TORONTO TRANSIT COMMISSION

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ANNUAL REPORT 1981

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ANNUAL REPORT FOR THE YEAR 1981

Toronto Transit Commission

Commissioners

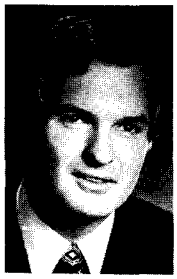
Julian Porter, Q.C., Chairman
Karl L. Mallette, Vice Chairman
Paul Godfrey, Commissioner
Jeffrey S. Lyons, Q.C., Commissioner
June Rowlands, Commissioner

Officers

Alfred H. Savage,
Chief General Manager
David C. Phillips,
General Secretary
W. Graham Chase, Q.C.,
General Counsel
Lloyd O. Morley,
Treasurer and Comptroller

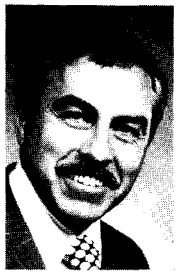
Senior Officials

Lloyd G. Berney,
General Manager – Operations
Stanley T. Lawrence,
General Manager –
Engineering and Construction
Dr. Juri Pill,
Executive Director – Planning


Julian Porter


A.H. Savage


L.G. Berney


Karl L. Mallette


D.C. Phillips


S.T. Lawrence


Paul Godfrey


W.G. Chase


Dr. J. Pill


Jeffrey S. Lyons


L.O. Morley


June Rowlands

July 20, 1982

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

Ladies and Gentlemen:

The 1981 Annual Report of the Toronto Transit Commission is presented for the approval of the Council of the Municipality of Metropolitan Toronto.

The Commission is pleased to report another record year for public transit in Metro Toronto, as 1981 ridership climbed to 392.0 million and a new single day ridership record of 1,477,000 was established on December 11. In December, 1981 TTC riding surpassed Chicago and established Toronto as the second largest carrier in North America, behind only New York City. However, when riding is expressed in terms of the population of the area served, riding per capita in Metro Toronto for 1981 ranked the highest among North American properties.

There are many contributing factors to the remarkable increase of 25.6 million rides (7.0%) over 1980 and the degree of influence which each has had is uncertain. The Commission has undoubtedly benefitted from public reaction to the ever increasing cost of private automobile operation and ownership coupled with the expense and inconvenience of downtown parking. In addition other general, social and economic trends such as the increasing role of women in the workforce are conducive to increased transit riding. However, this is not the whole story. The Commission can take credit for encouraging usage of the system by its extensive marketing program which has stressed the economy and convenience of the transit system compared with the automobile and through the promotion of the monthly unlimited ride "Metropass" which was introduced in May, 1980 and has steadily increased in usage (46.8 million rides in 1981.) In the final analysis, however, the Commission recognizes that its major goal is to continue to provide a safe, reliable and clean service at a reasonable price, which will encourage the use of the transit system as a viable alternative to the automobile.

While the challenge in the late 1970s was how best to operate in an environment of declining ridership, in 1981 the challenge has been how best to serve the increased ridership. In 1981 the Commission increased service by 6.5 million miles, equivalent to a 6.4% increase over 1980, proportionately the largest annual service increase since 1975. Much of this increase was directed to improved rush hour service on both surface and subway routes and the introduction of new express type bus services. To provide this additional service, 187 vehicles were added to the Commission's fleet. Efforts were also directed at alleviating peak hour crowding by persuading employers to provide or increase the availability of variable work hours to their employees.

It is noteworthy that the growth in ridership was not overly affected by the fare increase in January, 1981 which increased the basic adult ticket fare from 50¢ (6 for $3.00) to 57.1¢ (7 for $4.00), and which averaged 13.1%. This fare increase generated $22.7 million in additional revenue and total revenues increased by $31.4 million to $215.0 million (54.9¢ per passenger). At the same time expenses rose by $47.6 million, mainly as a result of the 1979 and 1981 wage settlements, inflation in prices of materials and services and the 6.4% mileage increase. Total expenses for 1981 were $284.4 million (72.6¢ per passenger). Consequently the Operating Subsidy rose by $16.2 million from $53.2 million to $69.4 million (17.7¢ per passenger) in 1981.

Consistent with prior years, the Commission's Operating Subsidy was assumed by the Municipality which, in turn, received a subsidy from the Province of Ontario. The Provincial subsidy formula is based on a sliding scale which increases the subsidy as the Commission's revenue/cost ratio (as calculated in accordance with Provincial subsidy rules) decreases. The Commission's actual revenue/cost ratio of 71.2% compared favourably with the target revenue/cost ratio of 68%, mainly because of higher ridership than expected, and consequently less subsidies were required from Metro and the Province.

In the area of capital investment, the Commission spent $60.7 million in 1981, including $24.1 million for the purchase of 198 new buses and $10.5 million in progress payments for 125 new Canadian Light Rail Vehicles (CLRV's). Engineering work was begun on the new 4.4 mile line from Kennedy station to the Scarborough Town Centre. This line is being constructed primarily to promote development in and improve access to the Town Centre area, and is subject to special funding by the Province. In 1981 a decision was made to build this line using the newly developed Intermediate Capacity Transit System (ICTS) technology rather than the originally planned Light Rail (CLRV) system. The ICTS system uses steel wheel vehicles which run on an exclusive right of way and incorporate advanced technology which includes linear induction motors. The line is scheduled to begin operation in late 1984.

By the end of 1981 the full order of 196 new CLRV's had been accepted and all are now in revenue service, replacing PCC streetcars which had been in use for many years. In addition, the long term Communications and Information System (C.I.S.) project for the installation of on-board communication/computer units on surface vehicles, to better monitor and direct

service, continued on an extended trial basis in 1981. A move was made towards increased automation in fare collection when approval was given for the acquisition of equipment for testing new turnstiles which accept magnetically encoded tickets and passes.

The challenges of the 1980s demand that the Commission maintain its traditional high standard of management and operating skills. In September 1981, the Commission welcomed Mr. Alfred H. Savage as its new Chief General Manager. Mr. Savage comes to the Commission from his previous position as Commissioner of Public Affairs for the City of Edmonton. Mr. R. Michael Warren, his predecessor, relinquished his position on June 1, 1981 to assume the position of President of the new Canada Post Corporation.

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 1981.

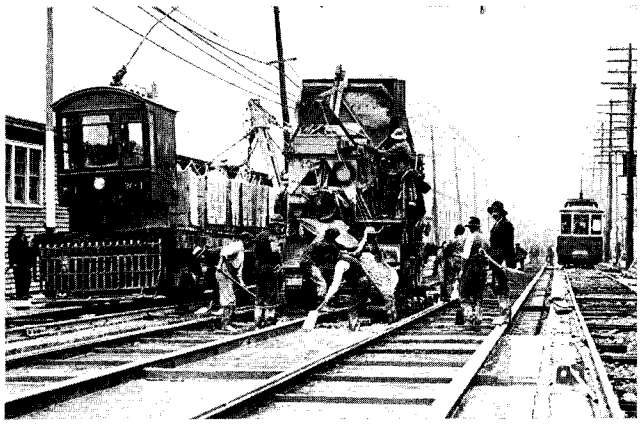
The TTC – Sixty Years of Transit Service "The Better Way"

On September 1, 1921, the Toronto Transportation Commission assumed the operations of the Toronto Railway Company, the Toronto Civic Railway and the City of Toronto sections of the Toronto and York Radial Railways' Mimico and Scarborough lines. A year later, the Metropolitan (north) line of the T&YRR had been acquired. Thus, what had been nine separate operations collecting separate fares had become one system with a single fare serving the 35-square mile City of Toronto area.

By 1953, the Toronto Transit Commission had been formed to assume responsibility for providing public transit services in the entire Metropolitan Toronto area.

The TTC started operations in 1921 with a fleet of 709 motored street cars and 121 trailers inherited from the Toronto Railway Company. Over the past 60 years, the TTC has acquired over 4,500 pieces of revenue rolling stock, including 1,486 light rail vehicles of the Witt, PCC and CLRV designs, 642 subway cars and over 2,300 buses including 755 in the past ten years alone.

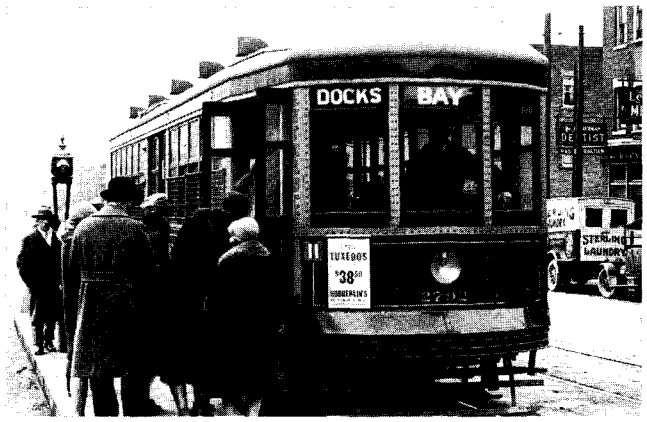
The photos on this page provide a glance back to the first days of the TTC in Toronto in this, the Annual Report for the 60th year of Commission operations.



A major track rebuilding program was launched when the TTC took over in 1921. This Queen/Kingston Road view, in October 1921, shows concrete being mixed on site by the batcher and the sub-paving being poured.

The first bus service in Toronto, HUMBERSIDE-ANNETTE, was introduced in September, 1921. Open-top, double-deck buses were used. The early bus routes served as feeders to the heavy trunk car lines.

Many of the larger wooden cars of the Toronto Railway Co. were rehabilitated by the Commission and saw many years of useful life. The last were retired in 1951.

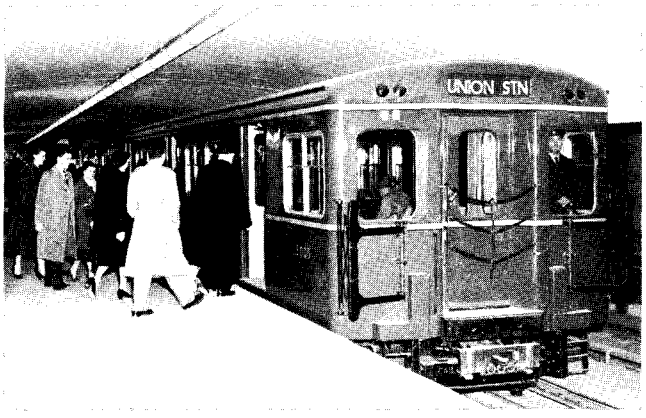


Between 1921 and 1923, five hundred and seventy-five new "Peter Witt" cars were put in service. These modern steel-bodied cars were of front entrance/centre exit design with air operated doors.

During the Second World War, TTC's bus fleet was taxed to the limit as system ridership tripled. This 1943 view shows rush hour conditions in the Leaside industrial area.

