Annual Report

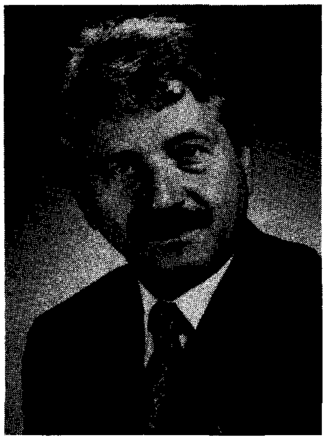
1992

Toronto Transit
Commission

1992 ANNUAL REPORT

Toronto Transit Commission

Letter from the Chair



AUGUST 27, 1993

TO: MR. ALAN TONKS, CHAIRMAN, AND COUNCILLORS OF THE MUNICIPALITY OF METROPOLITAN TORONTO

It is with pleasure that I present the 1992 Annual Report on behalf of the Commissioners and employees of the Toronto Transit Commission (TTC).

Talk of the recession and its ensuing difficulties is a topic that has, unfortunately, become a predictable one. Businesses and organizations throughout the country continue to feel the pinch. The TTC must also point to the recession as the major cause of its own economic difficulties in 1992.

Nonetheless, and in spite of low ridership and decreasing revenues, the TTC has accomplished a great deal. There are few who would not agree that the TTC is leaner and more effective than in the past. In 1992, we worked hard to eliminate all unnecessary expense and to focus specifically on the provision of excellent customer service. Our efforts have been duly noted both by our customers, our funding partners and, in fact, the industry as the TTC has just accepted the first-ever American Public Transit Association (APTA) International Award for Continuing Excellence.

In 1992, we felt it an important step forward that the TTC physically started along the "rail to the future". Construction began on both the Spadina Subway extension to Sheppard Avenue — the first subway expansion in 12 years — and on the Spadina Avenue light rail streetcar line.

Both the economy and the TTC received an even greater boost in February 1993 when a provincial announcement formally committed up to $2.5 billion to the 10-year Rapid Transit Expansion Program — which replaced Let's Move. Four TTC projects were approved and design work has commenced on extending the Scarborough rapid transit line to Sheppard Avenue; building the Sheppard Subway from Yonge Street to Don Mills Road; extending the Spadina Subway line from Sheppard Avenue to York University; and building the Eglinton West Subway line from the Spadina Subway line to the new York City Centre.

Another spur to the economy came when the TTC ordered 216 T-1 subway vehicles at the end of 1992. At $567 million this was the largest contract Metro had ever signed.

Throughout 1992, the TTC tightened its belt of operations yet continued to respond in a reliable, courteous and enviably safe way to the transit needs of Metropolitan Toronto. Public transit is a primary cog in the wheel that keeps Metro turning, and all the TTC's efforts past, present and future are dedicated to its success.

My sincere thanks to Vice-Chair Bev Salmon and Commissioners Paul Christie, Lois Griffin, Brian Harrison, Howard Moscoe and to you, Alan Tonks, for the enthusiasm and commitment shown to the goals of the TTC. Thanks also to TTC management and employees for the superb job they have done throughout the year.

Michael T. Colle

Michael T. Colle
Chair

Letter from the Chief General Manager

AUGUST 27, 1993

TO: MR. ALAN TONKS, CHAIRMAN, AND COUNCILLORS OF THE MUNICIPALITY OF METROPOLITAN TORONTO

The Toronto Transit Commission experienced a 1992 that was quite unlike any year in its history. Despite our best efforts, ridership and income continued to plunge along with the economy. Throughout the year the TTC rode a roller coaster of cost cuts and service adjustments, yet we continued to place a strong emphasis on productivity and customer service. The TTC was determined to provide the best transit service possible in 1992 — recession or not.

And in many ways we did. The TTC focused solidly on safety, service and courtesy. Subway reliability increased by 39 per cent, delay complaints decreased by 73 per cent and overall complaints were reduced by 9 per cent over 1991. For the 20th time in 25 years, the TTC won the American Public Transit Association Silver award for the best safety record in North America. And although, at 404 million, the number of customers was 1.4 per cent below what we had expected, our ridership figures were still the second largest in North America.

In 1992, the TTC launched some important programmes. Transit Community Watch and Designated Waiting Areas further addressed TTC and customer concerns for safety, and Easier Access Demonstrations were an important step forward in making the conventional system more accessible to seniors and people with disabilities.

We expanded the community bus service and started construction on two significant rapid transit projects. We celebrated the 100th anniversary of the electric streetcar in Toronto, and there were dozens of promotions and events that kept the TTC's team spirit high and our community profile higher.

The economic recession had a major effect on the TTC in 1992 and we took steps to limit the impact of fare increases, ridership losses and service cuts. We also made the difficult decision to reduce our staff workforce by 200 positions.

The TTC is responding to these tough times by streamlining operations, increasing productivity and improving the service. We remain firmly fixed on our goal of being the community's transportation method of choice.

Allan F. Leach
Chief General Manager

Review of Operations

The recession continued to engulf the economy in 1992. It forced the Toronto Transit Commission further along the path of decreasing ridership and limited funds — a situation that showed little signs of easing by year-end.

Final ridership figures were 404 million, down 20 million from 1991 and down 12 per cent from two years ago — a loss that can be related almost exclusively to the poor economy and shrinking labour force throughout Metro Toronto.

Nonetheless, the TTC worked hard to combat the effects of a crippling recessionary cycle.

It set high goals of safety, service and courtesy and reached them. It significantly improved productivity and reliability and the successes have been reflected in improved public opinion. And it continued to work towards the future, planning new lines and expanding existing service to attract more riders into the system, with these efforts being solidly supported both by its funding partners and the community.

There is no doubt the challenge remains, but in 1992 the TTC continued to prove it is up to that challenge.

Customer Service

In 1992, customer service remained the basis of the TTC's success and the emphasis placed upon it never wavered. TTC employees worked hard to maintain an efficient, effective transit system with the goal to be Metro's transportation method of choice.

Their achievements were noted as subway reliability increased by 39 per cent, delay complaints decreased by 73 per cent and overall complaints were reduced by 9 per cent over 1991. A public opinion poll taken in late 1992 indicated 76 per cent overall satisfaction with all aspects of the system including reliability, competence, courtesy, cleanliness, communications, safety and security.

Much of the credit can be given to changes within. TTC-wide implementation of Total Quality Management has become an important step forward. This new management style encourages fewer levels of approval and generally empowers the employee so that customer benefits can be put into place more quickly.

Internal programmes such as Divisional Customer Relations Teams and Ambassador Training continue to emphasize customer service and show how it benefits employees as well as customers. In 1992 there were presentations to 298 Operators in recognition of their "value-added" efforts, which customers had noted with appreciation. This group also included 27 two-time recipients and three five-time recipients.

Planning for Tomorrow

One of the best ways the TTC can serve its customers is by expanding its service and being available to more people. In 1992, the Let's Move Programme moved forward with environmental assessments continuing, or being brought close to completion, on several proposed rapid transit projects.

Two projects were approved and construction began on:

- A 2.2 km extension of the Spadina Subway from Wilson station to Sheppard Avenue. This is the first subway extension in 12 years.
- A 3.65 km streetcar line down Spadina Avenue that links the Bloor Subway to the Harbourfront Line. Construction commenced in December.

The lines are scheduled to open in 1996 at a cumulative cost of approximately $330 million.

Four additional major rapid transit projects, plus related expansion of Wilson Yard, are expected to receive funding in early 1993 and will move immediately into design.

Planning for the future also came into play in the Bloor/Yonge station — Canada's busiest subway station — as renovations continued throughout 1992 and were effectively completed. Customers gained a more attractive station with the north and southbound platforms on the Yonge line widened by 3.6 metres. The extra width gives the TTC the option of building a centre passenger platform when ridership rises to a point where it is necessary. The renovations also included the first elevators in the system.

Improving Access

The elevators installed at Bloor/Yonge station are part of the TTC's Easier Access Programme. Over the next five years, elevators will be put into 23 key stations to help make the conventional system more easily accessible to seniors and people with disabilities.

