TORONTO TRANSIT COMMISSION

ANNUAL REPORT
1975

TORONTO TRANSIT COMMISSION

ANNUAL REPORT TO THE MUNICIPALITY OF METROPOLITAN TORONTO 1975

TORONTO TRANSIT COMMISSION

COMMISSIONERS

G. GORDON HURLBURT, Chairman
E.H. FARROW, Vice Chairman
PAUL GODFREY, Commissioner
KARL L. MALLETTE, Commissioner
DAVID ROTENBERG, Commissioner

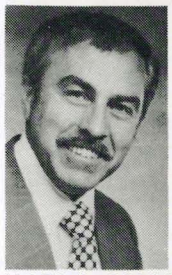
OFFICIALS

R.M. WARREN,
Chief General Manager
JAMES H. KEARNS,
General Manager of Operations
J.T. HARVEY,
General Manager–Subway Construction
J.G. McGUFFIN, General Secretary
R.G. WAITE,
Assistant General Manager of Operations
L.O. MORLEY, Treasurer
D.A. ELLIOTT, Q.C., General Counsel

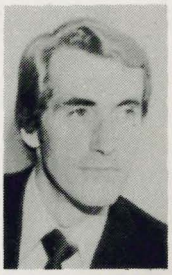

G. GORDON HURLBURT


E.H. FARROW


PAUL GODFREY


KARL L. MALLETTE


DAVID ROTENBERG


R.M. WARREN


JAMES H. KEARNS


J.T. HARVEY


J.G. McGUFFIN

September 15, 1976

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

Ladies and Gentlemen:

The year 1975 began with the issues which led to the 23-day labour strike in 1974 still unresolved. On January 20, Senator H. Carl Goldenberg, the arbitrator appointed to settle the matters in dispute between the unions and the TTC, awarded unprecedented wage and fringe benefit gains to union employees.

The key provisions in the arbitrator's award were as follows:

*Wage increases of 16% effective July 1, 1974; 5% effective March 1, 1975; and 8% effective November 1, 1975;

*Increases in overtime and shift premium payments;

*Progressive pay increase for split shift work spread over periods longer than 10½ and 12 hours, with a maximum spread time limit of 12½ hours;

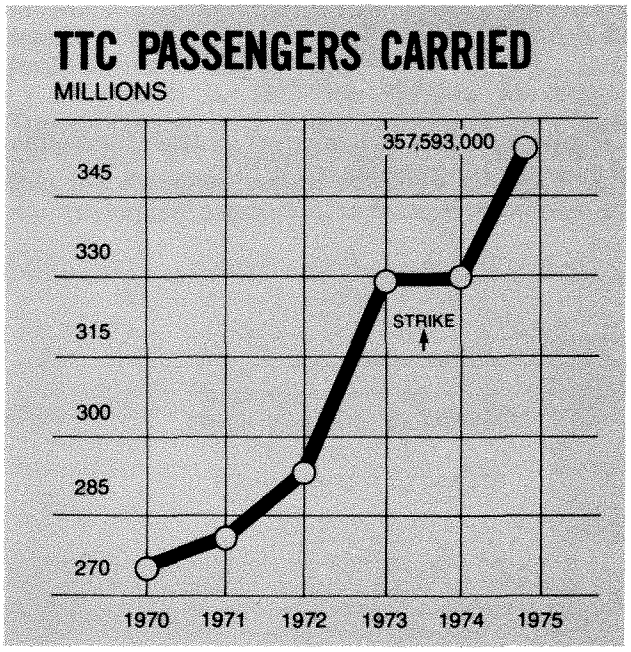
*Increase in vacation entitlements with a maximum of six weeks after thirty years;

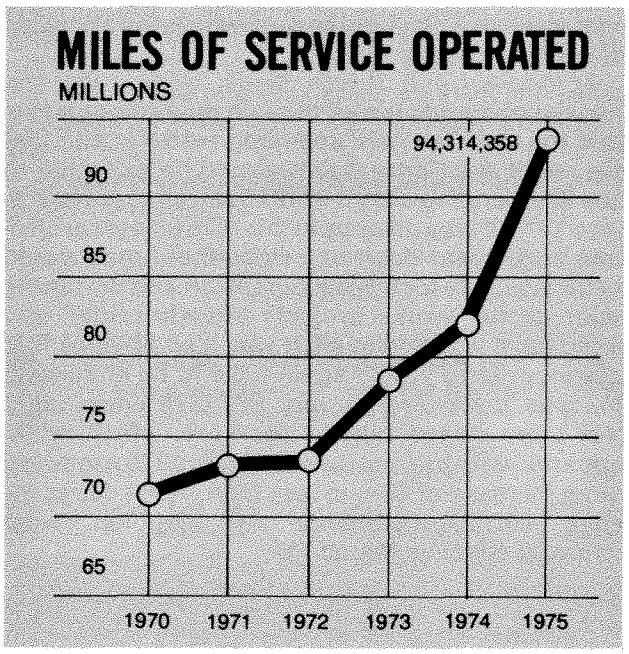
*The introduction of an exact fare policy for surface routes not later than October 1, 1975.

The financial impact of this award in 1975 was staggering. Labour costs increased 24.8% ($21.8 million) over 1974. Not all of this escalation is directly attributable to the wage arbitration award, however. The Commission's labour force grew by approximately 6% and, also, the 1975 increase reflects lower labour costs in 1974 as a result of the strike. Nevertheless, the increase in labour costs in 1975 is principally attributable to the wage rate increments of 16%, 5% and 8% detailed previously. In essence, these wage increases added substantial cost without a compensating increase in productivity.

As inevitably follows, the Commission had no choice but to place the burden of this inflation on the consumer. Faced with the hard fact that there was a limit to the subsidies that the Province and Metropolitan Toronto could afford to pay to public transit and that these payments were being seriously eroded by rapidly escalating labour costs and therefore were not available for system expansion, the Commission increased passenger fares on March 29, 1975. The adult ticket rate was increased by 33.3% from 25¢ to 33⅓¢. On your Council's recommendation, the fares for senior citizens, students and children were not changed.

As directed by the arbitrator, the Commission introduced the exact fare policy on surface routes on September 15. As of that date, operators and drivers no longer sold tickets or made change for cash fares.





All passengers were required to pay the exact fare on all surface vehicles. To reduce the inconvenience to passengers who were no longer able to purchase tickets on the vehicles, a ticket agency network was established comprising about one thousand retail stores throughout the community.

The changeover to exact fare was made smoothly, and it has been reasonably well accepted by TTC customers. It has, however, added substantially to operating expenses. Start-up costs totalled $215,000 and present annual costs, including commissions paid to ticket agents, amount to over $800,000.

Transit Financing

Substantial contributions were made to the transit system in 1975 by the Province of Ontario and Metropolitan Toronto. Subsidy payments by the two governments towards the capital and operating costs totalled $130.5 million, of which the Province paid approximately 71%.

At the year end, it was clearly evident that the financial demands facing the two governments dictated the need for tight spending restraint and that as a result the Commission would be expected to keep its operating deficit in 1976 at a level comparable to 1975. It was obvious in the 1976 budget projections as the year drew to a close that funds would not be available for transit expansion and that some major capital works projects already under way would have to be delayed. It was also obvious that passenger fares would again have to be increased. This was done on February 22, 1976 when adult fares were raised twenty per cent, which when combined with the increase of March 1975 produced a total increase of 60% in less than a year. Fares for senior citizens, students and children were increased effective March 14.

Management Staff

Late in the year, the Commission appointed R. Michael Warren to the new post of Chief General Manager. Mr. Warren has responsibility for directing and co-ordinating the work of all TTC departments and, in addition, he has direct charge of intergovernmental affairs and the development of co-operative and productive relationships between the Commission staff and their counterparts in all levels of government and regional transit authorities. Mr. Warren commenced his duties on December 8.