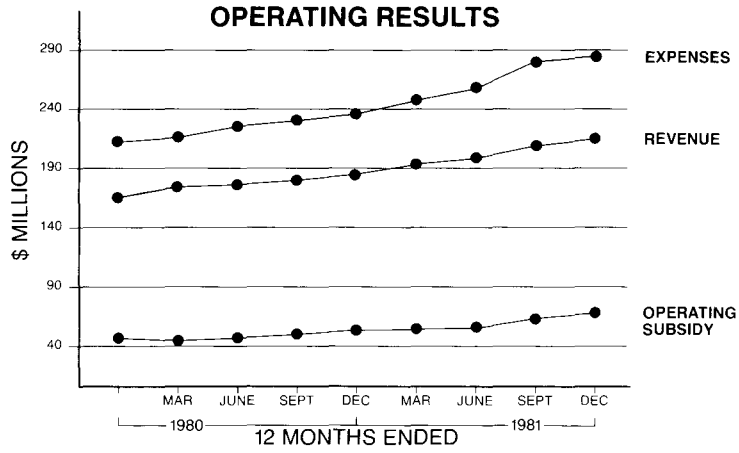
The P.C.C. Car, introduced in 1938, represented the most important advance in transit technology since the first electric cars of the 1890's.

Trolley buses have been operating continuously since 1947. The post war model, above, was retired in the early 1970s and its motors and control equipment salvaged for use in the next generation of electric buses.



One hundred and forty British-built subway cars were ordered for the original Yonge line, opened in 1954. After millions of miles, the 'Gloucester' cars continue to be an important part of the subway car fleet.

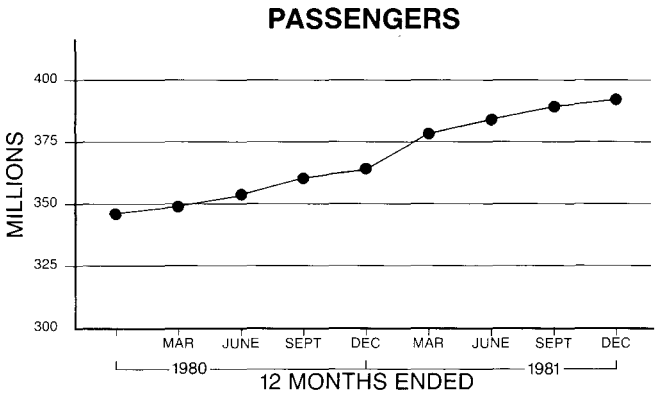
Financial



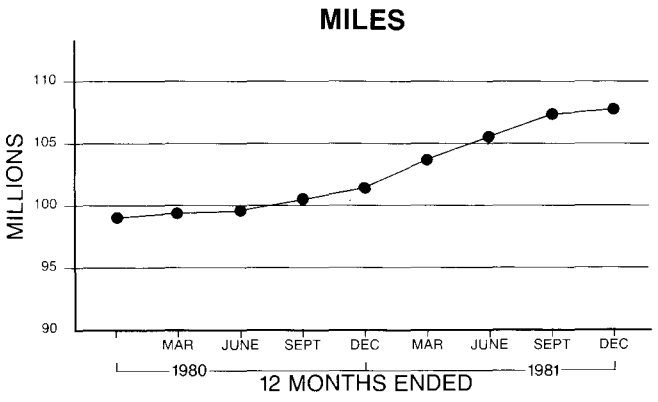
Expenses increased by $47.6 million primarily as a result of wage increases, inflation in automotive fuel and material prices, and a 6.4% increase in miles operated.

Revenues increased by $31.4 million mainly as a result of increased passengers and the January 1981 fare increase.

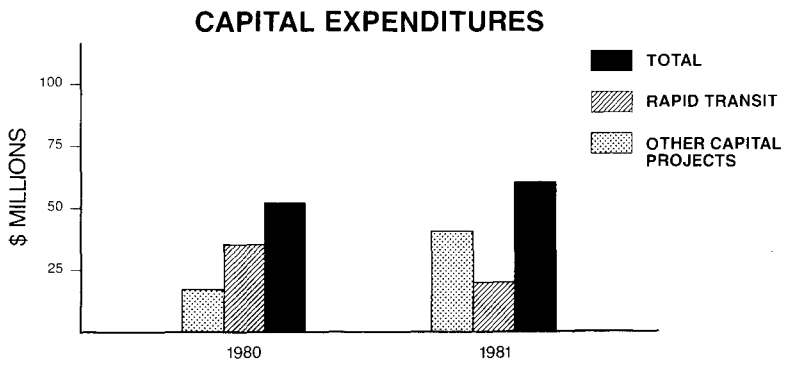
The required Operating Subsidy increased by $16.2 million.



Passengers increased by 25.6 million or 7.0% to an unprecedented 392.0 million, surpassing the previous record established in 1980. The high ridership is attributable to service extensions and improvements, an effective public relations program and external socio-economic factors.



Vehicle miles operated in 1981 increased by 6.5 million or 6.4%. The increase pertains substantially to new express bus services and improved rush hour service on both surface and subway routes.



The purchase of 198 new buses and progress payments on the 125 CLRV's contract accounted for most of the capital expenditures for 1981. Other expenditures included a start on the new rapid transit line from Kennedy station to the Scarborough Town Centre. 1981 capital expenditures of $60.7 million were $8.8 million more than in 1980.

Operating Results	1981	1980	Increase (Decrease)	%
Revenue ($ Millions)	215.0	183.6	31.4	17.1
Operating Subsidy ($ Millions)	69.4	53.2	16.2	30.5
Expenses ($ Millions)	284.4	236.8	47.6	20.1
Passengers (Millions)	392.0	366.4	25.6	7.0
Revenue per Passenger	54.9¢	50.1¢	4.8¢	9.6
Operating Subsidy per Passenger	17.7¢	14.5¢	3.2¢	22.1
Expenses per Passenger	72.6¢	64.6¢	8.0¢	12.4
Miles (Millions)	107.9	101.4	6.5	6.4
Revenue per Mile	199.3¢	181.1¢	18.2¢	10.0
Operating Subsidy per Mile	64.3¢	52.4¢	11.9¢	22.7
Expenses per Mile	263.6¢	233.5¢	30.1¢	12.9
Capital Expenditures				
Rapid Transit ($ Millions)	19.0	35.0	(16.0)	(45.7)
Other Capital Projects ($ Millions)	41.7	16.9	24.8	146.7
Total ($ Millions)	60.7	51.9	8.8	17.0

Revenue

	1981	1980	Increase (Decrease)	%
	(Thousands of Dollars)			
1. Passenger Revenue	195,785	164,407	31,378	19.1
2. Metro Fare Subsidies	8,071	6,847	1,224	17.9
	203,856	171,254	32,602	19.0
3. Charters & Special Services	1,823	1,717	106	6.2
	205,679	172,971	32,708	18.9
4. Rental Income	3,930	3,225	705	21.9
5. Advertising	3,076	2,667	409	15.3
6. Other Revenue	2,289	4,779	(2,490)	(52.1)
Total Revenue	214,974	183,642	31,332	17.1

1. Passenger Revenue – $195,785,000

The fare change on January 4, 1981 which increased the basic adult ticket/token fare from 50.0¢ to 57.1¢ and which averaged 13.1%, increased passenger revenue by $22,700,000. The previous fare had been in effect since March, 1979 and the fare increase was well below the general inflation rate (19.9%) for the same period. A table of the fares in effect for 1981 and their usage is shown below.

The remainder of the increase ($8,678,000) relates mainly to the 7.0% increase in ridership.

Metropass, which provides unlimited monthly riding for the equivalent of 52 adult rides, was in effect for the first full year and accounted for 11.9% of total riding.

2. Metro Fare Subsidies – $8,071,000

As in previous years Metro paid a 50% adult fare subsidy for senior citizens ($7,590,000) and a 100% adult fare subsidy for the blind and war amputees ($481,000). The increased amounts received reflect increases in fares and passengers.

3. Charters & Special Services – $1,823,000

Charters contributed $808,000 to revenue in 1981. Special services, which include Woodbine and Greenwood horse racing specials ($374,000) and C.N.E. services ($205,000) generated $1,015,000. Patronage of these services declined in 1981; however, revenue increased as a result of fare increases in most special services.

4. Rental Income – $3,930,000

This revenue classification includes station concessions such as Garfield News, rentals of Commission property, equipment "rented" to other operators, parking lot income and other items. Revenue from station concessions accounted for $1,407,000, an increase of $151,000 over 1980. The five parking lots owned by the T.T.C. generated net revenue of $740,000, an increase of $286,000 over 1980.

5. Advertising – $3,076,000

Advertising revenue reached a record level in 1981. This revenue consists of advertising space sold on the Commission's fleet of subway cars, buses, street cars and trolley coaches and in the subway stations.

6. Other Revenue – $2,289,000

This includes revenue from the sale of properties ($404,000), dividends from Gray Coach Lines ($600,000) and recoveries of administrative costs in respect of construction projects and for work done for others ($743,000). During 1981 there was only one property sale (part of Mount Pleasant Loop) whereas in 1980, by contrast, two major properties were sold. This was the main cause of the $2,490,000 decrease in other revenue.

TTC Fares – 1981	Fares	Revenue Passengers Millions	%
Tokens			
– Adult	7 for $ 4.00		
	21 for $12.00	125.8	32.1
Tickets			
– Adult	7 for $ 4.00		
	21 for $12.00	57.9	14.8
– Scholar	7 for $ 2.00	33.9	8.6
– Senior Citizen	7 for $ 2.00	25.8	6.6
– Child	5 for $ .90	8.7	2.2
Cash			
– Adult	$ .65	66.0	16.8
– Scholar	$ .35	19.4	5.0
– Child	$ .20	6.9	1.8
Passes			
– Metropass	$29.75	46.8	11.9
– Family Pass	$ 2.00	0.8	0.2
		392.0	100.0

Notes: (i) The split of passengers and revenue by category is estimated based on the sale and collection of tickets and tokens and a sample analysis of cash fares.
(ii) Average fare is based on total regular service revenue, excluding subsidy for blind and war amputees.

Expenses

	1981	1980	Increase (Decrease)	%
	(Thousands of Dollars)			
1. Wages, Salaries and Other Employee Costs	215,004	179,016	35,988	20.1
2. Materials, Services and Supplies	29,227	24,237	4,990	20.6
3. Electric Traction Power	12,242	11,312	930	8.2
4. Automotive Fuel	14,054	9,691	4,363	45.0
5. Vehicle and Other Licences	428	392	36	9.2
6. Municipal Taxes	2,634	2,396	238	9.9
7. Public Liability Costs	2,830	2,032	798	39.3
8. Depreciation	6,406	5,969	437	7.3
9. Debenture Interest	1,583	1,753	(170)	(9.7)
Total Expenses	284,408	236,798	47,610	20.1

1. Wages, Salaries and Other Employee Costs – $215,004,000

Operating costs for the Commission's employees consist of $187,505,000 in wages and salaries and $27,499,000 for the Commission's share of pensions and other employee costs.