In 1992, several more steps were taken towards easier access. The final delivery of 106 buses with kneeling capability and enhanced lighting features was received. And in June, the TTC launched a 30-month demonstration of easier access features in conjunction with the Ministry of Transportation.

Up to 50 additions and modifications to the system are being considered including pictograms, benches, raised platform-edge markings for the visually impaired, more elevators, and overhead and step-well lights on buses. All approved accessibility features will be installed in the TTC by the end of the decade.

June also saw the introduction of four new fully accessible community bus routes in the North Bathurst, Parkdale, South Don Mills and East York areas. These routes are in addition to the original Lawrence Manor route that has been in operation since 1990. They have each been highly effective in easing pressure on Wheel-Trans, allowing that service to concentrate more fully on customers for whom door-to-door service is essential.

Ridership on Wheel-Trans continued to rise with approximately 1.3 million customers served in 1992. This represents an increase of 11.6 per cent over the number of customers carried in 1991.

With figures expected to rise even further, the Commission approved implementation of a new reservations, scheduling and dispatch system for Wheel-Trans. When completed in 1994, the advance booking time for Wheel-Trans will be reduced to one day from four with immediate confirmation of trips being provided to customers.

The TTC is committed to its Easier Access Programme, and to ensure it stays on track, in 1992 it organized an Advisory Committee on Accessible Transportation. The Committee is composed of 15 volunteers, including people with disabilities and seniors who use TTC or Wheel-Trans services regularly. They meet monthly to help plan, develop, implement and monitor all TTC accessibility programmes.

Equal Opportunity

The TTC believes in equal opportunity for people with disabilities, women, racial minorities and Aboriginal Peoples.

In 1992, the Equal Opportunity Department continued to prepare for provincial employment equity legislation by conducting an employment systems review. A work and family review was also undertaken, and the TTC participated with the Canadian Urban Transit Association (CUTA) in the development of a race relations training package for use in training front-line staff.

The TTC adopted an Ethno-Racial Access to Services policy. This will ensure that members of Metro's diverse ethno-racial and linguistic communities enjoy equal access to, and derive equal benefit from, the TTC's transit and information services.

The TTC formally approved an Ethno-Racial budget allocation in late 1992.

Ten sessions of the HART Management Training Programme were held involving 180 participants. HART equips participants with the skills and knowledge to manage a diverse workforce.

And despite a decrease in workforce by 4.1 per cent from 1991, the percentage of women (12 per cent), racial minorities (14 per cent) and other designated groups (24 per cent) remained unchanged in 1992.

Employees and Team Work

TTC employees have increasingly worked with management for the benefit of the TTC as a whole. In 1992, management/ Union Objectives exemplified this. Developed jointly by management, Amalgamated Transit Union (Local 113), Canadian Union of Public Employees (Local 2) and the International Association of Machinists and Aerospace Workers (Lodge 235), this process allows areas of mutual concern to be addressed immediately, rather than having to wait for formal contract negotiations. This year, 155 issues were addressed and 79, or 51 per cent were resolved.

Employees are also helping the TTC fight the rising costs of absenteeism by participating in the Alternate Work Programme.

This programme is available for employees disabled through injury or illness who are ready to return to work but may not yet be able to handle all the responsibilities of their own jobs. In 1992, many disabled employees had changes made to their jobs to permit them to do most of their duties. Up to 80 workers were provided with alternate work in areas outside their normal department.

Employees were also encouraged to take six-month secondment periods where they work in different departments or divisions to expand their knowledge of the TTC.

A joint programme between Transportation and Equipment branches has led to the formation of Review Teams at each of the operating locations. These teams help employees from both branches work together on vehicle and facility issues. The Transportation Branch continued to make recommendations for improvements to routes and schedules through its Surface Transit Enhancement Programme (STEP) teams.

The Employee Suggestion Plan gave out its largest award ever — $20,000 — for an employee suggestion that covered last-minute station collector absences in a more efficient manner. More than $37,000 was awarded to employees throughout the year in recognition of suggestion savings to the TTC of $370,000.

Again, the United Way benefitted greatly from the generosity of TTC employees. The 1992 goal was surpassed as more than half a million dollars was raised for the United Way. The TTC was co-recipient of the United Way of Greater Toronto 1992 Spirit Award, which recognizes joint staff and union co-operation and outstanding work place campaigns.

Safety and Security

For the 20th time in 25 years, the TTC won the prestigious American Public Transit Association Silver Award for the safest large-city transit system in North America. It also won CUTA awards for the best record in Industrial Safety for systems operating over 12 million kilometres, and the best record for Transit for Persons with Disabilities with the lowest accident rate for systems operating over 10 vehicles.

Riding the system is still safer than walking the streets as evidenced by the fact that crimes of violence on the TTC decreased by 4.8 per cent in 1992, but increased by 2.4 per cent on Metro's streets. Safety features such as the Designated Waiting Areas, which were in operation at 65 subway and Scarborough RT stations by the end of the summer, Request Stop and Passenger Assistance Alarms all help customers deal effectively with problems as they arise.

Almost 900 TTC safety presentations were made by the Safety and Security Department to interested school, business and community groups. These presentations include special programmes for groups with developmental disabilities and diverse language needs.

In 1992, the TTC embarked on a major project to enhance the security of front-line employees. Measures taken included closed-circuit television camera and alarm modifications in collectors' booths, a security training programme and collector parking being made available in subway stations.

This was also the first full year of city-wide operation of the Communications and Information Service (CIS) on surface vehicles. As well as helping ensure the safety and security of employees, the system is an important component of the TTC's Transit Community Watch programme launched in September. All employees are part of this programme and report to Transit Control or 911 any problems they come across on the transit system, in the work place and in the community.

Equipment

In June, the TTC restored trolley service to the streets of Toronto. The provincial government provided funding to year-end and 40 trolley coaches were reinstituted on the Bay and Annette Street routes.

The TTC ordered 216 Toronto-One (T-1) subway cars at a cost of $567 million in December. This is the largest single purchase of subway vehicles in the TTC's history, and customers' opinions were actively sought on the design of the vehicle. The subway cars will replace an ageing M-1 and H-1 fleet and will be delivered commencing 1996 through to 1999 at a rate of approximately 70 per year.

Throughout 1992, the TTC worked hard to improve vehicle reliability using, among other things, the most advanced computer technology available to collect vehicle data, monitor systems and identify equipment problems. The Intermediate Point Headway Control was also implemented. This is a computer-driven system that controls train spacing and results in improved reliability and efficiency. It has increased subway carrying capacity by 5 per cent.

The upward trend in reliability was also boosted through numerous surface and subway track rehabilitation projects; heated power rails along the SRT line; and approval for replacement of four-cylinder engines on 63 Wheel-Trans vehicles with more powerful and reliable engines. Approval was also given for all Wheel-Trans vehicles to be retrofitted with air-conditioning.

By March, electronic signs had replaced linen destination signs on the entire fleet of buses. This allows for up-to-date destination information on all surface vehicles.

And, again, employee input has been invaluable as the Clean Team, a dedicated group of employees, developed a training video on proper subway cleaning procedures, revamped wash equipment and worked to perform more frequent exterior cleanings on vehicles.

Environment

The TTC is well respected for its environmentally-friendly beliefs and, as actions speak louder than words, those beliefs were solidly backed up in 1992.

Monitoring continued on 25 Compressed Natural Gas city buses and results are uniformly favourable. Conversion to the Posi-Lock Fuelling System began. This automatic refuelling system eliminates fuel spills and provides a safer and more environmentally-friendly refuelling process. And approval was received to expand "bike and ride" facilities from 29 to 43 stations.

In 1992, the Executive Environment Committee addressed issues relating to emergency response procedures, preventative maintenance programmes and environmental awareness. Funding for the first Environmental Audit was approved and in late 1992 the Commission approved the creation of an Environmental Directorate in Executive Branch to provide a focused corporate approach on environmental issues.