The Commission regrets to record the death of Harry E. Pettett who was the Commission's General Secretary from 1950 until March 1975. Mr. Pettett was a member of the staff for forty-nine years and at the time of his death he was special assistant to the Commissioners.

HARRY E. PETTETT

The pages which follow cover in detail the financial and operating results for 1975.

FINANCIAL

In 1975, the Commission's total expenses were $146,020,410 while gross income amounted to $107,863,215, leaving a deficit from operations of $38,157,195 or 10.67¢ per passenger carried.

The Municipality of Metropolitan Toronto assumed responsibility for the deficit, as it has in each year since 1971, and will recover approximately 50% from the Province of Ontario.

The summarized financial and statistical results for 1975 compared with 1974 were as follows:

	1975	1974	Increase	%
Total Expenses	$146,020,410	$118,527,881	$27,492,529	23.19
Total Revenue	107,863,215	84,322,733	23,540,482	27.92
Excess of Expenses over Revenue	$ 38,157,195	$ 34,205,148	$ 3,952,047	11.55
Vehicle Miles Operated	94,314,358	83,465,890	10,848,468	13.00
Passengers Carried	357,593,000	329,796,000	27,797,000	8.43

REVENUE

Revenue from passenger services increased by $23,306,635 (28.91%) from 1974 to $103,925,560, largely as a result of the adult fare increase of 33$^1/_3$% on March 29, 1975. The year 1975 also benefitted from a full year of operation, unlike 1974 which suffered from a 23-day strike.

On March 3, 1975 the Ontario Minister of Transportation and Communications announced the lifting of the freeze on transit fares but reiterated that the Province would continue to pay 50% of municipalities' expenditures for operation of public transit services. In order to keep the 1975 deficit to a level acceptable to the Municipality of Metropolitan Toronto the Commission increased the adult cash fare from 30¢ to 40¢ and the adult ticket fare from 4 tickets for $1.00 to 3 for $1.00 on March 29, 1975. This was the first fare increase in six years.

The average fare on regular services increased to 28.644¢ for 1975 (1974 – 23.864¢) due to this adult fare increase.

Gross revenue for 1975 with comparative figures for 1974 includes:

	1975	1974	Increase	%
Passenger services	$103,925,560	$80,618,925	$23,306,635	28.91
Other Revenue as shown in Statement of Revenue and Expenses	3,937,655	3,703,808	233,847	6.31
	$107,863,215	$84,322,733	$23,540,482	27.92

Revenue from passenger services consisted of fares from regular routes and revenue from charters and special services and represented 96.34% of gross revenue, compared with 95.61% in 1974.

The fare structure in effect at December 31, 1975 was as follows:

TICKETS AND TOKENS

Adult—

Tickets or Tokens ..... 3 for $1.00

Ticket books .....15 tickets for $5.00

Child tickets ..... 6 for $ .50

Scholar tickets ..... 7 for $1.00

Senior Citizen tickets ... 8 for $1.00

CASH FARES

Adult .....40¢

Child .....10¢

Scholar .....15¢

Senior citizens tickets were available throughout the year at 8 for $1.00 to all Metropolitan Toronto residents who had reached age 65. The Municipality of Metropolitan Toronto reimbursed the Commission for the difference between the regular rate of fare and the reduced rate for senior citizens. These payments amounted to $4,922,577 in 1975 (1974 $2,570,898) and are included in revenue from passenger services.

EXPENSES

Total expenses in 1975 were $146,020,410, an increase of 23.19% over 1974, as summarized below:

	1975	1974	Increase (Decrease)	%
Wages, salaries & other employee costs	$109,968,025	$ 88,106,171	$21,861,854	24.81
Electric traction power purchased	5,311,621	4,433,331	878,290	19.81
Automotive fuel, including provincial taxes of $2,175,557 (1974 – $1,890,196)	5,332,792	3,673,220	1,659,572	45.18
Vehicle & other licenses	317,140	294,537	22,603	7.67
Municipal taxes	1,336,601	1,351,299	(14,698)	(1.09)
Public liability costs	1,814,818	919,356	895,462	97.40
Depreciation	6,804,241	6,860,569	(56,328)	(.82)
Debenture interest & related expenses	2,517,621	2,619,802	(102,181)	(3.90)
Other expenses including cost of repair & maintenance materials	12,617,551	10,269,596	2,347,955	22.86
	$146,020,410	$118,527,881	$27,492,529	23.19

The principal causes of the increases in expenses were a 13% increase in mileage operated and the substantial increase in labour costs resulting from the Arbitrator's award.

Wages, salaries, and other employee costs for 1975 exceeded gross revenue for the year and accounted for 75.31% of total expenses in 1975, clearly showing the labour intensive nature of public transit services.

The large increases in costs of electric traction power and automotive fuel reflect rapidly rising prices as well as the increase in vehicle miles operated.

Depreciation and debenture interest were lower in 1975 as a result of capital subsidies received from the Province and the Municipality. Depreciation is taken on the net cost of capital assets after deducting capital subsidies. No new debenture issues were necessary in 1975.

CAPITAL ASSETS AND CAPITAL CONTRIBUTIONS

Additions to capital assets in 1975 are set out below:

	Work Done In 1975	Increase in Accounts Payable and Accruals, Contract Holdbacks and Net Miscellaneous Costs	Expended In 1975
Subway Extensions & Improvements			
Spadina Rapid Transit:			
Tunnel & Station Structures	$41,453,543		
Engineering & Administration	7,597,965		
Inventory – track & traction power	3,502,027		
Rolling Stock	1,360,000		
	$53,913,535	$6,752,469	$47,161,066
88 Subway Cars – Progress payments & payments on delivery of final 76 cars	8,827,721	45,000	8,782,721
134 Subway Cars ordered in 1975 – progress payments on unallocated cars	3,530,691	—	3,530,691
Bloor-Danforth Line: Kipling & Kennedy Extensions – Engineering Rolling Stock, Material & Construction	3,252,146	61,607	3,190,539
Yonge Line Northerly Extension: Construction of Eglinton entrances and contract settlements	1,759,919	—	1,759,919
Other	1,268,082	151,023	1,117,059
Surface Assets			
Light Rail Vehicles	$ 8,515,811	$ 7,143,187	$ 1,372,624
Buses	7,320,759	—	7,320,759
Downsview Bus Garage	5,259,373	1,273,927	3,985,446
Land for Malvern Garage	1,340,990	—	1,340,990
Other	2,737,697	—	2,737,697
	$97,726,724	$15,427,213	$82,299,511

Retirements of capital assets, at cost were:

88 buses	$2,084,440
Other	231,368
	$2,315,808

Additions to capital assets in 1975 were financed mainly by capital contributions received from Metropolitan Toronto and the Province of Ontario. The Municipality of Metropolitan Toronto has assumed responsibility for all rapid transit construction and equipment costs of the Spadina extension and the Kennedy and Kipling extensions of the subway system, and for 125 of the light rail vehicles on order as described on page 8. The Province of Ontario reimburses the Commission, through the Municipality, for 75% of the cost of buses and other capital assets for the surface system, with the Commission paying the remaining 25%.

Metropolitan Toronto's share of 1975 expenditures on subways and light rail vehicles under construction and in operation was $67,024,683 towards which the Province of Ontario contributed $55,972,980. The Province of Ontario's contribution towards expenditures in 1975 on surface assets has been recorded at $10,644,471 which is received by the Commission through Metropolitan Toronto. Thus total contributions in 1975 towards the cost of the Commission's capital assets were $66,617,451 from the Province and $11,051,703 from Metro.

The Commission has ordered 200 light rail vehicles from the Urban Transportation Development Corporation. Of these 75 will be paid for and owned by the Province of Ontario and leased to the Commission for $1 a year each. Metropolitan Toronto has assumed responsibility for the remaining 125 vehicles with the Province contributing 75% of the cost. The amount shown for light rail vehicles in the table on page 7 represents progress payments on the 125 vehicles to be owned by the Commission.

