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TORONTO TRANSIT COMMISSION

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ANNUAL REPORT 1979

TORONTO TRANSIT COMMISSION

ANNUAL REPORT TO THE MUNICIPALITY OF METROPOLITAN TORONTO 1979



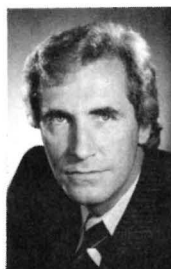
TORONTO TRANSIT COMMISSION

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June 9, 1980

Paul V. Godfrey, Chairman
and Members of the Council of the
Municipality of Metropolitan Toronto
Ladies and Gentlemen:

The 1979 Annual Report of the Toronto Transit Commission is presented for the approval of the Council of the Municipality of Metropolitan Toronto.

1979 was an encouraging year for the Commission. Although fares were increased 16.7% in March of 1979, more riders rode the system in 1979 than in 1978, reversing a three year downward trend in passengers carried. At the same time the Commission achieved a revenue/cost ratio (calculated for subsidy purposes to measure the amount contributed by the Commission to total operating expenses) of 72.3%. The remaining 27.7% of expenses was provided by approximately equal subsidies from Metropolitan Toronto and the Province of Ontario. The Commission's revenue/cost ratio is among the highest in North America.

The fare increase on March 12, 1979 changed the basic adult fare from 7 tickets or tokens for \$3.00 (42.9¢) to 6 tickets or tokens for \$3.00 (50¢) and generated sufficient additional revenue to cover increased costs in 1979. The fare increase was made only after efforts to avert it by obtaining additional subsidy funds from the Municipality and the Province had failed. Despite the fare increase, ridership remained fairly constant in 1979, actually showing a small increase over 1978 when allowance is made for the passengers lost during and after the September 1978 four day transit strike. The 346.2 million passengers carried in 1979 were 8.6 million greater than in 1978, 7.6 million of which can be attributed to the effects of the strike. Among the factors helping to offset the negative impact of the fare increase were increased usage of the Spadina Subway, the rapidly increasing cost of automobile operation and an expanded public transit advertising campaign.

In financial terms, the fare increase provided \$15.1 million (including Metro subsidies for senior citizens and blind and war amputees) of the total revenue increase of \$19.9 million or 13.6%. Revenue of \$165.9 million in 1979 represents 47.9¢ per passenger carried, up 4.6¢ per passenger from 1978. Expenses did not rise as rapidly; \$15.2 million, or 7.7%, to \$211.6 million in 1979, mainly due to wage settlements and inflation in price of materials. Expenses per passenger were 61.1¢ in 1979, an increase of 2.9¢ over 1978. The resulting operating subsidy required was \$45.7 million (or 13.2¢ per passenger) down \$4.7 million (or 1.7¢ per passenger) from 1978.

Although these results are encouraging, it must be recognized that future years' revenues and expenditures

will continue to be heavily influenced by general inflation, and fare increases will probably continue to be necessary in order to maintain a reasonable balance between operating subsidies contributed by Metro Toronto and the Province, and revenue raised internally through the farebox and other revenues. This issue has been addressed as part of the study undertaken by a joint Metro-TTC task force which culminated in the report "Transit in the 1980's: A New Direction."

Improvements in the system continued to be made in 1979. Construction continued on the eastern and western extensions of the Bloor-Danforth Subway to Kennedy Road and Kipling Avenue, respectively. The first contract was awarded on the new light rail line which will run from the subway terminal at Kennedy Avenue to the Scarborough Town Centre. This new line will be equipped with some of the 196 Canadian Light Rail Vehicles (CLRVs) now under construction, the first of which were introduced into service in 1979. Deliveries of the Commission's latest order of 138 H5 subway cars continued. In the area of major technological change, the Communications and Information System (C.I.S.) developmental project continued during the year, with the microcomputer equipment installed in a test fleet of 100 buses. The C.I.S. project will provide direct communication between surface transit vehicles and the transit control centre and accumulate information on passenger and traffic movement. The RUCUS (computerized run cutting and scheduling) and Train Despatch and Information System were other computer-assisted projects which have been developed by Commission staff; these two projects were operational in 1979 and benefits are now being seen.

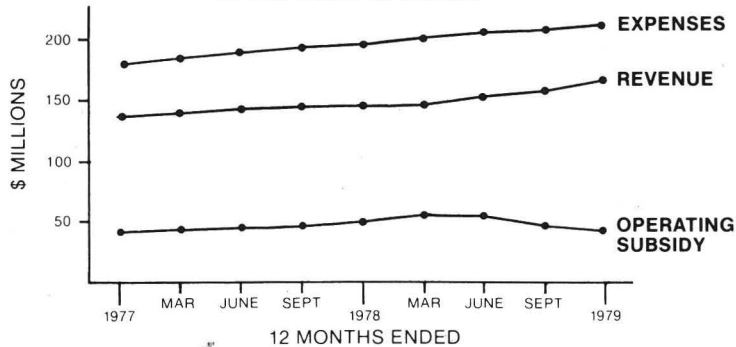
It was an eventful year for the Commission's contracted "Wheel-Trans" service for the physically disabled. Despite problems caused by two changes of contractor during the year, service was expanded and more passengers were carried in 1979 than in any previous year. The net cost of the Wheel-Trans service is borne approximately equally by Metro and the Province.

1980 promises to be another good year. The Commission and Metro have adopted new policy guidelines for the Commission in accordance with principles set out in the "New Directions" report. In summary, the report recommends that a full commitment be made to give the TTC more priority and support through a variety of policies, and that additional financial aid be provided to implement these policies. The new unlimited-riding monthly "Metropass," introduced in May, 1980, is the result of one of the report's specific recommendations.

The remainder of this Annual Report sets out, in more detail, the financial and operating results and discusses other major activities and new developments in 1979.

FINANCIAL

OPERATING RESULTS

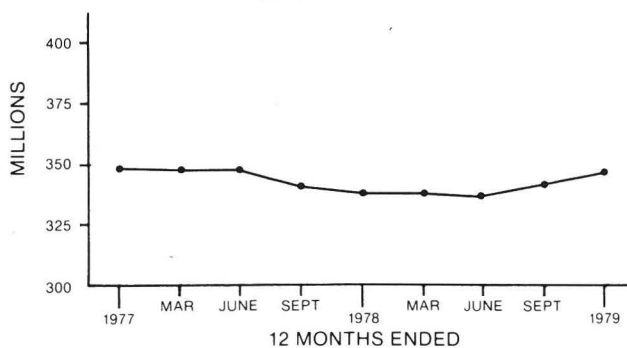


Expenses increased by \$15.2 million as a result primarily of wage increases and inflation in material prices.

Revenues increased by \$19.9 million mainly as a result of the fare increase.

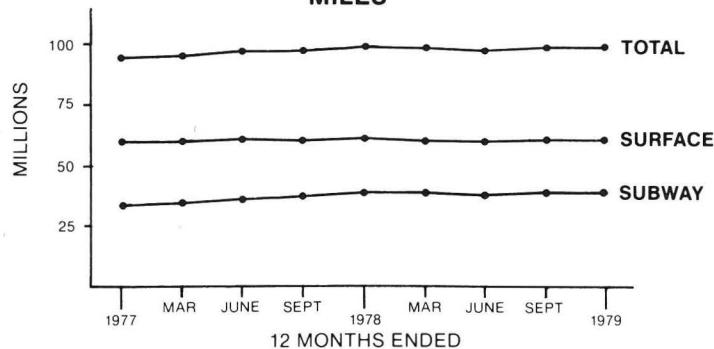
The Operating Subsidy decreased by \$4.7 million.

PASSENGERS



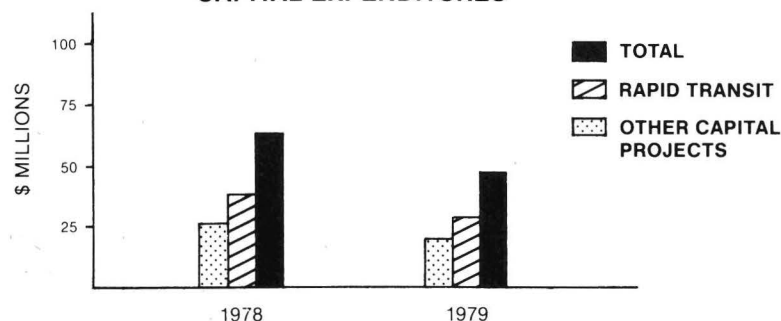
Passengers increased by 8.6 million or 2.5%. Of this increase 7.6 million represents passengers estimated to have been lost during and after the four day September 1978 strike.

MILES



Miles operated during 1978 and 1979 were substantially the same.

CAPITAL EXPENDITURES



Capital expenditures in both years are mainly for work on the Bloor-Danforth subway extensions to Kennedy and Kipling and for progress payments on the light rail vehicles contract. Expenditures on both projects were less in 1979 than in 1978. In total, capital expenditures were \$15.2 million less in 1979.