Once again, the TTC was heavily involved in Earth Week. Transit Tuesday was held on April 20 and 30,000 more people rode the system than on the day before. And 400 native trees, bushes and shrubs were planted at Wilson Complex as part of a commitment by the TTC to regenerate the natural spaces around the TTC properties.

Customers also continued to participate in the Metropass recycling programme to the tune of about 50,000 passes per month.

New Services and Facilities

Putting new ideas into action helps give the TTC an edge. In 1992, both customers and the Commission benefitted as:

- Free commuter parking was introduced at all lots in April. With the reopening later in the year of the Islington Lomond lot and the new Kennedy East lot, there were more than 11,500 free parking spots available. This led to a 63 per cent increase in customers "parking and riding" over a six-month period.
- The AT&T Language Line service was introduced enabling the TTC to provide route, schedule and fare information to callers in over 140 languages.
- Free rides were provided on the Harbourfront Light Rail streetcar line on Saturdays, Sundays and statutory holidays during the busy summer period.
- "No fare payment" envelopes were eliminated and operators and collectors ensured that proper fares were tendered.
- York Mills subway station reopened in April. This rebuilt three-level station connects the Yonge Subway, eight local TTC bus routes, GO buses and Gray Coach's airport service under one roof.

Studies were also undertaken to improve the pass system and provide more fare media options to increase flexibility in using the TTC.

Raising the Profile

The TTC worked hard to raise its profile throughout Metropolitan Toronto. High-profile, low-cost promotions and events were held regularly to create excitement and generate interest in public transit.

Co-operative partnerships were formed with corporations such as Air Canada, Pepsi and the Disney organization, and with the Molson Indy, the Toronto Blue Jays, the Maple Leafs and other organizations. The TTC traded advertising space and access to its customers for product, promotional materials or tickets which were then won by customers as prizes in contests or as awards.

Community partnerships were also formed. The TTC planned events with charitable organizations including the Red Cross, the Alzheimer Society, Goodwill, Stay Alert/Stay Safe and the Children's Aid Society. It also participated in cultural celebrations such as the Dragon Boat Festival and Caribana.

Buskers are always a popular component of the "subway experience" and in 1992 the largest-ever contingent of musicians auditioned for the right to perform. Recognizing the quality of applicants, the TTC increased licensed subway musicians to 75 from 43, and increased the station venues to 35.

August 15, 1992, was a special day in Toronto. It marked 100 years of streetcars in Toronto and the TTC celebrated with a birthday bash at Nathan Phillips Square. The focal point of the festivities was Car 306 — one of Toronto's first electric streetcars — transported from Ottawa and displayed in the Square for one week.

The year also rang in another anniversary. For half a century, TTC Guides have been going out to meet the public, selling tickets and tokens, giving transit information and helping the customer on a more personal level.

Toronto Transit Consultants Limited

Toronto Transit Consultants Limited (TTCL), the TTC's consulting subsidiary, worked on several international projects in 1992. This included an independent analysis of the New York City Transit Authority's signal system which, at $1.1 million, was TTCL's largest-ever contract.

Economics

In 1992, the economic situation of the TTC was under constant scrutiny. The challenge was to maintain service in light of low ridership and decreasing income.

In January, cash fares increased while, under the newly introduced Frequent Rider Plan, passes were frozen at 1991 prices and adult tickets or tokens purchased in bulk rose a mere three cents.

Staff made $44 million in cuts leaving the Commission with a 1992 operating budget of $686 million. There was an implementation of hiring and wage freezes, service headways were widened and, when all other options were exhausted, a 16 per cent fare increase went into effect in March.

It also became apparent that non-union staff positions had to be reduced by 200 by year-end. To meet this target, in October a voluntary Retirement Incentive Programme was offered. In November, Phase II of the staff reduction programme was initiated resulting in approximately 80 involuntary separations.

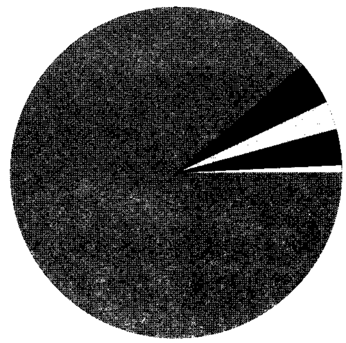
Buses in the active fleet were reduced by 6 per cent and, therefore, approval was also granted to close Davenport Division effective January 3, 1993, to save $2.9 million annually. The routes operated by this division were transferred to other operating locations.

In 1992, the Commission established a Productivity Task Force to review the TTC's operating policies, processes and procedures to see how productivity could be improved within the organization. Those initiatives identified will potentially reduce 1993 expenses by over $17 million.

At the end of 1992, when the TTC had streamlined operations and eliminated all unnecessary expense, Metropolitan Toronto and the Province of Ontario agreed to increase their subsidies from 16 per cent to 17 per cent for 1993, thus reducing the TTC's 68 per cent operating formula to 66 per cent. This temporary formula will give the TTC an extra $14 million for the year and was designed to be implemented along with no fare increase, no additional service cuts and a flatlined expense budget.

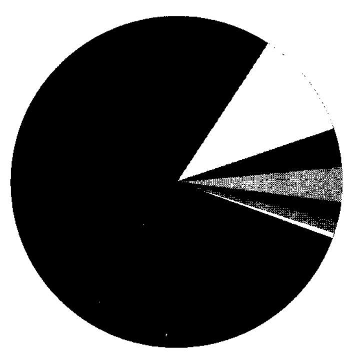
Conventional System Financial Overview

1992 REVENUE
Total Revenue:
$463,438,000



- Regular Service
  $423,173,000 (91.3%)
- Transit Improvement Reserve Fund Draw
  $17,025,000 (3.7%)
- Rental Income
  $10,979,000 (2.3%)
- Advertising Space Rental
  $8,214,000 (1.8%)
- Miscellaneous
  $3,261,000 (0.7%)
- Charters and Special Services
  $786,000 (0.2%)

1992 EXPENSES
Total Expenses:
$690,982,000



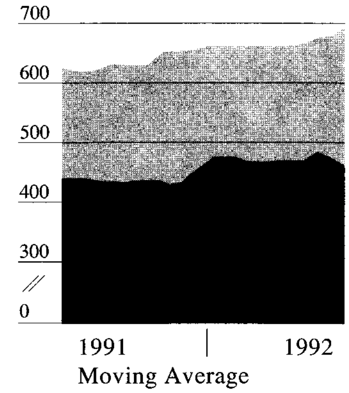
- Wages, Salaries and Other Employee Costs
  $543,537,000 (78.7%)
- Materials, Services and Supplies
  $73,469,000 (10.6%)
- Automotive Fuel
  $25,318,000 (3.7%)
- Electric Traction Power
  $24,030,000 (3.5%)
- Depreciation
  $11,768,000 (1.7%)
- Property Taxes
  $9,116,000 (1.3%)
- Accident Claims Costs
  $3,744,000 (0.5%)

TTC Fares at December 31, 1992

	Fares	Passengers millions	Passengers %
TOKENS			
Adult	10 for $13.00	114.0	28.2
TICKETS			
Adult	10 for $13.00	53.7	13.3
	2 for $3.00	11.2	2.8
Scholar/Senior Citizen	10 for $6.50	57.1	14.1
Child	8 for $2.50	11.6	2.8
CASH			
Adult	$2.00	23.7	5.8
Scholar/Senior Citizen	$1.00	3.7	0.9
Child	$0.50	1.9	0.5
PASSES			
Metropass	$67.00	109.5	27.1
Twin Pass	$57.00	2.9	0.7
Students' Pass	$50.00	4.8	1.2
Seniors' Pass	$43.50	5.6	1.4
Day/Visitors' Pass	$5.00	1.9	0.5
OTHER			
Postal Contract		1.3	0.3
Blind and War Amputees		1.1	0.3
Premium Express		0.3	0.1
		404.3	100.0

Note:
The split of passengers and revenue by category is estimated on the basis of collection of tickets and tokens and a sample analysis of cash fares.

