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ANNUAL REPORT 1983

1983 ANNUAL REPORT

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CHAIRMAN'S MESSAGE

AUGUST 15, 1984

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

Ladies & Gentlemen:

The year's results again illustrate that Metropolitan Toronto has the finest transit system in North America.

Despite the recession and a fare increase during the year, and although there were no major extensions to the system, the Commission has achieved record ridership in 1983, clear evidence of the community's support.

In last year's report, I pointed out that we experienced a tremendous growth in the number of visits by transit planners, specialists and government officials from other countries interested in your transit system because of its excellent reputation. This interest continues at a high level. Action has therefore been taken to reactivate Toronto Transit Consultants (1981) Limited. There appear to be many opportunities for consulting work worldwide and while we do not plan to pursue such assignments as a prime consultant, the Commission will provide assistance to other Canadian consulting firms who may wish to take a lead role. This will provide additional revenue and contribute to an opportunity for our staff to learn from projects around the world.

To equip the TTC to face the challenges of the 1980's and beyond, the Commission embarked in 1983 on an organizational renewal program. The new organization has six well-defined functional areas, each under its own general manager. This creates a less hierarchical management structure, and fosters a team approach to the operation of the system. The new organization gives us more experienced managers and increases the number of potential new senior executives.

In addition, the Commission, along with Metropolitan Toronto is studying the future long range rapid transit needs of the Metropolitan community. Under study are a downtown 'relief'/ waterfront line to relieve overcrowding on the Yonge subway line and to service the central waterfront area to Exhibition Place, an Eglinton line running west from the Spadina subway line to Pearson International Airport, and a Sheppard line running east-west across the northern portion of Metro. The future success of rapid transit in Metro would not be possible without the continued commitment by both the Province of Ontario and the Metropolitan community.

On behalf of my fellow Commissioners, I would like to express our appreciation of the support we have received from both the Municipality of Metropolitan Toronto and the Province of Ontario. This support, both fiscal and philosophical, has been invaluable in keeping the Commission at the leading edge of the transit industry. Transit continues to be a popular alternative to the automobile in Metro Toronto, a fact that enabled us to meet our targeted revenue/cost ratio in 1983.

Any organization is only as good as its employees. We all acknowledge gratefully their tremendous contribution to the health and vitality of the Commission during the past year.

Yours faithfully,

JULIAN PORTER,
Chairman

COMMISSIONERS

JULIAN PORTER, Q.C.
Chairman

KARL L. MALLETTE
Vice-Chairman

PAUL GODFREY
Commissioner

JEFFREY S. LYONS, Q.C.
Commissioner

JUNE ROWLANDS
Commissioner

CHIEF GENERAL MANAGER'S STATEMENT

I am pleased to report that in 1983 we achieved an all-time record ridership of 405,746,000 – 4.5 million more than in 1982. This increase along with a modest fare increase averaging 8.4% in January enabled the TTC again to exceed its revenue target of 68% of operating expenses.

Extensive planning goes into meeting the constantly changing needs of the Metropolitan Toronto area and 1983 saw completion of a number of major studies. These included a Vehicle Fleet Mix Study and the Inter-Regional Transit Co-ordination Study. This work gives us a strong base to continue to meet the challenges of the future.

Perhaps the most spectacular example of the social and economic benefits of Metro Toronto's far-sighted planning is the new development already underway adjacent to the Scarborough RT line. The Commission's decision to build the line has already resulted in an estimated half-billion dollars worth of new construction. This will generate many new riders for the Scarborough RT line and also stimulate "reverse flow" ridership on the RT line and increase ridership on the entire system.

The Commission was also able to stay within its operating budget, for while passenger revenue was slightly below expectations, savings in expenses were realized by discontinuing uneconomic special services, salvaging parts from retired buses and by other cost cutting measures.

Financial support from government, under cost sharing arrangements with the Commission, continues to be a major element in the operation and expansion of a successful public transit system. In 1983 the Province of Ontario contributed $60.0 million to operating and $106.3 million to capital funding, while the Municipality of Metropolitan Toronto contributed $64.5 million (including $21.1 million of its own transit related costs) to operating and $26.1 million to capital, (including $1.4 million of its own transit related costs).

We are proud that 1983 was a year of continued growth and achievement for the TTC. Aggressive marketing and planning will continue to characterize our work in 1984. The high level of service offered by the TTC in 1983 ensured that we will continue our role as a major partner in the Metropolitan Toronto fabric. We look forward to continuing this tradition in the years to come.

Alfred H. Savage
Chief General Manager

OFFICERS & SENIOR OFFICIALS

Left to right

STANLEY T. LAWRENCE
General Manager, *Engineering & Construction*
J. HERB JOBB
General Manager, *Finance*
ARNOLD S. DUBE
General Manager, *Administration*
ALF H. SAVAGE
Chief General Manager
DAVID C. PHILLIPS
General Secretary
DR. JURI PILL
General Manager, *Planning*
W. GRAHAM CHASE. Q.C.
General Counsel
LLOYD G. BERNEY
General Manager, *Operations*
GORDON M. BREAK
General Manager, *Human Resources*

THE NETWORK

The year 1983 was of great significance for the strategic development of the TTC, not only for what was achieved, but also for major steps taken to map the future of public transit in the Metropolitan area for the next decade and beyond.

It was a year of financial restraint. Yet ridership increased to another record level – 405.7 million passengers carried or 4.5 million more than in 1982. It was a year that saw continuing commitment to leading edge technology – best shown by progress on the new Scarborough RT line where futuristic linear induction motors and on-board computers match the challenge of the 21st Century. It was a year of internal streamlining and re-organization, continuing the drive for efficiency and maximization of human resources. And it was a year when major studies and reports outlined the needs of the future and reaffirmed the TTC's role as a major partner in the growth and dynamism of the Metropolitan community.

A Tradition of Progress

Yet, as always, this progress was firmly rooted in the tradition exemplified in our motto of "Safety, Service, Courtesy". Our past proclaims our future, from the tiny fleet of four horse-drawn omnibuses, each carrying six passengers, started in 1849, to today's fully-integrated surface and subway system which in 1983 provided more than 182 million kilometres of passenger service.

1925: Rebuilding and replacing track at Bay and Wellington Streets, part of a decade-long expansion of the network.

11,000 metres of TTC trolley wire was replaced in 1983.

Rapid growth and pioneering technology tell the history of public transit in Toronto from the earliest days. In 1861 Victorian Torontonians proudly watched a horse-drawn street railway whose 5 metre wooden cars trundled along at a maximum permitted speed of nine kilometres an hour. By 1892, the Toronto Railway Company carried 55,000 passengers a day.

This was essentially the system inherited by the Toronto Transportation Commission when the city voted for public ownership in 1920. Rapid growth then followed – within a year the newly created Commission had embarked on a $30 million expansion program, purchased 575 new streetcars, introduced bus services and experimented with trackless trolleys.

By 1927, it was also running a ferry fleet serving the Toronto Islands – a service continued until 1962 when it was assumed by the Metropolitan Toronto Parks Department.

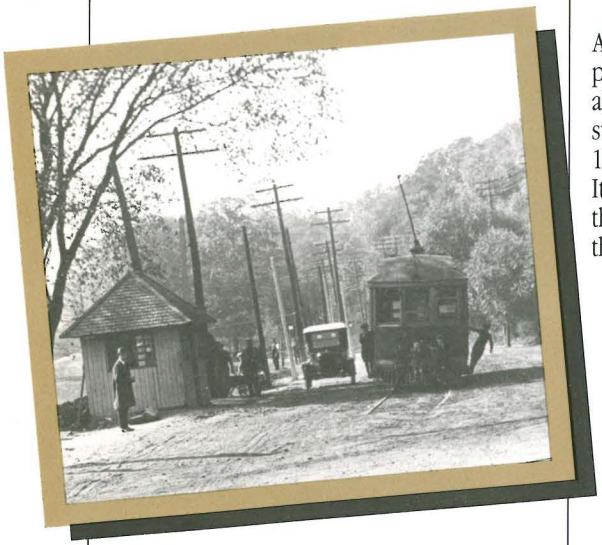
In the 1940's while Canadians and Americans embarked on a love affair with the private automobile, TTC planners were again ahead of their time in promoting the idea of a subway system. In 1946, the public voted 10-1 in favour of the subway – Canada's first. It opened for business in 1954, spearheading the renaissance of public rapid transit across the continent.

The year 1953 saw the birth of Metropolitan Toronto. The TTC, reconstituted under new legislation and re-named the Toronto Transit Commission, faced the challenge of serving an area that had grown overnight from 90 to more than 600 square kilometres. Within six months all operations of private transit companies in the new area had been acquired and consolidated.

Rapid growth of the newly-opened subway system soon followed. Between 1963 and 1980 an average of 2.9 kilometres of new track opened every year.

1944: Wartime brought a doubling of ridership and the standard Peter Witt car, seen here at North Toronto Terminal, saw service throughout the system.

1923: All aboard a Toronto Suburban Railway streetcar at Davenport and Bathurst.

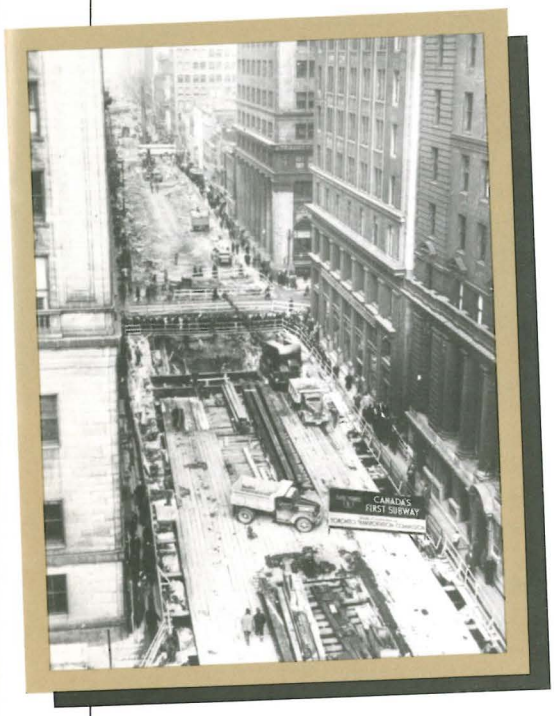


In 1983, responding to community needs and flexibility, 307 road races, parades and protest marches required adjustment to TTC services.

World Wide Recognition

Today the TTC network spans 1,276 kilometres of integrated service of subway, bus, streetcar and trolley bus routes. The Commission is recognized worldwide for its expertise in linking different types of transit. Its 54.4 kilometres of subway served by 59 stations are geared for fast and convenient movement of passengers between surface and subway routes.

In 1983, TTC vehicles provided more than 182 million kilometres of passenger service over this network. In addition to scheduled services, more than 4,000 special bus and streetcar charters and nearly 6,000 vehicle and special services operated to places such as Woodbine Race Track.



