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TORONTO TRANSIT COMMISSION ANNUAL REPORT



1984 ANNUAL REPORT

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CHAIRMAN'S MESSAGE

Mr. Dennis Flynn, Chairman, and Members of the Council of the Municipality of Metropolitan Toronto

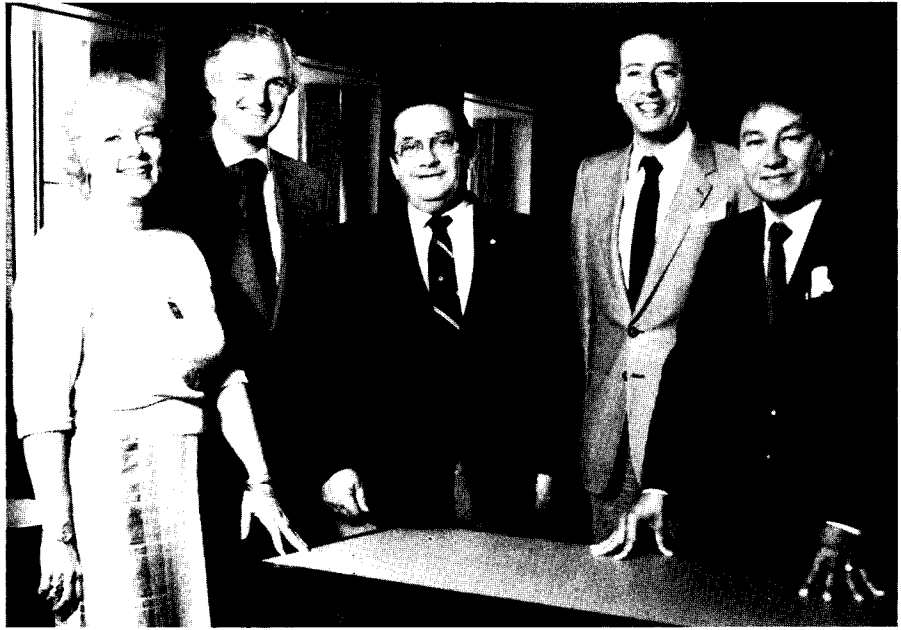
It is with great pride that I submit the 1984 Annual Report for the Toronto Transit Commission. The year was one of celebration for the TTC, marking the 30th anniversary of the opening of the Yonge Street subway and with it, the launching of the modern era of our transit system. During the past year, the TTC also helped celebrate the City of Toronto's Sesquicentennial and the Province of Ontario's Bicentennial. These celebrations culminated in visits by His Holiness Pope John Paul II and Her Majesty Queen Elizabeth.

For the TTC, the climax of 1984's activities was the setting of yet another record year for ridership, reflecting the confidence of Torontonians in their public transit system.

During 1984, several changes occurred in the Commission itself. Paul Godfrey retired from the chairmanship of Metro Toronto and from the Commission as well, after 10 years on the Commission. Karl Mallette, a Commission member since 1972, also stepped down. Both made important contributions to the success of the TTC. Dennis Flynn, who succeeded Mr. Godfrey as Metro Chairman, became a member of the Commission. Dr. Gordon Chong was also appointed to the Commission in 1984. We welcome both our new members.

The dynamic pace of activity at the TTC is continuing into 1985. In March, we opened the Scarborough Light Rapid Transit system, a technologically innovative transit service that paves the way for major development of northeast Metro. Later this year and through the next two years, the TTC will replace much of its fleet, spending more than \$300 million on new subway cars, streetcars, buses, and vehicles for the physically handicapped.

As a vital partner in Metro's growth and development, the TTC will complete three major transit studies in 1985 that will help shape the future environment and economy of our community - the Sheppard/ Finch Corridor Study, the Downtown Rapid Transit Study, and the Eglinton West Rapid Transit Study. As well, your Commission will be actively involved in the work leading to the provision of transit services for the Waterfront and domed stadium.



Commissioners (left to right): June Rowlands; Julian Porter, Q.C. (Chairman); C. Dennis Flynn; Jeffery S. Lyons, Q.C. (Vice-chairman); Dr. Gordon Chong.

All of us, I know, recognize the importance of the TTC in making Metro an attractive place in which to live, work and invest. Countless studies have shown the importance of a well-run public transit system in supporting the economic, social and cultural life of the community. Good transit provides affordable mobility for all of our people in travelling to work or school, enjoying our shops and cultural or recreational facilities, or simply visiting friends and family. Good transit makes possible our good life.

At a time of public restraint, it is important to remember that maintaining a safe, clean and reliable transit system is an important investment in the well-being and future growth of the community.

The TTC's mandate is to provide high-quality transit service at the most efficient cost. I believe your Commission, through the tremendous and unstinting contribution of our employees, is fulfilling that mandate. This is reflected in the high level of public support and our ability, in 1984, to exceed our budgeted revenue/cost ratio.

But the TTC, in providing a popular alternative to the automobile, is much more than the provider of transit service. Its high usage relieves street congestion and reduces air pollution. And it contributes to the overall growth and urban environment of Metropolitan Toronto.

As Metropolitan Toronto continues to grow, the ongoing support of the Municipality of Metropolitan Toronto and the Province of Ontario will continue to be critical to the TTC's success. We have benefited from generous support in the past, which has allowed us to provide one of the finest transit systems in the world. That support will be equally important in the future.

JULIAN PORTER
Chairman

CHIEF GENERAL MANAGER'S STATEMENT

Once again, in 1984, the Toronto Transit Commission achieved an all-time record ridership, surpassing the 1983 record by 12-million rides to reach a 1984 level of 418-million riders. This high level of use, along with a modest January, 1984 fare increase averaging 5.6 per cent, allowed the TTC to exceed the 68 per cent of eligible operating expenses it must earn from passenger fares and other revenues and to thus reduce by \$3.7 million the budgeted level of support needed from Metro and Ontario taxpayers.

Total revenues from operations rose 9.2 per cent to \$283.2 million in 1984, from \$259.4 million in 1983. When 1984's operating subsidy of \$109.8 million is added, the TTC's total revenue and operating subsidy totalled \$393.0 million. The 1983 operating subsidy was \$103.4 million, bringing total 1983 revenue and operating subsidy to \$362.8 million. Total TTC capital spending in 1984 was \$116.0 million, down 17.3 per cent from \$140.3 million in 1983.

The Commission is fully aware of its responsibility to operate in the most efficient manner possible, particularly in a period of continuing public sector restraint. We are constantly seeking ways to reduce costs without sacrificing service, and our employees once again have helped in this goal. Many cost-cutting measures yield relatively small savings but collectively these efforts are significant. For example, the Commission has installed new ribbon mechanisms for subway transfer machines that will require ribbon changes once every 200,000 transfers instead of once every 7,000 transfers.

The Commission is attempting to raise additional revenues through the promotion of ridership during off-peak periods. An aggressive advertising campaign on the theme "TTC - Toronto's Entertainment Network" was launched in 1984 to encourage the use of public transit to reach Toronto's many sports, cultural and other attractions. The Commission is also seeking to raise revenues from the sale of advertising space in the system, the negotiation of new land-use agreements on TTC property, and the marketing of TTC know-how through its subsidiary, Toronto Transit Consultants (1981) Limited.



Officers and Senior Officials (left to right): Stanley T. Lawrence, General Manager, Engineering & Construction; David C. Phillips, General Secretary; Arnold S. Dube, General Manager, Administration; Alfred H. Savage, Chief General Manager; Lloyd G. Berney, General Manager, Operations; Norman E. Balfour, Q.C., General Counsel; J. Herb. Jobb, General Manager, Finance; Gordon M. Break, General Manager, Human Resources; Dr. Juri Pill, General Manager, Planning.

The completion of the Scarborough Rapid Transit system and its opening in March, 1985 will bring additional riders into the TTC system. These numbers will grow as major development projects now underway along the new transit system are completed. Construction of the TTC subway system's 60th station, at the North Yonge Centre, will also bring new riders into the system when it is completed in 1987. During 1984, the TTC added 10 new bus routes and realigned 28 others to meet the changing needs of the public in its 632-square kilometre (244-square mile) system.