A new two year agreement was negotiated with the Commission's unions which became effective on July 1, 1981. This agreement provided for an increase of 12.5% on rates in effect at June 30, 1981, which included cost-of-living allowance (COLA) increases of 5% made in the first half of 1981. The agreement also provided for a further increase of 9.8% effective July 1, 1982, together with provision for COLA adjustments if the actual general inflation rate exceeds the agreed salary adjustments. Similar increases were given to non-union staff. In addition to the general wage adjustments, the service increase of 6.4% had a direct impact on the Commission's operating and maintenance labour costs, and manpower strength increased by 2.9%. The combined effect of the increases, and the annualized effect of changes made in 1980, was to increase wage and salary costs by $31,306,000 or 20.0%.

In line with the wage and salary increases, payments made on behalf of the Commission's employees for pension, health care and other benefits increased by $4,682,000 or 20.5%, to $27,499,000. This increase reflects the increased labour costs and manpower strength together with general increases in Unemployment Insurance contributions and other premiums.

The Commission's labour costs are summarized by functional activities on the following page.

2. Materials, Services and Supplies – $29,227,000

The increase of $4,990,000 or 20.6% is mainly due to general inflation in the cost of services and materials, as well as to increased consumption as a result of an increase in service of 6.5 million miles. These costs are analyzed in more detail on the following page.

3. Electric Traction Power – $12,242,000

The Commission consumed 294.6 million kilowatts of power in 1981 in the operation of 55.8 million miles by electric vehicles. Increases in hydro rates averaged 10.6% in 1981 but overall usage actually declined slightly in spite of increased mileage by electric vehicles. The decline in usage resulted primarily from the replacement of PCC street cars by more power efficient CLRV's. The net effect was that costs increased by $930,000 or 8.2% compared to 1980.

4. Automotive Fuel – $14,054,000

The Commission's bus fleet consumed 9.9 million gallons of diesel fuel in 1981 (an increase of 6.9% over 1980) in the operation of 52.1 million miles. In common with all other vehicle operations, the Commission was hard hit by the increase in diesel fuel costs which rose by 36.4% in 1981. The combined effect was an overall 45.0% increase in costs.

5. Vehicle and Other Licences – $428,000

The Commission's bus fleet increased from 1,262 in 1980 to 1,403 in 1981, resulting in bus licence fees of $412,000. Other licence costs of $16,000 were for escalators, elevators and non-revenue vehicles.

6. Municipal Taxes – $2,634,000
The Commission pays both realty taxes ($2,034,000) and business taxes ($600,000) on all properties except those used for rapid transit purposes. The increase in municipal taxes is due to mill rate increases.

7. Public Liability Costs – $2,830,000
Public liability costs rose to reflect general inflation and increased service, and thus increased exposure to accidents. The increase over 1980 includes a special adjustment of $500,000 to increase the Commission's general provision for outstanding claims from $2,000,000 to $2,500,000, to reflect the increase in the number and cost of claims. In mid-1981, the Commission increased its self-insurance limit for personal liability and property damage from $500,000 to $1,000,000.

8. Depreciation – $6,406,000
This represents the amortization of the Commission's share of the costs of its capital assets (vehicles, plant, equipment and buildings). The increase over 1980 represents depreciation taken on the Commission's 25% share of bus purchases made in 1980 and 1981.

9. Debenture Interest – $1,583,000
Debentures were issued to finance part of the Commission's share of subway construction costs prior to 1968. Debenture interest expense declined by $170,000 as principal payments reduced the balance outstanding.

Expenses by Function

	1981	1980	Increase	%
	(Thousands of Dollars)			
Wages, Salaries and Other Employee Costs				
1. Vehicle Operations	124,882	103,588	21,294	20.6
2. Vehicle Maintenance	47,030	40,175	6,855	17.1
3. Non-Vehicle Maintenance	24,362	19,735	4,627	23.4
4. General and Administration	18,730	15,518	3,212	20.7
	215,004	179,016	35,988	20.1
Materials, Services and Supplies				
1. Vehicle Operations	1,144	932	212	22.7
2. Vehicle Maintenance	12,635	10,459	2,176	20.8
3. Non-Vehicle Maintenance	8,841	7,534	1,307	17.3
4. General and Administration	6,607	5,312	1,295	24.4
	29,227	24,237	4,990	20.6

The table above analyzes the Commission's expenditures for labour and for materials, services and supplies in terms of major functional activities. Set out on the next page are comments on these areas.

1. Vehicle Operations

The table includes the labour costs for the Commission's 3,568 operators, as at December 31, 1981, as well as station collectors, inspectors, training staff and Transportation Department management. Vehicle operations account for more than half (53%) of the Commission's work force (excluding employees working exclusively for Gray Coach Lines and on Engineering and Construction projects). The increase in labour costs is due to the general wage adjustment plus the 6.4% increase in miles operated.

The cost of materials, services and supplies relate mainly to the purchase and cleaning of uniforms.

2. Vehicle Maintenance

These expenses relate to the servicing, maintenance and repair of the Commission's fleet of 2,632 revenue vehicles at December 31, 1981 (1,403 buses, 632 subway cars, 258 street cars, 188 CLRV's and 151 trolley coaches).

Approximately one quarter of the Commission's work force are involved with vehicle maintenance. The increased mileage and vehicle fleet combined with the general wage increase contributed to the $6,855,000 increase in labour costs associated with vehicle maintenance.

The cost of materials, services and supplies for vehicle maintenance increased due to inflation, increases in miles operated and vehicle fleet size, and the expiry of the warranty period on the recent order of 138 subway cars.

3. Non-Vehicle Maintenance

In addition to its vehicle fleet, the Commission has a major investment in its subway buildings, track and equipment, surface track and overhead wiring, and maintenance and administrative facilities. These structures and facilities are maintained by approximately 12% of the Commission's work force. Manpower increases in the areas of Superintendence, Engineering and Design and various maintenance areas including Way, Escalators and Mechanical Equipment, Signals and Communications Equipment account for the additional costs over and above the general wage and salary adjustments.

Increases in materials, services and supplies for non-vehicle maintenance are due primarily to inflation, especially in building heating costs. In addition, special work programs were undertaken for building renovations and upgrading of heating systems.

4. General and Administration

This covers the cost of providing administration by senior management, accounting and financial management, marketing and community relations, human resources administration, purchasing and inventory control, corporate and transit planning, safety and security, legal activities and computer and other management services.

Administrative labour represents approximately 10% of the Commission's work force. Manpower increases were primarily in the Planning, Management Services and Marketing and Community Relations Departments.

Increases in the cost of materials, services and supplies for general and administration in 1981 were primarily in respect of a higher provision for obsolete maintenance materials, additional personnel training programs, and the acquisition of new computerized management information systems.

Capital Expenditures

	1981	1980	Increase (Decrease)
	(Thousands of Dollars)		
Rapid Transit	18,966	34,997	(16,031)
Other Capital Projects	41,695	16,948	24,747
Total Capital Expenditures	60,661	51,945	8,716

Rapid Transit	($ 000's)
Scarborough RT	8,584
Bloor-Danforth Kennedy and Kipling Extensions	2,570
Subway Station Modernization Program	2,420
Union Station – Mezzanine Expansion	1,336
Other	4,056
	18,966

Other Capital Projects	($ 000's)
198 Buses	24,146
Light Rail Vehicles (progress payments)	10,538
Surface Track	2,980
Communications and Information System	1,007
Other	3,024
	41,695

These figures do not include Metro's direct expenditures for land purchased for subway and light rail transit systems and surface garages and shops. Metro Boroughs' costs of constructing transit shelters are also not included.

Work continued on the new rapid transit line from Kennedy Station to the Scarborough Town Centre. In 1981 a decision was made to construct this line using the newly developed Intermediate Capacity Transit System (ICTS) technology rather than the originally planned CLRV (Canadian Light Rail Vehicle) line. The line is scheduled for operation in late 1984.

Expenditures on the Kennedy – Kipling Extensions were primarily in respect of finalization of contracts.

Work under the Station Modernization Program was undertaken at a number of stations on the Yonge line including Rosedale, Union station, Davisville and King stations.

In 1981, work was substantially completed on the major extension of the Union station mezzanine.

Other rapid transit expenditures include additional and replacement escalators, the expansion of commuter parking lots and continuation of the handicapped accessibility project.

158 new buses were placed in revenue service in 1981 – 17 buses were required for replacement of retired buses and the remaining 141 were for increases in service. As ridership continued to climb at record levels during 1981, an additional 160 buses were ordered in mid-1981. By the end of 1981, 40 of these buses had been delivered to the Commission.

The remaining vehicles in the 196 CLRV order were also received in 1981. 71 of these are presently leased to the Commission at a nominal fee and it is planned that they will be purchased by the Commission at the expiry of the 5 year lease period.

Surface track projects are undertaken in conjunction with Metro Toronto or the City's program for repaving of streets.

Work continued during 1981 on the computer-based data and communications system for surface transit vehicles.

Other major surface expenditures include payments for substation equipment and design work on a new bus garage in the Malvern area of Scarborough, scheduled to be completed by April, 1983.

Financing

	1981	1980	Increase (Decrease)
		(Thousands of Dollars)	
Operating Expenses			
By the Commission	284,408	236,798	47,610
By Metro and Metro Boroughs	20,479	19,610	869
	304,887	256,408	48,479
Financed By			
Commission Revenues	214,974	183,642	31,332
Provincial Subsidy	45,800*	37,600*	8,200
Metro and Metro Boroughs	44,113	35,166	8,947
	304,887	256,408	48,479
Capital Expenditures			
By the Commission	60,661	51,945	8,716
By Metro and Metro Boroughs	5,302	2,357	2,945
	65,963	54,302	11,661
Financed By			
Provincial Subsidy	49,000*	39,800*	9,200
Metro and Metro Boroughs	9,232	10,968	(1,736)
Commission	7,731	3,534	4,197
	65,963	54,302	11,661

*Subject to Provincial audit and approval

Operating

Financing of the Commission's operating expenditures is based on a "fair share" agreement that the Commission provides from its revenues approximately 68% of expenses as defined for Provincial subsidy purposes. The Municipality of Metropolitan Toronto and the Province of Ontario provide approximately 16% each. In practice these ratios are achieved through the Commission's budget setting procedures, which forecast numbers of passengers, service to be operated and required fare increases. Actual financial results may result in these percentages fluctuating above or below the targets from year to year.

The present Provincial formula is based on a sliding subsidy scale which provides for a basic subsidy of 13.75% of eligible expenses plus 25% of the shortfall between the actual revenue/cost ratio (as defined under Provincial subsidy rules) and the target of 72.5% for Toronto, up to a maximum subsidy rate of 15.47%.

The Province also pays a special operating subsidy to municipalities with new major transit facilities. Agreements are developed with the Province for each facility on an individual basis. Agreements have to date been developed for the Spadina Line, and for the Scarborough RT currently under construction. The method of computing this special subsidy has been revised and will be applied in 1982 retroactive to 1981.