OPERATING RESULTS	1979	1978	Increase (Decrease)	%
REVENUE (\$ Millions)	165.9	146.0	19.9	13.6
OPERATING SUBSIDY (\$ Millions)	45.7	50.4	(4.7)	(9.3)
EXPENSES (\$ Millions)	<u>211.6</u>	<u>196.4</u>	<u>15.2</u>	<u>7.7</u>

PASSENGERS (Millions)	<u>346.2</u>	<u>337.6</u>	<u>8.6</u>	<u>2.5</u>
Revenue per Passenger	47.9¢	43.3¢	4.6¢	10.6
Operating Subsidy per Passenger	<u>13.2¢</u>	<u>14.9¢</u>	<u>(1.7¢)</u>	<u>(11.4)</u>
Expenses per Passenger	<u>61.1¢</u>	<u>58.2¢</u>	<u>2.9¢</u>	<u>5.0</u>

MILES (Millions)	<u>99.0</u>	<u>98.7</u>	<u>0.3</u>	<u>0.3</u>
Revenue per Mile	167.5¢	147.9¢	19.6¢	13.3
Operating Subsidy per Mile	<u>46.2¢</u>	<u>51.1¢</u>	<u>(4.9¢)</u>	<u>(9.6)</u>
Expenses per Mile	<u>213.7¢</u>	<u>199.0¢</u>	<u>14.7¢</u>	<u>7.4</u>

CAPITAL EXPENDITURES

RAPID TRANSIT (\$ Millions)	29.2	38.3	(9.1)	(23.8)
OTHER CAPITAL PROJECTS (\$ Millions)	<u>19.8</u>	<u>25.9</u>	<u>(6.1)</u>	<u>(23.6)</u>
TOTAL (\$ Millions)	<u>49.0</u>	<u>64.2</u>	<u>(15.2)</u>	<u>(23.7)</u>

REVENUE

	1979	1978	Increase (Decrease)	%
			(Thousands of Dollars)	
1. Passenger Revenue	151,624	133,968	17,656	13.2
2. Metro Fare Subsidies	6,364	5,265	1,099	20.9
	157,988	139,233	18,755	13.5
3. Charters & Special Services	1,891	1,463	428	29.3
	159,879	140,696	19,183	13.6
4. Rental Income	2,718	2,318	400	17.3
5. Advertising	2,227	1,937	290	15.0
6. Other Revenue	1,039	1,024	15	1.5
Total Revenue	165,863	145,975	19,888	13.6

1. PASSENGER REVENUE—\$151,624,000

Passenger revenue increased by \$17,656,000 or 13.2% as a result of two factors: the fare change, which contributed \$14,366,000 and the increase in passengers of 8.6 million which contributed \$3,290,000. The fare change on March 12, 1979 raised the basic adult fare of 42.9¢, which had been in effect since January 1, 1979 to 50¢, with proportionate increases in concession fares. The new fares and their usage are shown in the table below.

Fare increases are usually accompanied by passenger losses; the fact that riding increased, even minimally, (by 1.0 million rides after the 1978 strike input is allowed for) reflects a favourable trend in riding.

2. METRO FARE SUBSIDIES—\$6,364,000

Senior citizen fares have been set at 50% of the regular adult fare since 1970. The other 50%, which amounted to \$5,955,000 in 1979, is paid by Metro.

Metro also pays the full cost of fares for the blind and war amputees, who ride free on the system, based on estimated riding figures. This subsidy was \$409,000 in 1979.

3. CHARTERS & SPECIAL SERVICES—\$1,891,000

Charters generated \$959,000 in revenue in 1979, up \$268,000 or nearly 40% over 1978, mainly on account of increased business. Special services of \$932,000 (up \$160,000 from 1978) includes Woodbine and Greenwood horseracing specials (\$340,000) and a special service operated to the popular "King Tut" exhibition (\$56,000).

4. RENTAL INCOME—\$2,718,000

This includes station concessions, such as Garfield News, rentals of Commission property, equipment "rented" to other operators, parking lot income and other items. Rentals of property including station concessions, but excluding rental charges to Gray Coach Lines, Ltd. account for \$1,919,000 of the total. The two parking lots at Finch and Wilson stations generated net revenue of \$241,000.

5. ADVERTISING—\$2,227,000

Revenue from advertising space sold on the Commission's fleet of subway cars, buses, streetcars and trolley coaches and in the subway stations totalled \$2,227,000 in 1979, up \$400,000 from 1978.

6. OTHER REVENUE—\$1,039,000

This includes all other miscellaneous revenue, including sales of student I.D. cards (\$225,000) and a dividend from Gray Coach Lines, Ltd., the Commission's wholly owned subsidiary company (\$100,000).

FARES

	Current Fares	Revenue Passengers	
		Millions	%
TOKENS			
—Adult	6 for \$ 3.00 20 for \$10.00	138.7	40.1
TICKETS			
—Adult	6 for \$ 3.00 20 for \$10.00	70.1	20.3
—Scholar	6 for \$ 1.50	31.3	9.1
—Senior Citizen	6 for \$ 1.50	24.0	6.9
—Child	6 for \$ 1.00	8.7	2.5
—Family Pass	\$ 1.75	1.5	0.4
CASH			
—Adult	60¢	51.7	14.9
—Scholar	30¢	15.0	4.3
—Child	20¢	5.2	1.5
		<u>346.2</u>	<u>100.0</u>

NOTE: i) The breakdown of passengers by category is an estimate based on the sales and collections of tickets and tokens and a sample analysis of cash fares.

ii) Revenue passengers represent number of fares paid.



EXPENSES

	1979	1978	Increase (Decrease)	%
	(Thousands of Dollars)			
1. Wages, Salaries, and Other Employee Costs	162,023	150,621	11,402	7.6
2. Materials, Services and Supplies	19,450	17,267	2,183	12.6
3. Electric Traction Power	10,375	9,453	922	9.8
4. Automotive Fuel	7,310	6,465	845	13.1
5. Vehicle and Other Licences	374	370	4	1.1
6. Municipal Taxes	2,252	2,105	147	7.0
7. Public Liability Costs	1,949	1,782	167	9.4
8. Depreciation	5,937	6,227	(290)	(4.7)
9. Debenture Interest	1,948	2,109	(161)	(7.6)
Total Expenses	211,618	196,399	15,219	7.7

1. WAGES, SALARIES AND OTHER EMPLOYEE COSTS—\$162,023,000

These costs include all payments made to, and on behalf of, the Commission's employees and represent close to 77% of total operating costs. In June of 1979 the Commission reached agreement with the unions and wages were increased by 5% on July 1, 1979 with future increases to be made at six-monthly intervals. Combined with the July 1978 increase of 6.1%, the net effect was that 1979 wage rates increased by 5.56% over 1978. The Commission also paid the cost of improved employee benefits.

At December 31, 1979 the Commission's employees totalled 7,740 (excluding those working exclusively for Gray Coach Lines, Ltd. and on subway construction projects). Of these, 43% are operators, 38% are involved in maintenance of the Commission's 2,359 vehicle fleet and its subway, surface track facilities and buildings, and 19% are engaged in route supervision, fare collection, and administrative functions.

2. MATERIALS, SERVICES AND SUPPLIES—\$19,450,000

The \$2,183,000 increase is equivalent to 12.6%, which largely relates to general price increases in these costs, plus additional bus maintenance costs resulting from changes in provincial safety standards. Maintenance material and supplies account for \$14,755,000 or 76% of the total.

3. ELECTRIC TRACTION POWER—\$10,375,000

The Commission consumed 299.9 million kilowatts of power in 1979, in the operation of 50.9 million miles. Hydro rates increased by approximately 9.2% in the year.

4. AUTOMOTIVE FUEL—\$7,310,000

The Commission's bus fleet operated 48.1 million miles and used 8.9 million gallons of diesel fuel in 1979. Diesel fuel prices increased by 11.7% in 1979.

5. VEHICLE AND OTHER LICENCES—\$374,000

Licence fees for the 1,231 bus fleet account for \$356,000. The Commission is required to pay the full licence fee on its diesel buses, although buses operated directly by a municipality pay a reduced fee of only \$2 per bus. Attempts are currently being made to have the Province correct this anomaly.

6. MUNICIPAL TAXES—\$2,252,000

The Commission pays both realty taxes (\$1,743,000) and business taxes (\$509,000), on all properties except those used for or in connection with rapid transit.

7. PUBLIC LIABILITY COSTS—\$1,949,000

The Commission carries catastrophe insurance in excess of a self-insured limit of \$500,000 per loss.

8. DEPRECIATION—\$5,937,000

This represents the amortization of the Commission's investment in its capital assets: vehicles, plant, equipment and buildings. Capital expenditures are now heavily subsidized by Metro and the Province and thus the depreciation charge is slowly declining.

9. DEBENTURE INTEREST—\$1,948,000

Debentures were issued to finance part of the Commission's share of subway construction costs prior to 1968. No new debentures have been issued since that time.