Use of the TTC's monthly Metropass continued to climb throughout 1984. Monthly sales passed the 100,000 mark. A test project with coded tickets and passes, to be completed in mid-1985, could make the use of the Metropass even more attractive since it would permit passholders to enter the subway system through all fare collection turnstiles. I am also pleased that Wheel-Trans, the TTC's transit service for the physically handicapped, has been able to provide Metro-wide mobility for a growing number of users. The system provided 35,000 rides a month in 1984, and a new computerized reservation and scheduling system along with

new buses will further increase our ability to serve the physically handicapped community.

Financial support from the governments of the Municipality of Metropolitan Toronto and the Province of Ontario continues to be of major importance in the successful operation of the TTC system. In 1984, the Province of Ontario contributed \$61.0 million to operating and \$105.7 million to capital funding, while the Municipality of Metropolitan Toronto contributed \$69.5 million (including \$20.6 million of its own transit-related costs) to operating, and \$14.9 million to capital funding (including \$7.1 million of its own transit-related costs).

It is the Commission's intention to build on the accomplishments of 1984 throughout 1985, seeking higher levels of ridership and service in a cost-efficient manner. The TTC is an important partner in the life of Toronto and we look forward to strengthening that relationship in the years ahead.

ALFRED H. SAVAGE
Chief General Manager

1984 – A YEAR OF CELEBRATION

Nineteen eighty-four was a year of celebration, challenge and growth for the Toronto Transit Commission. The TTC celebrated the 30th anniversary of the Yonge Street subway, which launched the system into its modern era. It also marked the 30th anniversary of the reconstituted Toronto Transit Commission, which was significantly expanded in 1954 to serve the new regional Municipality of Metropolitan Toronto.

During its Year of Celebration, the TTC set new ridership records, continued to expand its route network and operated the most kilometres of revenue service to date. It was a year that saw the TTC challenged to organize and successfully carry out the largest single-day operation in Canadian transit history during Pope John Paul II's visit to Toronto.



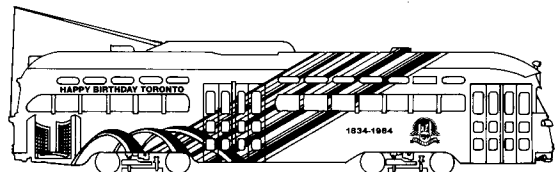
The TTC's Year of Celebration was played out in conjunction with a year-long series of special civic events marking the City of Toronto's 150th birthday and the Province of Ontario's 200th anniversary.

A Year of Records

A record 418.1-million riders used the TTC in 1984, an increase of 12.4 million over 1983. It was the sixth increase in a row in annual ridership. Per capita ridership reached the equivalent of 197 rides for every man, woman and child living in Metro – the highest figure for any transit system in Canada or the United States. A new single-day ridership record was established on Friday, November 30, when 1.6-million people rode the system, while an

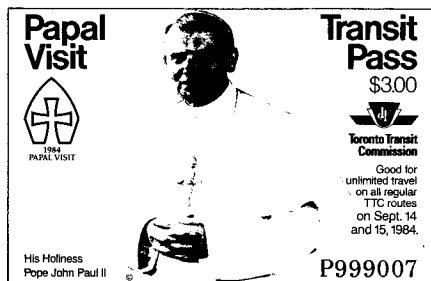
outdoor Mass celebrated by Pope John Paul II on September 15 resulted in a Saturday record of 962,000 riders. November saw record sales of more than 109,000 of TTC's monthly Metropass.

To celebrate the 30th anniversary of the 1954 opening of the Yonge Street subway – the first subway in Canada – two of the original red Gloucester subway cars, which had been used in the inaugural train, were completely refurbished and turned into travelling galleries of historical photographs depicting the early years of the subway. Both vehicles were used in regular service during 1984. The original Yonge Street subway had 12 stations and ran for 7.4 kilometres (4.6 miles). Since then the subway system has grown to 54.4 kilometres (33.8 miles) and 59 stops.



Papal Visit Challenge

The biggest challenge in the Year of Celebration was the two-day visit of Pope John Paul II. Six months of detailed planning produced a transportation plan that involved employees from every TTC department, including more than 80 per cent of the Commission's operators and subway station collectors. Some 1,379 diesel buses, 224 streetcars, 87 six-car subway trains, and 66 trolley coaches were ready for service – 86.5 per cent of the TTC's active fleet. A special Papal Visit Transit Pass was marketed throughout Ontario and the northeastern United States. Signs, crowd control barriers and special fare collection facilities were installed and security arrangements made in cooperation with Metro Police. Hundreds of TTC volunteers informed and directed riders, and full service to the Papal Mass site was organized for the elderly and the disabled. Activities ran smoothly for the two days Pope John Paul was in Toronto, and while ridership



was less than anticipated, it was clear the TTC could have handled larger numbers without difficulty.

The Commission also joined the City of Toronto and the Province of Ontario birthday festivities – in a highly visible way. Five streetcars were decorated in special colors and artwork and operated as “mobile birthday cards” in regular service throughout the year. Two vehicles, one sponsored by the TTC and one by the Province of Ontario,

carried the message “Happy Birthday Ontario 1784-1984” on both sides, with distinctive artwork painted above the message. Three other streetcars, two sponsored by private companies and one by the TTC, were painted in bold red, white and blue stripes with “Happy Birthday Toronto 1834-1984” proclaimed above their side windows.

The “Year of Celebration” theme was created by the TTC's Marketing and Community Relations Department to highlight the vital role of public transit in Metro and to increase ridership. A special logo was designed for use in celebration events and school children throughout the community were invited to submit picture posters with transit themes. The best of these were displayed throughout the subway system and at the Canadian National Exhibition children's art exhibit. The program won honorable mention in the American Public Transit Association's “Ad Wheel” competition for large transit system campaigns.

SERVING THE PUBLIC

Highlights of passenger service in 1984 included the introduction of seven new surface bus routes and improvements to 28 existing surface routes within the 632-square kilometre (244-square mile) area served by the TTC. The surface route network was extended by 41 kilometres (25 miles). The new and improved services were introduced in response to the changing transit needs of the community.

By year's end, work on the TTC's new \$196-million Scarborough RT line, which will provide a 7.2-kilometre (4.3-mile) rapid transit link to TTC's Bloor-Danforth subway line, was in the final stages of construction. It is the most advanced urban transit system in North America and was designed, developed and built in Ontario. The entire system is computer-controlled and uses unique linear induction motors that contain no moving parts. The Scarborough RT will go into service on March 24, 1985.

Improving the Subway

The TTC also continued its efforts to upgrade the subway system. Renovations began on the Wellesley and Eglinton subway stations.

This is part of a 10-year, \$50-million subway modernization program started in 1979 to renovate the original 12 stations opened in 1954 on the Yonge Street line. When this



Thousands of enthusiastic transit riders turned out for free preview rides on the Scarborough RT line during the summer of 1984.

work is completed in 1985, passengers will enjoy brighter, more spacious stations and, in the Eglinton station, expanded retail space.

Engineering work also began on the TTC's 60th subway station, the North York Centre station, which is scheduled to open in 1987. This \$26.5-million facility will provide direct access to the new \$250-million city centre complex in the city of North York.

Elsewhere in the subway system, the TTC took steps to deal with rush-hour crowding at its busiest transfer point, the Bloor-Yonge station. As many as 76,000 people enter the multi-level station or change trains during the afternoon rush-hour period, and even slight delays can result in a rapid build-up of crowds on the subway station platforms. To improve crowd control and enhance public safety, the TTC designed and installed an 18-camera closed-circuit television system at a cost of \$295,000. It allows inspectors to monitor the entire station complex from a control centre, so that riders can be advised of delays over a public address system and on electronic message boards. A similar system will be installed at the St. George station, the other major subway transfer point, early in 1985.



TTC's Wellesley station on the Yonge subway line will have a bright new look when renovations are completed.

Wheel-Trans is a specialized seven-days-a-week public transit system operated through Metro for physically disabled persons who are unable to board regular transit vehicles. In its 10th year of operation, Wheel-Trans continued to show rapid growth throughout 1984. Projected ridership was 370,000 trips but operational improvements, including the installation of a computerized reservation-handling and dispatch system, resulted in 422,251 trips, a 24 per cent gain from 1983.

WHEEL-TRANS

At the end of 1984, the Wheel-Trans fleet consisted of 62 specially equipped minibuses and 22 station wagons. These vehicles are owned and operated by a private firm contracted by the Commission to provide the daily Wheel-Trans service. The TTC is responsible for administration, scheduling and dispatching of the service.