'The Commission's actual operating subsidy requirement amounted to $69,434,000 in 1981. In addition, Metro and the Metro Boroughs incurred further public transit related costs totalling $20,479,000, primarily for debenture debt payments, senior citizens' fare subsidy and maintenance of transit shelters. The Provincial contribution amounted to $45,800,000 and Metro Toronto and Metro Boroughs assumed the remaining $44,113,000.

When the figures in the table above are adjusted in accordance with Provincial subsidy regulations it results in a cost sharing between the three parties for 1981 as follows:

TTC Revenues	71.2%
Provincial Subsidy	15.8%
Metro and Metro Boroughs Contribution	13.0%

The Commission's actual revenue/cost ratio of 71.2% in 1981 was considerably higher than the "fair share" target of 68%, resulting in savings at the Municipal and Provincial levels.

Capital

The Commission's major rapid transit projects, such as subway and light rail construction projects, are included in Metro's annual Capital Works Program expenditures. Metro receives a 75% Provincial subsidy for substantially all of these costs other than those related to the new Scarborough Rapid Transit line. In the case of this project, Metro receives the regular 75% capital subsidy on the original estimated costs using CLRV technology. In addition, the Province has agreed to finance 100% of the increase in costs resulting from the change to the ICTS system. Subway and light rail land purchased directly by Metro and included in the Capital Works Program is eligible for 75% Provincial subsidy.

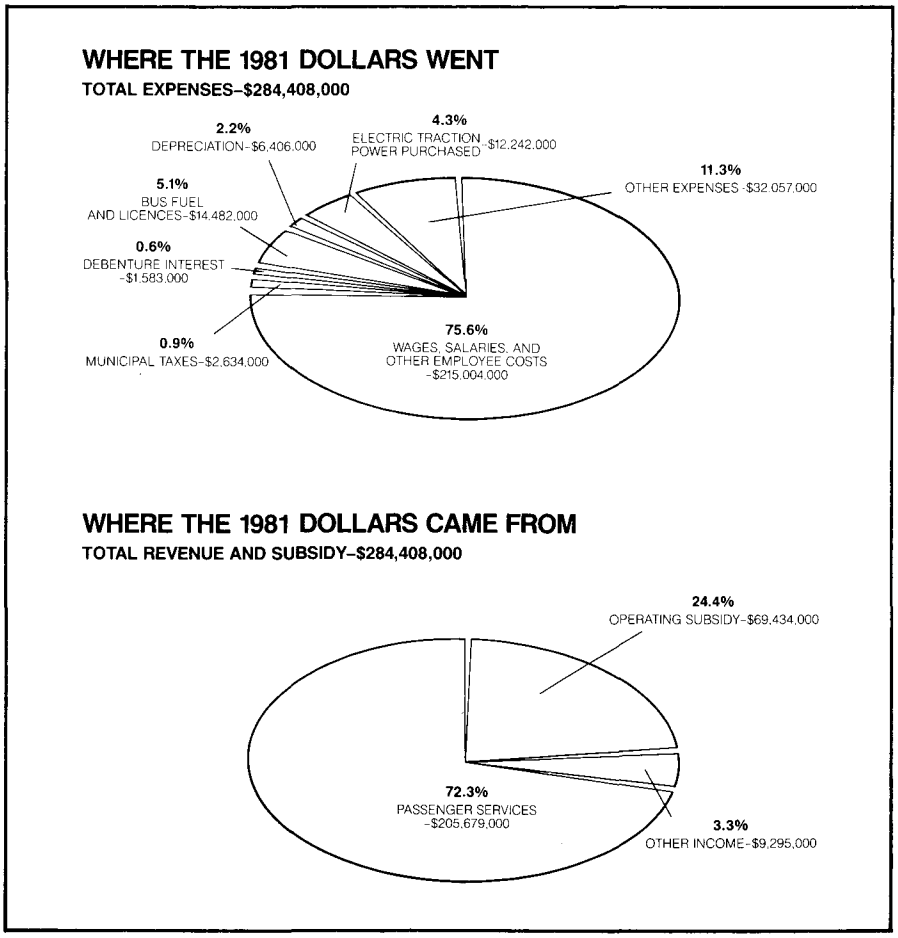
The Commission's other capital expenditures are borne by the Commission which receives, through Metro, a 75% Provincial subsidy for most projects.

The financing of 1981 capital expenditures is summarized in the table on page 13.

Financial Statements and Audit

Price Waterhouse, the independent Chartered Accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records for 1981 as they considered necessary. Their report is appended to the financial statements which are part of this report.

The Metropolitan Auditor has not as yet submitted his report covering the 1981 accounts.



Senior Management Changes

Effective June 1, 1981, R. Michael Warren relinquished his post as Chief General Manager of the TTC to become President and Chief Executive Officer of the Federal Government Crown Corporation, Canada Post. Mr. Warren joined the Commission in 1975 following a career as a senior civil servant in the Provincial Government of Ontario and subsequently as head of his own management consulting firm.

During his tenure as Chief General Manager, Mr. Warren initiated several important programs designed to maintain and enhance the TTC's reputation as one of the finest urban mass transit systems in the world. These included: a restructuring of managerial organization designed to keep pace with the changing relationships between the TTC and all levels of government; a comprehensive review of transit financing; an in-depth assessment of future planning and policy direction; the development of a more aggressive marketing program; and the implementation of a parallel transit system for physically disabled people.

The new Chief General Manager is Alfred H. Savage. Mr. Savage comes to the TTC from Edmonton, Alberta, where his post was Commissioner of Public Affairs for the City of Edmonton. During the seven years that he held that position, he was responsible for Real Estate and Housing, Planning (including Transportation Planning), Parks and Recreation, Fire, By-law Enforcement, Social Services and Police Administration. These departments include 7,000 employees and in 1981 the annual operating and capital budgets totalled approximately $400 million. As Commissioner of Public Affairs, Mr. Savage was also responsible for establishing productive and co-operative relationships between his departments and the Government of Alberta.

Between 1965 and 1972, Mr. Savage served as Commissioner of Parks for the Borough of York in Metropolitan Toronto and prior to this time he headed his own horticultural business in Sarnia, Ontario.

Operations

TTC Changes Colours

When the Commission ordered 196 new CLRV's to partially replace its aging PCC street car fleet, the decision was made to design a bold, new exterior colour scheme to highlight the introduction of the new, state-of-the-art cars. An eyecatching combination of black, red, white and gray was ultimately chosen. Prompted by the favourable impact of the new colour scheme and positive customer response, the TTC approved extending the four new colours to all surface transit vehicles except for PCC cars.

All new vehicles ordered by the TTC, beginning with 42 new GMC buses delivered in early 1981, will be painted in the new colour scheme. The new look is also being applied to all buses and trolley buses as they undergo overhaul or repair work, or as part of the normal repainting cycle. The system-wide adoption of the new colours will be complete by the end of 1986.

Passenger Vehicle Fleet

At the end of 1981, the TTC's passenger vehicle fleet compared to 1980 was as follows:

	1981[1]	1980[1]
Standard Diesel Buses	1,394	1,262
Intermediate Capacity Diesel Buses	9	0
Trolley Coaches	151	151
Street Cars	258[2]	311[2]
Canadian Light Rail Vehicles (CLRV)	188[3]	89[4]
Subway Cars	632	632
TOTAL	2,632	2,445

[1] figures include stored vehicles where applicable

[2] includes 2 Witt cars leased from the Ontario Electric Railway Historical Association and the Ontario Rail Association

[3] includes 68 vehicles leased from the Province of Ontario

[4] includes 32 vehicles leased from the Province of Ontario

As ridership continued to grow, the TTC vehicle fleet expanded to keep pace. One hundred and fifty-eight new buses, including 107 Flyer Industries model D901A buses, 42 General Motors of Canada model GMC-T6H-5307N buses and 9 Ontario Bus Industries Orion model 01.501 buses, were placed into service throughout Metro. Seventeen buses were retired. Fifty-three PCC street cars were disposed of, replaced by 99 CLRV's. By year's end all 196 vehicles in the CLRV order had been delivered to the TTC from Hawker Siddeley.

TTC ridership continued to climb at record levels during 1981 and an additional 160 buses were ordered in mid-1981 from General Motors of Canada. By the end of 1981, 40 of these buses had been delivered to the TTC. The remainder are to follow in the first and second quarter of 1982. Twelve articulated buses, which are part of a demonstration program sponsored by the Government of Ontario, are scheduled for delivery in 1982.

Due to the increased fleet size, approval was given early in 1981 for the construction of a new bus facility in the Malvern area of Scarborough. Design work was undertaken and tenders are being prepared for 1982. It is expected that the 250 vehicle garage will be complete and operational by April 1983.

Flyer Bus

Orion Bus

G.M. Bus

Service Improvements

During 1981, the Commission continued to expand and improve service on a Metro-wide basis. The major service developments during 1981 were as follows:

Brimley 21C
New rush hour express service from Kennedy station to Finch Avenue.

Edwards Gardens 101
New route replacing the former Glenorchy minibus route.

Eglinton East 34A/34B
Route extended to serve the Sewells Road area.

Jane 35E
New rush hour express service from Jane station to Steeles Avenue.

Malton 58C
Route changed to provide service through Toronto International Airport to the Malton area.

St. Andrews 78
New route to serve the York Mills-Upper Canada area.

Sheppard East 85E
Route extended to serve the Middlefield-McNicoll area.

Silver Hills 115
New route to serve the York Mills-Bannatyne area.

Wilson 96D
New rush hour express service from Wilson station to Humber College.

Subway Emergency Simulation

On Sunday, October 18, the TTC in cooperation with Fire, Police and Ambulance authorities, conducted a subway emergency simulation on the Spadina subway line near St. Clair West station. The simulation was designed to test the capabilities and effectiveness of the emergency personnel, equipment and procedures which would be used to cope with an actual subway fire emergency situation.

At approximately 6:30 a.m., a northbound subway train was rendered disabled after contacting an "unknown" object resulting in a smoke and fire condition. Emergency personnel were despatched to the scene. Approximately 120 "passengers" were evacuated from the disabled subway train. These "passengers" were TTC employees and family members who volunteered to participate. A number of them simulated a range of injuries including cardiac arrest, hysteria and fractures.

Overall, the simulated evacuation was considered a success by the TTC and various emergency agencies that participated. Follow-up studies helped to identify specific areas in which improvements could be made in emergency procedures.

Transit in the 1980's: A New Direction

In early 1979, the Commission released the report "Transit in Metro: Some Tough Choices". This report acknowledged that for a number of reasons, some beyond TTC control, ridership was declining (from over 357 million in 1975 to an annual rate of 345 million in 1978). The Tough Choices report called for some decisions to be made as to the future role of transit in the city. The report also outlined a series of options designed to serve as the basis for the long-term future direction of transit in Metro.