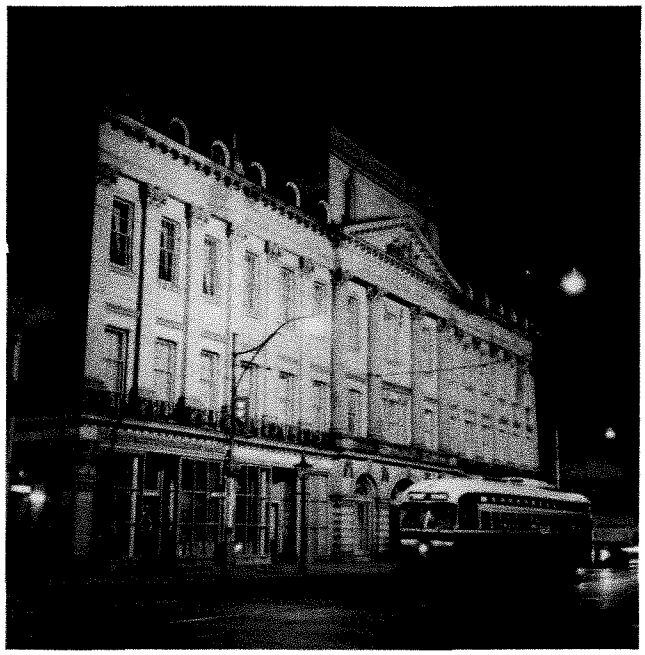
Provision for Tickets and Tokens Held by the Public

The introduction of the exact fare system on September 15, 1975 caused a large increase in this provision. As it is now less convenient for passengers to buy tickets they have greatly increased their average purchase and as a consequence hold more tickets. The provision also includes large numbers of tickets and tokens purchased and held by ticket agents.

CAPITAL DEBT

All capital borrowings required by the Commission have been 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. No borrowings were made in 1975.

During 1975 a total of $2,191,351 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.



FINANCIAL STATEMENTS AND AUDIT

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 1975 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 1974 and is currently engaged on his review of the 1975 accounts.

OPERATIONS

SYSTEM EXPANSION

The following are the major route extensions and service improvements made by the Commission throughout 1975:

BAY 6C – North end looping of rush hour service extended on a trial basis via north on Bay, east on Davenport, south on Yonge and west on Yorkville to route.

CHURCH 19B – Route extended south of Front Street on a trial basis to provide new service to the Ferry Docks.

DUFFERIN 29B – Two additional Monday-Friday "shopper" trips provided after the morning and before the afternoon rush hours between Marlee and Bloor.

FINCH EAST 39A – Route extended east from Seneca College to McCowan Road.

FINCH WEST 36B – Route extended west from Martin Grove Road to a new loop at Humberline Drive.

FLEMINGDON PARK 100 – New bus route between Donlands and Eglinton subway stations to provide improved service to the Flemingdon Park and Wynford Drive residential and industrial areas.

GLENORCHY – Experimental fixed-route mini-bus service started between York Mills subway station and the Glenorchy area.

KEELE 41A – Re-routed via Symington Avenue between Davenport and Bloor to provide improved service to area residents.

MAIN 64 – Route extended north from Main Street subway station to Lumsden and Eastdale.

MAPLE LEAF – Experimental fixed-route mini-bus service started in the Maple Leaf-Culford Road area.

McCOWAN 16A – Route extended north from Sheppard Avenue to Finch Avenue.

SOUTH LEASIDE 88 – In conjunction with the introduction of the new Flemingdon Park service, the east end looping of the South Leaside route revised and enlarged to serve the Beth Nealson and Wicksteed Drive industrial areas.

TOWNCENTRE EXPRESS – New express bus route introduced on a trial basis between Scarborough Town Centre and downtown Toronto.

VICTORIA PARK 24A – Route extended north from Ellesmere to Sheppard during rush hours to serve Consumers Road industrial area.

MANPOWER AND LABOUR RELATIONS

In early 1975, the Commission continued to be hard-pressed to obtain new employees, particularly those meeting the standards for operators and drivers. However, recruitment improved significantly during the year and by late fall requirements in all employee categories were being achieved satisfactorily.

During the year, the number of active employees leaving the Commission for reasons other than retirement or death represented 6.4% of employee strength, a reduction of 1 .3% over 1974. Job applicants increased from 18,396 in 1974 to an all-time high of 21,266 in 1975.

In 1976, collective agreements with all four labour unions within the Commission will expire. Based on recent wage settlement trends and other economic indicators, further increases in labour costs can be anticipated although the Federal Government's Wage and Price Control program being administered by the Anti-Inflation Board is expected to have a mitigating effect.

TRANSPORTATION FOR THE PHYSICALLY HANDICAPPED

A two-year demonstration project designed and operated to provide transportation to and from work for a group of physically handicapped persons who are confined to wheelchairs or otherwise unable to use public transportation began on February 3, 1975.

The project, called Wheel-Trans, is operated for the Commission by Wheelchair Mobile Services Limited, a private company experienced in providing transportation for the handicapped.

The forty-nine handicapped persons participating in the project are being provided with transportation between their homes and their work locations within Metropolitan Toronto at the regular TTC adult ticket rate.

A six-month review of the service indicated that passenger response to the pilot project is enthusiastic and that Wheel-Trans is satisfactorily meeting the home-to-work-to-home transportation needs of the working handicapped it is serving.

Funding for the project is being shared equally by the Province of Ontario and Metropolitan Toronto.

SUBWAY ORIGIN-DESTINATION SURVEY

A subway system origin-destination survey was undertaken by TTC staff on March 13, 1975 to obtain updated information on subway travel patterns including the stations of origin and destination of all subway riders and passenger transfer movements through the Bloor-Yonge and St. George Stations. A total of 597,771 pre-coded computer survey cards were issued to passengers and 504,429 usable cards were returned. This represents a 75% sample of all subway passengers that day and is considered to be an excellent response.

The computer analysis of the survey results was completed in the fall. It provided the Commission with invaluable information on passenger flows, volumes, transfer movements, peak points on the system, etc. The information and data are the first obtained since the previously O-D survey made in 1969. This information is particularly important and useful in view of the $5^1/_2$ miles of subway extensions which have been placed in operation since that time.

CHARTERED FREE RIDE PROMOTIONS

Two private companies again chartered the entire TTC system in 1975. McDonald's Restaurants of Canada Limited hired the system and provided free rides to all children twelve years of age and under on Children's Day at the C.N.E. on August 18.

For the fourth successive year, McGuinness Distillers repeated their successful New Year's Eve promotion and provided free transportation for all passengers from 8.00 p.m. December 31 to 4 a.m. January 1.

PASSENGER VEHICLE FLEET

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

	1975	1974
Street cars	388*	389*
Subway cars	498	416
Motor buses	1,218	1,165
Trolley buses	151	151
	2,255	2,121

*Includes active and stored vehicles and Witt car #2766

During 1975, one hundred and forty-one new buses were placed in service. These are required to meet increased service demands and to replace eighty-eight buses which had reached the end of useful service and were disposed of during the year.

Eighty-two of the eighty-eight subway cars ordered from Hawker Siddeley Canada Limited in 1973 were accepted in 1975.

NEW SUBWAY CARS

During the year, the contract for the purchase of 134 new subway cars was signed with Hawker Siddeley Canada Limited. The new cars are required for use on the Spadina Subway and to meet increasing service demands on the existing subway system. The cars will incorporate several new technical improvements and for the first time on the system will be air-conditioned for passenger comfort.

Delivery of the new vehicles is expected to begin in the summer of 1976.

LIGHT RAIL VEHICLES

The Commission confirmed its order for two hundred new light rail vehicles from the Urban Transportation Development Corporation in 1975 and TTC staff continued to work closely with the UTDC in the design and specifications of the new cars. The first ten cars are being manufactured in Switzerland and delivery of the entire order is expected to begin in 1977 and continue through 1979.