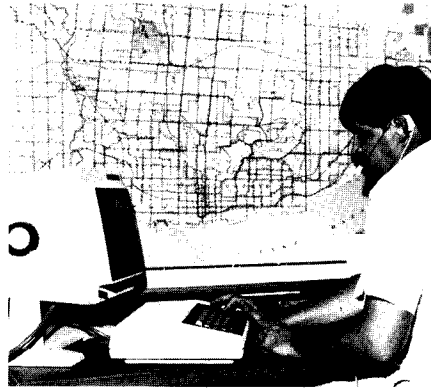
Late in 1984 the Commission placed a \$2.6-million contract with Ontario Bus Industries of Mississauga for 30 "Orion II" buses to be used by Wheel-Trans. These 6.4-metre (21-foot) vehicles represent the latest technology in the design of specialized transit vehicles for the physically disabled. They will be delivered in 1985. The \$8.3-million Wheel-Trans budget for 1984 is funded by the Metro and Ontario governments. Wheel-Trans riders pay the same fare as regular users of the TTC.

STRIPES!

"Stripes" Test

To provide faster service and reduce line-ups at subway station collection booths, the TTC launched a \$1-million pilot project - Stripes - to test a new method of collecting fares. The experimental system uses magnetically coded tickets and similarly coded Metropasses in the subway system. A total of 12 ticket-operated turnstiles and five pass-operated turnstiles have been installed in six subway stations. When the test is completed in June, 1985, the Commission will evaluate the results - including public acceptance - to determine whether this method of fare collection should be installed throughout the system.

Route information for the riding public is important. This service is provided over the TTC's telephone information lines that are open from 7:00 a.m. to 11:30 p.m. every day of the year. In 1984, approximately 2.24-million telephone inquiries were handled, an average of more than 6,100 per day.



Telephone information staff are a vital communication link to our riders, answering enquiries seven days a week.

TTC Toronto's Entertainment Network

The Marketing and Community Relations Department, TTC's link to the community, carried out many of the "Year of Celebration" activities, including the decoration of the Bicentennial and Sesquicentennial streetcars. A major historical theme display was mounted at the CNE and attracted approximately 150,000 visitors. Aggressive promotion contributed to 1984's record ridership and the popular "Better Way" slogan gave way to "TTC - Toronto's Entertainment Network - Metro's Way to Go!" with its emphasis on increasing ridership in the off-peak periods.

Safety is First

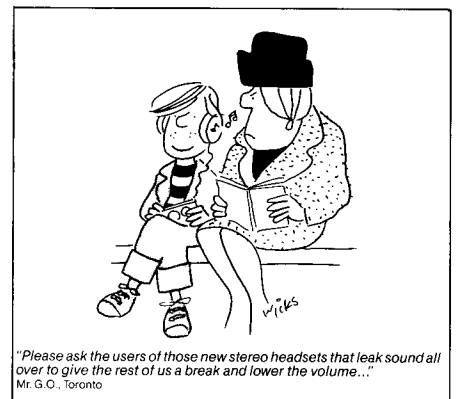
Public safety is a high priority for the TTC. While ridership in 1984 rose by 12.4 million to a total of 418 million, there were just 1,123 criminal code offences committed within the system, making the TTC one of North America's safest public transit systems.

The Commission's program to promote transit safety and raise awareness of the costs of vandalism among school-age youngsters included more than 100 visits by TTC officials to Metro Toronto schools. Transit safety displays were also mounted in shopping malls. In the subway, the passenger-assistance alarm system continued to be an effective way of responding to emergencies. It was used 489 times during the year.

TTC efforts to maintain the system's high level of public safety were recognized in the 1984 report of the Task Force on Public Violence Against Women and Children. The report concluded: "The Toronto transit system is remarkably safe by any standards. Our investigation indicated a high degree of concern and responsiveness on the part of the Safety and Security Department of the TTC."

Downtown traffic congestion continued to hamper service on the Queen Street streetcar line, the TTC's longest surface route, which stretches 17 kilometres (10.5 miles). The Queen Street line has the highest daily ridership of all TTC surface routes. However, traffic congestion forces the TTC to turn vehicles short of their destination to maintain schedules during the peak periods. To identify ways to improve service the Commission retained the University of Toronto/York University Joint Program in Transportation. The consulting group is to provide an independent review of the service and make recommendations for improvement. A final report will be completed early in 1985.

Our Riders Write. (And some, like Ben Wicks, draw...)



A humorous and popular poster campaign featured cartoons by Ben Wicks to highlight our riders' comments and suggestions.

THE TTC – A BETTER PLACE TO WORK

More than ever before, the Commission in 1984 focussed on ways to strengthen the skills of its employees, and improve the quality of working life in the TTC workplace. As part of this thrust, the TTC offered more on-the-job training and retraining programs and career-planning programs than at any time in the past.

More than 40 per cent of the TTC's 9,742 employees took part in some form of employer-sponsored educational programs during 1984. These ranged from safe driving and vehicle maintenance courses to programs to boost office and management skills. With the microchip and microcomputers now integral parts of a modern transit system, the TTC is providing employees with extensive courses in modern electronics and computer systems to meet the challenges of this new technology. The TTC also trains and certifies all operators of its vehicles and provides support programs such as defensive driving and traffic safety awareness. In 1984, 2,775 TTC employees took driver- and safety-related courses.



The multi-talented paint shop team pose before one of the five Year of Celebration streetcars that displayed their talents throughout Metro in 1984.



The TTC is expanding opportunities for women in managerial and supervisory positions throughout the Commission.

In 1984, a greater emphasis was placed on hiring and promoting qualified women to managerial and supervisory positions. By the end of the year there were 53 women in the management and professional group, an increase of 62 per cent compared to 1980. Similar TTC efforts raised the number of women operators from just three at the start of 1980 to 130 at the end of 1984, and the number of women in maintenance, repair and other blue-collar jobs from four to 31 in the same period. This commitment to expand opportunities for women in all areas and at all levels of the TTC will continue through the years ahead.

Asking Our Employees

The desire for increased training and career-planning programs and better inter-department communication were among the suggestions that came from employees as part of a Commission-wide Employee Climate Survey taken in 1983. Other initiatives flowing from that survey included the introduction of a Long Service Recognition Program that will honor more than 5,000 employees with more than 10 years of service when the first Long Service Awards are presented early in 1985. A new Suggestion Plan was also introduced as a result of the survey. The new plan assumed 39 suggestions from the previous plan and attracted 132



TTC employees are active in the community, often participating in charitable events.

additional ideas for improved or money-saving procedures. Of these, 27 were adopted by the Commission. When employee suggestions are put into practice, they are eligible for awards of 5 per cent of one year's net savings to a maximum of \$25,000. To improve communications and provide employees with improved opportunities to organize their work activities, the TTC is currently experimenting with quality circles in several parts of the organization.



The TTC offers many opportunities for its employees to upgrade their skills. This group graduated in 1984 from a course for vehicle electricians which has been offered since 1966.



Extensive courses in modern electronics and computer systems help the TTC meet the challenges of new transit technology.

Career Advancement

A Career Awareness Centre, to open in 1985, will help TTC employees develop career paths and strategies and provide information about training programs and courses available within the Commission and at the community college and university levels. In 1984, all TTC job vacancies were posted internally to provide employees with the opportunity to apply

for staff positions throughout the Commission. A record 91 per cent of the 221 positions posted were filled by people already working for the Commission. The TTC is also looking to the future and identifying potential new managers through its succession-planning program.

Fairness in the Workplace

During 1984, the TTC adopted a policy to protect employees against on-the-job harassment. The Ontario Human Rights Code prohibits harassment in the workplace over race, ancestry, place of origin, color, ethnic origin, citizenship, creed, sex, age, record of offence, marital status, family status or handicap. TTC policy ensures employees protection against harassment and reprisal from supervisors, co-workers and other employees, and provides a formal procedure for handling such incidents. A special brochure was produced to advise employees of their rights and inform them of the anti-harassment procedure. Seminars on the Human Rights Code were conducted for supervisors.