Throughout 1979, a Joint Metro-TTC Policy Committee met to review the Tough Choices data. In late 1979, a staff report entitled, "Transit in the 1980's: A New Direction" was released and approved by the Committee. Basically the report called for a full-scale commitment to give transit more priority and support including increased financial aid.

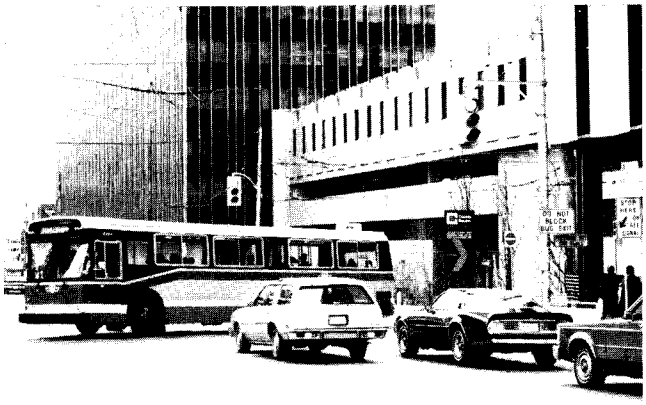
The Committee's recommendations were approved by Metropolitan Toronto Council in January 1980 and the process of implementing the recommendations was begun. Work during 1980 included a reduction in the Commission's revenue/cost target, the test introduction of a monthly transit pass (Metropass), new express bus service and improved rush hour service on a number of routes. During 1981, work continued on several programs. Additional express services were initiated on three lines, other service improvements were made to several routes, and the pass program was made a permanent part of the fare structure.

The introduction of new technology to the system, as outlined in the report, continued during 1981. Work progressed on the expansion of C.I.S. (Communications and Information System) facilities at Wilson Division. Planning was in progress for the testing of magnetically encoded tickets and passes and related hardware in several subway stations. Also, work was progressing on the installation of transit vehicle activated traffic signals at several locations to assist in giving transit vehicles priority.

A four month communication program, "Rules of the Road", was launched in cooperation with the Ontario Ministry of Transportation and Communications in the fall of 1981. The program was designed to encourage motorists to voluntarily yield the right-of-way to transit vehicles when pulling out from bus bays and transit loops and when turning.

Work in these areas is progressing.

Bus board produced as part of the Rules of the Road program



First pre-emptive traffic signal was installed at the Yonge St. exit from busy Eglinton Station

C.I.S. Control Centre at Wilson Division

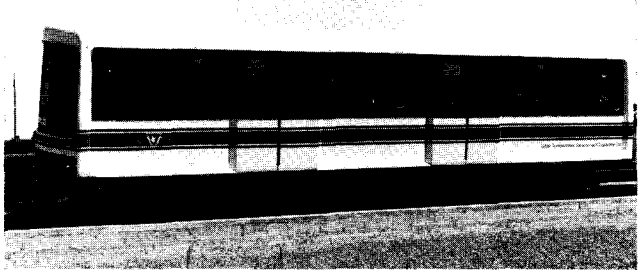
Communications and Information System (C.I.S.)

During 1981 work continued on the implementation of Phase VI of C.I.S., a computer-based, data and communications system for all Commission surface transit vehicles. Operational experience with a 100-vehicle test fleet at Wilson Division has shown that C.I.S. provides significant improvements in the provision and management of transit services. The system is currently being expanded to over 250 vehicles at Wilson Division and work should be completed by late 1982.

Metropass

On May 1, 1980, the TTC introduced the Metropass – a monthly transit pass which enables TTC customers to travel anywhere, anytime on all regular TTC subway and surface routes. The introduction of a monthly transit pass was one of the recommendations contained in the report "Transit in the 1980's: A New Direction". Metropass was originally introduced on a one-year experimental basis and during 1981, the Metropass was made a permanent part of the Commission's fare structure.

The monthly pass is proving very popular with passengers as evidenced by sales averaging over 68,000 a month in the last quarter of 1981. The pass is sold at 52 times the regular adult fare and is popular with heavy users of the system. Work is in progress on testing fare collection equipment which will speed up the entry of pass users to the subway system.



Prototype of ICTS vehicle in production for Scarborough RT

Scarborough RT

Design work continued on the Scarborough RT (Rapid Transit) line which will run from Kennedy station to the Scarborough Town Centre area. Original design plans called for the use of conventional light rail technology including the use of Canadian Light Rail Vehicles (CLRV's) running on a private right-of-way. As a result of strong support from the Borough of Scarborough and approval from Metropolitan Toronto Council, the decision was made to utilize a variation of an advanced design, Intermediate Capacity Transit System (ICTS) developed by the Urban Transportation Development Corporation of Ontario (UTDC).

ICTS is a computer-assisted rail transit system which uses steel wheel/steel rail vehicles powered by linear induction motors, which have no moving parts.

Completion of the Scarborough RT is scheduled for late 1984.

RUCUS – Computerized Scheduling

The RUCUS (computerized run cutting and scheduling) system is designed to create more cost effective schedules and crew guides by means of various computer programs. Development of the RUCUS program has been carried out since 1978. During 1981, the system was introduced to Wilson Division which now means that 100 percent of the scheduled bus and trolley coach fleets are now run cut by RUCUS. Work on implementing the program at the two street car divisions continued through year's end.

The RUCUS system has also allowed for computer prepared sign-up boards. Six of the nine operating locations now operate using the system.

Transit Control Centre

During 1981, the new surface radio system became operational. The multi-channel system provides direct communication at all times between Transit Control, Divisional Offices and Supervisory personnel in the field. The system has provided significant improvements in regulating and supervising surface transit services. As a result the obsolete surface PAX call box telephone system has virtually been eliminated.

Work also continued on the preparation of standard emergency procedures. This work included track and station layouts, signal system diagrams, traction power schematics and written emergency procedures. It is expected that in 1982, all of this information will be available for ready reference by Transit Control, Police and Fire personnel in any emergency situation.

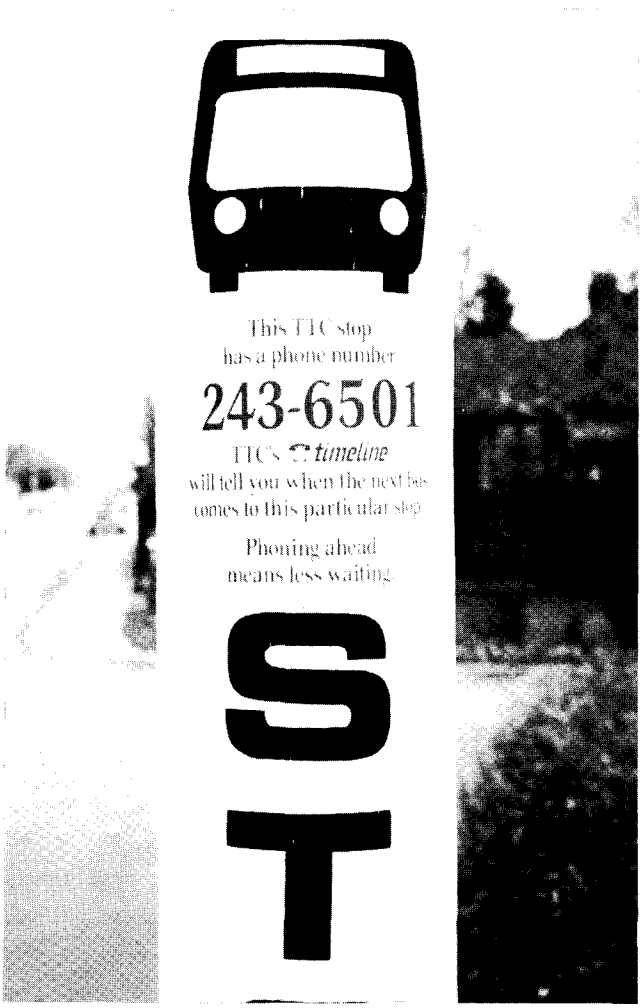
Work on the Computerized Train Despatch and Information System (CTDIS) progressed with the development of specifications and programs for Intermediate Point Headway Control (IPHC). This marked the beginning of the next phase in the development of this system.

Development of a computerized alarm monitoring and information storage system (CPC) progressed during 1981. In addition to monitoring all TTC fire and burglar alarms, the system will provide prompting of appropriate responses for incidents in the subway as well as reference files for emergency procedures.

Microfiche drawings of subway stations indicating the location of facilities and equipment for emergency situations were updated to reflect changes and additions to the system. Drawings of Kipling and Kennedy stations are now nearing completion for distribution to Fire Departments, Metropolitan Toronto Police, Metropolitan Toronto Department of Ambulance Services and several Departments within the Commission.

TTC TimeLine

In November 1981, the Commission began a test of the computerized telephone information system known as the "TTC TimeLine". The system allows passengers to use the telephone system to obtain schedule information for a specific surface route and stop. A decal affixed to each stop along the eleven test routes in south Etobicoke provides a four digit number to identify that stop. When the common telephone exchange (243-) and the four digit number are dialed, the computer automatically provides information on all routes serving that stop. The information is based on scheduled service but can be modified by staff at the Transit Control Centre in the event of service delays or disruptions.



Plant

During 1981, the Commission continued its program of surface track renewal. Major projects undertaken in conjunction with the City of Toronto and the Municipality of Metropolitan Toronto, included sections of track on King Street (2 sections), Queen Street (2 sections), Bathurst Street and Lake Shore Boulevard. Special trackwork was replaced at eight locations including the enlarged Fleet Loop and the new Maybank Loop on St. Clair Avenue. Rail was also replaced at 31 car stops.

Rail renewal was undertaken at 26 locations along both subway lines. Included in this work was the installation of welded rail and concrete ties southbound from south of Summerhill station to Rosedale station.

Electrical crews replaced approximately 13,000 metres of trolley wire in emergency maintenance projects and completed electrical work for the new Fleet and Maybank Loops. In addition, electrical crews completed the construction of the new Russell Substation and installation of the new UHF surface radio system in all supervisory and service vehicles.

Building forces completed the first phase of the Asbestos Abatement Program. Escalator chain rebuilding and handrail replacement programs were also undertaken and completed by the Buildings Division. Other major projects included alterations to the Hillcrest Administration Staff Lunchroom; continuation of the roofing repair program; installation of six new vehicle hoists at Birchmount and Parkdale Garages and installation of new bus washers at Davenport Garage.

Personnel and Labour Relations

As of December 31, 1981, the total employee strength including Gray Coach Lines Limited was 8,823 regular employees and 193 full-time temporary staff. In addition, a total of 1,895 people were receiving pensions from the TTC Pension Fund Society. The number of job applications received continued to reflect the current economic situation. There were a total of 1,337 job vacancies filled from over 21,000 applicants. Adjusting for retirement and deaths the Commission turnover was a low 3.4%.

