,993,606
Average number of regular employees including Gray Coach Lines.....	7,330	7,042	6,815	6,535	6,529
Passenger vehicles owned:					
Buses.....	1,097	1,006	963	963	1,003
Streetcars.....	393	418	422	437	446
Subway cars.....	410	410	334	334	334
Trolley buses.....	152	152	152	152	152
Total	2,052	1,986	1,871	1,886	1,935
Metropolitan area population.....	2,100,000	2,113,000	2,059,000	2,004,000	1,935,000