An International Reputation

The commitment of TTC employees to public safety is reflected in the fact that the Commission operates one of the safest transit services in the world. In 1984, the TTC was the safest transit system in North America, both on the street and in the workplace. The Commission achieved a traffic safety record of 12.45 accidents per million kilometres operated and had an industrial safety record of only 23.19 accidents per million employee hours worked. These records earned the TTC North America's three top transit safety awards: The Canadian Urban Transit Association honored the Commission for having the best traffic safety record and the best industrial safety record among Canadian transit systems operating more than 10-million kilometres of service.

The third major award won by the TTC in 1984 was the American Public Transit Association Silver Plaque for the best traffic safety record among systems serving cities of more than one million population. It was the fifteenth time in 18 years the Commission has won this award.



For the fifteenth time in the past 18 years the TTC won the APTA Silver Plaque as the safest transit system in North America.

The American Public Transit Association further honored the Commission with a Management Innovation Award for the successful design and development of the new Communications and Information System (C.I.S.), which links buses to a communications centre for improved service. This award is made to transit systems whose operating programs demonstrate innovative concepts and effective problem-solving techniques that can be adopted by other transit systems.

THE FLEET

The TTC has embarked on one of the largest upgradings of its fleet in many years with a program to acquire more than 300 new subway vehicles, streetcars and diesel buses at a cost of more than \$300 million. These Canadian-made vehicles will combine the best available comfort and convenience for riders with the newest technology for operating efficiency and service reliability.

The largest contract, for \$186 million with the Urban Transportation Development Corporation's Can Car Rail Division at Thunder Bay, Ontario, will provide 126 new air-conditioned subway cars by the end of 1987. These aluminum-bodied vehicles will replace the TTC's familiar red Gloucester subway cars which had been acquired for the Yonge Street subway line in the 1950's.

The Commission is also awaiting delivery in 1986 and 1987 of 52 articulated streetcars under a separate \$95-million contract with Can Car Rail. These vehicles will replace the

last of the TTC's aging "Red Rocket" PCC streetcars, some of which have run up more than a million miles of service since the 1940's. These new generation streetcars will be capable of carrying an average of more than 110 riders, compared to 75 riders on a regular streetcar. In a third contract, worth \$20 million, the TTC has ordered 123 new 12-metre (40-foot) diesel buses from Flyer Industries of Winnipeg, Manitoba to be delivered in 1985.

To improve fare collection on its buses and streetcars, the Commission in 1984 awarded a \$3.25-million contract to RMS Industrial Controls of Mississauga, Ontario for the supply of 2,100 pedestal-style fareboxes and 1,000 extra removable vaults. The new fareboxes have been designed to accept paper money more easily, and will replace equipment that is more than 40 years old. They will be installed aboard TTC vehicles in 1985.

Making the System Work

During 1984, the Commission embarked on a major consolidation of its overhaul and maintenance facilities where the TTC fleet is kept in safe and reliable running order.

Construction of a \$25-million heavy overhaul facility for diesel buses at the Hillcrest site will be completed in 1985, consolidating the Commission's surface vehicle maintenance and repair operations at the Hillcrest location. Hillcrest will then handle all major body and paint work on buses, trolley coach repair and major electrical work. TTC subway vehicles are maintained in separate shops at the Commission's Greenwood facility.

Energy conservation represents an important area of potential cost savings to the TTC. In 1984, an energy conservation section was set up to identify energy-saving opportunities in the Commission's buildings including subway stations, vehicles and new construction. Energy audits of TTC buildings were conducted during the year and a review was started of the use of alternative fuels for the Commission's vehicles.

Transit Control and Communications

All subway and surface operations are monitored from a central Transit Control Centre, which can respond quickly to maintain or restore service if it is interrupted. However, as the system grows, new demands are placed on the Transit Control Centre. With the future growth of the TTC system in mind, a cost-benefit study was conducted in 1984 to identify a location for a new state-of-the-art Transit Control Centre. The top floor of the new Hillcrest Shops administration building was chosen as the preferred site.

The final phase of a new two-way Communications and Information System (C.I.S.) began operating in September, 1984, at TTC's Wilson Division. Approximately 250 buses operating from this division are now equipped with electronic equipment that permits improved monitoring of surface operations. The equipment allows TTC operators to refer rider questions and fare disputes, through a direct communications system, to inspectors at the division.



An Articulated Light Rail Vehicle (ALRV) demonstrates its flexibility. The TTC will put 52 of these new streetcars into service beginning in 1986.

SUMMARY OF MAJOR ORDERS OVER \$100,000 PLACED IN 1984

Subject	Amount
Parts contract for G.M. buses and coaches from October, 1984 to September, 1986	\$4,790,390
1,542 tonnes of rail for subway and surface track maintenance	\$1,212,854
4,920,000 litres of heating fuel 1984/ 85 heating season	\$1,068,000
2,480 uniforms for supervisors and operators	\$ 638,517
6,200 sets of automotive brake blocks	\$ 464,508
5,330 operators parkas and topcoats for 1985 and 1986	\$ 403,123
36,000 track tie plates	\$ 232,177
1985 issue work clothing	\$ 164,927
200 sets of gear and pinions for "H" subway cars	\$ 164,000
1,000 lighting diffusers for "H" cars	\$ 123,500
1,180 tonnes coal	\$ 123,045
400 CLRV tires	\$ 104,740

SHAPING THE FUTURE OF THE COMMUNITY

The Commission plays a key role in shaping the future of Metro Toronto. Much of its work consists of planning to meet the future transit needs of the public. But it also has a role to play in encouraging development within the community consistent with the plans and goals of the community and its elected representatives.

To carry out these responsibilities, three major studies were nearing completion in 1984 – the Downtown Rapid Transit Study, the Sheppard-Finch Corridor Study, and the Eglinton West Rapid Transit Study. Each project has major significance for the future of Metropolitan Toronto.

The Downtown Rapid Transit Study, to be completed in 1985, will make recommendations concerning a proposed "relief" line linking the Danforth subway line from the vicinity of Pape/Donlands stations to Union Station. With development continuing at a rapid pace in the downtown core, as many as 80,000 additional workers could require transportation to and from the central business district over the next two decades. This would put additional pressure on the Yonge Street subway line, which saw demand at one point in 1984 reach 35,000 passengers an hour.

The Sheppard/Finch Corridor Study, also to be completed and issued in 1985, is examining a possible east-west transit corridor across the northern part of Metropolitan Toronto to foster the growth of city subcentres that are an integral part of Metroplan, the community's official long-range development plan. Such an east-west transit corridor could link the Scarborough City Centre with the North York City Centre and could provide a connection with a northerly extension of the Spadina subway. This report will identify priorities and make recommendations on possible courses of action.

The Eglinton West Rapid Transit Study is reviewing a possible rapid transit system along Eglinton Avenue West to serve the rapidly growing northwestern part of Metro and to relieve pressure on some of the busiest entry points into the existing subway system. Planned commercial centres in the boroughs of Etobicoke and York would be enhanced by improved transit services in this part of the community.

An overall report will be tabled in 1985 recommending rapid transit priorities for Metropolitan Toronto.

Transit on the Waterfront

As well as continuing the three major studies, the Commission in 1984 also unveiled a proposal for a \$71-million light rapid transit line along Toronto's waterfront where considerable development is either underway or planned. The Commission will also be very much involved in the planning of

support services for the new domed stadium announced for the area. TTC planning activities are mandated in the Metropolitan Toronto Act, which states that the Commission "shall plan for the future development of such transportation services in the Metropolitan Area as and when required."

SELLING OUR EXPERTISE

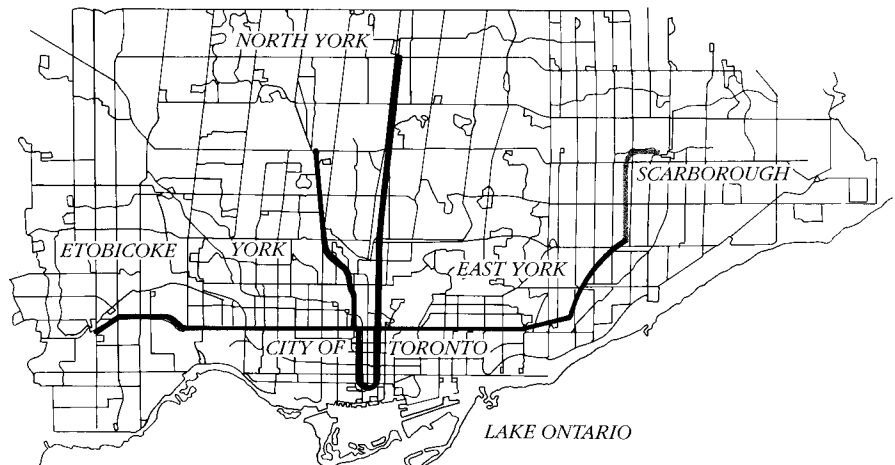
The TTC is capitalizing on the considerable in-house knowledge, both managerial and technological, gained from its experience in operating one of the world's best public transit systems.