The Affirmative Action Program continues to enjoy progress with respect to the employment of women and disabled persons in a wider range of occupations. This initial progress will provide a firm base for increased momentum in 1982. Two other major programs, the Employee Assistance Program and Work Availability Program, also continued to enjoy success last year. Both will receive added emphasis in 1982.

A major project completed late in the year was the completion of the Commission's sensitivity awareness film, "Touchdown". This film is designed to create an awareness of the special needs of the handicapped on the part of TTC employees. The movie, and an accompanying booklet, will be shown to all TTC employees during 1982 and will become part of the employee orientation program.

On the Labour Relations front, negotiations with the Amalgamated Transit Union Local 113, the Canadian Union of Public Employees Local 2 and the International Association of Machinists and Aerospace Workers Lodge 235 were completed. The current contracts with Local 113 are due to expire on June 30, 1983. In the case of the other two unions, the contracts expire on March 31, 1983.

Safety

During 1981, TTC operators' professional driving skills resulted in an accident rate of only 4.09 incidents per 100,000 miles of operation. This figure compares favourably to the accident rate in the 1960's for the TTC which was 11.08 per 100,000 miles operated. The 1981 rate brought the American Public Transit Association (APTA) Silver Plaque for operating and passenger safety to Toronto for the third consecutive year and the twelfth time in the past fifteen years.

The Commission's industrial injury frequency rate for 1981 was 19.2 lost-time injuries per million man hours worked.

Various work groups received Industrial Safety Achievement Awards from APTA which included one Gold Award and three Silver Awards for 1,000,000 and 500,000 hours worked, respectively, without a lost-time injury.

In the Commission's Zero Injury Contest, 31 awards were presented for safety performance among the 46 competing work groups. Special mention should be made of Equipment Department employees at Parkdale Shop (Unit Overhaul and Free Stores Sections) and Hillcrest Shop (Motor Repair, Electrical Repair and Wiring Sections); and Transportation Department employees at Lansdowne and Wilson Divisions, who during 1981 achieved plateaus of 1,400,000, 1,100,000 and 1,500,000 injury-free hours respectively.

Tops in Safety

Safety Displays and Visits

Commission representatives from Transportation, Marketing and Community Relations, and Safety and Security Departments actively participated in various community functions during the year in order to increase public awareness of the Commission's safety program.

Safety displays were presented at ten shopping malls throughout Metro Toronto, at which the Commission's safety record, training programs for our operating personnel, and problems and costs associated with vandalism to the transit system were explained to approximately 90,000 visitors.

The Commission's "Safety Mascot", Barney Beaver, is a star feature at these displays. In addition, Barney made sixteen other public appearances including parades, fun-days, C.N.E. Children's Day, bazaars, hospital visits and television shows.

During the 1981-82 school year, 52 schools were visited in order to provide students, from kindergarten to Grade 6, an understanding of the proper and safe use of their transit system, and to promote a feeling of responsibility as citizens in regard to public property. A total of 16,200 students and 540 teachers participated in this program.

Planning

During 1981, the planning function at the TTC was broadened in scope by combining Transit Planning and Corporate Planning into a single department with responsibility for both short-term and long-term planning. The Operational Planning section is responsible for scheduling, traffic engineering and stops administration. Service Planning applies the service standards to existing service levels, and recommends changes to routes on the basis of ridership requests from the community. The Corporate Planning section is responsible for long-range planning. The section worked through 1981 on a TTC Corporate Plan which is to be finalized during 1982.

With the recent increases in ridership, short-term planning has received the highest priority, but TTC Planning staff have also been working closely with the Metropolitan Toronto Planning Department on a new rapid transit plan due for release in 1982.

Materials

The Materials Department processed approximately 1,200 bids and issued 18,609 purchase orders with a combined value of $28,809,000.

Some of the larger purchases included:

	Thousands of Dollars
1,115 tons of Subway and Surface Track	1,318
4,497,000 litres of Heating Fuel	864
2,530 Uniforms for Supervisors and Operators	560
Cleaning and Pressing of Uniforms	351
Uniform Cloth	309

In 1980, a committee was formed to review inventory control in the stationery and forms areas. During 1981, the committee's recommendation to install a computerized processing system was carried out. The change from a manual system provides improved inventory control and reduces purchase order processing time.

Proceeds from the sales of obsolete vehicles and scrap metal amounted to $318,000.

Operations Training Centre

The Operations Training Centre is responsible for training and certifying all personnel who operate TTC vehicles. Support programs dealing with passenger and traffic safety and passenger relations are included in the OTC's programs.

During 1981, a total of 488 operators joined the TTC staff compared to 384 in 1980 and 224 in 1979. Supplementary and refresher training was given to 2,063 operators and supervisors. Over 850 persons from other TTC departments also received instruction from OTC staff. Over 49,000 instruction hours were devoted to staff training in 1981.

Passenger relations programs, stressing the importance of providing courteous, reliable service, were extended to include Station Collectors personnel. In addition, the program was presented by TTC staff to Kingston Transit personnel where it was well received.

CLRV console at Operations Training Centre

Marketing and Community Relations

In 1981, Marketing activities were directed at increasing ridership by stressing the economy and convenience of public transit. Creative re-emphasized the problem of travel by car and the competitive advantage of the TTC while presenting an overall image of a clean modern service concerned with continuing improvements. In addition, the "TTC Test" newsprint advertisement was updated. The Test was developed to personalize the economy argument that by leaving the car at home half the time and taking the TTC, a financial saving could be realized.

Recognizing growing ridership trends, increased emphasis was placed on promoting off-peak ridership through a variety of programs.

Co-operative advertising between TTC and many Metropolitan Toronto attractions was expanded to permit additional advertisements to provide support of specific promotions, exhibitions and/or events.

With the co-operation of Metro Council the "Special Transit Plan" was repeated once again. The plan, which involved the addition of regular fare express buses to the existing service to Exhibition Place, was operated on eleven occasions aimed at increasing transit's share of trips and decreasing overall traffic congestion.

Substantial work was undertaken on the development of a "Variable Work Hours" promotional program in 1981 involving a background investigation into the results of the 1974 Metro downtown program. The aim of the program is to encourage Metro employers to provide or increase the availability of variable work hours to their employees, thus reducing peak period congestion on the transit and road system.

The TTC's monthly pass – Metropass – was again promoted in 1981. Creative messages were developed to emphasize the consumer benefits of the pass. Actual testimonial commercials of Metropass users highlighted a variety of reasons for purchase. Metropass success is reflected in the fact that for 1981 actual sales were 8% over budgetted sales.

Pre- and post-advertising studies supported these approaches and ridership set a second consecutive all-time high of approximately 392,000,000.

Community Relations activities continued to increase during 1981 in response to consumer interest. A wide range of strategies and activities were undertaken to enhance the image of the TTC within the community. Using specially prepared audio/visual presentations, free-standing displays, etc. a wide assortment of TTC themes was viewed. Improved distribution of consumer information, plus the development of other passenger information materials, assisted TTC patrons. Work continued on the complete redesign of the TTC's Ride Guide, with the new version being introduced to the public in April 1982. Telephone Information staff handled approximately 2,000,000 calls.

To assist TTC telephone operators and customers, on November 22, 1981, the Commission began testing a computerized telephone passenger information service in the Borough of Etobicoke called "TimeLine".

By dialing his or her special stop number, the TTC patron is provided, through the use of a computer, the times at which the next bus or streetcar and the following one are scheduled to arrive at the stop. Information on delays and service disruptions caused by weather, accidents, construction, traffic, etc. can be programmed into "TimeLine" and passed on to passengers when they call.

In addition, over 700 visitors from 81 organizations around the world toured TTC facilities during 1981. TTC staff also assisted with over 30 television commercial, movie and photographic productions using Commission facilities.

CLIP THIS AD AND DO THE TEST

The 1981 TTC Test.

Now experts say if you don't use TTC at least half the time you're wasting at least $600 a year.

Read how much money experts say driving your car full-time costs each year.

We interviewed the people who know most about the real cost of driving a car all the time. These people are the experts who tell car-rental companies what to charge - who give organizations the information they need to establish mileage allowances.

We used to say that you could save $520 a year by leaving the car home half the time and taking TTC.
It isn't true. Today, it's more like $700!
Figure it out for yourself:

We're giving examples for all car sizes based on 5,000 miles city driving per year

(CAA tells us the average driver does 24,000 km/15,000 miles per year)

	STANDARD SIZE 8 CYL.	STANDARD SIZE 6 CYL.	COMPACT 6 CYL.	SUB-COMPACT 4 CYL.	YOUR CAR	
1. COST Km/MILE METRO TORONTO	5.62/9.05¢	4.97/8.00¢	4.69/7.55¢	3.88/6.25¢	_____	Cost per Km/Mile
2. 5,000 MILES	$ 452.50	$ 400.00	$ 377.50	$ 312.50	_____	# of city miles I drive X cost
3. PARKING ($3.00 A DAY) 50 WKS.	750.00	750.00	750.00	750.00	+ _____	parking
4. TOTAL CITY DRIVING COST	1,202.50	1,150.00	1,127.50	1,062.50	= _____	city driving cost
5. SAVE HALF THE COST OF DRIVING	601.25	575.00	563.75	531.25	÷2 _____	save half the cost of driving
6. MINUS COST OF TTC (based on 12 trips per week - for 25 weeks)	172.00	172.00	172.00	172.00	− _____	minus cost of TTC
7. SUB TOTAL	429.25	403.00	391.75	359.25	= _____	sub total
8. SAVING ON DEPRECIATION	334.75	312.50	260.50	244.00	+ _____	saving on depreciation
9. TOTAL SAVING	$ 764.00	$ 715.50	$ 652.25	$ 603.25	$ _____	Your Total

NOTE 1: DEPRECIATION - TORONTO 1,339.00 1,250.00 1,042.00 976.00

According to the CAA Metro Toronto depreciation costs are hefty! But - if you leave your car at home half the time, experts say you can save about 25% annual depreciation - car dealers take mileage and condition into consideration when they price a used car.

NOTE 2: According to Runzheimer and Company figures for 1980 models published by the Canadian Automobile Association the annual fixed costs including depreciation, $25 deductible comprehensive, $100 deductible collision, $300,000 inclusive public liability and property damage, and licence fees plus the variable operating costs based on 24,000 km/15,000 miles were: Standard V8 $3,805.80; Standard 6 cylinder $3,560.00; Compact 6 cylinder $3,163.60; Sub-Compact 4 cylinder $2,760.20.

There's no way out of it.
The chart is right.
Figure out where your car fits on the chart...fill in the spaces with your personal mileage and costs and you've figured out how much you can save by getting on the TTC and reading the paper as you travel to and from work.