ACCIDENT—TTC BUS AND GO TRANSIT COMMUTER TRAIN

A tragic collision between a TTC bus and a GO train at a level railway crossing occurred on December 12, 1975. Ten bus passengers lost their lives and twenty others were injured. The TTC investigation, which started immediately, included a comprehensive review of driver instruction and equipment maintenance procedures. A coroner's inquest was scheduled early in the new year to determine the cause of the accident.

The Commission expresses its deepest sympathy to the relatives and friends of those who died.

SAFETY

Notwithstanding the serious accident reported earlier in this report, TTC operators and drivers reduced the overall traffic and passenger accident rate by 4% to a new low rate of 4.3 incidents per 100,000 miles of city surface operation during 1975. The system accident rate has been cut by 52% in the past ten years.

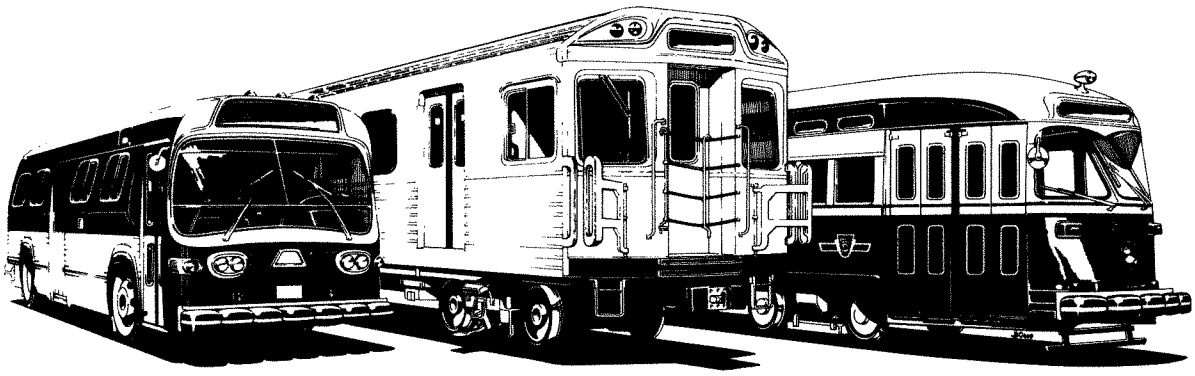
During this same ten-year period, the Commission's industrial employees' injury rate has been reduced by 41%. The frequency rate of 11.3 lost-time injuries per million hours worked gained Commission employees a first-place finish in two divisions of the National Safety Council Transit Employee Safety Contest. Safety awards were also made to other TTC work groups including one American Public Transit Association gold award for 1,000,000 accident-free hours and eight silver awards for 500,000 man hours without a disabling injury.

In the Commission's "Zero Injury" program, thirty-three awards were made for safety performance among the forty-two competing work groups. Special mention should be made of the employees of the Electrical Communication Overhead and Signals section of the Plant Department who accumulated one million injury-free man hours over a seven-year period.

DIAL-A-BUS

A dial-a-bus demonstration project, funded by the Province and operated by the TTC, was introduced in the fall of 1973 in sections of Metropolitan Toronto. The project was designed to provide insight into the operation and customer acceptance of a premium fare, demand-responsive service in a large urban area. It soon became evident that dial-a-bus, which had had some success in smaller communities, was not as popular in large urban areas already served by a grid of frequent fixed-route services.

Because of low passenger volumes and high operating costs, the size of the project was subsequently cut back to only one area and following a community survey, the Province changed the service concept to incorporate fare integration with regular TTC routes. A number of other changes resulted in a slight increase in the number of people using the service, but during 1975 costs were still exceeding revenue by a substantial margin and plans were underway to discontinue the service in 1976.



PUBLIC INFORMATION AND COMMUNITY RELATIONS

The Commission's telephone information staff answered 1,494,681 requests for schedule, route and fare information during the year, an increase of 38,091 calls over 1974. Telephone switchboards are staffed 16½ hours a day, 365 days a year. Approximately 4,500 calls were handled during an average weekday last year. During peak periods when the full eleven answering positions and sixteen lines were operational, more than four hundred requests for information came in each hour.

More than 153,000 TTC Ride Guides and 615,000 pocket bus timetables were distributed by mail, on buses, at subway stations, at conventions and at other locations.

During 1975, the Commission's audio-visual presentation "Moving People", a documentary-style sound/slide presentation of the growth, development and future plans of the TTC was shown on thirty-seven different occasions to over 1,600 people. These included schools (all levels), service clubs, community associations and senior citizens groups. In addition, "Moving People" was also shown to over three hundred visitors to the TTC from seventeen different American states and twenty-five overseas countries.

Commission activity in the community was stepped up during 1975. The Marketing and Community Relations Department contacted Metropolitan Toronto area community and ratepayers' associations to inform them that TTC staff was available to attend community meetings to discuss local transit problems. At year end, over seventy citizen groups had expressed interest and several meetings had been arranged.

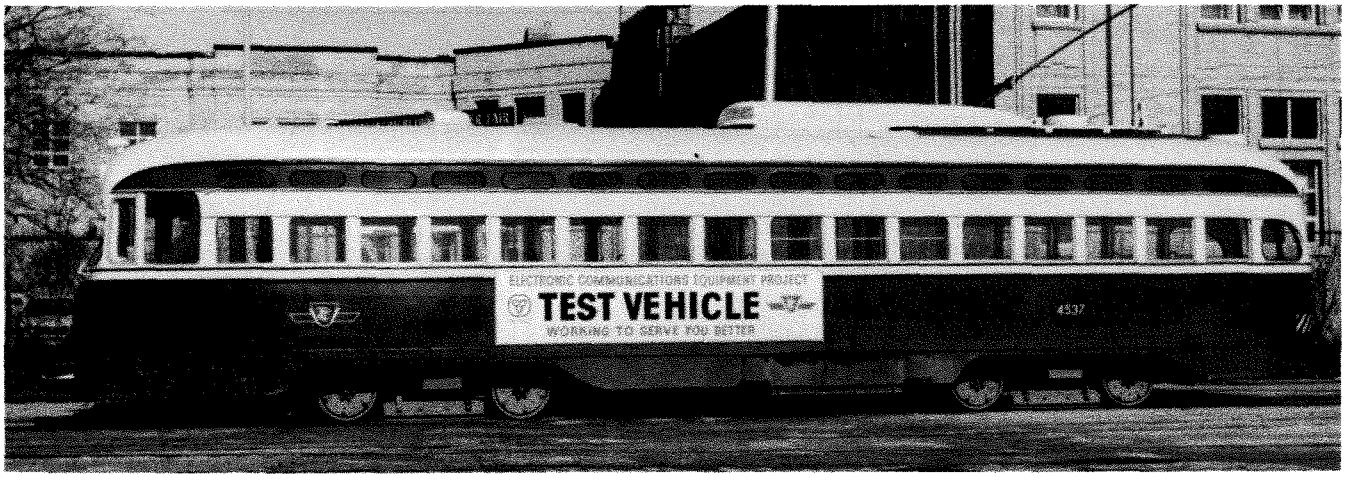
In addition, work was underway on the preparation of a monthly TTC community newsletter to keep Metro area ratepayers' and community groups informed of Commission activities.

COMMUNICATIONS AND INFORMATION SYSTEM PROJECT (C.I.S.)

Good progress was made in the design and development of an electronic communications system for all surface vehicles. Development of the project started in 1973 and, as envisaged, C.I.S. will permit the immediate identification and location of any surface transit vehicle at any time and will also provide radio communication facilities for the direct and continual exchange of passenger, service and vehicle data between all surface vehicles and the Control Centre.