To market its skills directly to other transit systems in Canada and abroad, the TTC has set up Toronto Transit Consultants Ltd. as a wholly owned subsidiary company. The company will draw on existing TTC resources to carry out consulting projects in conjunction with other firms on Canadian and foreign assignments.

In 1984, the newly formed company completed a project for a major U.S. transit agency on alternative organizational structures. Toronto Transit Consultants is also participating as part of a consortium on a project in Ankara, the capital of Turkey. The purpose of the project is to develop a transit master plan and feasibility study for the city of Ankara. Toronto Transit Consultants will be providing planning, operations and maintenance expertise. The company is also pursuing other opportunities through the Canadian government, international funding institutions such as the World Bank, private consulting firms and other transit companies.

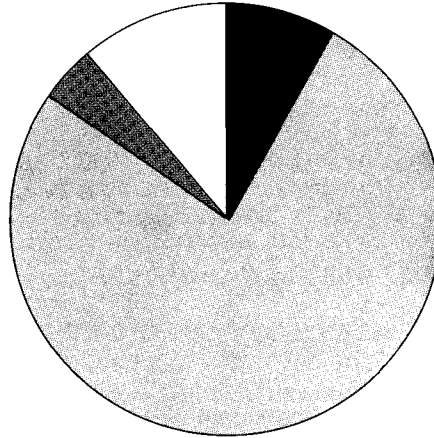
THE TTC NETWORK

- Surface routes
- Subway system
- Scarborough RT



FINANCIAL

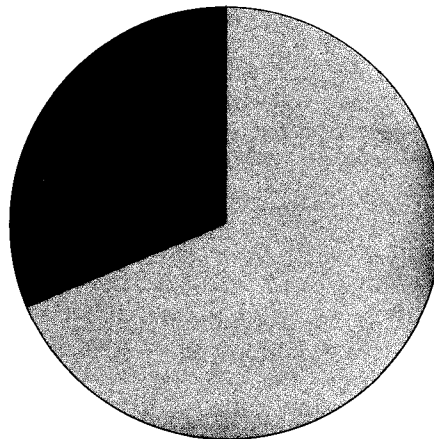
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Where the 1984 dollars went

Total expenses: \$393,018,000

■ Depreciation and Debenture Interest \$8,321,000 (2.1%)	■ Wages, Salaries and Other Employee Costs \$299,863,000 (76.3%)
■ Bus Fuel and Licences \$19,930,000 (5.1%)	■ Electric Traction Power \$15,269,000 (3.9%)
■ Municipal Taxes \$3,800,000 (1.0%)	■ Other Expenses \$45,835,000 (11.6%)



Where the 1984 dollars came from

Total revenue and operating subsidy:

\$393,018,000

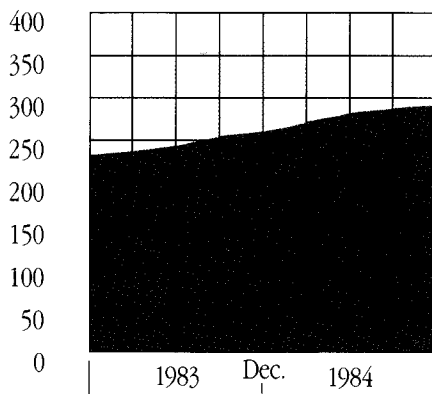
■ Passenger Services \$270,563,000 (68.8%)
■ Other Income \$12,604,000 (3.2%)
■ Operating Subsidy \$109,851,000 (28.0%)

T.T.C. FARES At December 31, 1984

NOTE:

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

	Fares	Revenue	
		Passengers	%
Tokens			
Adult	7 for \$ 4.90	130.6	31.2
	20 for \$14.00		
Tickets			
Adult	7 for \$ 4.90	52.2	12.5
	20 for \$14.00		
Scholar	5 for \$ 1.75	25.0	6.0
Senior Citizen	5 for \$ 1.75	35.5	8.5
Child	4 for \$ 0.90	9.1	2.2
Cash			
Adult	\$ 0.90	59.3	14.2
Scholar	\$ 0.50	16.4	3.9
Child	\$ 0.35	5.6	1.3
Passes			
Metropass	\$36.50	82.0	19.6
Seniors' Pass	\$24.00	1.5	0.4
Family Pass	\$ 2.75	0.9	0.2
		418.1	100.0

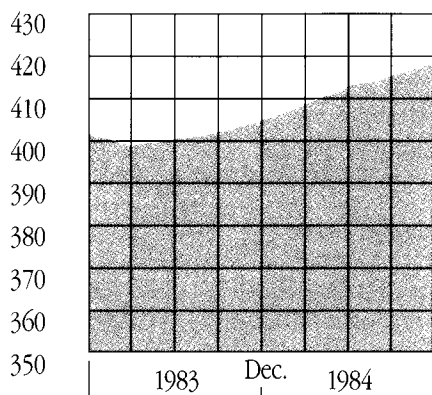


Operating Results

	1984	1983	Increase (Decrease)	%
Revenue (\$ millions)	283.2	259.4	23.8	9.2
Operating subsidy (\$ millions)	109.8	103.4	6.4	6.2
Expenses (\$ millions)	393.0	362.8	30.2	8.3

Revenue increased to \$283.2 million primarily because of the 5.6% fare increase and ridership growth of 3.1%. Expenses increased to \$393.0 million because of wage increases, additional miles operated and inflation. The operating subsidy increase was held to 6.2%.

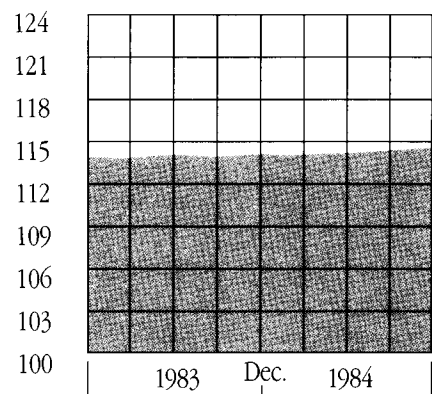
■ Revenue
□ Operating subsidy



Passengers (millions)

	1984	1983	Increase (Decrease)	%
Passengers (millions)	418.1	405.7	12.4	3.1
Revenue per passenger	67.7¢	63.9¢	3.8¢	5.9
Operating subsidy per passenger	26.3¢	25.5¢	0.8¢	3.1
Expenses per passenger	94.0¢	89.4¢	4.6¢	5.1

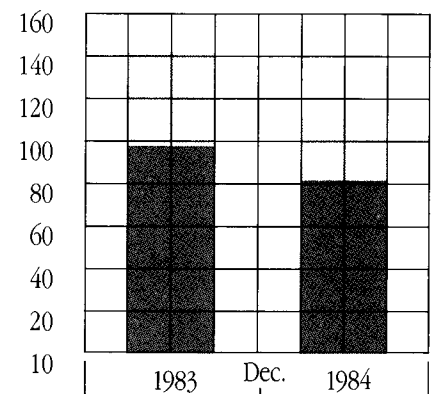
Ridership increased to a record 418.1 million, mainly due to higher employment and to the special events that took place in Toronto in 1984.



Miles (millions)

	1984	1983	Increase (Decrease)	%
Miles (millions)	114.5	113.5	1.0	0.9
Revenue per mile	247.3¢	228.5¢	18.8¢	8.2
Operating subsidy per mile	95.9¢	91.1¢	4.8¢	5.3
Expenses per mile	343.2¢	319.6¢	23.6¢	7.4

Miles operated increased slightly, with the provision of service to special events accounting for a substantial part of the increase.