CAPITAL EXPENDITURES

	1979	1978	Increase (Decrease)
	(Thousands of Dollars)		
Rapid Transit	29,182	38,313	(9,131)
Other Capital Projects	19,806	25,905	(6,099)
Total Capital Expenditures	<u>48,988</u>	<u>64,218</u>	<u>(15,230)</u>

RAPID TRANSIT

Bloor-Danforth	
Kennedy and Kipling Extensions	\$17,494
Scarborough L.R.T. Line	2,956
Subway Cars	2,087
Spadina Subway Extension	2,069
Union Station—Mezzanine Expansion	1,324
Additional and Replacement Escalators	1,129
Other	2,123
	<u>\$29,182</u>

OTHER CAPITAL PROJECTS

Light Rail Vehicles (progress payments)	\$12,622
Buses	4,078
Surface Track	1,524
Other	1,582
	<u>\$19,806</u>

The 1.6 mile Kennedy and 0.9 mile Kipling extensions to the Bloor-Danforth subway are scheduled for completion in November 1980 at an estimated cost of \$103,500,000.

Expenditures on the Scarborough Light Rail Transit line were mainly for design engineering work. Completion is scheduled for August, 1982.

Expenditures on subway cars reflect progress payments required under the Commission's contract for the purchase of 138 H5 subway cars.

The Spadina Subway extension was put into revenue operation on January 28, 1978. 1979 expenditures are mainly for late property settlements.

The first phase of a major expansion of Union Station was started in 1979. The approved cost of this project is \$7,900,000.

Work continued in 1979 on the purchase and installation of 17 escalators on the old Yonge-University and Bloor-Danforth lines.

Other rapid transit expenditures include construction of commuter parking lots and improvements to existing subway stations.

The first Canadian Light Rail Vehicle (CLRV) was introduced into revenue service on September 30, 1979. Expenditures made in 1979 reflect progress payments required under the contract.

Forty-five buses were purchased in 1979—33 for replacement of retired buses and 12 for increases in service.

Surface track projects are conducted in conjunction with Metro Toronto or the Boroughs' program for repaving of streets. Metro or the Boroughs assume all excavation and paving costs and the TTC is responsible for track rehabilitation.

Other expenditures for surface assets include payments for substation equipment, overhead changes and maintenance equipment required for the CLRVs and building additions to the Commission's Hillcrest maintenance facilities.



FINANCING

OPERATING

The Commission's operating subsidy requirement of \$45.7 million was assumed by Metro Toronto. In addition, Metro and the Metro Boroughs incur certain direct costs totalling \$18,908,000, for debenture debt payments, senior citizens' fare subsidy and maintenance of transit shelters.

The Province of Ontario in turn pays operating subsidies directly to the municipality.

The financing of 1979 operating expenditures is shown below:

	(\$ Thousands)
TTC Operating Expenses	211,618
Metro and Metro Boroughs	
Direct Expenses	<u>18,908</u>
TOTAL OPERATING EXPENSES	<u>230,526</u>
Financed By:	
TTC Revenues	165,863
Provincial Subsidy	33,250*
Metro Contribution	<u>31,413</u>
TOTAL FINANCING	<u>230,526</u>

*Subject to Provincial audit and approval

The current basis of financing whereby 70% of the operating costs is financed by farebox and other TTC revenue and the remaining 30% is financed approximately equally by Metro and the Province has been in effect for three years. The Provincial share is calculated as 13.75% of eligible regular operating expenditures plus 50% subsidy (in place of the regular subsidy) in respect of the start-up costs and the notional deficit for three years of major new transit facilities. Metro assumes the remaining operating cost.

In late 1979, partially in response to the "New Directions" report, the Province announced a modification to the formula for calculating the Provincial share to be in effect for 1980 and subsequent years. The new formula increases the existing subsidy rate of 13.75% by 25% of the shortfall in the actual revenue/cost ratio (defined under Provincial subsidy rules) from the theoretical target revenue/cost ratio for Metropolitan Toronto of 72.5%.

Furthermore, discussions are underway with the Province to change and improve the special subsidy for operating costs of major system expansions in return for

commitments by the municipalities concerned to encourage use of public transit by land use plans and other steps. These special subsidy arrangements for the Scarborough Light Rail Transit scheduled to be opened in late 1982 have been determined and the agreement with the Province has been completed in 1980. The Province has agreed in principle to consider similar agreements for the existing Spadina subway line, the Bloor/Danforth subway extensions to Kennedy Road and Kipling Avenue, and for future extensions.

CAPITAL

The Commission's major rapid transit projects, such as subway and light rail construction projects are included in Metro's annual Capital Works Programme. Metro receives a 75% Provincial subsidy for substantially all these costs. In addition, subway and light rail land purchased directly by Metro is eligible for 75% Provincial subsidy.

The remainder of the Commission's capital expenditures are borne by the Commission which receives, through Metro, a 75% Provincial subsidy for most projects.

The financing of 1979 capital expenditures is summarized below:

	(\$ Thousands)
Capital Works Programme	39,684
Capital Budget	<u>9,304</u>
TOTAL CAPITAL EXPENDITURES	<u>48,988</u>
Financed By:	
Provincial Subsidy	35,900*
Metro Contribution	9,944
TTC	<u>3,144</u>
TOTAL FINANCING	<u>48,988</u>

*Subject to Provincial audit and approval

The basis of financing will not change in 1980. However, modifications to the Province's capital subsidy programme are currently under review, although it is understood that the general level of funding will not change significantly.

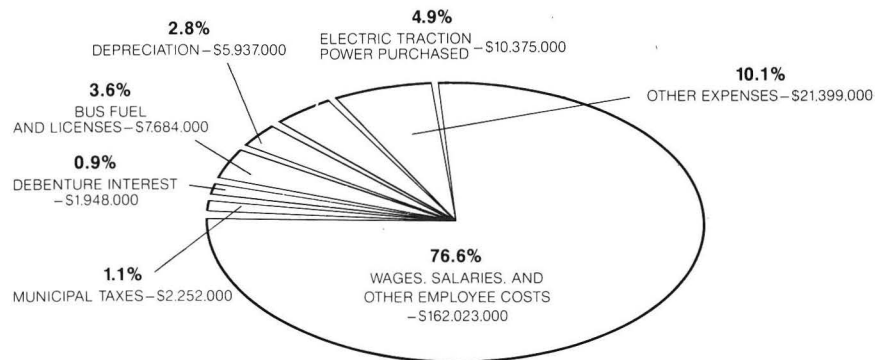
FINANCIAL STATEMENTS AND AUDIT

Price Waterhouse & Co., the independent Chartered Accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records for 1979 as they considered necessary. Their report is appended to the financial statements which are part of this report.

The Metropolitan Auditor has submitted his report covering the year 1978 and is currently engaged in his review of 1979 accounts.

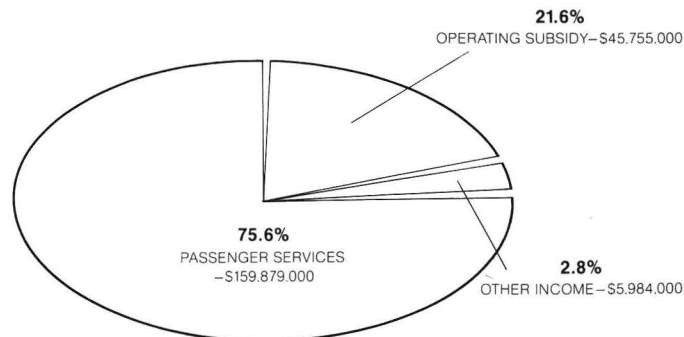
WHERE THE 1979 DOLLARS WENT

TOTAL EXPENSES—\$211,618,000



WHERE THE 1979 DOLLARS CAME FROM

TOTAL REVENUE AND SUBSIDY—\$211,618,000





OPERATIONS

ROUTE AND SCHEDULE CHANGES

During 1979, schedule improvements and route modifications and extensions designed to best meet the transportation requirements of TTC customers, were implemented on a continuing basis. Among the most notable were:

BATHURST BUS ROUTE NO. 7—All branches realigned to provide more direct and convenient connections with the subway.

DOWNSVIEW BUS ROUTE NO. 108—Saturday service introduced.

FINCH EAST BUS ROUTE NO. 39B—Rush hour short-turn service extended from Seneca College to Birchmount Road.

FLEMINGDON PARK BUS ROUTE NO. 100B—Rush hour extension to the Wynford Drive industrial area.

ISLINGTON SOUTH BUS ROUTE NO. 110—New service to Lakeshore Boulevard introduced.

RANEE BUS ROUTE NO. 109—Daily evening service extended from Lawrence West Station to Eglinton West Station.

SHERBOURNE BUS ROUTE NO. 75A—Evening and Sunday service extended from Front Street to Lakeshore.

VICTORIA PARK BUS ROUTE NO. 24D—New rush hour service extended to the south Don Mills industrial area in the town of Markham.

WARDEN BUS ROUTE NO. 68—Extended from Glen Springs Drive to Glendinning Avenue.