Throughout the year, on-vehicle radio and electronic tests were made and a special laboratory and control centre for testing the related components of the on-vehicle electronic equipment was established at the Commission's Hillcrest property. At year end, the equipment associated with C.I.S. had been successfully tested on all three types of surface vehicles — buses, street cars and trolley buses.

An evaluation of the project was scheduled to be made early in the new year to determine the feasibility of proceeding with a 100-vehicle pilot program from the Commission's new Wilson Division. This was approved and is going ahead in 1976 with the continuing substantial financial assistance of the Provincial Government.



INSTALLATION OF SURFACE VEHICLE ALARM SYSTEM

During the year, 408 surface vehicles were equipped with a special alarm system to be used by drivers during emergency situations. The installation of the alarm system was started after successful testing of prototypes on six vehicles.

On buses and trolley buses, this alarm system activates the vehicle horn and four-way flashing directional signal lights. On street cars, the warning gong sounds and the vehicle's stop-lights flash.

The alarm system is connected to the pull cord normally used by passengers to signal stop locations. It is also connected to a special switch on the dashboard.

The pull cord performs its normal stop request function as long as the driver remains in his seat. If for any reason the driver must leave his seat to investigate incidents in the vehicle a micro-switch, similar to that used in an automobile seat-belt buzzer device, changes the function of the passenger pull cord so that it can be used by the driver from any location in the vehicle to activate the alarm system. Once activated, the alarm continues to signal until the driver shuts it off by means of a separate switch located in the driving position.

The alarm system has already been used effectively in service on several occasions.

The installation of the alarm system in all vehicles in the surface fleet is expected to be completed in the summer of 1976.

SUBWAY CONSTRUCTION

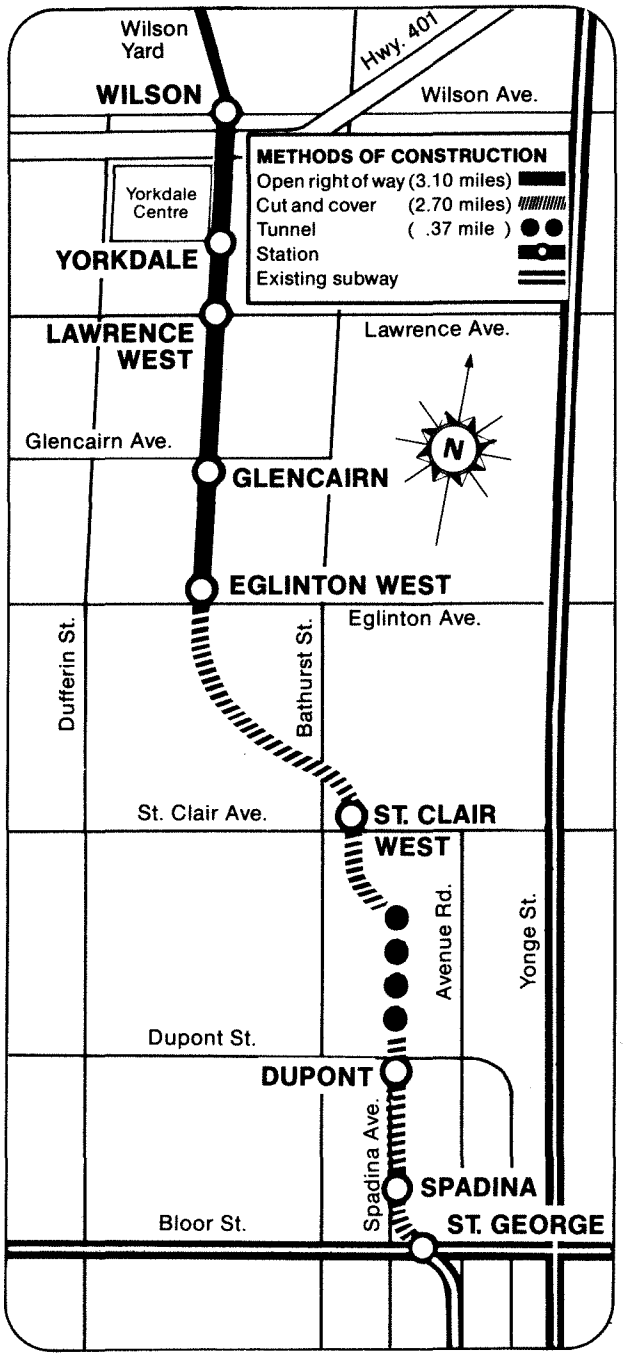
SPADINA RAPID TRANSIT

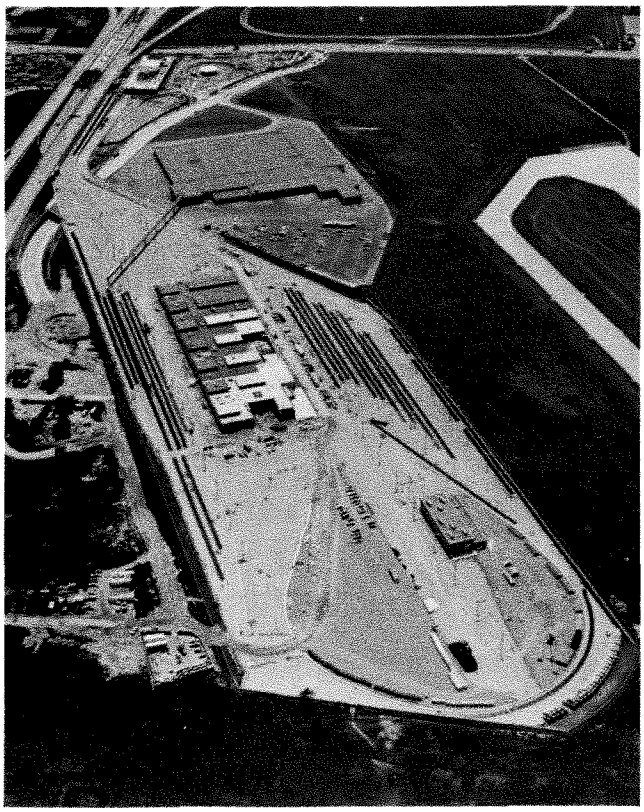
Good progress was made on the construction of the new Spadina subway during 1975 and at year end four major structural contracts had been completed and work was underway on twenty-five others. In addition, one contract tender was being assessed, one was out for tender and two other contracts had been awarded.

Work on the combined Wilson Yard and bus garage being built in conjunction with the Wilson terminal station continued at a good pace and the opening of the bus garage was scheduled for early in the new year.

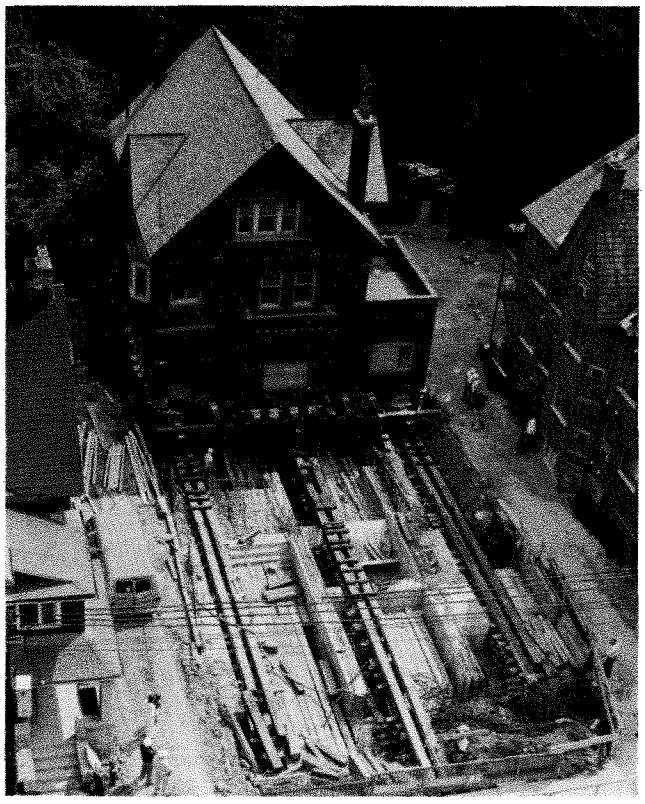
The estimated $220 million cost of the Spadina subway project is being shared by the Province of Ontario and Metropolitan Toronto 75% and 25% respectively.