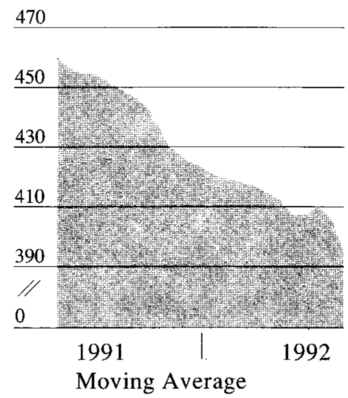
Operating results



	1992	1991	Increase (Decrease)	%
■ Revenue ($ millions)	463.4	478.7	(15.3)	(3.2)
▒ Operating subsidy ($ millions)	227.6	183.9	43.7	23.8
Expenses ($ millions)	691.0	662.6	28.4	4.3

In January 1992, the TTC implemented a modest fare increase for most of its riders. Very quickly, however, it became apparent that the ridership budget would not be achieved. To compensate for the resulting shortfall in passenger revenue, a second fare increase was implemented in March 1992. However, as the year progressed and as the economy worsened, ridership continued to fall, ending 1992 almost 20 million rides below 1991 levels. Nevertheless, the revenues generated by the two fare increases, combined with a $17 million draw from the Transit Improvement Reserve Fund, produced an additional $33 million in revenue. However, the 1991 results included a one-time $48 million dividend from Metropolitan Toronto Coach Terminal Inc. (MTCTI), so that the total revenues for 1992 were $15 million less than in 1991. Expenses were $28 million higher than in 1991, mostly due to a mid-year wage increase for unionized employees and higher other employee costs. The combined impact of the revenue reduction and expenditure increase was a $43 million increase in the operating subsidy required.

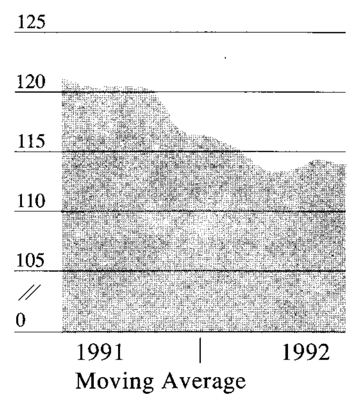
Passengers



	1992	1991	Increase (Decrease)	%
Passengers (millions)	404.3	424.2	(19.9)	(4.7)
*Revenue per passenger	110.4¢	101.5¢	8.9¢	8.8
Operating subsidy per passenger	56.3¢	43.4¢	12.9¢	29.7
Expenses per passenger	170.9¢	156.2¢	14.7¢	9.4

Ridership decreased by 4.7%, primarily due to the continuing economic recession.
***Revenue per passenger excludes the $48 million dividend from MTCTI in 1991 and the $17 million draw from the Transit Improvement Reserve Fund in 1992.**

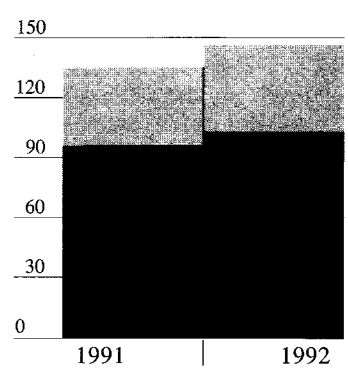
Miles



	1992	1991	Increase (Decrease)	%
Miles (millions)	114.0	116.8	(2.8)	(2.4)
*Revenue per mile	391.6¢	368.7¢	22.9¢	6.2
Operating subsidy per mile	200.0¢	157.4¢	42.6¢	27.1
Expenses per mile	606.1¢	567.2¢	38.9¢	6.9

Vehicle mileage decreased in 1992 by 2.8 million miles or 2.4%. Surface mileage (buses, streetcars and trolley coaches) decreased by 1.3 million miles, while rapid transit miles decreased by 1.5 million miles. The decrease in mileage was mainly due to service adjustments made to balance the 1992 budgets, in response to reduced passenger levels.
***Revenue per mile excludes the $48 million dividend from MTCTI in 1991 and the $17 million draw from the Transit Improvement Reserve Fund in 1992.**

Capital expenditures



	1992	1991	Increase	%
▒ Revenue vehicle acquisition ($ millions)	44.9	39.7	5.2	13.1
■ Other capital projects ($ millions)	102.4	96.2	6.2	6.4
Total ($ millions)	147.3	135.9	11.4	8.4

Among the major capital expenditures in 1992 were the initial progress payments on the contract to purchase 216 T-1 subway cars ($43.4 million), preliminary design on the Let's Move Programme ($17 million), building improvements ($16.6 million), surface and subway trackwork ($8.8 million) and the start of design on the Spadina Subway Extension ($6.4 million).

Revenue

(thousands of dollars)	1992	1991	Increase (Decrease)	%
Regular service	423,173	403,628	19,545	4.8
Charters and special services	786	1,873	(1,087)	(58.0)
Total Passenger Services	423,959	405,501	18,458	4.6
Rental income	10,979	15,019	(4,040)	(26.9)
Advertising space rental	8,214	7,986	228	2.9
Dividend from Metropolitan Toronto Coach Terminal Inc.	–	48,000	(48,000)	–
Contribution from Transit Improvement Reserve Fund	17,025	–	17,025	–
Miscellaneous	3,261	2,183	1,078	49.4
Total revenue	463,438	478,689	(15,251)	(3.2)

Regular Service

Regular service, or "passenger revenue", amounted to $423,173,000 in 1992. In January, a fare increase, solely targeted at infrequent users, was implemented. However, as the year progressed, it became apparent that the additional revenues expected from the fare increase had not materialized because ridership continued to drop, reflecting the ongoing economic recession. Consequently, a second fare increase was instituted in March. These two fare changes resulted in an increase in the average fare of 10.4%. The table on page 7 provides details on the various fares in effect at year-end. Unfortunately, the continuing economic recession reduced ridership in 1992 by 19,916,000 (or 4.7%) to 404,251,000 passengers, resulting in revenues being $19,545,000 (or 4.8%) below 1992.

Charters and Special Services

Charter revenue ($300,000) and special services revenue ($486,000) both decreased significantly from 1991, reflecting, in part, reduced demand for these services.

Rental Income

The major items in rental income include rent from station concessions and leases of property ($4,215,000) service to adjacent municipalities ($5,173,000) and parking lot revenue ($1,098,000). Parking lot fees (which amounted to $5,572,000 in 1991) were discontinued in April 1992, in order to stimulate ridership.

Advertising Space Rental

Advertising revenue is obtained from advertisements on TTC vehicles and property. Advertising revenue increased by $228,000 (or 2.9%) over 1991.

Dividend from Metropolitan Toronto Coach Terminal Inc. (MTCTI)

In December 1991, MTCTI paid a dividend of $48 million to the Commission, $28.9 million of which was used to create the Transit Improvement Reserve Fund.

Contribution from Transit Improvement Reserve Fund

In 1992, a $17,025,000 draw was made from the Transit Improvement Reserve Fund to cover downsizing costs and to balance the budget.

Miscellaneous

The increase in miscellaneous revenue was due mainly to the receipt of a full year's interest income of $1 million from the MTCTI advance of $13.6 million.

Expenses

(thousands of dollars)	1992	1991	Increase (Decrease)	%
Wages, salaries and other employee costs	543,537	513,521	30,016	5.8
Materials, services and supplies	73,469	76,811	(3,342)	(4.4)
Automotive fuel	25,318	21,380	3,938	18.4
Electric traction power	24,030	22,706	1,324	5.8
Accident claims costs	3,744	8,774	(5,030)	(57.3)
Depreciation	11,768	9,016	2,752	30.5
Property taxes	9,116	10,358	(1,242)	(12.0)
Total expenses	690,982	662,566	28,416	4.3

Wages, Salaries and Other Employee Costs

Wage and salary costs increased to $445,901,000, while the TTC's share of pension contributions and other employee costs totalled a further $97,636,000. Union wage increases granted in 1992 and general wage increases granted in 1991 resulted in a composite year-over-year increase of 4.8% for union employees and 2.4% for staff employees. Specifically, a 4.95% wage increase became effective on July 1, 1991, and a further 4.75% became effective July 1, 1992, for union employees only. The 1992 wage increase for staff employees was deferred. In addition, the TTC workforce decreased due to downsizing measures implemented in 1992. However, other employee costs increased by 11.1% due to significant increases in health-related costs (sick pay, dental and drug plan).