1953: Construction in progress on the Yonge St. subway line, Canada's first and the first in North America after the war. View north to King Street.

The year also saw contracts in progress or completed at 45 subway stations, including major renovations at Davisville, College, Dundas and King stations. Some 4,000 metres of surface track were upgraded at seven locations, and worn rail renewed at 30 car stops. Routine maintenance on surface track switches alone resulted in 226,780 inspection and servicing operations. In all, the TTC spent $42.7 million maintaining the infrastructure of the system, aside from vehicles.

1978: A unique blend of futuristic modern architecture and transportation technology, Yorkdale station on the Spadina line represented yet another leap into the future.

Major construction activity in 1983 centred on the $196 million new Scarborough RT line. By year end, 25 contracts were in progress, six completed and one out for tender. The Intermediate Capacity Transit System (ICTS), developed by the Urban Transportation Development Corporation (UTDC) of Ontario, will add six new stations and a 20,000 passengers per-hour, per-direction, capacity to the network. The largest station is a three-level complex at Scarborough City Centre linked by walkway to the Civic Centre, a shopping mall and a new federal government building. It will have 12 bus bays for TTC and inter-urban services.

116 TTC surface routes make 127 connections with the subway system.

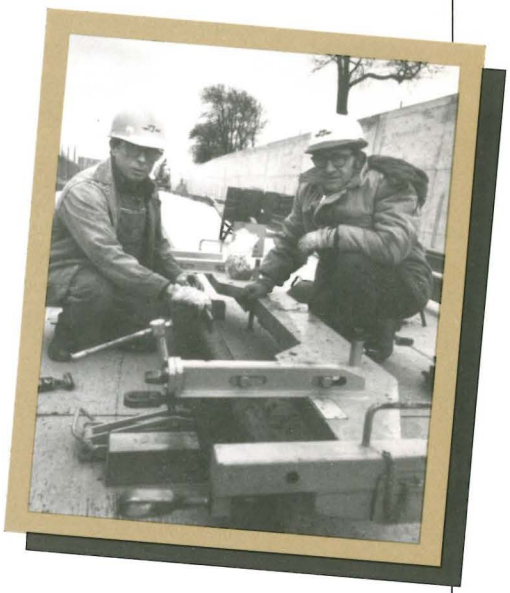
By year end more than 40% of the work on the six Scarborough line stations was completed. Work was well in progress on the track and a continuous steel plate reaction rail which interacts magnetically with the cars' linear induction equipment to provide propulsion with no moving parts.

1983: Welding as construction goes forward on the Scarborough Rapid Transit line. By year's end work on the track was well underway.

New Services

The TTC also responded to 115 municipal requests for new or improved services in 1983. Forty-four of the requests were recommended for action. In addition, two new bus routes and two express bus services were inaugurated and three existing routes revised.

In 1983, in addition to work actually in progress, TTC planners continued to look to future long range transit needs. In particular, plans to turn Toronto's industrial waterfront area use into a new mix of residential, commercial and parkland create the need for a new transit scheme to serve the area.



SERVING THE RIDER

Highlights of passenger service in 1983 included sales of more than one million Metropasses, improvements to the *Timeline* bus arrival information system and partial integration of Wheel-Trans, Metro Toronto's service for the disabled, into the TTC system. The year end saw another step into the future with the delivery of 17 special turnstiles geared to the magnetically-encoded Stripes Metropasses and tickets which will be tested in 1984.

These developments are a far cry from 1910 when the public rioted when the Toronto Railway Company announced that passengers would have to pay on boarding. The company hastily reverted to the system of conductors walking through cars taking fares from patrons.

Today, increasing sales of Metropasses make it clear the public likes the convenience of one payment for a month's rides – and appreciates the continued year-by-year improvements to the full range of passenger services provided by the TTC.

1924: Stark comforts – interior of wooden streetcar inherited from the Toronto Railway Company.

Total ridership in 1983 was 405,746,000 – 4.5 million more than 1982, despite an 8.4% fare increase in January. This equals 189 rides for every man, woman and child in Metro Toronto – one of the highest per capita system uses in the United States and Canada.

The highest daily ridership ever recorded by the TTC was on Friday, November 18, 1983 when 1,533,000 people used the system.

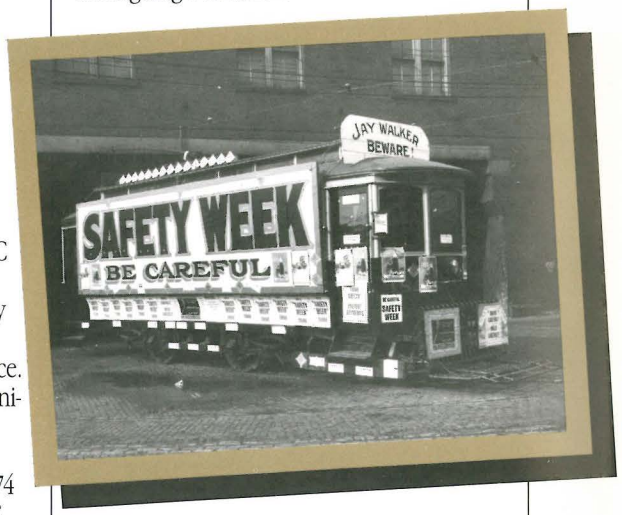
Priority for Elderly, Disabled

Special services for the elderly and disabled continued in 1983 to be a priority for the TTC. Wheel-Trans, Metro Toronto's service for the physically disabled, has always been administered by the Commission. In 1983, it effectively became a TTC department. TTC staff handle reservations, scheduling and despatching and outside contractors supply vehicles and drivers.

In 1983, the TTC installed 1,500 handholds at vehicle entrances to help the elderly and the disabled.

Wheel-Trans is a seven-days-a-week service. At year end there were 50 lift-equipped minibuses, 21 cabs and three station wagons. Demand for its services increased approximately 25% in 1983, when it averaged 1,074 trips a day. Partial integration with the TTC improved service, and work began immediately on a computerized scheduling and despatching system that will produce even more efficient service.

Special equipment for the elderly and the disabled is continually added under a five-year $6.4 million Improved Accessibility Program administered by the Technical Advisory Committee on Improved Accessibility (TACIA), initiated in 1981. By the end of 1983, 14 projects had been completed, among them provision of handholds at surface vehicle entrances, subway platform edge markers to assist the blind, additional platform benches and easily opened 'butterfly' doors. Two subway cars have been equipped with an automatic audio and visual stop announcement system that is also undergoing evaluation.



Circa 1916: Safety has always come first – here a colorful billboard car gets the message across for the Toronto Railway Company.

Safety Comes First

TTC riders enjoy one of the safest systems anywhere. In 1981, a rider's chances of being assaulted were literally one in a million. In 1983, there were 918 incidents, a small increase over 1982's 881, but a decrease when set against the higher ridership.

A major reason for passenger confidence in the TTC is the subway passenger alarm

1925: New sightseeing and charter bus services make it a busy year for the TTC – special buses are seen here at Sunnyside Park.

1956: A TTC bus enters into the seasonal festive spirit.

system, which enables the operator to instantly alert the Transit Control Centre. It was used on 504 occasions during the year. Courses were held throughout 1983 to familiarize police officials and new TTC staff with security procedures. Security staff and police made presentations to users of the system, and some 130,000 copies of a pamphlet detailing security facilities were distributed.

Vandalism was also down in 1983: 4,936 incidents in 1983, or 669 fewer than in 1982. A reward system for information leading to the conviction of vandals, immediate repairs to damage, and visits by security staff to schools where problems are known to originate all contribute to the TTC's low incidence of vandalism. Graffiti, torn seats and other consequences of vandalism are repaired immediately, which helps to account for the TTC's low rate of vandalism compared to that of other transit operations.

Subway riders acquired two new information sources during 1983, and the Commission concurrently acquired two new revenue sources. New route maps at stations are part of front-lit display panels that also feature local street maps, photographs and advertisements. Revenue is expected to more than cover the maps' costs. New platform clocks feature digital readouts, an electronic display panel that carries advertisements and TTC service announcements as required. Clock advertising is expected to return a revenue of $2.6 million over 10 years at no cost to the TTC.

Staff at the central information switchboard and the information booth at the Bloor subway station handled more than 2.2 million inquiries during the year, an increase of more than 6% over 1982.

1983: Wheel-Trans effectively becomes part of the TTC, providing seven-days-a-week service averaging 1,074 trips a day for the disabled.

Some 63,000 articles riders left behind went to the TTC's lost property centre in 1983. Among them was an inflatable dinghy.

New Student Policy

Student fares were a concern in 1983 causing conflicts between transit personnel and passengers claiming eligibility. In 1983, a firm enforcement policy was imposed requiring the presentation of identification cards by all secondary school students in Metro Toronto up to an age limit of 19 years if they wished to use the reduced student rate. It is anticipated that the new policy, its introduction backed by an extensive public information campaign, will help to improve relationships between operating personnel and students.

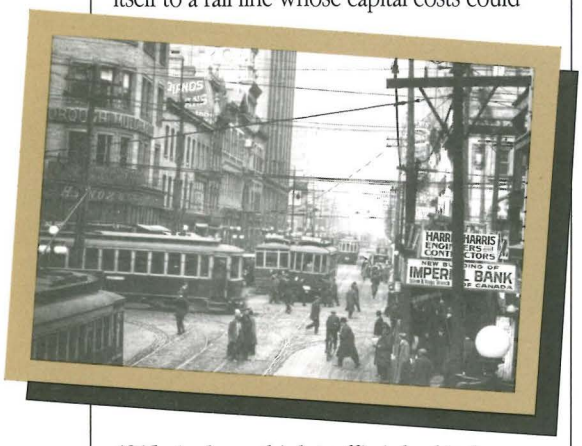
Since the TTC subway opened in 1954, it has provided 4.2 billion rides.

SERVING AND SHAPING THE COMMUNITY

Where the TTC goes, so goes new development. This has always been true, but 1983 provided a spectacular example in the half-billion dollars of new development springing up along the new Scarborough RT line.

TTC and urban planners have always worked hand in hand. Impetus for new development at times comes from urban planning and at times from decisions made by the TTC.

What is significant about the new Scarborough development is that it came only after the Commission had committed itself to a rail line whose capital costs could



1915: And you think traffic is bad today – view of Yonge St. north of Queen St. makes need for subway apparent even then.

not have been justified by existing transit needs. The TTC, in effect, spearheaded the full development of a major commercial and community hub attracting new businesses and jobs, increasing property values and tax revenues, and generating new retail sales.

Both Scarborough City Centre and nearby McCowan Road will have stations on the Scarborough RT Line when it opens in March 1985. Among developments under construction by the end of 1983 were a $427 million office, apartment and hotel complex on a 17 hectare site, a $35 million 17-storey structure, and a $39 million federal government building.