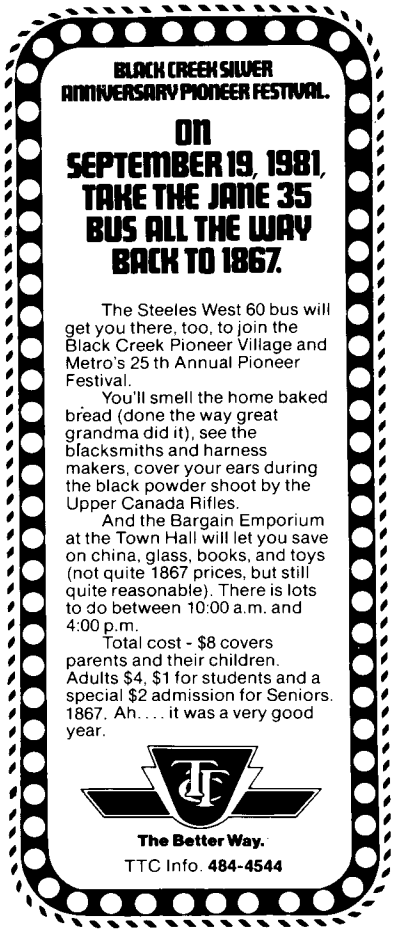
If you take our advice, you'd still have your car for the important trips. But you'd also have several hundred extra dollars to spend on things like stereos, trips, food, canoes, colour televisions, college at night....

The Better Way.

Market Research

The fourth in a series of surveys designed to measure public attitudes toward the TTC and riding behaviour was conducted in October 1981. A large sample representative of Metro adults, both riders and non-riders, was interviewed by telephone to collect information for use in policy analysis, planning, and marketing. Objectives of the research were to track attitudes toward the TTC and aspects of its service, monitor ridership levels and patterns, develop profiles of riders and non-riders, identify segments of the current and potential market and recommend a marketing strategy with particular emphasis on peak and off-peak travel.

Other research activities included analysis of ridership change, advertising effectiveness, creative pretesting, evaluation of Metropass use and an examination of a peak/off-peak fare differential.



Management Services

The Management Service Department provides a wide range of support services to Commission Departments.

In the field of Data Processing, a Scheduling Computer System was installed and fully operational by June. This system assists the Planning Department in producing more efficient vehicles and driver schedules. In November, the TimeLine Computer System, a turn-key system provided by an outside supplier, became operational providing schedule information including 11 routes in a test area in Etobicoke. Overall in the Commission, the number of on-line terminals increased from 15 at the beginning of the year to 36 by the year-end.

A capacity analysis of Commission's central computer facility was undertaken by the Technical Support staff during the year, recommending an upgrade to IBM 4341 early in 1982 with a substantial increase in on-line storage capacity. These improvements would provide sufficient capability to meet the growing demands in the Commission for on-line computer facilities and the implementation of new applications currently under development.

The Systems Development staff continued work on software development for the surface Communications and Information System (C.I.S.). Other major projects undertaken during the year were installation of a new Payroll/Personnel Resource System and a new Financial Control System.

The Graphic Services section continued to improve its facilities in the printing and photography area. Colour video equipment was purchased in order to improve the Commission's capability in the area of system monitoring and analysis and employee training.

The Operations Research section carried on with previous work started on Wheel-Trans Scheduling and Reservation System. In addition, research and consulting assistance was provided to the Planning, Personnel, Materials and Transportation Departments and the TTC's subsidiary company Gray Coach Lines.

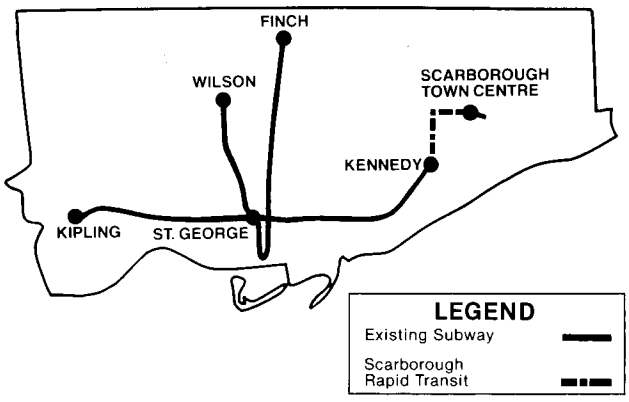
The Administrative Services section continued to provide services in such vital support areas as office copying, word processing and office equipment purchases and maintenance. The section also continued with providing assistance to a number of departments in records management, microfilm applicators and information retrieval systems. In addition, work was initiated on Forms Control and Records Management programs.

Engineering and Construction

Scarborough RT

Construction of the 7.1 km (4.4 mile) Scarborough RT (Rapid Transit) project continued during 1981. In May 1981, the Commission authorized a change in technology from conventional light rail to UTDC's ICTS technology. This led to major design revisions to accommodate the system.

At year's end, one contract had been completed, three contracts were active, and eight had been submitted for design commitments. Target date for the opening is late 1984.



Station Upgrading

During 1981, work continued on the upgrading of the original Yonge Line subway stations. The renovation of Rosedale station was completed in early 1981. Work continued on the renovations at Union station which included station finish work. This project is scheduled for completion in 1982.

Design work was completed during 1981 for renovations at four other stations: Davisville, King, College and Dundas. Plans for the two-year programs include new station finishes and new or additional escalators.

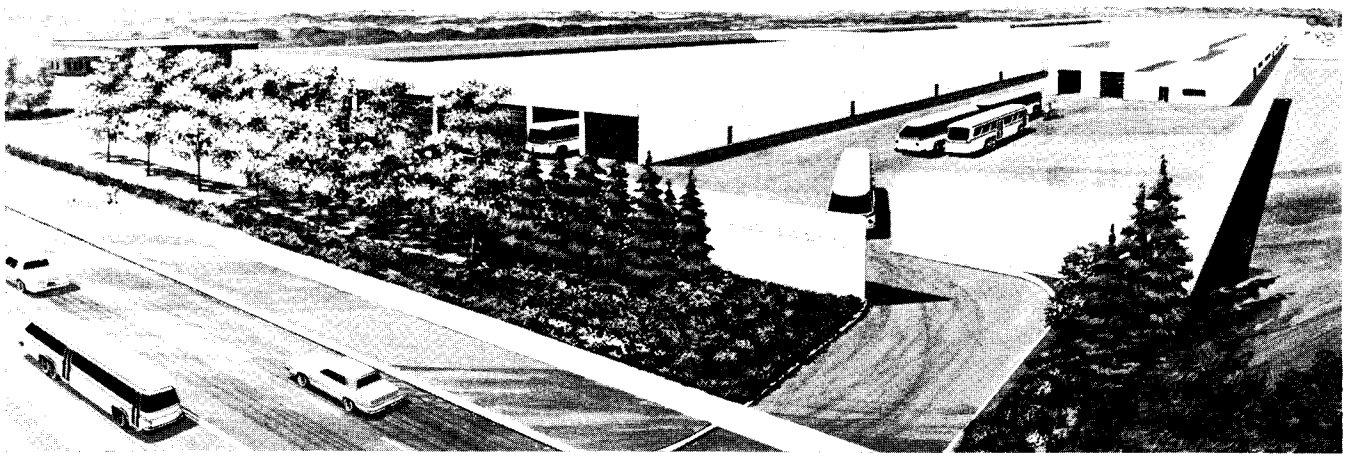
Transit System Improvements

Design and/or construction work was undertaken during 1981 on a variety of other projects by Engineering and Construction staff. Work continued on the installation of additional escalators at Castle Frank, Greenwood and Coxwell stations. Escalators scheduled for replacement in 1982 include Peelle units at St. Clair, King, Queen and College stations.

Construction of additional commuter parking facilities at Wilson station and Kennedy station was completed during 1981.

Design work was approximately 70% complete on the new Malvern Bus Garage scheduled for completion in early 1983.

Rendering – Malvern Bus Garage



Private Development Along the Subway

The TTC continued to be involved in the planning and construction of developments adjacent to our rapid transit system, including such projects as:

- the Shipp Centre (Bloor Street West and Islington Avenue)
- Sun Life of Canada buildings (University Avenue and King Street)
- Warden Woods Mall (Warden Avenue north of St. Clair Avenue)
- the Atrium on Bay (Dundas Street between Yonge and Bay Streets)

These developments are designed such that the subway station is an integral feature of the complex. TTC staff work with the developers to ensure that the most efficient designs are employed.

Special Projects

Among the special projects engaged in during 1981 have been the development of preliminary concepts and contract documents for such proposals as:

- Accelerated Rapid Transit studies
- Light Rail Transit
- Commuter Parking (Yorkdale, Kennedy and Dufferin-Finch)
- Articulated bus studies
- Waterfront development

The Environmental Assessment and Research section has provided research, evaluation and assistance in the following areas:

- Transit and Environmental Assessment
- Noise and vibration
- Air quality
- Rail vehicle standards

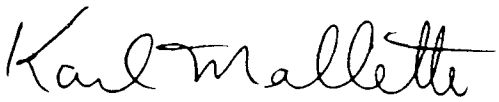
Conclusion

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

Your Commissioners believe that the results achieved in 1981 are indicative of its continuing efforts to improve transit services throughout the entire Metropolitan area. That this work was efficiently carried out during a year when 25.6 million more passengers used the system, fully reflects the conscientious effort of the entire staff. The Commissioners also wish to express their thanks to all employees for maintaining the TTC's reputation as one of the world's finest transit systems.

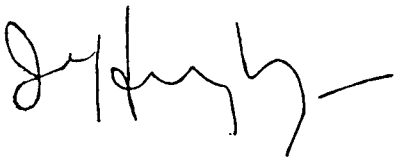
Yours truly

Chairman



Vice Chairman

Commissioner



Commissioner

Commissioner

Financial Statements
December 31, 1981

Statement of Revenue and Expenses

	Year ended December 31 1981	1980
	(in thousands)	
Revenue from operations:		
Passenger services	$205,679	$172,971
Rental of land, air rights, buildings, subway concessions and equipment	3,930	3,225
Rental of advertising space	3,076	2,667
Dividend from Gray Coach Lines, Limited	600	500
Profit on sale of land	404	2,752
Miscellaneous	1,285	1,527
Total	214,974	183,642
Operating subsidy (Note 1)	69,434	53,156
Total revenue and operating subsidy	$284,408	$236,798
Expenses:		
Wages, salaries and other employee costs	$215,004	$179,016
Materials, services and supplies other than the items shown below	29,227	24,237
Electric traction power	12,242	11,312
Automotive fuel, including federal and provincial taxes	14,054	9,691
Vehicle and other licences	428	392
Municipal taxes	2,634	2,396
Public liability costs	2,830	2,032
Depreciation (Note 3)	6,406	5,969
Debenture interest	1,583	1,753
Total expenses	$284,408	$236,798