Capital Expenditures

	1984	1983	Increase (Decrease)	%
Rapid transit (\$ millions)	83.5	98.7	(15.2)	(15.4)
Other capital projects (\$ millions)	32.5	41.6	(9.1)	(21.9)
Total (\$ millions)	116.0	140.3	(24.3)	(17.3)

Major capital expenditures included \$54.9 million for the Scarborough RT line and \$30.4 million for progress payments on new subway cars and articulated light rail vehicles.

REVENUE

Regular service

Regular service, or "farebox" revenue, increased to a record \$258,494,000 in 1984. Fares were increased by 5.6% on January 2, 1984, as ticket and token prices increased to 7 for \$4.90 (70¢) and the adult cash fare rose to 90¢. This increase generated an additional \$13.2 million in 1984. During 1984, ridership increased by 12.4 million (3.1%), generating a further \$7.5 million in revenue. The ridership growth reflects increased employment in the Metro Toronto area and transit usage to the many special events that took place in 1984. A new unlimited monthly riding pass for seniors was introduced in January, 1984 at a price of \$24.00.

	1984	1983	Increase	%
	(thousands of dollars)			
Regular service	258,494	237,798	20,696	8.7
Fare subsidies	10,118	9,356	762	8.1
	268,612	247,154	21,458	8.7
Charters and special services	1,951	1,649	302	18.3
	270,563	248,803	21,760	8.7
Rental income	5,503	4,718	785	16.6
Advertising	4,537	3,681	856	23.3
Other revenue	2,564	2,147	417	19.4
Total revenue	283,167	259,349	23,818	9.2

Fare subsidies

Metro Toronto subsidies allowing senior citizens to travel at half fare and the blind and war amputees to travel free amounted to \$9,528,000 and \$590,000 respectively.

Charters and special services

Charter revenue exceeded the \$1-million mark in 1984, totalling \$1,190,000, as charter business increased by 15.3%, a result of the many special events in Toronto in 1984. Special services revenue, principally the express service to Woodbine Race Track, accounted for \$761,000.

Rental income

Revenue from station concessions and leases of property increased to \$2,942,000 in 1984. Parking lot net revenue increased to \$1,152,000. Other rental income totalled \$1,409,000.

Advertising

Advertising revenue increased significantly in 1984 as a result of a greater sales volume achieved by the advertising contractor, reflecting improved economic conditions.

Other revenue

Major items include the recovery of administrative and other costs for construction projects and for work done for others (\$1,026,000) and dividends from Gray Coach Lines, Limited (\$700,000).

EXPENSES

Wages, salaries and other employee costs

Wage and salary costs totalled \$258,531,000, while the Commission's share of pension contributions and other employee benefit costs totalled a further \$41,332,000. Wage and salary costs rose by 7.0% due to wage increases of 5.0% and increases in the work force. A 5.0% increase (within the voluntary guidelines set out by the Province for the public sector) was granted on July 1, 1984. Employee benefit payments rose by 9.0% primarily due to higher labor costs.

Materials, services and supplies

The increase is due to rising costs of services and materials, and to additional maintenance programs as discussed in the next section.

Municipal taxes

The increase in taxes is due to an average mill-rate increase of 8.0% combined with a full year's taxes on the new Malvern garage. Realty and business taxes are payable on all Commission properties except those used for rapid transit purposes.

	1984	1983	Increase (Decrease)	%
	(thousands of dollars)			
Wages, salaries and other employee costs	299,863	279,485	20,378	7.3
Materials, services and supplies	40,512	34,571	5,941	17.2
Electric traction power	15,269	14,034	1,235	8.8
Automotive fuel	19,395	18,257	1,138	6.2
Vehicle and other licences	535	528	7	1.3
Municipal taxes	3,800	3,370	430	12.8
Public liability costs	5,323	3,924	1,399	35.7
Depreciation	7,596	7,604	(8)	(0.1)
Debenture interest	725	1,016	(291)	(28.6)
Total expenses	393,018	362,789	30,229	8.3

Public liability costs

Despite the fact that the number of claims paid actually decreased in 1984, public liability costs jumped by \$1.4 million to more than \$5 million, reflecting the much larger awards being made by the courts to claimants for personal injuries. It is expected that costs will continue to increase significantly in the coming years as a result of these higher awards.

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 operation

Approximately 50% of the operating work force are involved in vehicle operations – operators, station collectors, inspectors, training staff and Transportation Department management. The increase in labor costs is mainly due to the general wage adjustment, increased miles operated and higher vacation costs.

Vehicle maintenance

Servicing, maintaining and repairing the revenue fleet employs approximately 25% of the Commission's work force. Labor costs increased as a result of the general wage adjustment, a full year's operation of the new Malvern garage and major maintenance to improve the reliability of the Canadian Light Rail Vehicles (CLRVs). The increase in non-labor costs reflects inflation in material prices and other increases particularly for bus and CLRV maintenance. The increasing age of the fleet, reduced warranty recoveries and, in the case of buses, reduced salvage recoveries compared to 1983, account for most of the increase not attributable to inflation.

Non-vehicle maintenance

Maintaining the Commission's garages, car-houses, repair shops and administrative facilities, as well as the track and wiring along its subway and surface routes, requires approximately 15% of the work force. Higher labor costs resulted mainly from the general wage increase and additional manpower required for janitorial and maintenance services. Non-labor costs increased due to inflation, unusually high escalator maintenance requirements and higher heating fuel costs due to weather conditions and a full year's operation of the Malvern garage.

	1984	1983	Increase	%
(thousands of dollars)				
Wages, salaries and other employee costs				
Vehicle operation	172,217	161,748	10,469	6.5
Vehicle maintenance	65,728	61,444	4,284	7.0
Non-vehicle maintenance	34,189	31,224	2,965	9.5
General and administration	27,729	25,069	2,660	10.6
	299,863	279,485	20,378	7.3
Materials, services and supplies				
Vehicle operation	1,591	1,579	12	0.8
Vehicle maintenance	16,577	14,630	1,947	13.3
Non-vehicle maintenance	13,263	11,454	1,809	15.8
General and administration	9,081	6,908	2,173	31.5
	40,512	34,571	5,941	17.2

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

General and administration

The general and administrative functions include the executive, financial, marketing and community relations, human resources, purchasing and inventory control, planning, safety and security, legal, and computer operations. These activities account for approximately 10% of the work force. Labor cost increases were due to general salary adjustments and to manpower increases, primarily in the fare processing, safety and security, and executive areas. The increasing volume of \$1 bills received in the farebox and associated labor to process these bills continues to add to labor costs. The non-labor cost increase reflects additional emphasis on training and personnel-related activities, increased advertising, higher costs of tickets and transfers, and general increases in other administrative areas.

CAPITAL EXPENDITURES

RAPID TRANSIT

Scarborough RT:

Station construction, track installation and vehicle deliveries all neared completion in 1984. The line was opened in March, 1985.

126 Subway cars:

Progress payments were made toward the purchase of 26 additional and 100 replacement cars.

Subway stations:

Work was carried out at several stations including Donlands, Davisville, Eglinton and Wellesley.

Other projects:

These included transit road construction, subway track rehabilitation, station alterations, and studies related to proposed new transit lines.

OTHER CAPITAL PROJECTS

52 ALRVs:

Progress payments were made toward the purchase of 52 articulated light rail vehicles. These vehicles will replace the remaining fleet of PCC cars.

New maintenance facility:

Work continued in 1984. Phase I, which consists of the construction of a bus maintenance facility to replace Parkdale shops, will be completed in 1985.

Other expenditures:

These included surface track rehabilitation, the purchase of a new central computer, new fareboxes, automotive service vehicles, and office furniture and equipment.

	1984	1983	(Decrease)
	(thousands of dollars)		
Rapid transit	83,487	98,649	(15,162)
Other capital projects	32,490	41,631	(9,141)
Total capital expenditures	115,977	140,280	(24,303)

	(\$000's)		(\$000's)
Rapid Transit		Other Capital Projects	
Scarborough RT	54,902	52 articulated light rail vehicles (progress payments)	15,088
126 subway cars (progress payments)	15,311	New maintenance facility	9,611
Subway station modernization program	2,351	Other	7,791
Other	10,923		
	83,487		32,490

These figures do not include Metro's direct expenditure 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 result in these percentages fluctuating slightly above and below the targets from year to year.