In the 29 years since the subway opened, its existence has been a key factor in determining the location of an estimated $30 billion worth of development. In that time, 90% of all new office space in Metro Toronto was constructed adjacent to subway stations and 50% of all new apartment buildings were built within walking distance. Developers often request access to subway stations and willingly construct entrances at their own expense, even though costs may exceed $1 million.

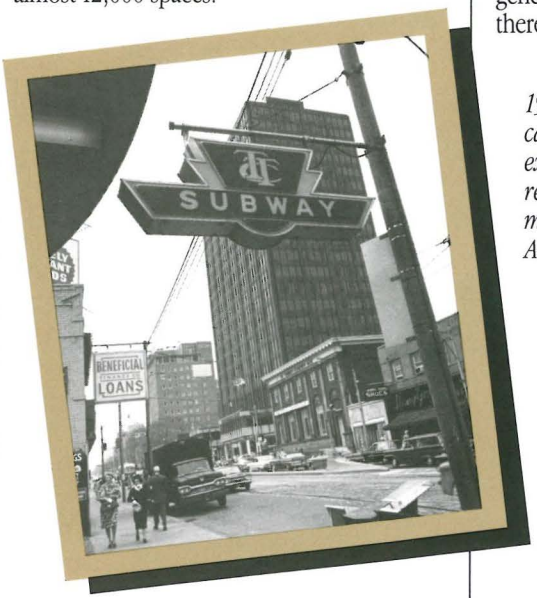
TTC estimates show that one traffic lane on a city arterial street carries up to 900 people per hour in private cars, up to 4,000 people in standard buses, and up to 6,000 people in articulated buses.

Planning for the Future

The TTC has anticipated further massive development – particularly in the waterfront area – in the Metro/TTC Rapid Transit Study. To service the estimated 1 million square metres of office space and 40,000 employees predicted for the downtown railway lands complex, a 'relief' line is proposed running from Union Station to the Danforth subway in the vicinity of Pape/Donlands stations. In addition, the Province of Ontario is proposing an Intermediate Capacity Transit System in the waterfront area linking Union Station with Exhibition Place. TTC planners envisage full integration of these lines to ensure efficient operation.

Increased demand for the TTC's services will also come from further development of new city centres such as Scarborough and from beyond Metro Toronto's boundaries. Already trips by non-Metro residents account for about 8% of total ridership; respectively 34% and 22% of those using the Islington and Finch Stations.

Passengers travelling to the downtown core from outlying areas use a mix of private and public transit. The TTC's operations include 21 parking lots at 11 locations with a total of almost 12,000 spaces.



Inter-Regional Transit Issues

Growing demands on the TTC from areas outside Metro call for increased study for inter-regional transit issues. TTC planners have played an active role in analyzing and promoting the resolution of such issues. A staff report was researched and written in 1980. In 1983, another TTC policy paper was completed and included several detailed recommendations. Among them: formation of a technical 'co-operative' with representatives of all transit authorities involved, plus the provincial Ministry of Transportation and Communications; establishment of a common ticketing system and development of equitable methods of sharing costs and revenues. At present, Metro Toronto's taxpayers shoulder the full burden of municipal subsidies for the TTC, although taxpayers in other municipal regions derive considerable benefit from using the system.

The technical group, later perhaps evolving into a formal co-ordinating body along the lines of a European Transit Union, will enable all participating transit authorities to enjoy full operational autonomy.

Whatever the source, the TTC will undoubtedly enjoy increased ridership in the future. The TTC is projecting an annual ridership of 450 million by 1991, and with it a need for substantial capital expenditures and an increase in operating subsidies.

Up to now the TTC has satisfied the requirements that it generate revenues equal to 68% of its operating costs. In 1983, in an era when North American transit authorities achieve a revenue/cost ratio averaging 42.9%, the Commission succeeded in generating 68.5% of its operating costs, thereby more than fulfilling its mandate.

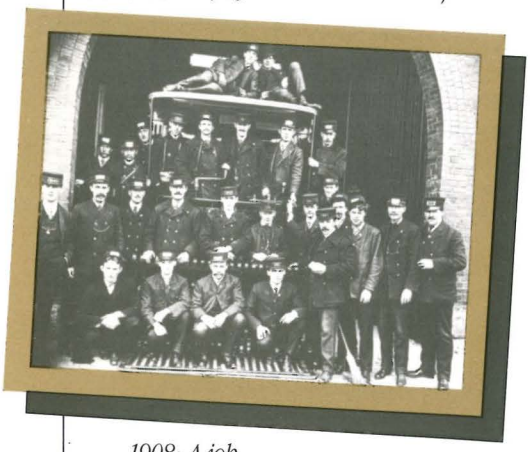
1965: With the Yonge St. subway came a decade-long, $10 billion explosion of commercial and residential real estate development. View west from St. Clair Avenue and Yonge St.

In 1984, the TTC expects to carry 8.3 million more riders than 1983, 2.2 million due to Toronto's Sesquicentennial celebrations and the visit of Pope John Paul II.

HUMAN RESOURCES

Throughout its history, the TTC has recognized that the organization, skills and morale of its employees – at year end they totalled 8,911 – are the living heart of the transit system's effectiveness.

A program of organizational renewal launched in 1983 resulted in three major internal structural changes. A new assistant manager level was created to widen the number of employees involved in decision-making and to provide a training ground for new managers. Secondly, three existing departments – Marketing & Community Relations, Management Services and Materials & Procurement – were consolidated in a new Administration Branch under one general manager. And thirdly, the Human Resources Department was designated a branch with the Personnel and Labour Relations Departments reporting to a General Manager.



1908: A job, a uniform and a system to be proud of – trainmen pose at the Toronto Railway Company.

The re-organization leaves the TTC with six functional areas, each under a general manager – a more streamlined, less hierarchical structure designed to expedite inter-departmental decision-making.

During 1983, an independent Employee Climate Survey showed that a majority of TTC staff feel a high level of job satisfaction and numerous programs are in place to ensure this continues.

In-House Training

The Commission has for many years run a wide range of in-house training programs. Since 1935, when the first automotive apprentice signed up, apprenticeships have been featured in a number of trades. On-the-job training in five skilled trades is given to semi-skilled employees and home study programs in specialized skills and supervisory development programs are used to help staff upgrade expertise.

Many of the programs are run at the TTC Operations Training Centre. In all, the Centre gave 30,476 hours of instruction in 1983. That represented preliminary, supplementary or refresher training for 2,283 people – almost 25% of the work force.

An immediate consequence of the emphasis on training is the success of the Commission's Job Opportunities Program. Of the 162 positions advertised under the program in 1983, 79% were filled by people already on the TTC payroll. New technology also brings new opportunities. In 1983, 19 employees were sent to a training course in industrial electronics before starting in-house training on the computerized cars for the new Scarborough RT Line.

New Safety Records

The maintenance and promotion of a skilled and enthusiastic work force has real benefits for both TTC employees and passengers. The system is one of the safest in North America, both to work for, and to ride. In 1983, the TTC received the American Public Transit Association's Silver Plaque for safety in North American cities of a population of one million or more. It was the fourteenth time in the past 17 years that the top APTA award has come to Toronto. This time it was a new standard for passenger and traffic safety: 3.1 accidents per 100,000 surface miles. This represented an 11.6% improvement over the previous year, which itself had been a record.

1983: Women increasingly play an equal role alongside men.

The TTC operates a benefits program for its employees that cost more than $40 million in 1983.

TTC work groups also won two silver and six bronze APTA awards for working 500,000 and 250,000 hours without a lost-time accident. Overall, the TTC recorded a 1983 rate of 16.9 lost-time injuries per million hours worked, versus an Ontario average of 28 and a North American average of 62.

In addition, the Canadian Urban Transit Association (CUTA) awarded the TTC the industry's top safety awards for 1983. The two awards are for the best 1983 traffic record of only 11.63 accidents per million kilometres and for the best 1983 industrial safety record of only 20.55 accidents per million employee hours.

1983: The TTC wins North America's top safety award – the APTA Silver Plaque – for the fourteenth time in the last 17 years.

The Commission enjoys a worldwide reputation for operational excellence. In the past two years, more than 356 officials from other transit operations and government departments from as far afield as Sweden, Singapore, Egypt and France have visited TTC operations and met with TTC staff.

A wholly-owned subsidiary, Toronto Transit Consultants (1981) Limited, is now working to turn this reputation into revenue, providing consultancy services both to other transit authorities and to Canadian consulting firms engaged in transit assignments.

The TTC's work groups accumulated more than 16.3 million accident-free hours in 1983.

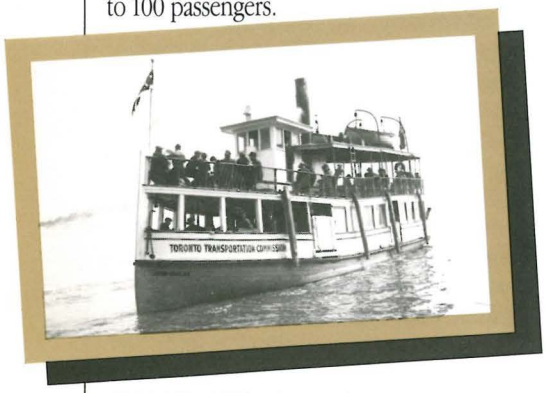
THE FLEET

1888: Two-horse wooden streetcar of the Toronto Street Railway Company. Just five metres long, the cars were unheated in winter and had straw on the floor.

Highlights of 1983 included the completion of the first of 24 new Scarborough RT cars, the testing of 12 articulated buses in revenue service, the awarding of a $184.8 million contract for 126 new subway cars and the completion of a Vehicle Fleet Mix Study.

Most spectacular was the preview of the first RT car powered by a linear induction motor and equipped with on-board computers making it capable of fully automated operation.

Built by the Urban Transportation Development Corporation (UTDC), the new cars are designed to operate in pairs or in four to six-car trains running at up to 80 kilometres per hour. Micro-computers are commonplace throughout their assemblies. Fully air conditioned, the new cars will each carry up to 100 passengers.



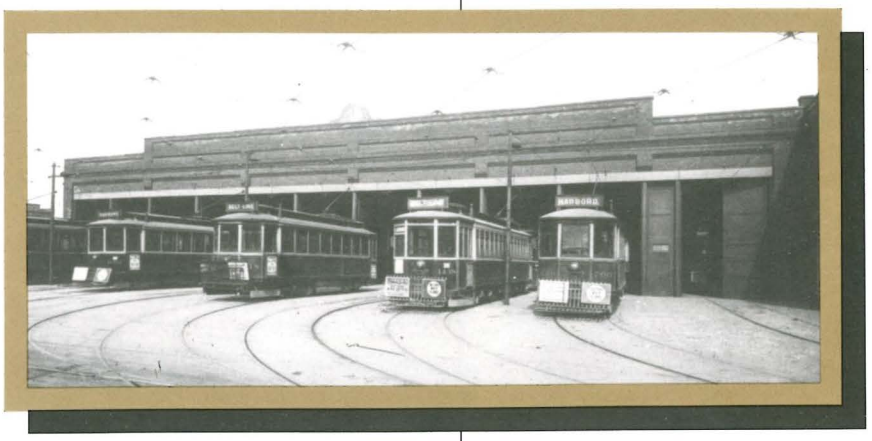
1927: The TTC takes to the water as it acquires the Toronto Island Ferry operation – here the S.S. John Hanlan *steams ahead in that pre-pollution control era.*

Cleaning a TTC bus, a daily routine for all 1,470 vehicles in the active bus fleet, takes just 90 seconds, thanks to automation.