ALIGNMENT OF THE SPADINA RAPID TRANSIT LINE

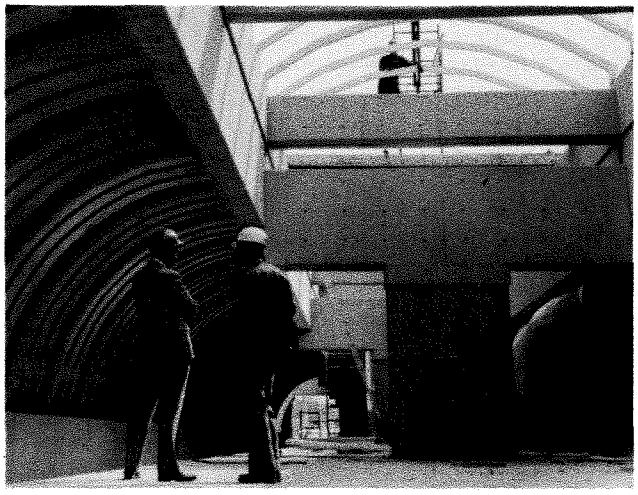




Aerial view of Wilson Yard, Carhouse and Bus Garage, looking south. Wilson Station and Kiss'n'Ride Carousel may be seen in the distance.

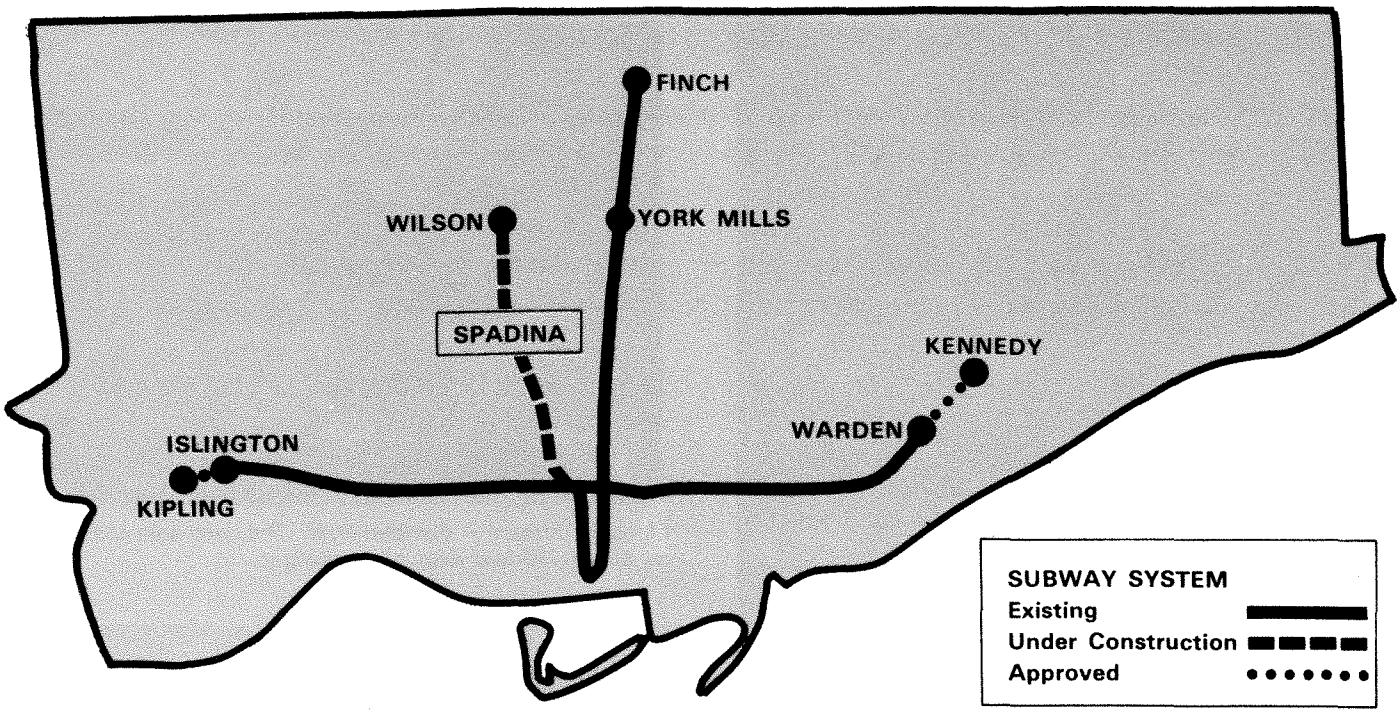


The northerly entrance to Spadina Station is being constructed within a stately old family residence. To accomplish the construction of the underground facilities while preserving the house intact, it was necessary to move the structure away from the work area. When it is moved back to its original location and restoration work is completed, the subway entrance will present an appearance in keeping with the character of the neighbourhood.



Glencairn Station — platform level. The open area above will contain a 180-foot long glass skylight.

North from Eglinton West Station, the alignment of the Spadina Subway follows the median of the Allen Expressway and arterial road.



BLOOR-DANFORTH SUBWAY EXTENSIONS

During 1975, preliminary construction was started on the one-mile westerly extension of the Bloor-Danforth subway from Islington to Kipling Avenue. In addition, contract drawings were in preparation by Commission staff on four other contracts for the westerly extension. Although contract drawings were also in preparation for the 1.6-mile easterly extension from Warden Station to Kennedy Road and Eglinton Avenue, budgetary considerations resulted in a review of the need for this extension and the transit mode to be used.

PRIVATE BUILDING DEVELOPMENT ALONG THE SUBWAY ROUTES

The construction of new buildings or modifying of existing buildings at many locations near the subway system continued throughout 1975. Where such developments are contiguous to the subway structures, building plans must be approved by the Commission.

As of December 31, 1975, major building projects were either underway or planned in the areas of Union, Queen, Dundas, College, St. Clair, Eglinton, Lawrence, Sheppard and Dundas West subway stations. Many of these developments include direct connections between the new buildings and the adjacent subway station.

EGLINTON STATION— NEW ENTRANCES

Four new entrances to Eglinton subway station were opened on October 26, 1975. In addition to improving access to the subway station and providing underground connections to nearby commercial development, the new entrances are helping to reduce the heavy on-street pedestrian traffic at the Yonge-Eglinton intersection. Two new escalators were installed in the new entrance facilities.

Aerial view of Yonge/Sheppard area

Aerial view of Yonge/Dundas area [Eaton's-Fairview]

CONCLUSION

The Commission gratefully acknowledges the co-operation and support of Metropolitan Council and its officials, the elected representatives and officials of the City and all area boroughs, the Province and the citizens of Metropolitan Toronto.