An analysis of wage and salary costs by function is shown on page 11.

Materials, Services and Supplies

This represents the cost of materials, services and supplies of items not shown separately in the table above. These costs are also analyzed on page 11.

Automotive Fuel

The increase is mainly due to a 13.2% increase in the average price of diesel fuel. Bus miles totalled 63.6 million in 1992, up from 61.8 million in 1991.

Electric Traction Power

The increase in the electric traction power cost is primarily due to rate increases, which averaged 12.2%. In 1992, 50.4 million miles were operated by electric vehicles, down from 55 million in 1991.

Accident Claims Costs

Accident claims costs consist of premiums for catastrophe insurance, plus the cost for self-insured claims and any change to the provision for unsettled accident claims. Claims expenses were down in 1992, mainly as a result of fewer large claims being settled. Moreover, the provision for unsettled accident claims at December 31, 1992, was decreased by $2 million ($1.9 million increase in 1991) thereby reducing the overall expenditure by over $5 million from 1991.

Depreciation

This expense relates to the annual amortization of the TTC's investment (net of municipal and provincial subsidies) in its capital assets. The increase in depreciation expense in 1992 primarily reflects the acquisition of additional assets.

Property Taxes

Realty and business taxes are payable on all TTC properties, except those used for rapid transit purposes. The increase in taxes was attributable to a mill rate increase, offset by a reduction in the Commercial Concentration Tax on commuter parking lots. This tax was no longer paid as of April 1992, as a result of the discontinuance of charging for parking.

Expenses by Function

(thousands of dollars)	1992	1991	Increase (Decrease)	%
Wages, Salaries and Other Employee Costs				
Vehicle operation	296,531	285,462	11,069	3.9
Vehicle maintenance	124,565	117,566	6,999	6.0
Non-vehicle maintenance	61,365	58,133	3,232	5.6
General and administration	61,076	52,360	8,716	16.6
	543,537	513,521	30,016	5.8
Materials, Services and Supplies				
Vehicle operation	2,960	3,215	(255)	(7.9)
Vehicle maintenance	36,848	35,439	1,409	4.0
Non-vehicle maintenance	17,319	18,714	(1,395)	(7.5)
General and administration	16,342	19,443	(3,101)	(15.9)
	73,469	76,811	(3,342)	(4.4)
Total	617,006	590,332	26,674	4.5

Vehicle Operation

Approximately 50% of the operating workforce was involved in vehicle operations: operators, station collectors, inspectors, training staff and Transportation Branch management. Labour costs increased in 1992, mainly because of the union wage adjustment and increased other employee costs. The decrease in non-labour costs was the result of reduced operator uniform costs.

Vehicle Maintenance

Servicing, maintaining and repairing the revenue fleet employed approximately 25% of the TTC's workforce. Labour costs increased primarily due to the union wage adjustment and higher other employee costs. Increased tire costs partially offset by the capitalization of engineering and construction overhead costs account for the higher non-labour costs in 1992.

Non-Vehicle Maintenance

Approximately 15% of the workforce was engaged in maintaining the TTC's garages, carhouses, repair shops and administration facilities, as well as the track and wiring along the subway and surface routes. The increase in labour costs in this area was the result of the union wage increase adjustment and increased other employee costs. The allocation of non-direct expenses to capital projects has resulted in decreased non-labour costs.

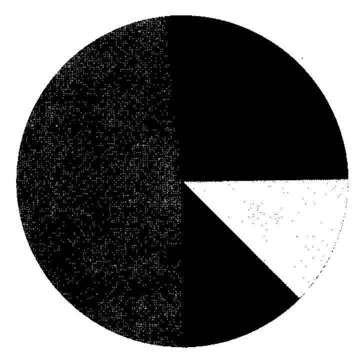
General and Administration

The general and administration functions include work carried out by the following areas: Executive, Finance, Marketing and Public Affairs, Human Resources, Materials and Procurement, Planning, Safety, Security, Legal, and Management Services. These activities account for approximately 10% of the workforce.

The increase in labour costs was mainly due to separation costs associated with downsizing and higher other employee costs.

The decrease in non-labour costs was mainly due to the effect of a higher administration fee allocated to capital projects and decreased advertising and marketing costs.

EXPENSES BY FUNCTION
Total:
$617,006,000



Vehicle Operation
$299,491,000 (48.5%)

Vehicle Maintenance
$161,413,000 (26.2%)

Non-Vehicle Maintenance
$78,684,000 (12.8%)

General and Administration
$77,418,000 (12.5%)

Wheel-Trans System Revenue and Expenses

(thousands of dollars)	1992	1991	Increase (Decrease)	%
REVENUE				
Passenger services	1,180	1,250	(70)	(5.6)
Rental of land and buildings	–	570	(570)	–
	1,180	1,820	(640)	(35.2)
EXPENSES				
Wages, salaries and other employee costs	25,735	23,469	2,266	9.7
Materials, services and supplies	5,513	5,514	(1)	0.0
Contract services	7,425	8,001	(576)	(7.2)
Automotive fuel	1,005	788	217	27.5
Accident claims costs	141	182	(41)	(22.5)
	39,819	37,954	1,865	4.9

Wheel-Trans is a specialized transit service, operating seven days a week, for people with disabilities who are unable to board regular transit vehicles.

TTC staff handle all administrative duties, reservations, scheduling and dispatching functions. Service is provided through Orion II specialized buses that are operated and maintained by the TTC, and by station wagons and sedans operated by outside contractors.

In addition to the traditional door-to-door Wheel-Trans service, community bus service was introduced in October 1990 and had expanded to five routes by the end of 1992. This service provides a form of regular route service for seniors and people with disabilities. During 1992, 53,991 passengers were carried on this service.

Operating statistics for 1992 and 1991 for the regular Wheel-Trans Service were as follows:

(thousands)	1992	1991	Increase	%
Passengers carried	1,290.8	1,156.3	134.5	11.6
Miles operated	7,817.6	7,398.6	419.0	5.7
Number of registrants	19.2	18.2	1.0	5.5

Capital Expenditures

(thousands of dollars)	1992	1991	Increase (Decrease)
Revenue vehicle acquisition	44,943	31,488	13,455
Other capital projects	102,373	104,049	(1,676)
	147,316	135,537	11,779

Revenue Vehicle Acquisition		
216	T-1 Subway cars (progress payment)	43,403
12	Diesel buses	1,540
		44,943

Other Capital Projects	
Let's Move Programme	17,047
Building improvements	16,621
Surface and subway track	8,828
Spadina Subway extension	6,418
Easier Access Programme	4,940
Computer equipment and associated software	4,626
Other capital projects	43,893
	102,373

These figures do not include Metro Toronto's direct expenditures for subway and other projects, or Metro municipalities' costs for constructing shelters and property costs for loops.

Revenue Vehicle Acquisition

216 T-1 subway cars:
The TTC, at its meeting of December 8, 1992, approved the award of a contract with Bombardier Inc. for 216 T-1 subway cars, at a total estimated contract cost of $567 million. These subway cars will replace our M-1 and H-1 subway cars. The 1992 expenditure was chiefly for a payment due upon execution of the contract.

12 diesel buses:
Final payments were made for 12 buses that were delivered in 1992. The total order was for 106 buses, with 94 having been delivered in 1991.

Other Capital Projects

Let's Move Programme:
The Let's Move Programme (now replaced by the Rapid Transit Expansion Program) consists of various system expansion projects to be constructed in the next several years. These include the Scarborough RT extension, the Sheppard Subway, the Spadina-Yonge Subway extension to York University and the Eglinton West Subway line. Expenditures in 1992 included the continued development of design standards, the procurement of a project management information system, environmental assessment work on various individual projects and overall programme management.