During 1983, TTC personnel worked closely with UTDC on design, construction and testing of the cars. All 24 are scheduled for delivery by September 1984, and the TTC is planning to purchase another four for delivery in 1986.

Throughout its history, the TTC has earned a reputation for investing in leading-edge technology while maintaining existing vehicles for a maximum productive lifespan.

At the end of 1983, the active passenger fleet consisted of 1,470 buses, 630 subway cars, 306 streetcars and 150 trolley buses – a total of 2,556 vehicles. One hundred and seventy-five new General Motors buses were bought during the year, and 182 old buses were sold. The average TTC diesel bus is in service for 18 years and operates more than one million kilometres in its lifetime.



1921: Four of the 830 wooden streetcars inherited by the TTC from the old Toronto Railway Company.

Maintaining the Fleet

Maintaining the TTC fleet in top condition cost $76.1 million in labour and materials in 1983, and involved almost one in four of all employees. The TTC's control and maintenance centres operate 322 non-passenger vehicles, including 12 snow-clearers (one of which uses a jet engine to clear snow); a fleet of 16 rail service cars, complete with rail grinders; a two-car tunnel washing unit, and a refuse car which tours the subway nightly collecting garbage. Contracts were awarded in 1983 for four new maintenance and support vehicles for the Scarborough RT line.

As part of the routine maintenance operation, all buses are washed, vacuumed and safety-checked daily. Subway car interiors are swept daily, floors are washed every two weeks and the outside of the subway car is washed every 8-9 days. Mechanical overhauls and maintenance routines consume many thousands of hours. In just one shop in 1983, 8,307 brake drums were turned, 2,171 brake systems were relined and 724 transmissions were overhauled.

But maintenance procedures can go only so far. Of the TTC's fleet of 306 streetcars, 110 are PCC's (Presidents' Conference Committee car); an average of 34 years old, with more than 1.6 million kilometres service per car, they are near to retirement. The original subway cars purchased in the early 1950's must also be replaced, and the fleet expanded to meet new increased ridership.

1925: During the 1920s motor buses were used increasingly to serve new areas of the expanding city and to feed heavily-used streetcar lines.

1937: A radical advance when the TTC took delivery of the first rear-engined buses with reduced noise and vibration and easier handling characteristics. By 1940, 82 were in use.

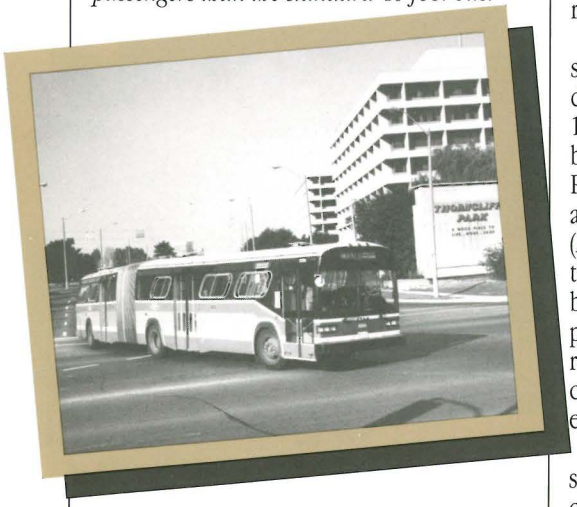
The TTC's 630 subway cars each travelled an average of 110,063 kilometres in 1983.

1954: A train of the original 134 "Gloucester" subway cars. Many are still in use.

Getting the Best Value

A Vechicle Fleet Mix Study was carried out in 1983 to determine which vehicles in the current TTC fleet give the best value. The study found diesel buses to be the most cost effective. Streetcars scored well on high demand routes and trolley buses ranked lowest of all modes.

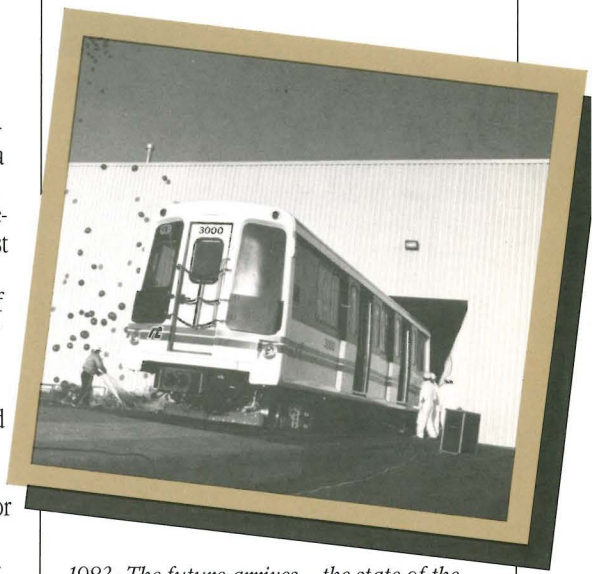
1983: Yet another innovation – the experimental General Motors articulated bus capable of carrying 50 per cent more passengers than the standard 40-foot bus.



The study looked at five factors: cost, service to passengers, operating flexibility, maintenance requirements and environmental considerations. Good value is obviously a matter of prime concern as costs increase. A PCC car cost $41,000 in 1950, but its replacement CLRV (Canadian Light Rail Vehicle) cost $472,000 in 1976. An articulated streetcar which may be among the next generation of replacements costs $1.4 million.

Articulated vehicles – both buses and streetcars – show potential for use on high demand routes. During 1983, the TTC tested 12 articulated buses in revenue service, built by General Motors of Canada, for the Province of Ontario. Testing will continue for another two years. An articulated streetcar (ALRV), developed by the Urban Transportation Development Corporation (UTDC) is being tested in revenue service during peak periods and shows good potential as a replacement for the aging PCC fleet. A contract for the supply of 52 cars has been executed in 1984.

UTDC's proposals for the supply of new subway cars were also assessed, and a contract was executed for 126 cars to be delivered between November 1985 and April 1987, at a cost of $184.8 million.



1983: The future arrives – the state of the art Intermediate Capacity Transit System car for the Scarborough RT Line.

THE NERVE CENTRES

What may be Toronto's last full-time blacksmith's shop is still in use at the TTC's Hillcrest complex to forge parts for the older PCC streetcars. At another control facility supervisors monitor the operation of more than 160 buses by scanning electronic consoles displaying data transmitted automatically by on-board computers.

The blacksmith's shop is part of the TTC's effort to get the most mileage out of its fleet – a tradition since the earliest days. But increasingly automation becomes the standard as more and more functions at TTC nerve centres are streamlined and computerized.

Running the Commission's network of routes requires more than 19 centralized facilities including: three fully-equipped shop areas, eight bus and trolley garages, three subway carhouses, two streetcar garages and a Transit Control Centre with several satellite control panels.

During 1983, TTC staff processed more than 200,000 requisitions for stocked materials, for a total value of $18.4 million. Excluding traction power, fuels, lubricants and electrical supplies, 18 purchases were worth more than $100,000 each. They included:

Heating fuel
$965,000

1,000 tonnes of 45 kg. surface rail
$768,603

2,300 operators' uniforms
$564,863

36,000 tie plates
$505,655

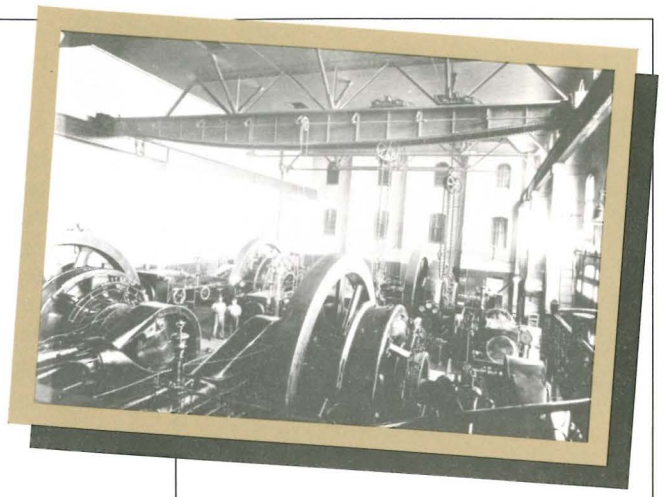
4,200 lead acid batteries
$415,106

5,000 automotive brake blocks
$349,489

24,000 uniform shirts
$217,743

1,900 cubic metres of concrete
$136,330

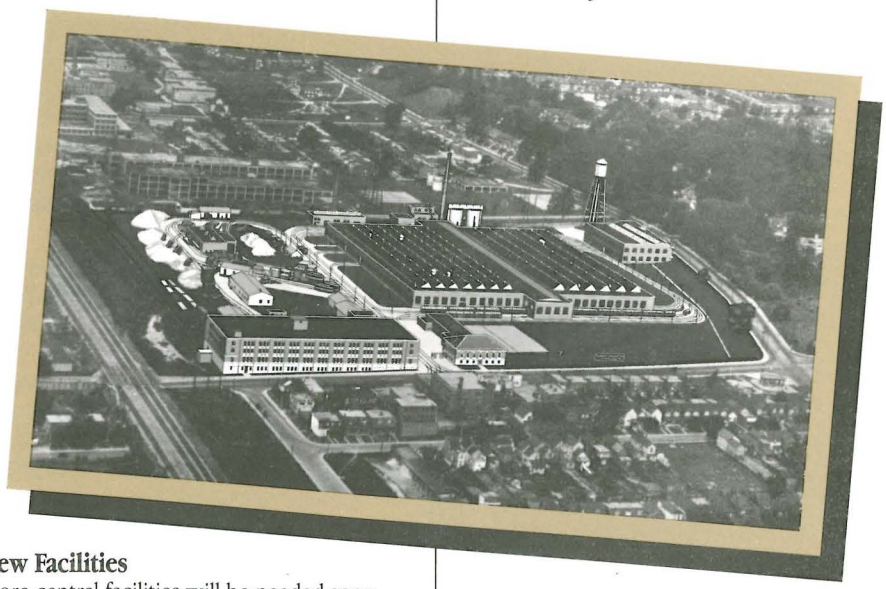
2,000 welding kits
$120,845



1920s: Ensuring the system continued to work despite power failures, the back-up steam generating plant was one of the facilities inherited by the TTC from the old Toronto Railway Company.