The current Provincial formula is based on a sliding subsidy 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 1984, the operating subsidy requirement assumed by Metro Toronto amounted to \$109,851,000. Metro and the Metro Municipalities incurred further costs totalling \$20,604,000; these were primarily for debenture debt payments, senior citizens' fare subsidy and maintenance of transit shelters. The Provincial contribution amounted to \$61,000,000 (subject to Provincial audit), and Metro's residual cost was \$69,455,000.

Adjustments of the figures in the table in accordance with Provincial subsidy regulations results in a 1984 cost sharing as follows:

TTC revenues	69.3%
Provincial subsidy	15.4%
Metro and Metro Municipalities	15.3%
	100.0%

	1984	1983	Increase (Decrease)
	(thousands of dollars)		
Operating Expenses			
By the Commission	393,018	362,789	30,229
By Metro and Metro Municipalities	20,604	21,078	(474)
	413,622	383,867	29,755
Financed From			
Commission revenues	283,167	259,349	23,818
Metro and Metro Municipalities	69,455	64,518	4,937
Provincial subsidy	*61,000	*60,000	1,000
	413,622	383,867	29,755
Capital Expenditures			
By the Commission	115,977	140,280	(24,303)
By Metro and Metro Municipalities	7,112	1,445	5,667
	123,089	141,725	(18,636)
Financed From			
Provincial subsidy	*105,700	*106,300	(600)
Metro and Metro Municipalities	14,864	26,113	(11,249)
Commission	2,525	9,312	(6,787)
	123,089	141,725	(18,636)

*Subject to Provincial audit and approval

Capital expenditures

Of the total of \$115,977,000, \$108,690,000 was mainly for new rapid transit construction and vehicle purchases included in the Metro Capital Works Programme; \$7,287,000 was for the replacement and renovation of surface and general facilities included in the Commission's Capital Budgets.

Metro assumes the full cost of the projects included in the Capital Works Programme, including land purchased directly by Metro and not recorded on the Commission's books (\$6,894,000). Metro receives a 75% Provincial subsidy for substantially all of these costs. The Province has also agreed to pay the additional 25% on the extra costs required to construct the Scarborough RT Line using I.C.T.S. rather than CLRV technology.

Capital Budget expenditures are assumed by the Commission, with the exception of costs for transit shelters which are paid for by the Metro Municipalities. The Province pays a 75% Provincial 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 1984 amounted to \$105,700,000 (subject to Provincial audit) including \$14,711,000 for the additional 25% subsidy for the Scarborough RT line. The Commission's contribution was \$2,525,000 and the remaining \$14,864,000 was financed by Metro and the 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 1984 as they considered necessary. The report from Price Waterhouse and from the Metropolitan Auditor is appended to the financial statements which are part of this report.

(in thousands)	Year ended December 31	
	1984	1983
Revenue from operations:		
Passenger services	\$270,563	\$248,803
Rental of land, air rights, buildings, subway concessions and equipment	5,503	4,718
Rental of advertising space	4,537	3,681
Dividend from Gray Coach Lines, Limited	700	700
Miscellaneous	1,864	1,447
Total	283,167	259,349
Operating subsidy (Note 2)	109,851	103,440
Total revenue and operating subsidy	\$393,018	\$362,789
Expenses:		
Wages, salaries and other employee costs	\$299,863	\$279,485
Materials, services and supplies other than the items shown below	40,512	34,571
Electric traction power	15,269	14,034
Automotive fuel, including federal and provincial taxes	19,395	18,257
Vehicle and other licences	535	528
Municipal taxes	3,800	3,370
Public liability costs	5,323	3,924
Depreciation	7,596	7,604
Debenture interest	725	1,016
Total expenses	\$393,018	\$362,789

		December 31	
	(in thousands)	1984	1983
Current assets:	Cash	\$ 4,592	\$ 4,379
	Accounts receivable-		
	The Municipality of Metropolitan Toronto	44,625	38,440
	Gray Coach Lines, Limited - current account	4,517	4,157
	Other	3,578	2,600
	Materials and supplies	16,430	15,772
	Working funds and prepaid expenses	2,787	2,477
		76,529	67,825
Investment:	Capital stock of Gray Coach Lines, Limited (Note 3)	1,000	1,000
Capital assets:	Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment	1,129,513	1,117,955
	Less: Capital contributions	909,582	895,782
		219,931	222,173
	Less: Accumulated depreciation	146,449	143,477
		73,482	78,696
	Under construction and not yet in service	261,283	161,830
	Less: Capital contributions	261,283	161,830
		—	—
	Total capital assets	73,482	78,696
		\$151,011	\$147,521
Current liabilities:	Accounts payable, accrued liabilities and cheques in transit	\$ 69,953	\$ 64,228
	Current portion of capital debt (Note 4)	1,515	1,811
		71,468	66,039
Provision for:	Tickets and tokens held by the public	11,150	10,900
	Public liability and workers' compensation	4,000	3,500
		15,150	14,400
Long-term portion of capital debt (Note 4):	The Municipality of Metropolitan Toronto - For annual instalments on debentures that mature in the years 1992 to 1995	16,184	17,557
	For sinking fund debentures maturing between 1993 and 1997, less sinking fund balance of \$16,966,000 (1983 - \$15,468,000)	3,024	4,340
		19,208	21,897
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:	Toronto Transit Commission (unchanged since 1972)	20,381	20,381
		45,185	45,185
		\$151,011	\$147,521

(in thousands)	Year ended December 31	
	1984	1983
Source of cash:		
Revenue from operations	\$283,167	\$259,349
Sales of capital assets	143	112
	283,310	259,461
Operating subsidy	109,851	103,440
	393,161	362,901
Cash increase (decrease) resulting from changes in –		
Accounts receivable	(7,523)	(6,565)
Materials and supplies	(658)	(2,177)
Working funds and prepaid expenses	(310)	698
Accounts payable, accrued liabilities and cheques in transit	5,725	9,838
	(2,766)	1,794
	390,395	364,695
Use of cash:		
Operating expenses	393,018	362,789
Items not requiring cash –		
Depreciation	(7,596)	(7,604)
Increase in provisions	(750)	(1,350)
	384,672	353,835
Expenditures on capital assets	115,977	140,280
Less: Capital contributions	113,452	130,968
	2,525	9,312
Debenture debt repayment	2,985	3,263
	390,182	366,410
Increase (decrease) in cash	213	(1,715)
Cash, beginning of year	4,379	6,094
Cash, end of year	\$ 4,592	\$ 4,379

The Toronto Transit Commission was established on January 1, 1954 to serve the transportation needs of the municipalities comprising the Municipality of Metropolitan Toronto. The new entity assumed all the assets and liabilities of the former Toronto Transportation Commission.

The accounting policies followed in the preparation of the financial statements for the Toronto Transit Commission are in accordance with generally accepted accounting principles and have been consistently applied. The significant accounting policies are as follows:

a. Revenue Recognition

- (i) Passenger revenue is recognized when tickets and tokens are used. Revenue from monthly passes is recognized in the period in which the passes are valid.
- (ii) All other revenue, with the exception of dividends from an unconsolidated subsidiary (Gray Coach Lines, Limited), is recorded on an accrual basis.

b. Materials and Supplies

Inventories of materials and supplies are valued at average cost. Materials and supplies are expensed when issued to garages and carhouses.

c. Investment in Subsidiary

The investment in the capital stock of Gray Coach Lines, Limited is carried at cost. The accounts of the subsidiary are not consolidated with those of the 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 services and facilities for the benefit of the population it serves and are not likely to accrue to the Commission.

Dividends declared by Gray Coach Lines, Limited are recorded as revenue by the Commission when paid.

d. 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 undemoted capital contribution calculation until actually paid by the Commission. At December 31, 1984, these holdbacks amounted to \$2,036,000 (1983 - \$2,377,000). 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.
- (iii) For the Scarborough RT Line, the Municipality pays the full cost and recovers approximately 87% of this amount from the Province under a special funding agreement. This agreement provides that the Province will pay its regular 75% subsidy on the equivalent cost of a conventional streetcar line and fully pay the additional costs resulting from the decision to construct an Intermediate Capacity Transit System (I.C.T.S.) line.

e. Depreciation

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

f. Taxes

The Commission is not subject to income taxes and receives exemption from certain property taxes.

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 Municipality in turn obtains subsidies from the Province of Ontario related to eligible transit operating expenses, revenue/cost relationships and special subsidies for major new transit facilities on exclusive rights of way.

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.