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

Yours truly

Chairman

Vice-Chairman

Commissioner

Commissioner

Commissioner

TORONTO TRANSIT COMMISSION
BALANCE SHEET AT DECEMBER 31, 1975

ASSETS

	1975	1974
Current and working assets:		
Cash	$ 132,028	$ 96,970
Accounts receivable	4,947,987	4,441,698
Operating subsidy receivable (Note 1)	9,167,137	8,954,047
Gray Coach Lines, Limited—current account (Note 4)	2,348,606	1,775,691
Working funds advanced to employees	224,781	510,449
Materials and supplies, at cost	5,568,517	4,585,965
Prepaid expenses	573,398	441,853
	22,962,454	20,806,673
Investment in capital stock of Gray Coach Lines, Limited, at cost (Note 4)	1,000,000	1,000,000
Unamortized debenture discount	760,791	811,395
Capital assets (Note 2):		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	566,819,572	537,142,824
Less: Capital contributions received	355,263,108	326,599,278
	211,556,464	210,543,546
Less: Accumulated depreciation	120,573,878	116,007,982
	90,982,586	94,535,564
Subway and other assets under construction	73,413,419	23,106,464
Less: Capital contributions received	71,516,256	22,510,932
	1,897,163	595,532
Total capital assets	92,879,749	95,131,096
	$117,602,994	$117,749,164

LIABILITIES

	1975	1974
Current liabilities:		
Accounts payable and accrued liabilities	$ 18,093,537	$ 17,072,995
Debenture interest accrued	491,793	501,878
	18,585,330	17,574,873
Provision for:		
Tickets and tokens held by the public	3,050,000	1,450,000
Public liability and workmen's compensation	2,000,000	2,000,000
	5,050,000	3,450,000
Capital debt:		
The Municipality of Metropolitan Toronto–		
For debentures maturing in annual instalments from 1976 to 1995	34,799,182	36,561,560
For sinking fund debentures maturing between 1980 and 1997 less sinking fund balance of $8,318,011	13,863,990	14,831,810
Total (Note 5)	48,663,172	51,393,370
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	119,642	146,071
	48,782,814	51,539,441

EQUITY

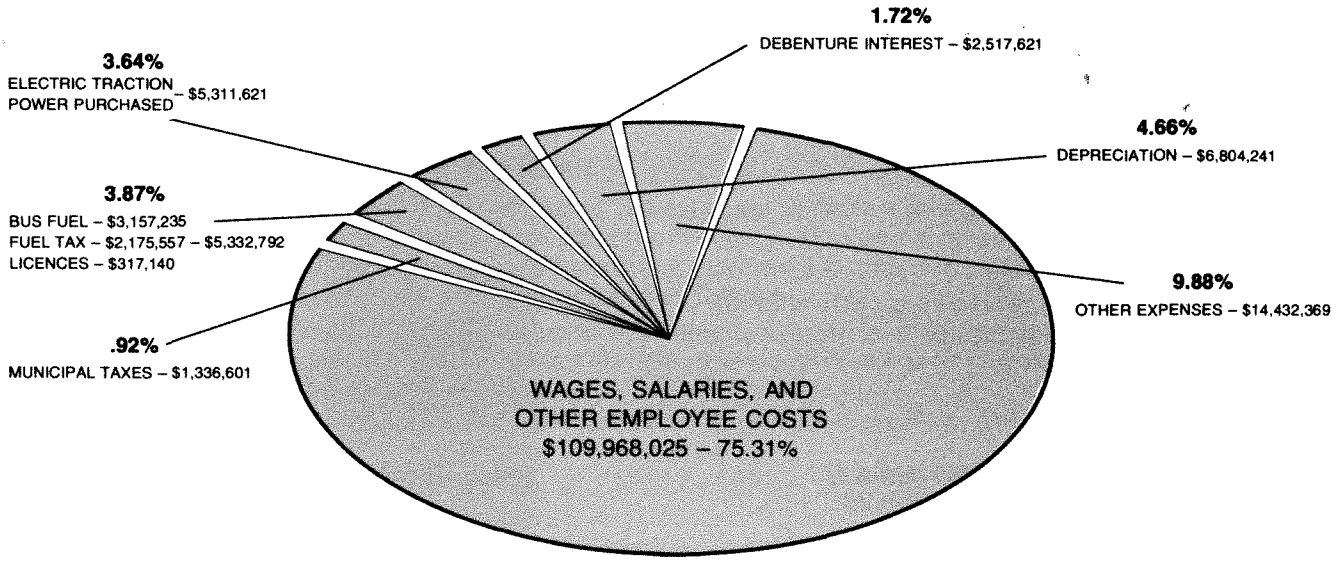
Equity acquired from Toronto Transportation Commission on January 1, 1954:		
Earnings retained and invested in improvement and expansion of the system by Toronto Transportation Commission	24,803,733	24,803,733
Earnings retained and invested in the system by Toronto Transit Commission (unchanged from prior year)	20,381,117	20,381,117
	45,184,850	45,184,850
	$117,602,994	$117,749,164

TORONTO TRANSIT COMMISSION STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1975

	1975	1974
Revenue:		
Passenger services	$103,925,560	$ 80,618,925
Rental of land, air rights, buildings, subway concessions and equipment	2,076,287	1,708,547
Rental of advertising space	1,363,566	1,122,044
Interest earned	29,033	86,620
Miscellaneous	468,769	786,597
	107,863,215	84,322,733
Expenses:		
Wages, salaries and other employee costs	109,968,025	88,106,171
Electric traction power purchased	5,311,621	4,433,331
Automotive fuel, including provincial taxes of $2,175,557 (1974-$1,890,196)	5,332,792	3,673,220
Vehicle and other licences	317,140	294,537
Municipal taxes	1,336,601	1,351,299
Public liability costs	1,814,818	919,356
Depreciation (Note 3)	6,804,241	6,860,569
Debenture interest and related expenses	2,517,621	2,619,802
Other expenses including cost of repair and maintenance materials	12,617,551	10,269,596
	146,020,410	118,527,881
Excess of expenses over revenue for the year	38,157,195	34,205,148
Operating subsidy (Note 1)	38,157,195	34,205,148
Balance for the year	$ —	$ —

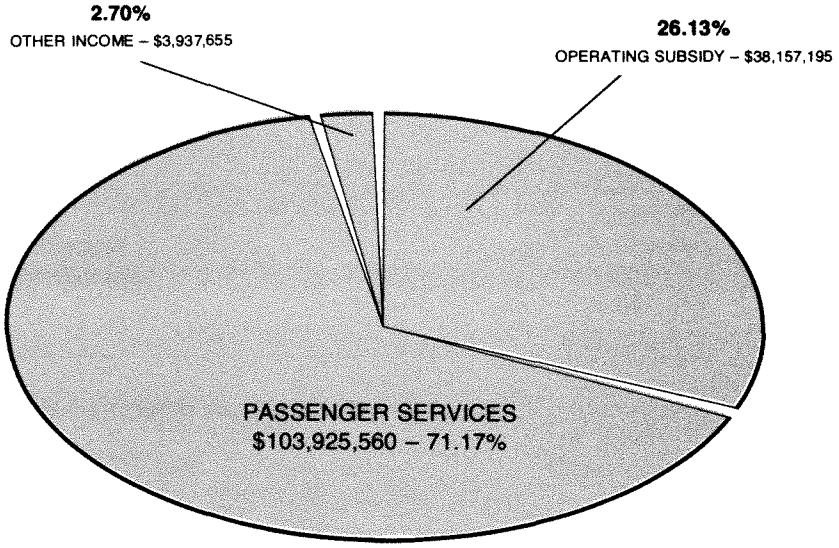
WHERE THE 1975 DOLLARS WENT

TOTAL EXPENSES – $146,020,410



WHERE THE 1975 DOLLARS CAME FROM

TOTAL INCOME RECEIVED – $146,020,410



TORONTO TRANSIT COMMISSION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1975

	1975	1974
Source of funds:		
Passenger services	$103,925,560	$ 80,618,925
Other income	3,937,655	3,703,808
Operating subsidy	38,157,195	34,205,148
	146,020,410	118,527,881
Proceeds of capital asset disposals	78,259	89,641
	146,098,669	118,617,522
Application of funds:		
Operating expenses	146,020,410	118,527,881
(Deduct) Add items not requiring current funds–		
Depreciation	(6,804,241)	(6,860,569)
Other	(1,084,532)	388,630
	138,131,637	112,055,942
Expenditures on capital assets (Note 2)	82,299,511	31,399,181
Less: Capital contribution received	77,669,154	28,687,503
	4,630,357	2,711,678
Debenture debt repayments	2,191,351	2,143,859
	144,953,345	116,911,479
Increase in working capital	1,145,324	1,706,043
Working capital at beginning of year	3,231,800	1,525,757
Working capital at end of year	$ 4,377,124	$ 3,231,800

TORONTO TRANSIT COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975

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 1975 The Municipality of Metropolitan Toronto has assumed responsibility for the Commission's operating deficit and has received financial assistance from the Province which included approximately 50% of such deficits.