This network of nerve centres grew by 4.5 hectares during 1983 with the opening of the new $17.1 million Malvern garage, one of the most modern of its kind in North America.

The garage in the north-east of Metropolitan Toronto is home base for eight bus routes and 334 operators, supervisors, maintenance and other staff. It can handle up to 258 standard 40-foot buses (12 metre) and is also able to service 60-foot (18 metre) articulated buses. It has an automatic carbon monoxide detection and venting system, and a heat recovery wheel system to conserve energy and maintain air freshness. Almost 3,500 square metres of repair and inspection area include 16 hoists, and nearly 1,000 square metres are allocated to cleaning and fueling.



New Facilities

More central facilities will be needed soon. A new carhouse for the RT vehicles on the Scarborough line was under construction in 1983. Design and engineering specifications were completed for a new 21,000 square metres automotive repair shop and a contract for the construction negotiated. Site studies are being carried out for a new bus garage.

The TTC's main nerve centre, the Transit Control, considered the ultimate in communications technology when it opened, provides two-way links with supervisory and emergency personnel throughout the network, monitors the power supply to the system with direct control of electrical equipment and has direct links with police, fire and ambulance services. It monitors and supervises all subway operations and staff are in two-way communication with every train and operate a public address system to all

1927: TTC's Hillcrest repair shops then as now are the main centre for vehicle maintenance – the average TTC diesel bus serves for 18 years and logs one million kilometres in its lifetime.

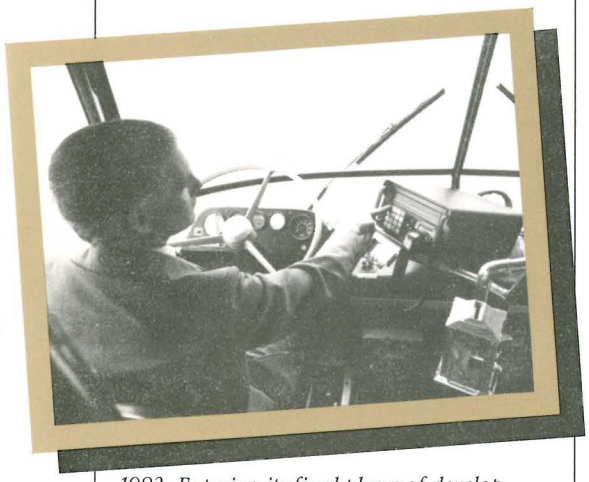
In 1983, TTC shops gave surface and subway cars 38,099 exterior washes and 20,557 floor washes.

stations. Its technology is continually upgraded. Yet projections of future growth of the TTC suggest the existing Transit Control Centre will be unable to handle the load. A working committee in 1983 recommended that a new control centre be built. A second phase of the study will be completed in 1984.

In 1983 renovation work and new construction was completed at two carhouses and three garages. New equipment streamlined work in many areas. One example: removing the insulation from an armature prior to rewinding used to take about seven hours of labour. Now, a custom built oven purchased in 1983 can break down the insulation of five armatures in one hour. The time saving over the long term will be considerable; nearly 500 subway and automotive armatures had to be rewound in 1983.

Upgrading administrative facilities involves computers. During 1983, the Prime 750 computer system used for the production of vehicle schedules and crew guides were improved, and a Prime 500 computer was acquired to speed operation of the Wheel-Trans fleet for the handicapped.

During 1983, TTC purchasing staff interviewed 1,700 sales agents and placed orders for 45,000 items ranging from 45 kg. rail to paperclips.



1983: Entering its final phase of development, the Communications and Information System (CIS) allows supervisors to monitor route conditions and operators direct contact with the Control Centre.

Maintenance facilities for TTC's subway system cover 29 hectares.

In 1983 further work was done on improving payroll, personnel and accounts payable computer systems. A start was made on computerizing the records governing the administration of some 9,000 TTC service stops. A library of some 500,000 technical documents, drawings and specifications, used regularly for maintenance procedures, as well as for research, is also being computerized.

1983: Opening of the new $17.1 million Malvern Garage, home base for eight bus routes and 334 staff. Equipped with the latest in maintenance technology the garage has some 3,500 square metres of repair and inspection areas.

Advanced Computer Technology

The control system for the new Scarborough RT line will feature some of the most advanced computer technology yet used by the TTC. The system, for which a contract was negotiated in 1983, will permit automatic operation of the power supply to all aspects of the new line, down to auxiliary equipment such as escalators and rail de-icing cables. It links field equipment to eleven on-line remote terminal units, which in turn transmit signals to computers at the Transit Control Centre. It is being supplied by SEL Canada and is based on the SELTRAC moving block concept, developed and used in West Germany by Standard Electrik Lorenz AG.

Other aspects of centralized control using computer technology were also tested during the year. At the Wilson division, a computerized control system called C.I.S. (Communications and Information System) directly links vehicles with supervisors at the divisional centre.

An on-board unit known as TRUMP (Transit Universal Microprocessor) automatically transmits operational data to computers at the control centre where supervisors at consoles monitor the status of each vehicle. The system enables instant re-scheduling to avoid problems such as bunching of buses and time-lags on connections between routes.

Next to the driver is a two-way telephone, a 16-button keyboard and a power supply. Drivers call directly for help in emergencies and the array of buttons is programmed to solve problems such as fare disputes. In the case of a student refusing to show proper identification, for example, the driver presses the 'Fare Dispute' button and an authoritative voice is broadcast explaining the regulations. The system will go into its final phase of evaluation in the summer of 1984.

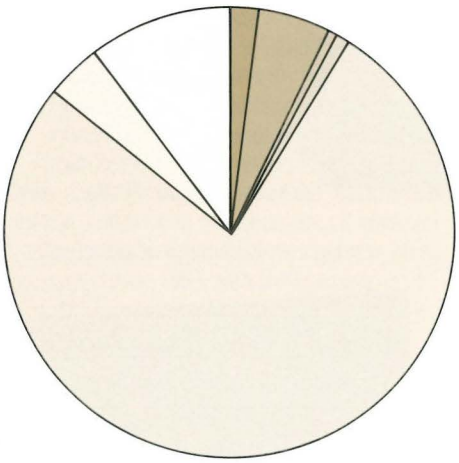
Testing of a computerized data-gathering method called DATACAP also began in 1983. DATACAP enables personnel in the field to transmit information directly to a central computer, using hand-held terminals connected to a telephone line. It permits speedier gathering and analysis of statistics relating to ridership, station usage and other operational areas.

It takes 27 full-time electricians to maintain the 42 sub-stations which convert high voltage AC power from the public grid into the low voltage DC supply needed to run subway trains, streetcars and trolley buses.

FINANCIAL

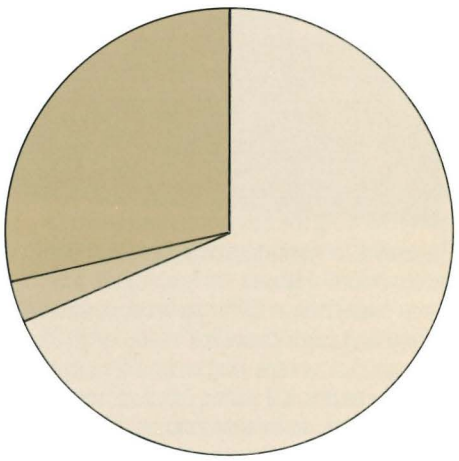
Contents — Page

Where the 1983 dollars went
Total expenses: $362,789,000



- Depreciation $7,604,000 (2.1%)
- Bus Fuel & Licences $18,785,000 (5.2%)
- Debenture Interest $1,016,000 (0.3%)
- Municipal Taxes $3,370,000 (0.9%)
- Wages, Salaries and Other Employee Costs $279,485,000 (77.0%)
- Electric Traction Power Purchased $14,034,000 (3.9%)
- Other Expenses $38,495,000 (10.6%)

Where the 1983 dollars came from
Total revenue and operating subsidy: $362,789,000

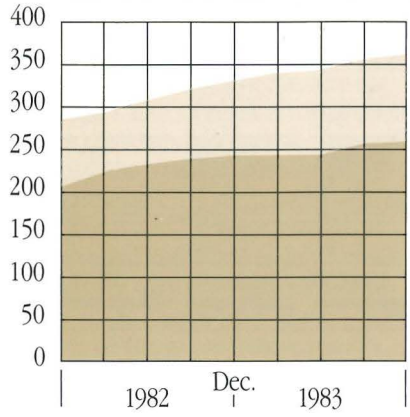


- Passenger Services $248,803,000 (68.6%)
- Other Income $10,546,000 (2.9%)
- Operating Subsidy $103,440,000 (28.5%)

T.T.C. FARES – 1983

	Fares	Revenue Passengers Millions	%
Tokens			
Adult	6 for $ 4.00		
	24 for $16.00	126.7	31.2
Tickets			
Adult	6 for $ 4.00		
	24 for $16.00	51.5	12.7
Scholar	6 for $ 2.00	38.1	9.4
Senior Citizen	6 for $ 2.00	25.5	6.3
Child	7 for $ 1.50	9.2	2.3
Cash			
Adult	$ 0.85	56.3	13.9
Scholar	$ 0.45	18.4	4.5
Child	$ 0.30	7.2	1.8
Passes			
Metropass	$34.75	71.9	17.7
Family Pass	$ 2.50	0.9	0.2
		405.7	100.0

NOTE:
The split of passengers and revenue by category is estimated based on the sales and collections of tickets and tokens and a sample analysis of cash fares.

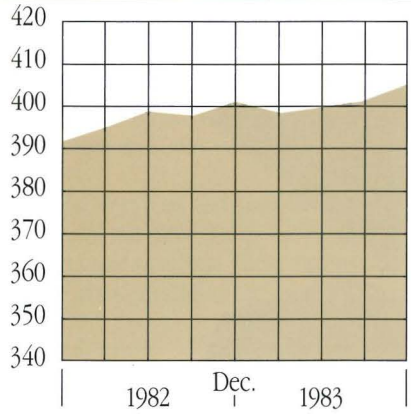


Operating Results

	1983	1982	Increase (Decrease)	%
Revenue ($ millions)	259.4	240.9	18.5	7.7
Operating subsidy ($ millions)	103.4	92.9	10.5	11.3
Expenses ($ millions)	362.8	333.8	29.0	8.7

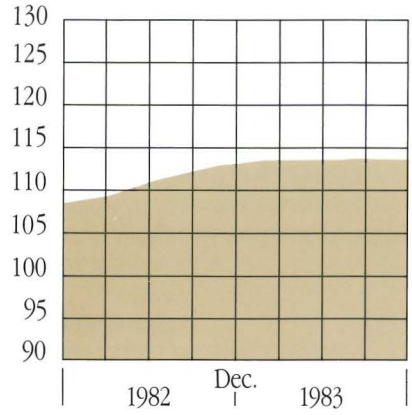
Revenue
Operating subsidy

Revenues increased to $259.4 million while expenses rose to $362.8 million; the required operating subsidy was $103.4 million.