YONGE SUBWAY—A.M. short turn service at Eglinton Station extended to Finch.



DRIVER-PASSENGER RELATIONS

A new driver-passenger relations program designed to strengthen the skills of TTC operators and drivers in their daily dealings with customers was developed in late 1979. Consisting of a sound-slide presentation and an in-class discussion format, the new program was first used with employees at the Commission's Lansdowne-Davenport Division. It is planned to utilize the program at all TTC operating divisions beginning in 1980.

PERSONNEL AND LABOUR RELATIONS

Staff turnover was low in 1979 and vacancies were filled with few problems, reflecting in part the high unemployment rate in Metropolitan Toronto.

Employment applications totalled 16,655 in 1979 compared to 17,780 in 1978. During the year, the number of active employees leaving the Commission for reasons other than retirement or death represented 4.0% of employee strength.

In 1979, work continued on the development of a computerized Personnel Data Base System, designed to facilitate on-line data entry and retrieval. The services provided by the Commission's recently introduced Employee Assistance Program, which is designed to assist employees in dealing with personal problems that affect job performance, continues to be used at an increasing rate. In addition, the Commission's Work Availability Program, established to monitor absence and to provide counsel for employees with attendance problems, was implemented in 1979.

Negotiations with Local 113, Amalgamated Transit Union; Local 2, Canadian Union of Public Employees; and Lodge 235, International Association of Machinists and Aerospace Workers, began in late April 1979, and concluded on June 21, 1979.

The major conditions of the three agreements were identical and provided:

- a two-year term;
- wage increases totalling 16.1% in four steps at six-month intervals;
- a cost of living clause that triggers after the Consumer Price Index for Toronto has increased by 16.1%. COLA increases are not folded into basic wage rates;
- improvements to Pension and Dental Plan benefits.

On July 5, 1979, the Labour Relations Board certified Local 1962, United Plant Guard Workers of America, as the bargaining unit for ten TTC security investigators employed by the Commission's Safety and Security Department. The initial meeting to negotiate a first agreement for 1980 was held on August 10, 1979.

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

Development and testing of the TTC's Communications and Information System—C.I.S.—a computer-based data and radio communications system being designed for all TTC surface transit vehicles—continued during 1979.

Among other features, C.I.S. provides facilities for the direct and continual exchange of passenger, service and vehicle data between surface transit vehicles and the Control Centre. The system also enables TTC controllers to determine the exact location of surface vehicles and to contact drivers and operators at any time.

Throughout the year, C.I.S. was successfully tested on one hundred vehicles on six transit routes operating from the Commission's Wilson Division. Significant improvements were achieved in the areas of schedule adherence, emergency handling and response, route supervision, management and passenger information, incident handling, etc. Based on the results, it is planned to equip the remaining 150 vehicles at Wilson Division with C.I.S. facilities beginning in 1980.



The Communications and Information System is a joint project of the Toronto Transit Commission and the Province of Ontario. Provincial participation and funding is part of the government's program to assist public transit.

COMPUTER SCHEDULING—"RUCUS" PROJECT

Work continued on expanding the application of the run cutting portion of RUCUS (computerized run cutting and scheduling) to TTC operating locations. In 1979, the run cutting feature of RUCUS was introduced at Eglinton Division with the result that approximately sixty-five percent of the Commission's scheduled bus fleet and just under eighteen percent of the trolley bus fleet are run cut by the RUCUS method.

Further testing of the Mini Scheduler, a new concept in scheduling by computer, was carried out in 1979. The Mini Scheduler combines features of the RUCUS program, with new advanced technology developed since the inception of RUCUS. This was a joint program funded partially by the Federal Government for use by the transit industry in Canada.

COMPUTERIZED TRAIN DESPATCH AND INFORMATION SYSTEM

The Commission's Computerized Train Despatch and Information System is designed to replace all electro-mechanical subway train despatchers. In addition, the new system provides facilities for the display of run numbers, improved schedule control and enables the TTC to respond more quickly to subway delays, unusual service changes and to accommodate future expansion. It also promises considerable saving in energy because of improved train control.

During 1979, the installation of the train identification feature of the Computerized Train Despatch and Information System for the Yonge-University-Spadina subway line was completed. Train identification for the Bloor-Danforth line and the replacement of the older train despatching equipment is scheduled for completion during 1980.



TRANSPORTATION FOR THE PHYSICALLY DISABLED

In 1973, at the request of Metropolitan Toronto Council, consideration was given to the operation of a pilot project to transport handicapped persons.

This pilot project, termed "Wheel-Trans, Phase I," started in early 1975, and provided rush hour subscription service by using twelve vans especially equipped for the transportation requirements of physically disabled persons. The service was operated under contract for the TTC by Wheelchair Mobile Services Limited.

The second three-year phase of the Wheel-Trans project began in 1977, utilizing eighteen vans on a twelve-hour day, five-day week basis. The additional vans permitted an increase in the subscription home-to-work service and the provision of a non-subscription, demand-response service in the off-peak hours during the day.

For just over two years, this service was also operated by Wheelchair Mobile Services Limited, but because of serious financial problems on the part of the contractor, the Commission and Wheelchair Mobile Services Limited mutually agreed to terminate the contract effective June 18, 1979.

To ensure a minimum of inconvenience to Wheel-Trans customers and the continuation of the service, arrangements were made on June 18 for another private contractor, Atlantic Bus Lines, to enter into a new

short-term contract effective until February 1980. However, this contractor, because of equipment problems, asked to be relieved of the contract before February 1980. A new three-year contract was awarded to the current operator, All-Way Transportation Services Limited on November 1, 1979. In addition, the use of taxis to augment the van fleet and provide accommodation for additional ambulatory registered customers on subscription service was expanded from its 1978 level of 11 vehicles to 14 in 1979. This contract was awarded to Metro Cab Company Limited.

In 1979, Wheel-Trans service was expanded to include evening, weekend and holiday service. At year's end, approximately 450 people a day were using the Wheel-Trans fleet of 27 vans. An additional 80 passengers were also being accommodated on the taxi service.

To assist the TTC in administering Wheel-Trans, an Advisory Committee, composed of TTC and Metro officials and representatives of the boroughs and cities was formed and given the responsibility for making basic policy decisions concerning eligibility, daily operation, fare structure and other matters which could affect the overall operating procedures and evaluation of the project. These borough/city representatives are disabled users of Wheel-Trans and are appointed by the borough or city in which they live.

Wheel-Trans is equally funded by the Province of Ontario and the Municipality of Metropolitan Toronto.



PASSENGER VEHICLE FLEET

At the year end, the number of vehicles owned was as follows:

	1979	1978
Street Cars	342	344
Canadian Light Rail Vehicles	17	—
Subway Cars	618	590
Motor Buses	1231	1219
Trolley Buses	151	151
	<hr/>	<hr/>
	2359	2304

During 1979, forty-five new buses were placed in service and thirty-three buses which had reached the end of useful service were disposed of. Two street cars were also sold. Throughout the year, the Commission accepted twenty-eight vehicles in its latest order for new subway cars from Hawker-Siddeley Canada Limited.

NEW LIGHT RAIL VEHICLES ENTER PASSENGER SERVICE

On Sunday, September 30, 1979, the new Canadian Light Rail Vehicle (CLRV) was introduced in revenue service on the Commission's Long Branch street car line. The new cars are the first in the TTC's 196-vehicle order from the Urban Transportation Development Corporation. The first six prototype vehicles were built by the Swiss Industrial Corporation and the remaining 190 production cars are being built by Hawker-Siddeley Canada, Limited.



To mark the new car introduction, a special inauguration ceremony was held at the Commission's Roncesvalles Division on Saturday, September 29, 1979. Hundreds of Torontonians turned out to view and ride the first "new look" street cars to serve TTC riders since the 1938 debut of the P.C.C. car.

Speakers at the CLRV inauguration ceremony included the Honourable James W. Snow, Minister of Transportation and Communications, Province of Ontario; Paul V. Godfrey, Chairman, Municipality of Metropolitan Toronto and TTC Commissioner; Julian Porter, Chairman, Toronto Transit Commission; R. Michael Warren, Chief General Manager, Toronto Transit Commission; and Kirk W. Foley, President, Urban Transportation Development Corporation.

Electric rail vehicles depicting the TTC's three eras of street cars—Peter Witt, P.C.C. and CLRV—formed the backdrop for the ceremony. After a brief description of the history and development of each vehicle, invited guests and the public were provided free rides on the older cars and on seven of the Canadian Light Rail Vehicles.

Following the activities at the Division, Mayor C. Dennis Flynn, Borough of Etobicoke, participated in a brief ribbon-cutting ceremony at the TTC's Humber Loop, signalling the start of CLRV operation on the Long Branch street car line.

The CLRVs were enthusiastically received by first day riders who were obviously impressed and pleased with the CLRV design and operating characteristics.

Delivery of the CLRVs is scheduled to be completed by early 1981. The cars will serve as replacement for an equivalent number of vehicles in the Commission's P.C.C. car fleet, the average age of which is approximately thirty years.