Building improvements:
Work done in 1992 included ventilation improvements, reconstruction of maintenance pits and divisional office improvements.

Surface and subway track:
Surface track projects are undertaken in conjunction with Metro Toronto and the City of Toronto's programme for repairing streets. Subway track projects in 1992 consisted of the replacement of crossovers and curves at various locations and the reinsulation of negative rail.

Spadina Subway extension:
Work commenced in 1992 for an extension to the Spadina Subway. The 1992 expenditures were primarily for preliminary design costs.

Easier Access Programme:
This project is designed to improve access to the existing subway system. The 1992 expenditures were primarily for station improvements for aiding people with disabilities and for improvements to the subway car public-address system.

Computer equipment and associated software:
Several projects were undertaken in 1992, including hardware and software upgrades to the general business computer, costs for a vehicle maintenance system and the communications and information system, local area network development, a computer aided design (CAD) system and the purchase of personal computers.

Other capital projects:
These include the Spadina LRT, the acquisition of electronic destination signs and posi-lock fuel systems for buses, subway station roof and roadway replacement and passenger security improvements, upgrades to the surface and rapid transit revenue vehicles, the purchase of service vehicles and shop and garage equipment and other capital acquisitions.

Financing

(thousands of dollars)		1992	1991	Increase (Decrease)
CONVENTIONAL SYSTEM OPERATING EXPENSES				
By the TTC		690,982	662,566	28,416
By Metro Toronto and Metro municipalities		26,867	69,920	(43,053)
		717,849	732,486	(14,637)
Financed from:	TTC revenue	463,438	478,689	(15,251)
	Metro Toronto and Metro municipalities	137,211	145,597	(8,386)
	Provincial subsidy	117,200*	108,200*	9,000
		717,849	732,486	(14,637)
WHEEL-TRANS OPERATING EXPENSES				
By the TTC		39,819	37,954	1,865
By Metro Toronto		–	269	(269)
		39,819	38,223	1,596
Financed from:	Provincial subsidy	19,900*	18,201*	1,699
	Metro Toronto	18,739	18,202	537
	TTC	1,180	1,820	(640)
		39,819	38,223	1,596
CAPITAL EXPENDITURES				
By the TTC		147,316	135,537	11,779
By Metro Toronto and Metro municipalities		1,093	1,327	(234)
		148,409	136,864	11,545
Financed from:	Provincial subsidy***	89,087*	98,400*	(9,313)
	Metro Toronto and Metro municipalities	31,467	19,101	12,366
	TTC***	27,855	19,363	8,492
		148,409	136,864	11,545

* Subject to provincial audit and approval.
** Including a $17,025,000 draw from the Transit Improvement Reserve Fund.
*** The TTC financing includes a $17 million provision for the possible disallowance of Provincial capital subsidies. This represents disallowed capital claims for 1984 to 1991, which are currently being appealed.

CONVENTIONAL SYSTEM OPERATING EXPENSES

Financing is based on a users' fair share agreement, under which the TTC aims to provide from its revenues approximately 68% of expenses (as defined for provincial subsidy purposes).

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 TTC'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 or below the targets from year to year.

The basic provincial subsidy is 16% of eligible expenses. In addition, special subsidies are also provided. In 1991, special subsidies were provided for initiatives to increase ridership and for improving system reliability. The latter subsidy was continued in 1992 and a new subsidy was provided to reintroduce trolley coach service.

In 1992, the operating subsidy requirement assumed by Metro Toronto amounted to $227,544,000. Metro Toronto and Metro municipalities incurred further costs totalling $26,867,000. These were primarily for debenture debt payments and maintenance of transit shelters. The provincial contribution amounted to $117,200,000 (subject to provincial audit) and Metro's residual cost was $137,211,000.

Adjustments of the figures in the table in accordance with provincial subsidy regulations result in a 1992 cost-sharing as follows:

TTC revenues	66.2%
Provincial subsidy	17.1%
Metro Toronto and Metro municipalities	16.7%

Wheel-Trans Operating Expenses

The Wheel-Trans operating subsidy requirement is basically funded equally by the Municipality of Metropolitan Toronto and the Province of Ontario. However, the Province does provide enhanced subsidies for Wheel-Trans registrants riding on community buses and for the cost of specialized computer systems.

In 1992, the operating subsidy requirement assumed by Metro Toronto amounted to $38,639,000. The provincial contribution was $19,900,000 (subject to audit) and Metro's residual cost was $18,739,000.

Capital Expenditures

Capital expenditures totalled $147,316,000 and consist of $123,791,000 for rapid transit extensions, major vehicle purchases and other projects included in the Metro Capital Works Programme, and $23,525,000 for the purchase of buses and for the replacement and renovation of surface and general facilities included in the TTC's Capital budget.

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 TTC's books ($660,000 in 1992). Metro receives provincial subsidy for all of these costs, with the majority at a rate of 75%.

Capital budget expenditures are assumed by the TTC, with the exception of costs for transit shelters and property costs for loops, 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 minor items.

Provincial subsidies on capital expenditures in 1992 amounted to $89,087,000 (subject to provincial audit). The TTC's contribution was $27,855,000, and the remaining $31,467,000 was financed by Metro and Metro municipalities.

Toronto Transit Commission

FINANCIAL STATEMENTS

Year Ended
December 31, 1992

Auditors' Report

APRIL 2, 1993

TO THE CHAIRMAN AND MEMBERS
OF THE TORONTO TRANSIT COMMISSION

We have audited the balance sheet of the Toronto Transit Commission as at December 31, 1992 and the statement of revenue and expenses, statements of revenue and expenses for the Conventional Transit System and the Wheel-Trans System and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1992 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.

THE MUNICIPALITY OF METROPOLITAN TORONTO · 1953 ·

Allan G. Andrews, C.A.,
Metropolitan Auditor

KPMG Peat Marwick Thorne
Chartered Accountants

Peat Marwick Thorne

Chartered Accountants
Toronto, Canada

Metropolitan Auditor
Toronto, Canada

Balance Sheet

(in thousands)	December 31, 1992	December 31, 1991
ASSETS		
Current assets		
Cash	$ 6,761	$ 40,681
Accounts receivable		
The Municipality of Metropolitan Toronto	53,227	13,948
Metropolitan Toronto Coach Terminal Inc.	561	1,798
Other	9,783	10,571
Inventories	29,856	30,519
Working funds and prepaid expenses	4,130	3,247
	104,318	100,764
Investment in and advances to Metropolitan Toronto Coach Terminal Inc. (note 4)	15,639	14,600
Capital assets		
Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment	2,275,501	2,181,639
Less capital contributions	(1,991,763)	(1,923,544)
	283,738	258,095
Less accumulated depreciation	(172,542)	(162,986)
	111,196	95,109
Under construction and not yet in service	169,755	124,175
Less capital contributions	(169,755)	(124,175)
	–	–
Net capital assets	111,196	95,109
	$ 231,153	$ 210,473
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 115,988	$ 95,630
Current portion of debenture debt (note 5)	1,800	1,978
	117,788	97,608
Provision for		
Fare media held by the public	19,800	18,100
Unsettled accident claims	20,400	22,300
Long-term employee benefits	25,500	23,000
	65,700	63,400
Long-term portion of debenture debt due to The Municipality of Metropolitan Toronto (note 5)	2,480	4,280
EQUITY		
Equity acquired from Toronto Transportation Commission on January 1, 1954	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
	$ 231,153	$ 210,473

Statement of Revenue and Expenses

(in thousands)	Year ended December 31, 1992	Year ended December 31, 1991
REVENUE		
Conventional Transit System	$ 463,438	$ 478,689
Wheel-Trans System	1,180	1,820
	464,618	480,509
EXPENSES		
Conventional Transit System	690,982	662,566
Wheel-Trans System	39,819	37,954
	730,801	700,520
Net Operating Costs	$ 266,183	$ 220,011
Operating subsidy (note 2)		
Conventional Transit System	$ 227,544	$ 183,877
Wheel-Trans System	38,639	36,134
	$ 266,183	$ 220,011