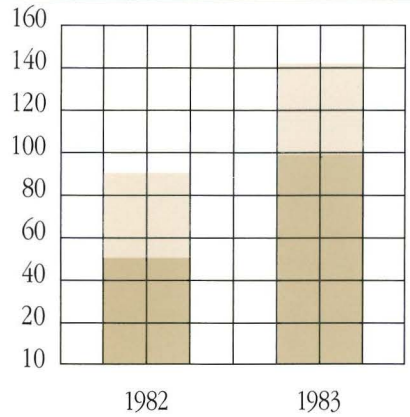
Passengers (millions)	405.7	401.2	4.5	1.1
Revenue per passenger	69.3¢	60.0¢	3.9¢	6.5
Operating subsidy per passenger	25.5¢	23.2¢	2.3¢	9.9
Expenses per passenger	89.4¢	83.2¢	6.2¢	7.5

Although growth was slowed by the recession, 1983 passengers increased by 1.1% over 1982 to a record 405.7 million.



Miles (millions)	113.5	113.4	0.1	0.1
Revenue per mile	228.5¢	212.4¢	16.1¢	7.6
Operating subsidy per mile	91.1¢	81.9¢	9.2¢	11.2
Expenses per mile	319.6¢	294.3¢	25.3¢	8.6

Service for 1983 was essentially held at 1982 levels.



Capital Expenditures

Rapid transit ($ millions)	98.7	44.9	53.8	119.8
Other capital projects ($ millions)	41.6	43.0	(1.4)	(3.3)
TOTAL ($ millions)	140.3	87.9	52.4	59.6

Rapid Transit
Other capital projects

Capital expenditures totalled $140.3 million in 1983 which included $68.2 million for the Scarborough RT project and $25.2 million for buses.

REVENUE

	1983	1982	Increase (Decrease)	%
	(thousands of dollars)			
Regular service	237,798	219,846	17,952	8.2
Fare subsidies	9,356	8,855	501	5.7
	247,154	228,701	18,453	8.1
Charters and special services	1,649	2,093	(444)	(21.2)
	248,803	230,794	18,009	7.8
Rental income	4,718	4,347	371	8.5
Advertising	3,681	3,689	(8)	(0.2)
Other revenue	2,147	2,068	79	3.8
Total revenue	259,349	240,898	18,451	7.7

Regular service
A fare increase on January 2, 1983, generated additional revenues of $15,433,000. This was $3,034,000 less than anticipated. The approved increases averaged 8.4% but the actual average increase was only 7.0%. This was due primarily to higher sales of Metropass (whose share of ridership went from 14.8% to 17.7%) and a further shift from cash fares to the more economical tickets and tokens. Full details of the 1983 fares are shown on page 14. The balance of the increase in regular service revenue, $2,519,000, resulted from a 1.1% growth in ridership.

Fare subsidies
Metro Toronto subsidies allowing senior citizens to travel at half fare and the blind and war amputees to travel free amounted to $8,796,000 and $560,000 respectively.

Charters and special services
The decline represents a 21.3% reduction in charter hours operated, which was partially offset by a 10.9% average rate increase, and cancellation of some special services due to declining ridership and uneconomic operation.

Rental income
A 72% increase (to $1,041,000) in the net revenue generated by parking lots was due to an increase in fees, transfer to TTC control of several lots and the opening of the new Yorkdale parking deck. Other major revenues – station concessions ($1,667,000) and recovery of expenses for services operated outside Metro ($742,000) – did not change significantly.

Other revenue
Major sources were dividends from Gray Coach Lines ($700,000), recovery of administrative costs for construction projects and for work done for others ($594,000), interest income ($205,000) and sales of student identification cards ($323,000).

EXPENSES

	1983	1982	Increase (Decrease)	%
	(thousands of dollars)			
Wages, salaries and other employee costs	279,485	254,724	24,761	9.7
Materials, services and supplies	34,571	32,395	2,176	6.7
Electric traction power	14,034	13,656	378	2.8
Automotive fuel	18,257	17,879	378	2.1
Vehicle and other licences	528	556	(28)	(5.0)
Municipal taxes	3,370	2,865	505	17.6
Public liability costs	3,924	3,433	491	14.3
Depreciation	7,604	7,008	596	8.5
Debenture interest	1,016	1,323	(307)	(23.2)
Total expenses	362,789	333,839	28,950	8.7

Wages, salaries and other employee costs
Wage and salary costs totaled $241,565,000. The balance of $37,920,000 represents the Commission's share of pension contributions and other employee benefit costs. Wage and salary costs rose by 8.9%, due to wage increases averaging 7.3% and a small rise in the average workforce size. Wage increases in 1982 aggregated 12.6% and on July 1, 1983, following the expiry of an agreement with Local 113 of the Amalgamated Transit Union, a 5% increase was granted, the maximum permissible under the provincial government's wage restraint program for public-sector employees. Similar general adjustments were given to other union and salaried employees.

Employee benefit payments rose by 15.5% over 1982, due to higher labor costs, as well as to increases in UIC, OHIP and pension contributions and other premiums.

Materials, services and supplies
The increase is mainly due to the rising costs of services and materials. These expenses are analyzed in more detail in the next section.

Municipal taxes
The increase in taxes is due to a 9.3% mill rate increase and taxes associated with the new Malvern garage. Realty and business taxes are payable on all Commission properties except those used for rapid transit purposes.

Public liability costs
Increased expenses due to a $1,000,000 increase in the provision for outstanding claims, partially offset by a decrease in actual claim payments.

Debenture interest
This relates to the Commission's share of capital debt issued to finance the construction of subway lines prior to 1968; interest expenses decline as principal payments reduce the balance outstanding.

EXPENSES BY FUNCTION

Vehicle operations
These account for about 51% of the operating workforce at December 31, 1983 – a total of 3,664 operators, station collectors, inspectors, training staff and Transportation Department management staff.

The increase in labor costs is due mainly to the general wage adjustment, higher operators' vacation pay and the full year's effect of a shift premium allowance introduced in mid-1982. The cost of materials, services and supplies relates mainly to the purchase and cleaning of uniforms.

Vehicle maintenance
Servicing, maintaining and repairing the revenue fleet, which comprised 2,715 vehicles as at December 31, 1983, employs about 25% of the Commission's workforce.

Labor costs in 1983 rose as a result of the general wage increase, hiring of additional staff for the new Malvern garage and an increase in work programs on the *Canadian Light Rail Vehicles (CLRV)* and trolleybus fleets. Costs of materials, services and supplies increased only marginally; the effects of inflation were substantially offset by savings realized from the introduction of a program to salvage parts from retiring vehicles.

Non-vehicle maintenance
Maintaining the Commission's garage, repair and administrative facilities, as well as the track and wiring along its routes, occupies about 14% of the workforce.

Higher labor costs resulted mainly from the general wage increase, manpower increases and specific work programs. Higher utility rates and general inflation were the primary causes for an increase in the cost of materials, services and supplies.

General and administration
Senior management and general administrative functions (including accounting and financial, marketing and community relations, human resources, purchasing and inventory control, planning, safety and security, legal and computer operations) account for about 10% of the workforce.

Labor cost increases were due to general salary adjustments and to manpower increases, principally in the planning, legal, personnel and labor relations areas. Non-labor cost increases were primarily due to higher computer maintenance costs and higher costs for tickets, tokens and transfers. Increased sales of Metropass and student identification cards further raised costs. Partially offsetting these increases were additional graphic communications cost recoveries and an increase in the management fee charged to Gray Coach Lines.

	1983	1982	Increase	%
	(thousands of dollars)			
Wages, salaries and other employee costs				
Vehicle operations	161,748	148,330	13,418	9.0
Vehicle maintenance	61,444	55,730	5,714	10.3
Non-vehicle maintenance	31,224	28,271	2,953	10.4
General and administration	25,069	22,393	2,676	12.0
	279,485	254,724	24,761	9.7
Materials, services and supplies				
Vehicle operations	1,579	1,231	348	28.3
Vehicle maintenance	14,630	14,501	129	0.9
Non-vehicle maintenance	11,454	10,443	1,011	9.7
General and administration	6,908	6,220	688	11.1
	34,571	32,395	2,176	6.7

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

CAPITAL EXPENDITURES

RAPID TRANSIT

Scarborough RT Payments were made on the ICTS vehicles and other awarded contracts, and for purchase and installation of track.

Subway cars The first payment was made towards the purchase of 26 additional and 100 replacement cars.

Subway stations A modernization program continued at stations on the Yonge line, including College, Davisville, Dundas, King, Queen and St. Clair.

Wilson station Projects included an additional bus transfer structure and reserved bus lanes on William Allen Road.

Other projects These included subway track rehabilitation, completion of a new Yorkdale commuter parking facility, a new fare collection system, transit road construction, improved accessibility for the handicapped, electrolysis corrosion control and station renovations.

OTHER CAPITAL PROJECTS

Buses One hundred additional and seventy-five replacement buses were purchased.

Malvern garage Structural work was completed and the garage opened in July, 1983.

Surface track Projects are undertaken in conjunction with Metro and City street repaving programs.

Maintenance facility consolidation Work continued on the consolidated maintenance facility at Hillcrest; completion is scheduled for 1989.

Other expenditures These included purchase of computer equipment, shop and garage equipment, automotive service vehicles and office furniture and equipment.

	1983	1982	Increase (decrease)
	(thousands of dollars)		
Rapid transit	98,649	44,874	53,775
Other capital projects	41,631	43,043	(1,412)
Total capital expenditures	140,280	87,917	52,363

Rapid Transit	($000's)
Scarborough RT	68,218
126 subway cars (initial payment)	14,328
Subway station modernization program	7,132
Wilson station alterations and bus lanes	2,978
Other	5,993
	98,649

Other Capital Projects	($000's)
175 buses	25,215
Malvern bus garage	9,748
Surface track	3,169
Maintenance facility consolidation	1,494
Other	2,005
	41,631

The above figures do not include Metro's direct expenditures for land purchased for subway and other projects or Metro Municipalities' costs of constructing transit shelters.

FINANCING

Operating expenses

Financing is based on a fair-share agreement under which the Commission aims to provide approximately 68% of expenses (as defined for Provincial subsidy purposes) from its revenues. The Municipality of Metropolitan Toronto and the Province of Ontario assume the remaining expenses on an approximately equal basis. In practice, the 68% revenue/cost target is arrived at through the Commission's budget-setting procedures, which forecast numbers of passengers, service to be operated and required fare increases. Actual financial results may cause the percentages to fluctuate above and below target from year to year.