TRACK AND ROADWAY

During 1979, major surface track repair work was completed on sections of Broadview Avenue, Gerrard Street, King Street West, Queen Street West, Bathurst Street, Lakeshore Road and on the Mimico Creek and Main Street Bridges. The work was co-ordinated with the City of Toronto and Metro Pavement renewal programs. Worn rail was replaced at twenty-two car stop locations and renewal of curve and crossover rail was carried out at sixteen locations throughout the subway system.

Special surface system trackwork was also replaced at four intersections and a complete upgrading—including tie and rail replacement—of the street car private right-of-way on The Queensway was also completed in 1979.



YONGE SUBWAY SILVER ANNIVERSARY— FRIDAY, MARCH 30, 1979

On Friday, March 30, 1979, a commemorative ceremony to mark the twenty-fifth anniversary of Canada's First Subway—the original 4.5-mile Yonge line—was held in the ultra-modern Toronto Eaton Centre.

In attendance at the public ceremony were current Metropolitan Toronto and Toronto Transit Commission officials, construction contractors, union representatives and members of the Toronto business community along the original Yonge subway corridor. Also on hand were Metro and TTC officials and staff who were present at the March 30, 1954 Yonge subway opening.

Prior to the ceremony, the official party, invited guests and media departed from Davisville subway station en route to Dundas subway station via a special eight-car train, consisting of the same cars which were used on the opening day inaugural run twenty-five years ago. Mr. Finlay McLeod, a retired TTC supervisor and one of the original motormen on Subway Opening Day in 1954, was at the controls. To further mark the occasion, the TTC Pipe Band and Barney Beaver—the TTC safety symbol—paraded on Yonge Street to the ceremony location. Following the ceremony, the Pipers and Barney continued their march on Yonge Street, stopping for a performance at the Hudson's Bay Shopping Centre, which is connected to the Bloor-Yonge subway station. From there, they rode the Yonge subway north to Eglinton Station—the original northerly terminal of the Yonge subway—for a performance at the Yonge-Eglinton Centre, which is also linked to the subway.



SAFETY & SECURITY

In 1979, TTC drivers and operators achieved an accident rate of 4.0 incidents per 100,000 miles of surface operation. The overall system accident rate has been reduced by 47.1% since 1967. The Commission's Safe Driving Awards program continued to be an important part of the safety effort. A total of 2,721 drivers and operators or 74% of total operating strength qualified for awards in 1979.

TTC operators and drivers again won the American Public Transit Association's Silver Plaque, the top award for passenger and traffic safety for cities of a million or more people. This was the tenth time in the last thirteen years that TTC employees won this coveted award.

In the area of industrial safety, an industrial injury rate of 22.0 lost-time injuries per million hours worked was achieved. This compares very favourably with an average rate of approximately 28 for all Province of Ontario industry and a North American transit rate of 31 as reported by the National Safety Council.

In the Commission's "ZERO" injury program, twenty-two awards were made for safety performance among the forty-three competing work groups. Special mention should be made of Equipment Department employees (Parkdale Shop—Unit Overhaul and Free Stores Section) who, during 1979, added an additional 100,000 injury-free hours to the 1,000,000 hours they had accumulated between 1972 and 1978.

Staff from Safety and Security and various TTC departments joined the TTC's safety symbol, Barney Beaver, in participating in numerous community activities including displays at plazas and malls, hospital visits and Metropolitan Toronto's CNE exhibit—METROSHOW. During 1979, approximately 30,000 elementary school children received instruction on transit safety as part of the Commission's Student Safety Program. In addition, staff continued to work with ARC Industries—sheltered workshops for mentally handicapped students—on teaching individuals how to use the public transportation system.

Safety and Security representatives also participate actively in a regional Public Utilities Safety Committee and with Metro Toronto Citizens Safety Committee. The former provides an opportunity to exchange information on the effect of various new legislation and the latter includes among other things, dissemination of information to Metro senior citizens on the safe use of our system.

Improvements in fire prevention measures continued in 1979. As a result of two major recommendations made by the Ontario Fire Marshall in connection with the 1976

fire at Christie subway station, work continued on the replacement of subway car seat cushions in specific vehicles and on the installation of track level subway dry-drop standpipe systems. At year end the seats in 280 subway cars or 70% of the vehicles requiring replacement were completed. The remainder are scheduled for completion in 1980.

Dry-drops have been installed at 17 stations on the Yonge-University line and the remainder are scheduled for completion in 1980. Also, an audio-visual subway familiarization presentation for training fire-fighting personnel was prepared and distributed to all Metropolitan Toronto Fire Departments.

In 1979 the microfiche program of drawings indicating the location of facilities and equipment in all subway stations for emergency situations was completed. Copies of fiche were distributed to all Fire Departments. The visual display can be used simultaneously by Fire Department Control Centres and TTC Transit Control to co-ordinate field operations.

Instruction was provided for approximately 500 regular and auxiliary Metro Police Officers and 250 new TTC operators to familiarize them with security and emergency procedures.





MATERIALS

The Materials Department issued over 20,000 purchase orders during 1979. Some of the larger purchases included:

	Thousands of Dollars
120.7 million litres of diesel fuel for 1980-82	\$38,382
Various lubricants for 1980-82	1,155
4.7 million litres of gasoline for 1980-82	1,107
3.3 million litres of heating oil for 1979-80	547
1000 tons of rail for 1980 Track program	430
Operators uniforms for 1980	399

A \$400 thousand, two-storey addition to the Annex was completed in 1979. In addition to providing increased storage space for 3,000 hardware items and CLRV parts, the Equipment Department will use part of the building for the installation of new insulating equipment for traction motors.

CORPORATE PLANNING

In 1979, the TTC embarked on a major corporate planning program involving a joint Metro/TTC Transit Policy Committee. That Committee, chaired by the Chairman of the Commission, included the Mayor of Toronto and the Metropolitan Toronto Chairman, as well as three other Metro politicians. After ten months of work involving eighteen Metro and Provincial agencies, fifty staff members and seventeen working sessions, a report entitled, "Transit in the 1980's: A New Direction" was produced. That report recommended that transit be given higher priority in Metro, and a number of important transit initiatives were proposed, including—a monthly pass, experimental improvements in service, higher priority for transit on roads, a slightly increased operating subsidy, and steps to tie together land use. The decisions regarding TTC policy have been made, and the TTC now has more consistent guidelines for its corporate direction. The corporate planning staff is continuing with a number of long-range studies dealing with energy, financing and land use policy.

MANAGEMENT SERVICES

The year 1979 was the first full year of operation for the Management Services department, which was formed in 1978. Considerable effort was expended during the year to introduce a number of operational improvements and cost reduction measures.

In the field of Data Processing, the increased demand for computer processing was accommodated with the IBM/138 computer hardware installed in early 1978. In addition, the computer equipment costs were substantially reduced by taking advantage of market conditions and entering into favourable lease/purchase agreements for the installed equipment. Additional terminals were installed in the Personnel and Treasury departments to provide improved on-line inquiry for Personnel and Payroll information.

The Systems Development staff became increasingly involved in the design and programming of real-time computer systems such as the Communications and Information System which improved operational planning information. On-line programming capability on the IBM/138 was introduced during the year in order to improve the programming productivity of Systems Development staff.

The Graphic Communications section, responsible for providing printing, binding, art layout and photography services in the Commission, installed equipment to improve productivity and service response. Early in 1979, a Xerox 9400 Systems Duplicator with variable reduction was installed replacing three obsolete printing presses and reducing staff by 4.

In mid-1979, a new Engineering Reprographic camera was installed to replace the old existing camera and to provide additional reprographic capability. The new equipment installed in Graphic Communications provides increased service capability at reduced staff levels and reduced costs.

The Operations Research section contributed to various Commission programs by providing specialized services in such areas as Scheduling Manpower and Vehicles (RUCUS), Ridership Forecasting, Passenger Counting, Garage Site Selection and Special Service Scheduling (WHEEL-TRANS).

The Administrative Services section was established in 1979 to centralize such functions as office equipment evaluation and control, forms design and control and records and information management. Centralization and systematization of office copying facilities throughout the Commission resulted in substantial reductions in overall costs in this area. An office equipment inventory was initiated in order to assess the potential for cost reductions in office equipment maintenance programs.

MARKETING AND COMMUNITY RELATIONS

In 1979, the Commission's Marketing and Community Relations Department continued to participate in a wide range of marketing and community programs.

Primary marketing emphasis focussed on minimizing ridership declines by encouraging peak ridership, with secondary emphasis on increasing off-peak system usage. Television, radio and newspaper advertising continued to focus on the economy of the TTC versus the high cost of gasoline and automobiles, as well as on traffic congestion. Post-advertising research conducted in July 1979 indicated that TTC advertising is highly believable, persuasive and successful in terms of producing increased system ridership.