The actual funding of transit operating expenses (as defined for provincial subsidy purposes) is expected to be as follows:

	1984	1983
By the Commission	69.3%	68.5%
By the Municipality	15.3%	15.1%
By the Province of Ontario	15.4%	16.4%

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 Company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations have been carried out under an agreement with the Toronto Area Rapid Transit Authority as part of the "GO Transit" commuter system. During 1984, it was agreed that a phase out of the Company's operation of "GO Transit" routes would occur over the next five years.

The Company's operations are summarized as follows:

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

(in thousands)	Year ended December 31	
	1984	1983
Revenue	\$48,650	\$47,361
Expenses, including Ontario income taxes	47,530	44,986
Net earnings for the year	\$ 1,120	\$ 2,375

The Company's balance sheet is summarized as follows:

(in thousands)	December 31	
	1984	1983
ASSETS		
Current assets	\$ 6,294	\$ 6,097
Term investments held for replacement of terminals and public liability settlements	6,500	6,500
Capital assets, at cost less accumulated depreciation	15,811	14,756
	\$28,605	\$27,353
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities	\$ 6,867	\$ 6,374
Provisions, mainly for public liability and workers' compensation	1,919	1,780
Capital stock, reserve and retained earnings	19,819	19,199
	\$28,605	\$27,353

The Statement of Revenue and Expenses reflects charges of \$6,746,000 in 1984 (\$6,285,000 in 1983) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

Included in Gray Coach Lines, Limited's current liabilities is an amount of \$500,000 relating to dividends paid to the Commission in January, 1985.

4. 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, 1984, the net capital debt of the Commission was as follows:

(in thousands)	1984	1983
Instalment debentures -		
3 1/2% final instalment due 1984	\$ —	\$ 183
5 1/8% final instalment due 1992	1,802	1,979
5 1/2% final instalment due 1993	4,782	5,185
5 1/4% final instalment due 1995	10,973	11,697
	17,557	19,044
Less: Current portion	1,373	1,487
	16,184	17,557
Sinking fund debentures-		
5% due 1993	30	203
6% due 1996	1,466	2,235
6% due 1997	713	973
7% due 1997	957	1,253
	3,166	4,664
Less: Current portion	142	324
	3,024	4,340
	\$19,208	\$21,897

Instalment debenture maturities and scheduled sinking fund payments required in each of the next five years are approximately \$1,670,000.

The sinking fund balance of \$16,966,000 at December 31, 1984 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 \$5,813,000 in the actual earnings of the sinking fund in excess of the 3% rate.

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 contribution for 1984 for each member and the Commission was 7.5% of wages and salaries less the amount 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, 1984, amounted to approximately \$93,600,000, over the periods prescribed by law. These unfunded liabilities result from improvements made to the plan in prior years, based on the advice of the Society's independent actuaries.

Certain 1983 figures have been restated to reflect format changes made to the financial statements in 1984.



April 23, 1985

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, 1984 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, 1984 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.

Chartered Accountants Metropolitan Auditor

Passengers/Operating Revenue

Operations/Expenses

Operating Subsidy

Capital Assets

Passengers (millions)
Basic Adult Ticket Fare (at December 31)
Total Operating Revenue (\$ millions)
Operating Revenue per Mile
Operating Revenue per Passenger

Miles Operated, Including
Charters and Special Services (millions)
Bus
Subway Car
Street Car
Trolley Coach

Average Number of Employees (including Gray Coach Lines, Limited)
Average Hourly Wages and Benefits per Driver
Total Expenses (\$ millions)
Expense per Mile
Expense per Passenger

Operating Subsidy (\$ millions)
Operating Subsidy per Mile
Operating Subsidy per Passenger

Investment in Capital Assets (before depreciation and contributions) at December 31 (\$ millions)
Rapid Transit
Surface

Metro and Provincial Contributions
TTC Investment (before depreciation)

Vehicle Fleet - Owned and Leased
Buses
Subway Cars
Trolley Coaches
Street Cars
CLRV's

FINANCIAL AND OPERATING STATISTICS – 10 YEAR SUMMARY (1975 – 1984)

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	% Increase (Decrease) 1975-1984
357.6	350.6	348.7	337.6	346.2	366.4	392.0	401.2	405.7	418.1	16.9
33.3¢	40.0¢	40.0¢	42.9¢	50.0¢	50.0¢	57.1¢	62.5¢	66.7¢	70.0¢	110.2
107.9	132.1	137.7	146.0	165.9	183.6	215.0	240.9	259.4	283.2	162.5
114.4¢	137.5¢	145.9¢	147.9¢	167.6¢	181.1¢	199.3¢	212.4¢	228.5¢	247.3¢	116.2
30.2¢	37.7¢	39.5¢	43.2¢	47.9¢	50.1¢	54.9¢	60.0¢	63.9¢	67.7¢	124.2
46.0	47.5	46.9	46.9	48.1	49.3	52.1	56.8	57.2	58.2	26.5
34.1	34.6	33.8	38.2	37.7	38.6	42.6	43.2	43.1	43.3	27.0
10.5	10.1	9.5	9.4	9.1	9.4	9.3	9.4	9.3	9.2	(12.4)
3.7	3.9	4.2	4.2	4.1	4.1	3.9	4.0	3.9	3.8	2.7
94.3	96.1	94.4	98.7	99.0	101.4	107.9	113.4	113.5	114.5	21.4
8,047	8,473	8,525	8,632	8,703	8,689	8,906	9,200	9,414	9,614	19.5
\$8.15	\$8.86	\$9.62	\$10.27	\$10.81	\$11.67	\$14.13	\$15.49	\$16.50	\$17.43	113.9
146.0	167.7	180.0	196.4	211.6	236.8	284.4	333.8	362.8	393.0	169.2
154.8¢	174.5¢	190.7¢	199.0¢	213.7¢	233.5¢	263.6¢	294.3¢	319.6¢	343.2¢	121.7
40.8¢	47.8¢	51.6¢	58.2¢	61.1¢	64.6¢	72.6¢	83.2¢	89.4¢	94.0¢	130.4
38.2	35.6	42.3	50.4	45.7	53.2	69.4	92.9	103.4	109.8	187.4
40.5¢	37.0¢	44.8¢	51.1¢	46.2¢	52.4¢	64.3¢	81.9¢	91.1¢	95.9¢	136.8
10.7¢	10.2¢	12.1¢	14.9¢	13.2¢	14.5¢	17.7¢	23.2¢	25.5¢	26.3¢	145.8
523.1	611.7	726.8	786.8	827.3	836.3	841.6	885.4	971.9	1060.0	102.6
117.1	124.6	125.0	126.6	134.5	174.0	225.5	262.0	307.9	330.8	182.5
640.2	736.3	851.8	913.4	961.8	1,010.3	1,067.1	1,147.4	1,279.8	1,390.8	117.2
426.8	522.9	637.6	701.0	748.2	796.4	849.3	927.2	1,057.6	1,170.9	174.3
213.4	213.4	214.2	212.4	213.6	213.9	217.8	220.2	222.2	219.9	3.0
1,218	1,219	1,235	1,219	1,231	1,262	1,403	1,556	1,561	1,465	20.3
498	494	534	590	618	632	632	632	632	632	26.9
151	151	151	151	151	151	151	151	151	150	(0.7)
388	358	354	344	342	311	258	178	175	169	(56.4)
—	—	—	—	17	89	188	196	196	196	
2,255	2,222	2,274	2,304	2,359	2,445	2,632	2,713	2,715	2,612	15.8

TTC MANAGEMENT

ALF H. SAVAGE
Chief General Manager

NORMAN E. BALFOUR, Q.C.
General Counsel

LLOYD G. BERNEY
General Manager
Operations

GORDON M. BREAK
General Manager
Human Resources

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

GERRY L.A. BROLLEY
Manager
Service Planning

DENNIS R. CALLAN
Manager
*Engineering
Engineering & Construction*

ALLEN J. CHOCORLAN
Manager
Safety & Security

DAVE A. COWAN
Manager
Equipment

JAMES A. FIELD
Manager
Materials & Procurement

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
*Administration
Engineering & Construction*

ED SHAW
Manager
Labor Relations

IAN C. SMITH
President
TT Consultants

HOWARD M. SWEEZIE
Manager
*Land Development
Planning*

ROBERT M. TOPP
Manager
Operational Planning

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