The current Provincial subsidy is based on a sliding scale; this provides for a basic subsidy of 13.75% of eligible expenses, plus 25% of the shortfall between the actual revenue/cost ratio and the target of 72.5% for Toronto, up to a maximum of 15.47%.

The Province also pays a special operating subsidy to municipalities with new major transit facilities. Agreements are developed on an individual basis.

In 1983, the operating subsidy requirement assumed by Metro Toronto amounted to $103,440,000. Metro and the Metro municipalities incurred further costs totaling $21,078,000; these were primarily for debenture debt payments, senior citizens' fare subsidy and maintenance of transit shelters. The Provincial contribution amounted to $60,000,000 (subject to Provincial audit). Metro's residual cost was $64,518,000.

Adjustment of the figures in the table above in accordance with Provincial subsidy regulations results in a 1983 cost sharing as follows:

TTC revenues	68.5%
Provincial subsidy	16.4%
Contribution by Metro and Metro Municipalities	15.1%
	100.0%

Capital expenditures

Of the total of $140,280,000, $108,969,000 was for new rapid transit and other major construction projects included in the Capital Works Programme: $31,311,000 was for the purchase of buses and replacement and renovation of surface and general facilities included in the Capital Budget.

	1983	1982	Increase (decrease)
	(thousands of dollars)		
Operating Expenditures			
By the Commission	362,789	333,839	28,950
By Metro and Metro municipalities	21,078	20,618	460
	383,867	354,457	29,410
Financed From			
Commission revenues	259,349	240,898	18,451
Metro and Metro municipalities	64,518	57,659	6,859
Provincial subsidy	60,000*	55,900*	4,100
	383,867	354,457	29,410
Capital Expenditures			
By the Commission	140,280	87,917	52,363
By Metro and Metro municipalities	1,445	3,346	(1,901)
	141,725	91,263	50,462
Financed From			
Provinical subsidy	106,300*	70,300*	36,000
Metro and Metro municipalities	26,113	11,037	15,076
Commission	9,312	9,926	(614)
	141,725	91,263	50,462

*Subject to Provincial audit and approval

Metro assumes the full cost of projects included in the Capital Works Programme, including land purchased directly by Metro and not recorded on the Commission's books ($1,288,000). Metro receives a 75% Provincial subsidy for substantially all of these costs. The Province has agreed to pay a further subsidy representing 100% of the extra cost of constructing the Scarborough line using ICTS technology, rather than CLRV technology.

Capital Budget expenditures are borne by the Commission, with the exception of costs for transit shelters, which are borne by the Metro Municipalities. The Province pays a 75% subsidy on most projects, but does not subsidize automotive service vehicles, revenue collection equipment, office furniture and equipment and certain other minor items.

Provincial subsidies on capital expenditures in 1983 amounted to $106,300,000 (subject to Provincial audit), including $1,800,000 for the additional subsidy for the Scarborough RT line. The Commission's contribution was $9,312,000 and the remaining $26,113,000 was financed by Metro and Metro Municipalities.

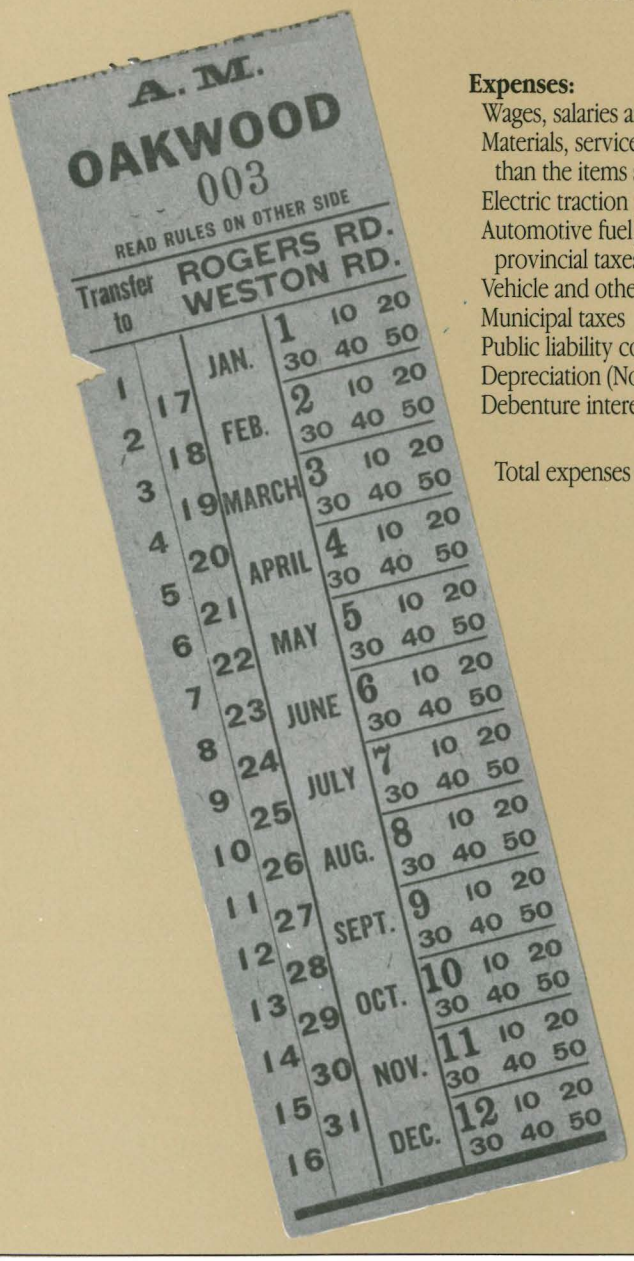
FINANCIAL STATEMENTS AND AUDIT

Price Waterhouse, the independent Chartered Accountants retained by the Commission and the Metropolitan Auditor have jointly reviewed the accounting procedures and made such tests of the accounting records for 1983 as they considered necessary. The Price Waterhouse 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 1983 accounts.

STATEMENT OF REVENUE AND EXPENSES

(in thousands)	Year ended December 31 1983	1982
Revenue from operations:		
Passenger services	$248,803	$230,794
Rental of land, air rights, buildings, subway concessions and equipment	4,718	4,347
Rental of advertising space	3,681	3,689
Dividend from Gray Coach Lines, Limited (Note 4)	700	600
Miscellaneous	1,447	1,468
Total	259,349	240,898
Operating subsidy (Note 1)	103,440	92,941
Total revenue and operating subsidy	$362,789	$333,839
Expenses:		
Wages, salaries and other employee costs	$279,485	$254,724
Materials, services and supplies other than the items shown below	34,571	32,395
Electric traction power	14,034	13,656
Automotive fuel, including federal and provincial taxes	18,257	17,879
Vehicle and other licences	528	556
Municipal taxes	3,370	2,865
Public liability costs	3,924	3,433
Depreciation (Note 3)	7,604	7,008
Debenture interest	1,016	1,323
Total expenses	$362,789	$333,839

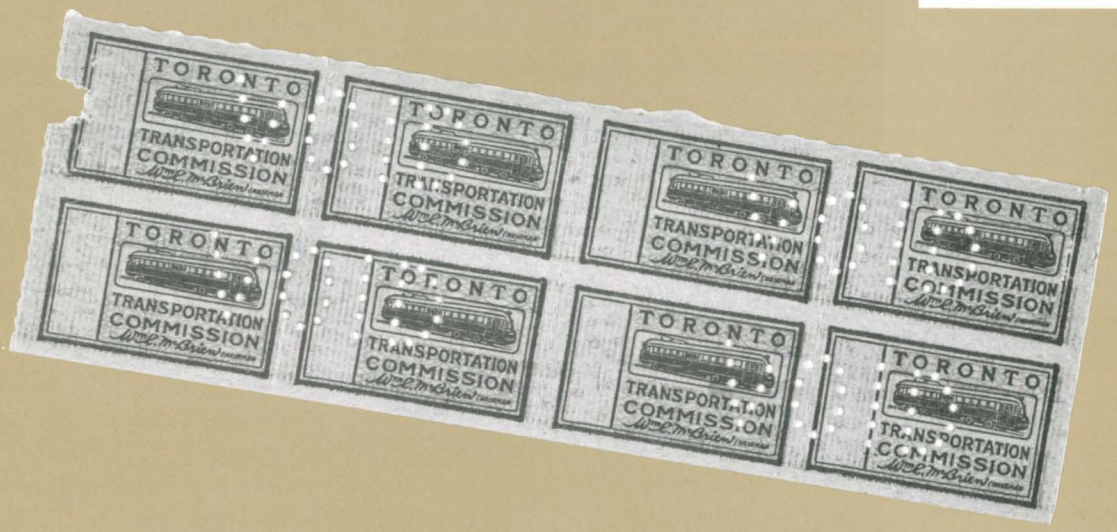


BALANCE SHEET

	(in thousands)	December 31 1983	1982
ASSETS	**Current assets:**		
	Cash	$ 2,007	$ 1,151
	Accounts receivable–		
	The Municipality of Metropolitan Toronto	38,440	32,104
	Gray Coach Lines, Limited – current account	4,157	4,125
	Other	2,600	2,403
	Materials and supplies, at cost	15,772	13,595
	Working funds and prepaid expenses	2,477	3,175
		65,453	56,553
	Investment in capital stock of Gray Coach Lines, Limited, at cost (Note 4)	1,000	1,000
	Capital assets (Note 2):		
	Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	1,136,261	1,065,301
	Less: Capital contributions	914,088	845,056
		222,173	220,245
	Less: Accumulated depreciation	143,477	143,145
		78,696	77,100
	Under construction and not yet in service	143,524	82,109
	Less: Capital contributions	143,524	82,109
		—	—
	Total capital assets	78,696	77,100
		$ 145,149	$ 134,653
LIABILITIES	**Current liabilities:**		
	Accounts payable and accrued liabilities	$ 61,856	$ 49,447
	Current portion of capital debt (Note 5)	1,811	2,237
		63,667	51,684
	Provision for:		
	Tickets and tokens held by the public	10,900	10,550
	Public liability and workers' compensation	3,500	2,500
		14,400	13,050
	Long-term portion of capital debt (Note 5):		
	The Municipality of Metropolitan Toronto–		
	For debentures maturing in annual instalments from 1984 to 1995	17,557	19,036
	For sinking fund debentures maturing between 1993 and 1997, less sinking fund balance of $15,468,000 (1982 – $14,110,000)	4,340	5,698
		21,897	24,734
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 1972)	20,381	20,381
		45,185	45,185
		$ 145,149	$ 134,653

STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands)	Year ended December 31 1983	1982
Source of funds:		
Revenue from operations	$259,349	$240,898
Sale of capital assets	112	56
	259,461	240,954
Operating subsidy (Note 1)	103,440	92,941
	362,901	333,895
Application of funds:		
Operating expenses	362,789	333,839
Items not requiring current funds–		
Depreciation	(7,604)	(7,008)
Increase in provisions	(1,350)	(75)
	353,835	326,756
Expenditures on capital assets (Note 2)	140,280	87,917
Less: Capital contributions	130,968	77,991
	9,312	9,926
Decrease in long-term portion of capital debt	2,837	3,156
	365,984	339,838
Decrease in working capital	(3,083)	(5,943)
Working capital at beginning of year	4,869	10,812
Working capital at end of year	$ 1,786	$ 4,869



NOTES TO FINANCIAL STATEMENTS

December 31 1983

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 1983, 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	68.5%
By the Municipality	15.1%
By the Province of Ontario	16.4%

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. The Commission does not accrue for construction holdbacks on projects where the Municipality of Metropolitan Toronto has complete financial responsibility. These holdbacks are not included in the financial statements as they do not enter into the undernoted capital contributions calculation until actually paid by the Commission. At December 31, 1983 these holdbacks amounted to $2,377,000 (1982 – $2,673,000). 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 $700,000 in January 1983 (January 1982 – $600,000). A dividend of $700,000 was received in January 1984. The results of Gray Coach Lines' operations are summarized as follows:

GRAY COACH LINES, LIMITED (including Gray Coach Travel Inc.)