Specific promotional activities in 1979 included the Spadina Bridge sign contest; the Special Transit Plan, operated for three baseball and nine football games at Exhibition Place; the Communications and Information System display at Metroshow involving a C.I.S.-equipped bus; and the RIDE TTC campaign, conducted in co-operation with the Addiction Research Foundation of Ontario, Metropolitan Toronto Police and the Metro Safety Council.

The successful Transit Destinations co-op advertising program continued in 1979 and promoted travel by TTC to various attractions, including the Treasures of Tutankhamun exhibit at the Art Gallery of Ontario.

Community Relations activity generally increased in 1979. A total of 1,735,240 TTC telephone information calls were received in 1979, an increase of approximately 2% over 1978 and 9% over 1977. Approximately 238,000 TTC Ride Guides and 555,000 pocket timetables were printed and distributed.

TTC orientation sessions and system tours were arranged for approximately 500 visitors to the Commission from all over the world. During 1979, the Commission's audio-visual presentation "Moving People" again proved popular with service clubs, senior citizens' groups, schools and colleges and community associations. It was shown on 20 occasions to over 900 people. Media releases were prepared and distributed providing information and details on such topics such as the Special Transit Plan, Safe Driving Awards, major construction projects, Wheel-Trans, service improvements, CLRV, subway musicians, C.I.S., Yonge Subway 25th Anniversary, fare increase and Commission officials changes. Staff also assisted other departments with information and photographic materials, training seminars and departmental visits and tours.

In late 1979, a pilot television program focussing on "Transit in the 1980's: A New Direction" was broadcast live through the facilities of Rogers Cable TV Company. The program's objectives were to advise viewers of the TTC's past record of operations and most importantly, about its future plans of operation based on the theme, "Transit in the 1980's: A New Direction."

The program was hosted by Mr. John Downing of the Toronto Sun and guests included Metro Chairman, Mr. Paul Godfrey, Commissioner J. Lyons and Chief General Manager of the TTC, Mr. R. M. Warren.

The program was broadcast "live" with a phone-in portion and simulcast through Rogers in North York, Toronto and East York. The program proved popular and additional shows will be arranged in 1980.

The total number of complaints received in 1979 registered a positive trend, decreasing by 18.5% compared to 1978 and by 21.8% compared to 1977.





ENGINEERING AND CONSTRUCTION

BLOOR-DANFORTH EXTENSIONS

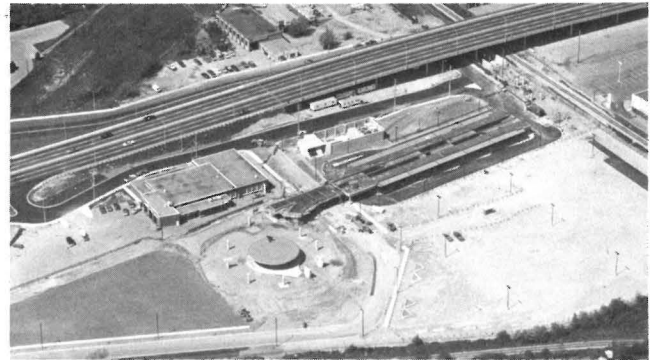
Construction work continued on the 1.6-mile easterly extension of the Bloor-Danforth subway from the existing easterly terminal station at Warden and St. Clair to Eglinton and Kennedy Road. At the west end of the Bloor-Danforth line, the subway is being extended approximately one mile to Kipling Avenue.

Most of the easterly extension will be underground and when completed in 1980, the multi-level Kennedy terminal station will also include terminal facilities for the Scarborough Light Rail Transit Line, commuter parking for 585 automobiles and a Kiss'N'Ride installation. The westerly extension which is also scheduled to open in 1980 will include commuter parking for 1,330 automobiles and a Kiss'N'Ride facility.

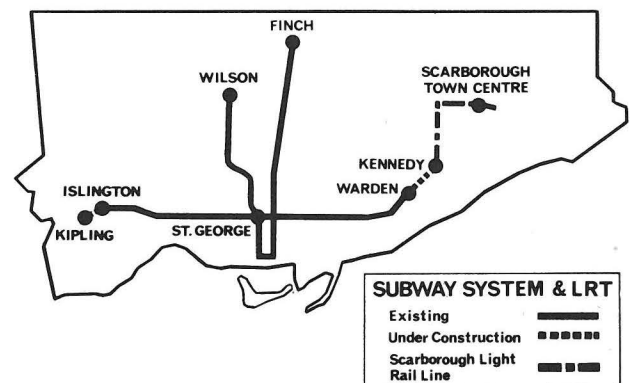
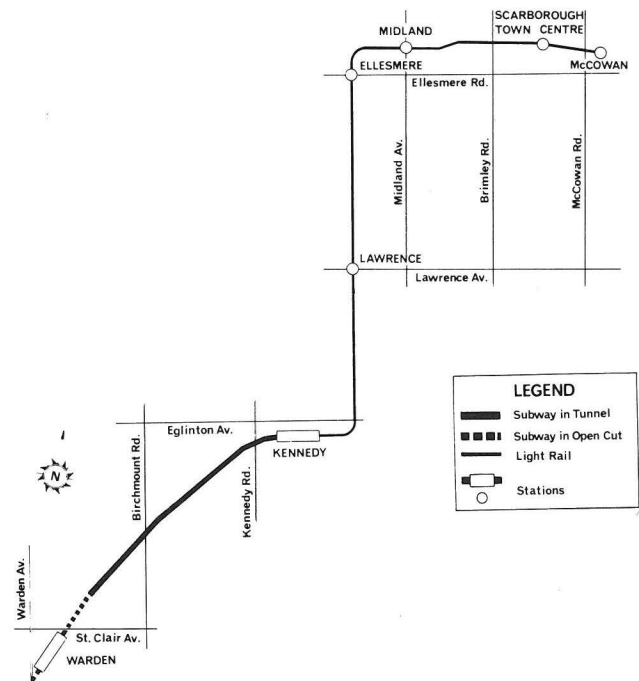
SCARBOROUGH LIGHT RAIL TRANSIT LINE

In September 1977, formal approval was given by the Ontario Municipal Board to Metropolitan Toronto's application to construct the 4.4-mile Scarborough Light Rail Transit Line. Construction of the \$108.7 million project has started and the line is scheduled to open in 1982. The new transit facility will run north from the Kennedy subway terminal station on Ontario Hydro Electric Power Commission land and unused Canadian National right-of-way to the vicinity of Ellesmere Road. It will then turn east and continue through to the Scarborough Town Centre.

Kipling Station



Aerial view of Kennedy Station, looking north.



UNION STATION EXPANSION

The first phase of a major expansion of the Union subway station on the Yonge-University-Spadina line began in May 1979. The work involves a westerly extension of the mezzanine level, installation of two additional escalators, new fare collection facilities and an additional stairway. Completion of Phase I is scheduled for 1981. The \$7.9 million total cost of this project is being shared by the Province of Ontario and Metropolitan Toronto, 75% and 25% respectively.

ESCALATOR EXPANSION PROGRAM

Construction of Phases 2 and 3 of the Escalator Expansion Program began in 1979. Phase 2 consists of the installation of one additional escalator at Queen's Park, College, Christie and Pape Stations. Phase 3 includes the installation of two additional escalators at Queen Station. Both phases of this project will be completed in 1980.

FINCH PARKING LOT EXPANSION

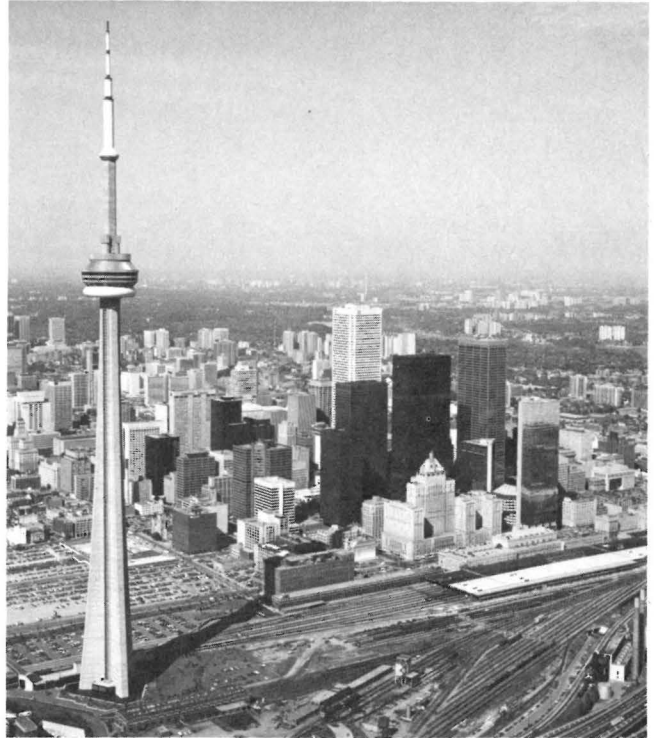
In September 1979, construction started on an \$850 thousand expansion of the westerly commuter parking lot located at Finch subway station. The project, which involves increasing the number of parking spaces from 796 to 1,564, will be completed in early 1980.