The Municipality had made payments to the Commission of $28,990,058 in respect of the 1975 operating deficit leaving a balance receivable of $9,167,137 at December 31, 1975.

Note 2: Capital assets 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. Capital assets are recorded at cost in the financial statements and the capital contributions received are recorded as a deduction from the gross cost. The current bases for capital contributions are as follows:

1. For additions and major improvements to the subway system and equipment and for 125 Light Rail Vehicles the Municipality makes a capital contribution equal to the total cost 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 pays to municipalities.

Additions to capital assets during 1975 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.

	Expended in 1975	Contributions received in 1975 from the Province and Municipality
Subway extensions and improvements—		
Spadina Rapid Transit Line	$47,161,066	$46,914,898
Subway cars	12,313,412	12,313,412
Bloor-Danforth Line-Kipling and Kennedy Extensions	3,190,539	3,190,539
Yonge Line-Northerly Extension	1,759,919	2,231,588*
Other	1,117,059	1,001,622
Surface assets—		
Light Rail Vehicles	1,372,624	1,372,624
141 buses	7,320,759	5,453,497
Downsview Bus Garage	3,985,446	2,989,084
Land for Malvern Garage	1,340,990	1,005,743
Other	2,737,697	1,196,147
	$82,299,511	$77,669,154

*Includes contribution for amounts expended in prior years

Subway and other assets under construction at December 31, 1975 are summarized as follows:

Subway assets–		
Spadina Rapid Transit Line	$68,888,147	
Subway cars	5,032,337	
Bloor-Danforth Line-Kipling and Kennedy Extensions	3,371,748	
Dundas Station improvements	834,924	
Miscellaneous	397,397	
		$78,524,553
Other assets–		
125 Light Rail Vehicles*	8,515,811	
Downsview Bus Garage	5,495,780	
		14,011,591
		92,536,144
Less:		
Accounts payable and accruals	14,044,593	
Contract hold backs	5,078,132	
		19,122,725
		$73,413,419

*The Commission will be obtaining a total of 200 Light Rail Vehicles, of which 75 will be owned and paid for by the Province of Ontario and leased to the Commission for $1 a year each

Note 3: Depreciation policy

The provision for depreciation on capital assets is computed on the straight-line method at rates based on the estimated average useful life of each asset group. Depreciation is charged only on that portion of the total cost of capital assets borne by the Commission.

Note 4: Gray Coach Lines, Limited

Gray Coach Lines, Limited, a wholly-owned subsidiary of the 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 any dividends 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	
	1975	1974
Revenue	$24,834,606	$19,381,185
Expenses, including Ontario income taxes	24,260,857	19,112,695
Net earnings for the year	$ 573,749	$ 268,490

The Company's balance sheet is summarized as follows:

ASSETS

	As at December 31	
	1975	1974
Current assets	$ 5,005,853	$ 4,374,944
Investments, primarily held for modernization and expansion of the system	1,475,000	1,548,500
Capital assets, at cost less accumulated depreciation	9,099,965	8,272,842
	$15,580,818	$14,196,286

LIABILITIES

Current liabilities	$ 3,277,598	$ 2,645,315
Provisions, mainly for public liability and workmen's compensation	1,271,500	1,093,000
Capital stock, reserve and retained earnings	11,031,720	10,457,971
	$15,580,818	$14,196,286

The earnings of Gray Coach Lines are recorded in the accounts of the Commission only to the extent of dividends received. No dividends were received in 1975 or 1974.

The Statement of Revenue and Expenses reflects charges of $4,887,678 (1974 – $3,880,569) 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, 1975 the net capital debt of the Commission was as follows:

	1975	1974
Instalment debentures –		
2 3/4% due 1980*	$ 845,600	$ 1,014,720
3 3/8% due 1981*	1,824,080	2,095,880
3 1/2% due 1983*	2,106,450	2,329,930
4% due 1983	1,410,642	1,558,018
3 1/2% due 1984	1,439,623	1,574,070
5 3/8% due 1992	3,104,787	3,214,942
5 1/2% due 1993	7,737,000	7,986,000
5 1/4% due 1995	16,331,000	16,788,000
	34,799,182	36,561,560
Sinking fund debentures –		
3 3/4% due 1980	121,458	254,510
4 1/8% due 1986*	874,214	1,024,048
5% due 1993	1,293,781	1,391,478
6% due 1996	6,366,997	6,708,623
6% due 1997	2,367,773	2,482,811
7% due 1997	2,839,767	2,970,340
	13,863,990	14,831,810
	$48,663,172	$51,393,370

*Payable in U.S. dollars

Instalment debenture maturities and scheduled sinking fund payments required in the next five years increase from $2,229,423 in 1976 to $2,548,459 in 1980.

The sinking fund balance of $8,318,011 at December 31, 1975 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 $1,602,377 in the actual earnings of the sinking fund in excess of the 3% rate.

Note 6: Anti-Inflation Program

The effect on the Commission of the controls on compensation instituted by the Federal Government in the Anti-Inflation Act effective October 14, 1975 cannot be accurately determined at this time.

April 27, 1976

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, 1975 and the statements of revenue and expenses and changes in financial position 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, 1975 and the results of its operations and the changes in its financial position 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

	1975	1974	1973	1972	1971
FINANCIAL SUMMARY:					
Gross Revenue	$107,863,215	$ 84,322,733	$ 85,298,653	$ 86,669,476	$ 83,635,177
Wages, Salaries & Other Employee Costs	109,968,025	88,106,171	75,384,550	66,204,585	61,006,087
Automotive Fuel Tax	2,175,557	1,890,196	1,832,178	1,697,857	1,548,409
Municipal Taxes	1,336,601	1,351,299	1,194,604	1,348,812	1,341,573
Total Expenses	146,020,410	118,527,881	103,164,924	92,842,600	86,514,066
Excess of Expenses Over Revenue	38,157,195	34,205,148	17,866,271	6,173,124	2,878,889
Operating Subsidy	38,157,195	34,205,148	17,866,271	6,173,124	2,878,889
OPERATING STATISTICS:					
Passengers Carried	357,593,000	329,796,000	329,027,000	292,964,000	281,496,000
Passengers Carried Average Weekday	1,189,000	1,168,000	1,100,000	984,000	935,000
Miles Operated Including Charter & Special Services:					
Motor Bus	46,026,768	40,447,642	39,449,463	36,928,361	35,574,271
Subway	34,095,952	29,698,262	26,185,136	22,992,648	22,839,644
Streetcar	10,488,941	9,944,835	10,867,126	10,832,375	10,987,701
Trolley Bus	3,702,697	3,375,151	3,642,766	3,964,776	3,994,391
Total	94,314,358	83,465,890	80,144,491	74,718,160	73,396,007
Electric traction power consumption—kilowatt hours	283,150,138	255,613,561	248,080,556	239,386,000	235,250,000
Diesel Oil consumption—gallons	8,590,356	7,515,158	7,279,040	6,732,430	6,372,848
Average number of employees including Gray Coach Lines	8,047	7,565	7,330	7,042	6,815
Passenger vehicles owned:					
Buses	1,218	1,165	1,097	1,006	963
Streetcars	388	389	393	418	422
Subway Cars	498	416	410	410	334
Trolley Buses	151	151	152	152	152
Total	2,255	2,121	2,052	1,986	1,871
Metropolitan Area Population	2,267,000	2,134,000	2,100,000	2,113,000	2,004,000