Statement of Revenue and Expenses for the Conventional Transit System

(in thousands)	Year ended December 31, 1992	Year ended December 31, 1991
REVENUE		
Passenger services	$ 423,959	$ 405,501
Rental of land, air rights, buildings, subway concessions and equipment	10,979	15,019
Rental of advertising space	8,214	7,986
Dividend from Metropolitan Toronto Coach Terminal Inc.	–	48,000
Contribution from Transit Improvement Reserve Fund (note 2)	17,025	–
Miscellaneous	3,261	2,183
Total revenue	463,438	478,689
EXPENSES		
Wages, salaries and other employee costs	543,537	513,521
Materials, services and supplies other than the items shown below	73,469	76,811
Automotive fuel, including federal and provincial taxes	25,318	21,380
Electric traction power	24,030	22,706
Accident claims costs	3,744	8,774
Depreciation	11,768	9,016
Property taxes	9,116	10,358
Total expenses	690,982	662,566
Net operating costs (operating subsidy) (note 2)	$ 227,544	$ 183,877

Statement of Revenue and Expenses for the Wheel-Trans System

(in thousands)	Year ended December 31, 1992	Year ended December 31, 1991
REVENUE		
Passenger services	$ 1,180	$ 1,250
Rental of land and buildings	–	570
Total revenue	1,180	1,820
EXPENSES		
Wages, salaries and other employee costs	25,735	23,469
Materials, services and supplies other than the items shown below	5,513	5,514
Contract services	7,425	8,001
Automotive fuel, including federal and provincial taxes	1,005	788
Accident claims costs	141	182
Total expenses	39,819	37,954
Net operating costs (operating subsidy) (note 2)	$ 38,639	$ 36,134

Statement of Changes in Financial Position

(in thousands)	Year ended December 31, 1992	Year ended December 31, 1991
CASH USED IN OPERATIONS		
Net operating costs	$ 266,183	$ 220,011
Items not affecting cash		
Depreciation	(11,768)	(9,016)
Provision for fare media held by the public	(1,700)	2,100
Provision for unsettled accident claims	1,900	(1,900)
Provision for long-term employee benefits	(2,500)	(5,500)
Accrued interest on advances to Metropolitan Toronto Coach Terminal Inc.	1,039	–
	253,154	205,695
Changes in non-cash operating working capital	17,116	(54,066)
	270,270	151,629
CASH USED IN INVESTMENT ACTIVITIES		
Advances to Metropolitan Toronto Coach Terminal Inc.	–	13,600
Acquisition of capital assets	147,316	135,537
	147,316	149,137
CASH RECEIVED FROM (USED IN) FINANCING ACTIVITIES		
Operating subsidies	266,183	220,011
Capital contributions	119,461	116,174
Debenture debt repayment	(1,978)	(1,877)
	383,666	334,308
Increase (decrease) in cash	(33,920)	33,542
Cash, beginning of year	40,681	7,139
Cash, end of year	$ 6,761	$ 40,681

Notes to Financial Statements Year Ended December 31, 1992

The Toronto Transit Commission (the "Commission") was established on January 1, 1954, to provide the conventional transit service for the municipalities comprising The Municipality of Metropolitan Toronto (the "Municipality"). The Commission is dependent on the Municipality for both operating and capital subsidies (notes 2 and 3). The Commission also operates Wheel-Trans, a transit service for people with disabilities, which is subsidized by the Municipality and by the Province of Ontario (the "Province").

1. Significant Accounting Policies

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

a. **Revenue recognition**
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.

b. **Inventories**
Inventories are valued at average cost.

c. **Investment in wholly owned subsidiary – Metropolitan Toronto Coach Terminal Inc.**
The investment in Metropolitan Toronto Coach Terminal Inc. ("MTCTI") is carried at cost. Dividends are recorded as revenue when received and effectively decrease the operating subsidy provided from the Municipality.

d. **Capital assets**
Capital assets are recorded at cost less capital contributions.

Holdbacks on construction contracts are not recorded until paid since the Municipality has complete financial responsibility.

Land purchased directly by the Municipality for the Commission's use is recorded in the Municipality's records.

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 and is provided using the following estimated average useful lives:

ASSET	Years
Buildings	40
Subway	65
Power distribution system	30
Trackwork	15 - 25
Rolling stock	25 - 30
Buses	18
Other equipment	5 - 25

2. Operating Subsidy

a. **Conventional transit**
By agreement with the Municipality, 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 a subsidy from the Province equal to 16% of eligible expenses, and additional subsidies for certain costs.

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 funding of conventional transit operating expenses (as defined for provincial subsidy purposes) for 1991 and 1992 is estimated to be as follows:

	1992	1991
By the Commission	66.2%	65.3%
By the Municipality	16.7%	18.3%
By the Province	17.1%	16.4%

In December 1991, MTCTI paid $48 million in dividends to the Commission resulting in a reduction in the operating subsidy required from the Municipality. The funding by the Municipality of 18.3% of the conventional transit operating expenses, shown above, consists of the subsidy together with $28.9 million contributed by the Municipality to a new Transit Improvement Reserve Fund.

In 1992, the Commission received a contribution of $17 million from the Transit Improvement Reserve Fund.

b. **Wheel-Trans**
For Wheel-Trans, there is no defined revenue contribution. The Municipality undertakes in its budget to provide an operating subsidy equal to the deficit on operations, and in turn receives a 50% contribution from the Province.

3. Capital Subsidy

The current bases for capital contributions are as follows:

a. **Conventional transit**
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.

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.

b. **Wheel-Trans**
For Wheel-Trans, the Municipality fully funds all capital expenditures and recovers 50% from the Province.

4. Investment in and Advances to Metropolitan Toronto Coach Terminal Inc.

MTCTI owns and operates a coach terminal located in Metropolitan Toronto. Financial statements of MTCTI are published separately.

The investment in and advances to MTCTI comprises:

(in thousands)	1992	1991
Investment	$ 1,000	$ 1,000
Advances, including accrued interest at prime	14,639	13,600
	$ 15,639	$14,600

Included in the Commission's statement of revenue and expenses is accrued interest income of $1.0 million from MTCTI and a charge to MTCTI of $1.1 million (1991 – $1.6 million) for rental of property and equipment, use of joint facilities, and administrative services.

5. Debenture Debt

Capital borrowings by the Commission are financed through the issue of The 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, the net debenture debt was as follows:

(in thousands)	1992	1991
Serial debentures:		
5 3/8% final instalment due 1992	$ –	$ 269
5 1/2% final instalment due 1993	652	1,270
5 1/4% final instalment due 1995	3,628	4,719
	4,280	6,258
Less: current portion	1,800	1,978
	$ 2,480	$ 4,280

Serial debenture payments required in each of the next three years are approximately $1.4 million.

Sinking fund debentures due in 1993 to 1997 amounting to $17.5 million have been fully funded by sinking fund investments.

6. Pensions

Substantially all employees, including those assigned to MTCTI, are members of the Toronto Transit Commission Pension Fund Society (the "Society").

Pensions provided by the Society are based on length of service and average base year earnings. The base years, which are currently the highest consecutive four years of earnings up to the end of 1991, are updated from time to time, provided that the financial position of the Society so permits.

By agreement, the Commission is obligated to contribute to the Society 6.25% of wages and salaries up to the year's maximum pensionable earnings as defined by the Canada Pension Plan, and 7.85% of wages and salaries in excess of this amount. Commission employees contribute equally to the Society.

The contributions by the Commission amounted to $32.6 million in 1992 (1991 – $31.4 million).

7. Taxes

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

8. Comparatives

Certain comparative figures have been reclassified to conform with the presentation adopted in 1992.