PRIVATE DEVELOPMENT ALONG THE SUBWAY ROUTES

In 1979, Engineering and Construction staff worked with private developers on a number of major construction projects underway or planned in proximity to subway stations. Some of the stations included were: Islington, Dundas, Queen, Sheppard, Bay, Yorkdale, Sherbourne, York Mills, St. Clair and Bathurst. Entrances to subway stations were integral to the design of some of the developments.

SPECIAL PROJECTS AND RESEARCH

Engineering and Construction officials and staff were actively involved with other TTC operating departments and outside agencies for a variety of transportation-related projects including expanded commuter parking facilities at Finch and Wilson Stations, Wilson Complex snow control study, expansion of auxiliary bus platform at Finch Station, Scarborough Light Rail Transit Line extension to Malvern, emergency ventilation and evacuation study, subway acoustics evaluation, subway car wheel vibration monitoring system and a subway system air quality study.





CONCLUSION

The Commission extends its appreciation to Metropolitan Council, to the elected representatives and officials of the City and area municipalities, to the Province and to the public generally for their support and co-operation during the year.

The Commissioners also wish to express their thanks to the capable and conscientious staff who, in the final analysis, are responsible for maintaining the TTC's reputation as one of the world's finest transit systems.

YOURS TRULY

Handwritten signature of Allan Rock in cursive script.

CHAIRMAN

Handwritten signature of Karl Mallette in cursive script.

VICE CHAIRMAN

Handwritten signature of Paul Selinger in cursive script.

COMMISSIONER

Handwritten signature of Jeffrey in cursive script.

COMMISSIONER

Handwritten signature of A. Tonks in cursive script.

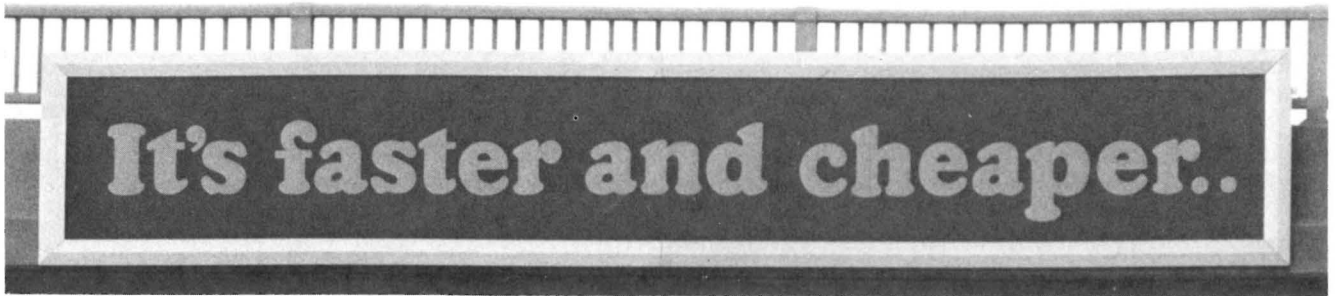
COMMISSIONER



Fed up with traffic...



With noise, fumes and fuss...



It's faster and cheaper..



To travel with us. 

One of the winning entries in the Spadina Bridge Sign Contest.

TORONTO TRANSIT COMMISSION FINANCIAL STATEMENTS DECEMBER 31, 1979



STATEMENT OF REVENUE AND EXPENSES

	For the year ended December 31	
	1979	1978
	(in thousands)	
REVENUE FROM OPERATIONS:		
Passenger services	\$159,879	\$140,696
Rental of land, air rights, buildings, subway concessions and equipment	2,718	2,318
Rental of advertising space	2,227	1,937
Dividend from Gray Coach Lines, Limited	100	—
Profit on sale of land	88	119
Miscellaneous	851	905
Total	165,863	145,975
OPERATING SUBSIDY (Note 1)	45,755	50,424
Total revenue and operating subsidy	\$211,618	\$196,399
EXPENSES:		
Wages, salaries and other employee costs	\$162,023	\$150,621
Materials, services and supplies other than the items shown below	19,450	17,267
Electric traction power	10,375	9,453
Automotive fuel, including provincial taxes of \$2,406,000 (1978—\$2,219,000)	7,310	6,465
Vehicle and other licences	374	370
Municipal taxes	2,252	2,105
Public liability costs	1,949	1,782
Depreciation (Note 3)	5,937	6,227
Debenture interest	1,948	2,109
Total expenses	\$211,618	\$196,399

BALANCE SHEET

ASSETS

	As at December 31	
	1979	1978
	(in thousands)	
CURRENT ASSETS:		
Cash	\$ 821	\$ 489
Accounts receivable—		
Gray Coach Lines, Limited—current account	2,437	2,598
Operating subsidy receivable (Note 1)	21,973	19,940
Capital subsidy and other receivables	14,267	11,753
Materials and supplies, at cost	7,526	5,885
Working funds and prepaid expenses	1,029	1,188
	<u>48,053</u>	<u>41,853</u>
INVESTMENT in capital stock of Gray Coach Lines, Limited, at cost (Note 4)	1,000	1,000
UNAMORTIZED DEBENTURE DISCOUNT	568	615
CAPITAL ASSETS (Note 2):		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	844,750	819,494
Less: Capital contributions	<u>631,143</u>	<u>607,089</u>
	213,607	212,405
Less: Accumulated depreciation	<u>138,064</u>	<u>133,928</u>
	75,543	78,477
Subway and other assets under construction	117,067	93,940
Less: Capital contributions	<u>117,067</u>	<u>93,940</u>
	—	—
Total capital assets	<u>75,543</u>	<u>78,477</u>
	<u>\$125,164</u>	<u>\$121,945</u>



LIABILITIES

	As at December 31	
	1979	1978
	(in thousands)	
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 35,106	\$ 29,793
Debenture interest accrued	449	458
	<u>35,555</u>	<u>30,251</u>
PROVISION FOR:		
Tickets and tokens held by the public	5,650	4,525
Public liability and workmen's compensation	2,000	2,000
	<u>7,650</u>	<u>6,525</u>
CAPITAL DEBT (Note 5):		
The Municipality of Metropolitan Toronto—		
For debentures maturing in annual		
instalments from 1980 to 1995	27,028	29,126
For sinking fund debentures maturing between		
1980 and 1997 less sinking fund balance of		
\$12,421,000 (1978—\$11,306,000)	9,746	10,858
	<u>36,774</u>	<u>39,984</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	24,804	24,804
EARNINGS RETAINED AND INVESTED IN THE SYSTEM		
by Toronto Transit Commission (unchanged		
from prior year)	20,381	20,381
	<u>45,185</u>	<u>45,185</u>
	<u>\$125,164</u>	<u>\$121,945</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

	For the year ended December 31	
	1979	1978
	(in thousands)	
SOURCE OF FUNDS:		
Revenue from operations	\$165,863	\$145,975
Sales of capital assets	126	249
	165,989	146,224
Operating subsidy	45,755	50,424
	211,744	196,648
 APPLICATION OF FUNDS:		
Operating expenses	211,618	196,399
Add (deduct) items not requiring current funds—		
Depreciation	(5,937)	(6,227)
Other	(442)	1,036
	205,239	191,208
Expenditures on capital assets (Note 2)	48,988	64,218
Less: Capital contributions	45,844	63,434
	3,144	784
Debenture debt repayments	2,465	2,386
	210,848	194,378
 INCREASE IN WORKING CAPITAL	896	2,270
WORKING CAPITAL AT BEGINNING OF YEAR	11,602	9,332
WORKING CAPITAL AT END OF YEAR	\$ 12,498	\$ 11,602



NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1979

1. OPERATING SUBSIDY:

In 1979, as in prior years, The Municipality of Metropolitan Toronto, after reviewing the Commission's operating budget, agreed to provide an operating subsidy to cover the excess of the Commission's total expenses over total revenue from operations.

The Province of Ontario, through its Transit Operating Assistance Programme, provides funding to the Municipality which in 1979 amounted to approximately 50% of the total of (a) the operating subsidy paid by the Municipality and (b) transit related expenditures made directly by the Municipality.

The Municipality had made payments to the Commission of \$23,782,000 in respect of the 1979 operating deficit leaving a balance receivable of \$21,973,000 at December 31, 1979.

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 gross cost in the financial statements and the capital contributions received are recorded as a deduction from this cost. Capital assets do not include land for subways which is purchased by the Municipality and is not recorded on the Commission's books. The current bases for capital contributions are as follows:

- (i) For additions and major improvements to the subway and light rail systems 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.
- (ii) For most of its other capital asset additions the Commission receives from the Province a 75% capital contribution that is paid through the Municipality.

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.

4. GRAY COACH LINES, LIMITED:

Gray Coach Lines, Limited, a wholly-owned subsidiary of the Toronto Transit Commission, operates interurban coach services and, through its subsidiary, Gray Coach Travel Inc., a travel business. Its consolidated 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 payment of 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 Toronto Area Transit Operating Authority as part of the "GO Transit" commuter system.