(in thousands)	Year ended December 31 1983	1982
Revenue	$47,361	$44,542
Expenses, including Ontario income taxes	44,986	42,352
Net earnings for the year	$ 2,375	$ 2,190

The Company's balance sheet is summarized as follows:

(in thousands)	December 31 1983	1982
Assets		
Current assets	$ 6,097	$ 6,666
Term investments held for replacement of terminals and public liability settlements	6,500	6,000
Capital assets, at cost less accumulated depreciation	14,756	13,022
	$27,353	$25,688
Liabilities and Shareholder's Equity		
Current liabilities	$ 6,374	$ 6,473
Provisions, mainly for public liability and workers' compensation	1,780	1,691
Capital stock, reserve and retained earnings	19,199	17,524
	$27,353	$25,688

The Statement of Revenue and Expenses reflects charges of $6,285,000 in 1983 ($5,799,000 in 1982) 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, 1983, the net capital debt of the Commission was as follows:

(in thousands)	1983	1982
Instalment debentures–		
3½% final instalment due 1983	$ —	$ 290
4% final instalment due 1983	—	201
3½% final instalment due 1984	183	359
5⅜% final instalment due 1992	1,979	2,147
5½% final instalment due 1993	5,185	5,567
5¼% final instalment due 1995	11,697	12,385
	19,044	20,949
Less: Current portion	1,487	1,913
	17,557	19,036
Sinking fund debentures–		
5% due 1993	203	356
6% due 1996	2,235	2,934
6% due 1997	973	1,209
7% due 1997	1,253	1,523
	4,664	6,022
Less: Current portion	324	324
	4,340	5,698
	$21,897	$24,734

Instalment debenture maturities and scheduled sinking fund payments required in each of the next five years are approximately $1,811,000.

The sinking fund balance of $15,468,000 at December 31, 1983 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 $5,057,000 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 1983 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 January 1, 1983, amounted to approximately $111,000,000, over the periods prescibed by law. These unfunded liabilities result from improvements made to the plan in 1983 and prior years, based on the advice of the Society's independent actuaries.

7. Comparative Balances:

Certain 1982 figures have been restated to reflect format changes made to the financial statements in 1983.

AUDITORS' REPORT

Price Waterhouse
CHARTERED ACCOUNTANTS

April 3, 1984

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, 1983 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, 1983 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

Passengers/Operating Revenue	Passengers (Millions)
	Basic Adult Ticket Fare (at December 31)
	Total Operating Revenue ($ Millions)
	Operating Revenue per Mile
	Operating Revenue per Passenger
Operations/Expenses	Miles Operated, Including Charters and Special Services (Millions)
	Bus
	Subway Car
	Street Car
	Trolley Coach
	Average Number of Employees (including Gray Coach Lines, Ltd.)
	Average Hourly Wages & Benefits per Driver
	Total Expenses ($ Millions)
	Expenses per Mile
	Expenses per Passenger
Operating Subsidy	Operating Subsidy ($ Millions)
	Operating Subsidy per Mile
	Operating Subsidy per Passenger
Capital Assets	Investment in Capital Assets (before depreciation and contributions) at December 31 ($ Millions)
	Subway
	Surface
	Metro and Provincial Contributions
	TTC Investment (before depreciation)
Vehicle Fleet – Owned and Leased	Buses
	Subway Cars
	Trolley Coaches
	Street Cars
	CLRV's

10 YEAR SUMMARY 1974 – 1983

1974	1975	1976	1977	1978	1979	1980	1981	1982	**1983**	% Increase (Decrease) 1974-1983
329.8	357.6	350.6	348.7	337.6	346.2	366.4	392.0	401.2	**405.7**	23.0
25.0¢	33.3¢	40.0¢	40.0¢	42.9¢	50.0¢	50.0¢	57.1¢	62.5¢	**66.7¢**	166.7
84.3	107.9	132.1	137.7	146.0	165.9	183.6	215.0	240.9	**259.4**	207.7
101.0¢	114.4¢	137.5¢	145.9¢	147.9¢	167.6¢	181.1¢	199.3¢	212.4¢	**228.5¢**	126.2
25.6¢	30.2¢	37.7¢	39.5¢	43.2¢	47.9¢	50.1¢	54.9¢	60.0¢	**63.9¢**	149.6
40.5	46.0	47.5	46.9	46.9	48.1	49.3	52.1	56.8	**57.2**	41.2
29.7	34.1	34.6	33.8	38.2	37.7	38.6	42.6	43.2	**43.1**	45.1
9.9	10.5	10.1	9.5	9.4	9.1	9.4	9.3	9.4	**9.3**	(6.1)
3.4	3.7	3.9	4.2	4.2	4.1	4.1	3.9	4.0	**3.9**	14.7
83.5	94.3	96.1	94.4	98.7	99.0	101.4	107.9	113.4	**113.5**	35.9
7,565	8,047	8,473	8,525	8,632	8,703	8,689	8,906	9,200	**9,414**	24.4
$7.52	$8.15	$8.86	$9.62	$10.27	$10.81	$11.67	$14.13	$15.49	**$16.50**	119.4
118.5	146.0	167.7	180.0	196.4	211.6	236.8	284.4	333.8	**362.8**	206.2
141.9¢	154.8¢	174.5¢	190.7¢	199.0¢	213.7¢	233.5¢	263.6¢	294.3¢	**319.6¢**	125.2
35.9¢	40.8¢	47.8¢	51.6¢	58.2¢	61.1¢	64.6¢	72.6¢	83.2¢	**89.4¢**	149.0
34.2	38.2	35.6	42.3	50.4	45.7	53.2	69.4	92.9	**103.4**	202.3
41.0¢	40.5¢	37.0¢	44.8¢	51.1¢	46.2¢	52.4¢	64.3¢	81.9¢	**91.1¢**	122.2
10.4¢	10.7¢	10.2¢	12.1¢	14.9¢	13.2¢	14.5¢	17.7¢	23.2¢	**25.5¢**	145.2
453.1	523.1	611.7	726.8	786.8	827.3	836.3	841.6	885.4	**971.9**	114.5
107.1	117.1	124.6	125.0	126.6	134.5	174.0	225.5	262.0	**307.9**	187.5
560.2	640.2	736.3	851.8	913.4	961.8	1,010.3	1,067.1	1,147.4	**1,279.8**	128.5
349.1	426.8	522.9	637.6	701.0	748.2	796.4	849.3	927.2	**1,057.6**	203.0
211.1	213.4	213.4	214.2	212.4	213.6	213.9	217.8	220.2	**222.2**	5.3
1,165	1,218	1,219	1,235	1,219	1,231	1,262	1,403	1,556	**1,561**	34.0
416	498	494	534	590	618	632	632	632	**632**	51.9
151	151	151	151	151	151	151	151	151	**151**	—
389	388	358	354	344	342	311	258	178	**175**	(55.0)
—	—	—	—	—	17	89	188	196	**196**	
2,121	2,255	2,222	2,274	2,304	2,359	2,445	2,632	2,713	**2,715**	28.0

TTC MANAGEMENT

ALF H. SAVAGE
Chief General Manager

LLOYD G. BERNEY
General Manager
Operations

GORDON M. BREAK
General Manager
Human Resources

W. GRAHAM CHASE, Q.C.
General Counsel

ARNOLD S. DUBE
General Manager
Administration

J. HERB JOBB
General Manager
Finance

STANLEY T. LAWRENCE
General Manager
Engineering & Construction

DAVID C. PHILLIPS
General Secretary

DR. JURI PILL
General Manager
Planning

JOHN ARMOUR
Manager
Materials & Procurement

DENNIS R. CALLAN
Manager
Corporate Planning

ALLEN J. CHORCOLAN
Manager
Safety & Security

DAVE A. COWAN
Manager
Equipment

JAMES A. FIELD
Manager
Administration
Engineering & Construction

WILLIAM G. FROST
Manager
Personnel

AL GALLO
Manager
Marketing & Community Relations

TERRY HANCOCK
Manager
Payroll, Budgets & Fare Processing Area
Finance

ALAN K. HEWSON
Manager
Wheel-Trans

GRAHAM JONES
Manager
Financial Control Area
Finance

R. IAN KINGSTON
Manager
Plant

NICK LASH
Manager
Transportation

DOUGLAS W. MAIR
Executive Administrator
Operations

AUBREY M. MARTIN
Manager
Construction
Engineering & Construction

NELSON R. MELNYCK
Manager
Management Services

DR. JOEL MILLER
Manager
Service Planning

DONALD J. MORTON
Manager
Engineering
Engineering & Construction

ED SHAW
Manager
Labour Relations

HOWARD M. SWEEZIE
Manager
Property & Special Assignments
Executive

ROBERT M. TOPP
Manager
Operational Planning

WM. D. WOOD
Manager
Special Projects & Treasury Area
Finance

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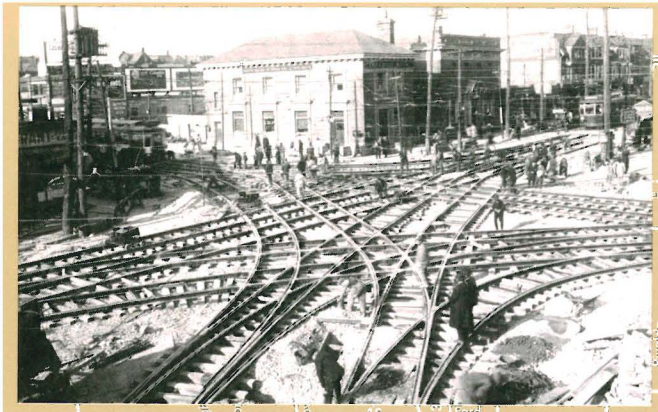


TORONTO TRANSPORTATION COMMISSION


DUNDAS
KING
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