Conventional System 10-Year Financial and Operating Statistics

	1983	1984	1985	1986
PASSENGERS/OPERATING REVENUE				
Passengers (Millions)	405.7	427.7	432.2	441.0
Basic Adult Ticket Fare (at December 31)	66.7 ¢	70.0 ¢	73.8 ¢	80.0 ¢
Total Operating Revenue ($ Millions)	259.4	283.2	301.6	334.8
Operating Revenue per Mile	228.5 ¢	247.3 ¢	260.2 ¢	283.2 ¢
Operating Revenue per Passenger	63.9 ¢	66.2 ¢	69.8 ¢	75.9 ¢
OPERATIONS/EXPENSES				
Miles Operated, Including Charters and Special Services (Millions)				
Motor Bus	57.2	58.2	59.0	60.0
Subway Car	43.1	43.3	43.3	44.1
Streetcar	9.3	9.2	9.1	9.0
Trolley Coach	3.9	3.8	3.6	3.5
Scarborough RT	–	–	0.9	1.6
	113.5	114.5	115.9	118.2
Average Number of Employees (Including MTCTI)	9,414	9,614	9,628	9,636
Average HourlyWages and Benefits per Driver	$16.50	$17.43	$18.40	$19.49
Total Expenses ($ Millions)	362.8	393.0	427.0	461.0
Expense per Mile	319.6 ¢	343.2 ¢	368.4 ¢	390.0 ¢
Expense per Passenger	89.4 ¢	91.9 ¢	98.8 ¢	104.5 ¢
OPERATING SUBSIDY				
Operating Subsidy ($ Millions)	103.4	109.8	125.4	126.2
Operating Subsidy per Mile	91.1 ¢	95.9 ¢	108.2 ¢	106.8 ¢
Operating Subsidy per Passenger	25.5 ¢	25.7 ¢	29.0 ¢	28.6 ¢
REVENUE/COST RATIO	68.5 %	69.3 %	68.1 %	69.5 %
CAPITAL ASSETS				
Investment in Capital Assets (Before Depreciation and Contributions) at December 31 ($ Millions)				
Rapid Transit	971.9	1,060.0	1,149.2	1,234.9
Surface	307.9	330.8	425.6	502.1
	1,279.8	1,390.8	1,574.8	1,737.0
Metro and Provincial Contributions	1,057.6	1,170.9	1,348.2	1,505.5
TTC Investment (Before Depreciation)	222.2	219.9	226.6	231.5
Vehicle Fleet (Owned and Leased)				
Buses	1,561	1,465	1,512	1,561
Articulated Buses	–	–	–	–
Subway Cars	632	632	631	631
Trolley Coaches	151	150	150	150
Streetcars				
PCCs	175	169	124	124
CLRVs	196	196	196	196
ALRVs	–	–	–	–
ICTS Vehicles	–	–	24	28
Wheel-Trans Buses	–	–	19	30
	2,715	2,612	2,656	2,720

* 1991 Revenue includes the $48 million dividend from MTCTI.

** 1992 Revenue includes the $17 million draw from the Transit Improvement Reserve Fund.

1987	1988	1989	1990	*1991	**1992	% Increase (Decrease) 1983 - 1992
456.9	463.5	450.7	459.2	424.2	404.3	(0.3)
83.3¢	87.5¢	93.8¢	100.0¢	107.1¢	130.0¢	94.9
357.7	381.5	401.7	440.4	478.7	463.4	78.6
297.3¢	315.6¢	339.6¢	363.1¢	409.8¢	406.5¢	77.9
78.3¢	82.3¢	89.1¢	95.9¢	112.8¢	114.6¢	79.3
61.0	62.7	61.4	63.7	61.8	63.6	11.2
45.3	44.8	43.7	44.0	42.1	40.4	(6.3)
8.8	8.6	8.1	8.2	7.9	7.5	(19.4)
3.6	3.3	3.1	3.4	3.0	0.3	(92.3)
1.6	1.5	2.0	2.0	2.0	2.2	–
120.3	120.9	118.3	121.3	116.8	114.0	0.4
9,734	9,963	10,176	10,351	10,218	10,051	6.8
$20.58	$21.63	$23.24	$24.99	$26.59	$28.30	71.5
494.5	531.9	561.5	628.3	662.6	691.0	90.5
411.0¢	440.0¢	474.6¢	518.0¢	567.2¢	606.1¢	89.6
108.1¢	114.8¢	124.6¢	136.8¢	156.2¢	170.9¢	91.2
136.8	150.4	159.8	187.9	183.9	227.6	120.1
113.7¢	124.4¢	135.1¢	154.9¢	157.4¢	200.0¢	119.5
29.9¢	32.4¢	35.5¢	40.9¢	43.4¢	56.3¢	120.8
70.0%	69.5%	69.2%	67.4%	65.3%	66.2%	–
1,283.0	1,350.1	1,384.4	1,426.1	1,466.9	1,574.5	62.0
573.4	636.2	704.8	762.6	838.9	870.8	182.8
1,856.4	1,986.3	2,089.2	2,188.7	2,305.8	2,445.3	91.1
1,619.5	1,745.2	1,841.2	1,931.5	2,047.7	2,161.5	104.4
236.9	241.1	248.0	257.2	258.1	283.8	27.7
1,641	1,621	1,663	1,679	1,707	1,615	3.5
9	68	90	90	90	90	–
662	721	746	752	630	630	(0.3)
150	150	150	180	174	167	10.6
123	116	99	62	54	26	(85.1)
196	196	196	196	196	196	–
–	32	52	52	52	52	–
28	28	28	28	28	28	–
69	123	123	123	124	140	–
2,878	3,055	3,147	3,162	3,055	2,944	8.4

Management Directory - 1992

OFFICERS AND SENIOR OFFICIALS

Allan F. Leach
Chief General Manager

Norman E. Balfour, QC
General Counsel and Solicitor

Gerald L. Brolley
General Manager
Transportation

Arnold S. Dubé
General Secretary

R. Ian Kingston
General Manager
Equipment

Donald J. Morton
General Manager
Engineering and Maintenance

Dr. Juri Pill
General Manager
Administration and Planning

Earl Rowe
General Manager
Corporate Services

DEPARTMENT HEADS

Robert Allan
Manager
Surface Rail Operations

Douglas P. Anton
Manager
Property Management

Gordon R. Armstrong
Manager
Claims

William Brown
Manager
Engineering
(Equipment)

Dennis R. Callan
Manager
Let's Move

John D. Cannell
Manager
Pensions and Payrolls

George Y. Chien
Manager
Operational Planning

Allen J. Chocorlan
Manager
Management Services

David A. Cowan
Manager
Plant

Kathryn Dean
Director
Equal Opportunity

Robert J. Evans
Manager
Transit District 4
Wheel-Trans

William G. Frost
Manager
Project Management

Theodore J. Galinis
Manager
Human Resources

Alfred J. Gallo
Director
Management Consulting and Audit

Oscar G. Giovannini
Manager
Transit District 3

David W.R. Hammond
Associate General Counsel
and Solicitor

Morgan Harris
Manager
Financial Control
Let's Move

Joseph A. Heaney
Director
Safety & Security

Lynn Hilborn
Director
Corporate Relations

Graham Jones
Manager
Financial Control

Kenneth G. Knight
Manager
Construction

Nancy J. Littlewood
Manager
Special Projects

Douglas W. Mair
Manager
Materials and Procurement

Ronald D. McLaughlin
Manager
Marketing and Public Affairs

Nelson R. Melnyck
Manager
Corporate Planning

Dr. Joel A. Miller
Manager
Project Administration

Bryan A. Millsip
Assistant General Secretary

James H. Ralston
Manager
Transit District 1

Murray J. Rigney
Manager
Engineering
(Engineering & Maintenance)

Martin Rubenstein
Manager
Administration

Bud L. Simpson
Manager
Subway Operations

Robert J. Thacker
Manager
Transit District 2

Edelgard von Zittwitz
Manager
Transit Administration

Gary M. Webster
Manager
Service Planning

William D. Wood
Manager
Financial Operations

SUBSIDIARY COMPANIES

Metropolitan Toronto Coach
Terminal Inc.
Allan F. Leach
President

Toronto Transit Consultants Limited
Warren H. Bartram
President/Director

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