The earnings of Gray Coach Lines, Limited are recorded in the accounts of the Commission only to the extent of dividends received which amounted to \$100,000 in 1979 (1978—Nil). In addition, a dividend of \$500,000 was received in January 1980. The results of Gray Coach Lines' operations are summarized as follows:

GRAY COACH LINES, LIMITED		
(including Gray Coach Travel Inc.)		
	Year ended December 31	
	1979	1978
	(in thousands)	
Revenue	\$33,906	\$29,847
Expenses, including Ontario income taxes	32,403	28,782
Net earnings for the year	<u>\$ 1,503</u>	<u>\$ 1,065</u>

The Company's balance sheet is summarized as follows:

ASSETS		
	As at December 31	
	1979	1978
	(in thousands)	
Current assets	\$ 5,614	\$ 7,971
Short term investments, held for replacement of terminals and other capital assets and public liability settlements	3,000	2,400
Capital assets, at cost less accumulated depreciation	11,320	7,389
	<u>\$19,934</u>	<u>\$17,760</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 4,987	\$ 3,852
Provisions, mainly for public liability and workmen's compensation	1,469	1,433
Capital stock, reserve and retained earnings	13,478	12,475
	<u>\$19,934</u>	<u>\$17,760</u>

The Statement of Revenue and Expenses reflects charges of \$4,866,000 in 1979 made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.



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, 1979 the net capital debt of the Commission was as follows:

	1979	1978
	(in thousands)	
Instalment debentures—		
2-3/4% due 1980*	\$ 185	\$ 370
3-3/8% due 1981*	684	1,014
3-1/2% due 1983*	1,096	1,347
4% due 1983	761	933
3-1/2% due 1984	854	1,009
5-3/8% due 1992	2,601	2,737
5-1/2% due 1993	6,597	6,905
5-1/4% due 1995	14,250	14,811
	<u>27,028</u>	<u>29,126</u>
Sinking fund debentures—		
4-1/8% due 1986*	263	426
5% due 1993	813	947
6% due 1996	4,679	5,152
6% due 1997	1,798	1,958
7% due 1997	2,193	2,375
	<u>9,746</u>	<u>10,858</u>
	<u>\$36,774</u>	<u>\$39,984</u>

*These debentures are payable in U.S. dollars and have been converted into Canadian dollars at rates ruling at time of issue. On the basis of the December 31, 1979 exchange rate the Commission would have an additional liability of approximately \$394,000 on the above amounts.

Instalment debenture maturities and scheduled sinking fund payments required in each of the next five years are approximately \$2,200,000.

The sinking fund balance of \$12,421,000 at December 31, 1979 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 \$2,826,000 in the actual earnings of the sinking fund in excess of the 3% rate.

6. PENSIONS:

The Commission has a contributory pension plan covering substantially all employees including those assigned to Gray Coach Lines, Limited. The Commission and employees contribute equally to the Pension Fund Society. The rate of contributions for 1979 for each member and the Commission was 6.79% of wages and salaries less the amounts required to be contributed to the Canada Pension Plan. The contribution by the Commission covers both its share of all current service costs under the plan and amounts required to liquidate the unfunded liabilities arising from improvements in the benefits of the plan, over the periods prescribed by law. Based on information furnished by the actuaries in conjunction with their most recent actuarial valuation as at December 31, 1976, the Pension Fund Society assets at that date, at market value, were approximately equal to the actuarially determined value, at market, of accrued benefits. An actuarial review is scheduled to be completed in 1980, based upon the fund at December 31, 1979.

March 27, 1980

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, 1979 and the statements of revenue and expenses and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures 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, 1979 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.

Pricewaterhouse & Co.

Chartered Accountants

FINANCIAL AND OPERATING STATISTICS

10 YEAR SUMMARY

1970 — 1979



	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	% Increase (Decrease) 1970-1979
PASSENGERS/OPERATING REVENUE											
Passengers (Millions)	276.5	281.5	293.0	329.0	329.8	357.6	350.6	348.7	337.6	346.2	25.2
Basic Adult Fare (at December 31)	25.0¢	25.0¢	25.0¢	25.0¢	25.0¢	33.3¢	40.0¢	40.0¢	42.9¢	50.0¢	100.0
Total Operating Revenue (Millions of Dollars)	81.7	83.6	86.7	85.3	84.3	107.9	132.9	137.7	146.0	165.9	103.1
Operating Revenue per Mile	114.9¢	113.9¢	116.1¢	106.5¢	101.0¢	114.4¢	138.3¢	145.9¢	147.9¢	167.6¢	45.9
Operating Revenue per Passenger	29.5¢	29.7¢	29.6¢	25.9¢	25.6¢	30.2¢	37.9¢	39.5¢	43.2¢	47.9¢	62.4
OPERATIONS/EXPENDITURES											
Miles Operated, Including Charters and Special Services (Millions)											
Motor Bus	33.8	35.6	36.9	39.4	40.5	46.0	47.5	46.9	46.9	48.1	42.3
Subway Car	22.7	22.8	23.0	26.2	29.7	34.1	34.6	33.8	38.2	37.7	66.1
Streetcar	11.4	11.0	10.8	10.9	9.9	10.5	10.1	9.5	9.4	9.1	(20.2)
Trolley Bus	4.1	4.0	4.0	3.6	3.4	3.7	3.9	4.2	4.2	4.1	—
	<u>72.0</u>	<u>73.4</u>	<u>74.7</u>	<u>80.1</u>	<u>83.5</u>	<u>94.3</u>	<u>96.1</u>	<u>94.4</u>	<u>98.7</u>	<u>99.0</u>	<u>37.5</u>
Average Number of Employees (Including Gray Coach Lines Ltd.)	6,535	6,815	7,042	7,330	7,565	8,047	8,473	8,525	8,632	8,703	33.2
Average Hourly Wages & Benefits per Driver	\$4.71	\$5.16	\$5.79	\$6.07	\$7.52	\$8.15	\$8.86	\$9.62	\$10.27	\$10.81	130.0
Total Expenses (Millions of Dollars)	79.8	86.5	92.8	103.2	118.5	146.0	167.7	180.0	196.4	211.6	165.2
Expense per Mile	112.2¢	117.8¢	124.2¢	128.8¢	141.9¢	154.8¢	174.5¢	190.7¢	199.0¢	213.7¢	90.5
Expense per Passenger	28.9¢	30.7¢	31.7¢	31.4¢	35.9¢	40.8¢	47.8¢	51.6¢	58.2¢	61.1¢	111.4
OPERATING SUBSIDY											
Operating Subsidy (Surplus) (Millions of Dollars)	(1.9)	2.9	6.2	17.9	34.2	38.2	35.6	42.3	50.4	45.7	
Operating Subsidy (Surplus) per Mile	(2.7¢)	4.0¢	8.3¢	22.3¢	41.0¢	40.5¢	37.0¢	44.8¢	51.1¢	46.2¢	
Operating Subsidy (Surplus) per Passenger	(.7¢)	1.0¢	2.1¢	5.4¢	10.4¢	10.7¢	10.2¢	12.1¢	14.9¢	13.2¢	
CAPITAL ASSETS											
Investment In Capital Assets (before depreciation and contributions) at Dec. 31 (Millions of Dollars)											
Subway	343.5	372.6	407.1	436.6	453.1	523.1	611.7	726.8	786.8	827.3	140.8
Surface	82.9	90.3	92.8	93.9	107.1	117.1	124.6	125.0	126.6	134.5	62.2
	<u>426.4</u>	<u>462.9</u>	<u>499.9</u>	<u>530.5</u>	<u>560.2</u>	<u>640.2</u>	<u>736.3</u>	<u>851.8</u>	<u>913.4</u>	<u>961.8</u>	<u>125.6</u>
Metro and Provincial Contributions	232.8	260.6	291.9	320.4	349.1	426.8	522.9	637.6	701.0	748.2	221.4
T.T.C. Investment (before depreciation)	<u>193.6</u>	<u>202.3</u>	<u>208.0</u>	<u>210.1</u>	<u>211.1</u>	<u>213.4</u>	<u>213.4</u>	<u>214.2</u>	<u>212.4</u>	<u>213.6</u>	<u>10.3</u>
Vehicle Fleet											
Buses	963	963	1,006	1,097	1,165	1,218	1,219	1,235	1,219	1,231	27.8
Subway Cars	334	334	410	410	416	498	494	534	590	618	85.0
Trolley Coaches	152	152	152	152	151	151	151	151	151	151	(0.7)
Streetcars	437	422	418	393	389	388	358	354	344	342	(21.7)
C.L.R.V.s	—	—	—	—	—	—	—	—	—	17	
	<u>1,886</u>	<u>1,871</u>	<u>1,986</u>	<u>2,052</u>	<u>2,121</u>	<u>2,255</u>	<u>2,222</u>	<u>2,274</u>	<u>2,304</u>	<u>2,359</u>	<u>25.1</u>