Balance Sheet

Assets

	December 31 1981	1980
	(in thousands)	
Current assets:		
Cash	$ 533	$ 722
Accounts receivable –		
The Municipality of Metropolitan Toronto	36,601	31,332
Gray Coach Lines, Limited – current account	3,095	2,945
Other	2,105	1,727
Materials and supplies, at cost	11,894	9,372
Working funds and prepaid expenses	1,656	1,487
	55,884	47,585
Investment in capital stock of Gray Coach Lines, Limited, at cost (Note 4)	1,000	1,000
Unamortized debenture discount	482	524
Capital assets (Note 2):		
Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	1,024,391	967,644
Less: Capital contributions	807,872	753,717
	216,519	213,927
Less: Accumulated depreciation	143,619	140,955
	72,900	72,972
Under construction and not yet in service	42,729	42,693
Less: Capital contributions	41,391	42,693
	1,338	–
Total capital assets	74,238	72,972
	$ 131,604	$122,081

	December 31	
Liabilities	1981	1980
	(in thousands)	
Current liabilities:		
Accounts payable and accrued liabilities	$ 42,988	$ 33,615
Debenture interest accrued	408	421
	43,396	34,036
Provision for:		
Tickets and tokens held by the public	10,475	7,450
Public liability and workmen's compensation	2,500	2,000
	12,975	9,450
Capital debt (Note 5):		
The Municipality of Metropolitan Toronto –		
For debentures maturing in annual instalments from 1982 to 1995	22,768	24,850
For sinking fund debentures maturing between 1993 and 1997, less sinking fund balance of $12,852,000 (1980 – $11,558,000)	7,280	8,560
	30,048	33,410
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
	45,185	45,185
	$131,604	$122,081

Statement of Changes in Financial Position

	Year ended December 31	
	1981	1980
	(in thousands)	
Source of funds:		
Revenue from operations	$214,974	$183,642
Book value of capital asset disposals	59	135
	215,033	183,777
Operating subsidy	69,434	53,156
	284,467	236,933
Application of funds:		
Operating expenses	284,408	236,798
Deduct items not requiring current funds –		
Depreciation	(6,406)	(5,969)
Other	(2,641)	(1,000)
	275,361	229,829
Expenditures on capital assets (Note 2)	60,661	51,945
Less: Capital contributions	52,930	48,411
	7,731	3,534
Debenture debt repayments	2,436	2,519
	285,528	235,882
Increase/(decrease) in working capital	(1,061)	1,051
Working capital at beginning of year	13,549	12,498
Working capital at end of year	$ 12,488	$ 13,549

Notes to Financial Statements
December 31, 1981

1. Operating Subsidy:

By agreement with The Municipality of Metropolitan Toronto, the Commission establishes its fares each year at the level required to produce total budgeted revenue from operations equal to 68% of total operating expenses (as defined for provincial subsidy purposes). The Municipality undertakes in its budget to provide an operating subsidy equal to the remaining expenses.

The Province of Ontario, through its Transit Operating Assistance Programme, pays a subsidy to the Municipality, calculated on a formula which provides for:

(i) a basic subsidy of 13.75% of transit operating expenses plus an additional 0.25% for each 1% that the actual revenue/cost ratio falls below 72.5%, up to a maximum subsidy rate of 15.47%, plus

(ii) special subsidies on the initial operations of major new transit facilities.

Under these arrangements, if actual revenue and expenses for the year are equal to the budgeted figures, the operating subsidy is shared approximately equally by the Municipality and the Province.

In 1981, passenger revenue significantly exceeded the budget figure and as a result the actual funding of transit operating expenses (as defined for provincial subsidy purposes) for the year is expected to be as follows:

By the Commission	71.2%
By the Municipality	13.0%
By the Province of Ontario	15.8%

2. Capital Assets and Capital Contributions:

The Commission constructs or purchases its capital asset additions and receives capital contributions as described below. Capital assets are recorded at gross cost in the financial statements and the capital contributions received are recorded as a deduction from this cost. Land purchased directly by the Municipality, mainly for rapid transit purposes, is not recorded on the Commission's books. The current bases for capital contributions are as follows:

(i) For additions and improvements to the subway and light rail systems and equipment and for certain other projects, 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, including buses, 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 and facilities 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 $600,000 in January 1981 (January 1980 – $500,000). A dividend of $600,000 was received in January 1982. The results of Gray Coach Lines' operations are summarized as follows:

Gray Coach Lines, Limited
(including Gray Coach Travel Inc.)

	Year ended December 31	
	1981	1980
	(in thousands)	
Revenue	$39,449	$34,593
Expenses, including Ontario income taxes	37,746	32,540
Net earnings for the year	$ 1,703	$ 2,053

The Company's balance sheet is summarized as follows:

Assets

	December 31	
	1981	1980
	(in thousands)	
Current assets	$ 5,663	$ 6,290
Short term investments, held for replacement of terminals and public liability settlements	5,100	4,400
Capital assets, at cost less accumulated depreciation	12,062	10,902
	$22,825	$21,592

Liabilities and Shareholder's Equity

Current liabilities	$ 5,200	$ 5,171
Provisions, mainly for public liability and workmen's compensation	1,591	1,490
Capital stock, reserve and retained earnings	16,034	14,931
	$22,825	$21,592

The Statement of Revenue and Expenses reflects charges of $5,293,000 in 1981 ($4,390,000 in 1980) 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, 1981, the net capital debt of the Commission was as follows:

	1981	1980
	(in thousands)	
Instalment debentures –		
3⅜% final instalment due 1981	$ –	$ 347
3½% final instalment due 1983*	569	837
4% final instalment due 1983	395	582
3½% final instalment due 1984	530	695
5⅜% final instalment due 1992	2,306	2,457
5½% final instalment due 1993	5,929	6,272
5¼% final instalment due 1995	13,039	13,660
	22,768	24,850
Sinking fund debentures –		
4⅛% due 1986	–	121
5% due 1993	501	665
6% due 1996	3,580	4,158
6% due 1997	1,428	1,623
7% due 1997	1,771	1,993
	7,280	8,560
	$30,048	$33,410

*This debenture is payable in U.S. dollars and has been converted into Canadian dollars at rates ruling at time of issue. On the basis of the December 31, 1981 exchange rate the Commission would have an additional liability of approximately $111,000 on the above amount.

Instalment debenture maturities and scheduled sinking fund payments required in each of the next five years are approximately $1,939,000.

The sinking fund balance of $12,852,000 at December 31, 1981 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 $3,863,000 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 1981 for each member and the Commission was 7.5% 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 current service costs and amounts required to liquidate the unfunded liabilities of the plan, which at December 31, 1980, amounted to approximately $72,000,000, over the periods prescribed by law. These unfunded liabilities result from improvements made to the plan in 1980 and prior years, based on the advice of the Society's independent actuaries.

April 5, 1982

Auditors' Report

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of the Toronto Transit Commission as at December 31, 1981 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, 1981 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

Chartered Accountants

Financial and Operating Statistics
10 Year Summary
1972 – 1981

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	% Increase (Decrease) 1972-1981
Passengers/Operating Revenue											
Passengers (Millions)	293.0	329.0	329.8	357.6	350.6	348.7	337.6	346.2	366.4	392.0	33.8
Basic Adult Ticket Fare (at December 31)	25.0¢	25.0¢	25.0¢	33.3¢	40.0¢	40.0¢	42.9¢	50.0¢	50.0¢	57.1¢	128.4
Total Operating Revenue ($ Millions)	86.7	85.3	84.3	107.9	132.1	137.7	146.0	165.9	183.6	215.0	148.0
Operating Revenue per Mile	116.1¢	106.5¢	101.0¢	114.4¢	137.5¢	145.9¢	147.9¢	167.6¢	181.1¢	199.3¢	71.7
Operating Revenue per Passenger	29.6¢	25.9¢	25.6¢	30.2¢	37.7¢	39.5¢	43.2¢	47.9¢	50.1¢	54.9¢	85.5
Operations/Expenses											
Miles Operated, Including Charters and Special Services (Millions)											
Bus	36.9	39.4	40.5	46.0	47.5	46.9	46.9	48.1	49.3	52.1	41.2
Subway Car	23.0	26.2	29.7	34.1	34.6	33.8	38.2	37.7	38.6	42.6	85.2
Street Car	10.8	10.9	9.9	10.5	10.1	9.5	9.4	9.1	9.4	9.3	(13.9)
Trolley Coach	4.0	3.6	3.4	3.7	3.9	4.2	4.2	4.1	4.1	3.9	(2.5)
	74.7	80.1	83.5	94.3	96.1	94.4	98.7	99.0	101.4	107.9	44.4
Average Number of Employees (Including Gray Coach Lines, Ltd.)	7,042	7,330	7,565	8,047	8,473	8,525	8,632	8,703	8,689	8,906	26.5
Average Hourly Wages & Benefits per Driver	$5.79	$6.07	$7.52	$8.15	$8.86	$9.62	$10.27	$10.81	$11.67	$14.13	144.0
Total Expenses ($ Millions)	92.8	103.2	118.5	146.0	167.7	180.0	196.4	211.6	236.8	284.4	206.5
Expense per Mile	124.2¢	128.8¢	141.9¢	154.8¢	174.5¢	190.7¢	199.0¢	213.7¢	233.5¢	263.6¢	112.2
Expense per Passenger	31.7¢	31.4¢	35.9¢	40.8¢	47.8¢	51.6¢	58.2¢	61.1¢	64.6¢	72.6¢	129.0
Operating Subsidy											
Operating Subsidy ($ Millions)	6.2	17.9	34.2	38.2	35.6	42.3	50.4	45.7	53.2	69.4	
Operating Subsidy per Mile	8.3¢	22.3¢	41.0¢	40.5¢	37.0¢	44.8¢	51.1¢	46.2¢	52.4¢	64.3¢	
Operating Subsidy per Passenger	2.1¢	5.4¢	10.4¢	10.7¢	10.2¢	12.1¢	14.9¢	13.2¢	14.5¢	17.7¢	
Capital Assets											
Investment in Capital Assets (before depreciation and contributions) at December 31 ($ Millions)											
Subway	407.1	436.6	453.1	523.1	611.7	726.8	786.8	827.3	836.3	841.6	106.7
Surface	92.8	93.9	107.1	117.1	124.6	125.0	126.6	134.5	174.0	225.5	143.0
	499.9	530.5	560.2	640.2	736.3	851.8	913.4	961.8	1,010.3	1,067.1	113.5
Metro and Provincial Contributions	291.9	320.4	349.1	426.8	522.9	637.6	701.0	748.2	796.4	849.3	191.0
T.T.C. Investment (before depreciation)	208.0	210.1	211.1	213.4	213.4	214.2	212.4	213.6	213.9	217.8	4.7
Vehicle Fleet											
Buses	1,006	1,097	1,165	1,218	1,219	1,235	1,219	1,231	1,262	1,403	39.5
Subway Cars	410	410	416	498	494	534	590	618	632	632	54.1
Trolley Coaches	152	152	151	151	151	151	151	151	151	151	(0.7)
Street Cars	418	393	389	388	358	354	344	342	311	258	(38.3)
CLRV's	–	–	–	–	–	–	–	17	89	188	
	1,986	2,052	2,121	2,255	2,222	2,274	2,304	2,359	2,445	2,632	32.5