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ANNUAL REPORT

1993



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Toronto Transit Commission



Chair
Michael T. Colle



Vice-Chair
Bev Salmon

Commissioners



Paul Christie



Lois Griffin



Brian Harrison

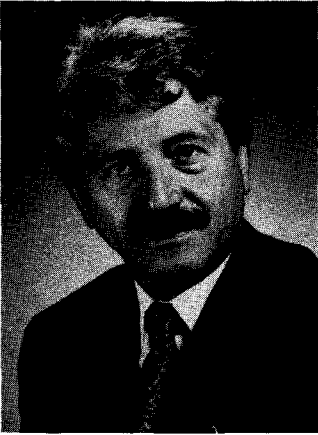


Howard Moscoe



Alan Tonks

Letter from the Chair



AUGUST 9, 1994

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

It is with pleasure that I present the 1993 Annual Report on behalf of the Commissioners and employees of the Toronto Transit Commission (TTC).

This was a difficult year in terms of declining ridership, decreasing revenue and an operating budget that was stretched to the limit. In many ways it was a repeat of 1992, except in 1993 we were determined to get through the year without a fare increase or service cuts that would further erode our passenger base. We were successful in this regard and, indeed, with financial assistance from the Province, these strategies have been carried on into 1994.

The Rapid Transit Expansion Program, which was announced and committed to in full by the Province in February 1993, was the subject of much debate by the Municipality of Metropolitan Toronto (Metro) Council. The recession has imposed severe financial restrictions, and it proved difficult for Metro to come up with its 25 per cent share of the expansion. Consequently, on March 10, 1994, Metro Council approved funding for only two of the four proposed lines – Sheppard and Eglinton West. These two new subway lines will add 11 km to the system, will be completed over seven years at a cost of approximately \$1.7 billion and will mean 38,000 person-years of employment. Metro also committed, in principle, to the completion of the Spadina Subway to York University and the Scarborough RT and Bloor-Danforth westward extensions, if appropriate funding proposals can be arranged.

As a direct result of the Ridership Recovery Plan approved by the Province in late 1993, March 1994 saw the commencement of a \$3.9 million self-funding advertising campaign — the first time the TTC has purchased advertising since 1990. The campaign covers television, radio and print, with each part carefully designed to appeal to one or more of the TTC's nine identified market segments across Metro. The message promotes four key benefits of transit: convenience, reliability, value and security. It recognizes right up front that "The Better Way" is not always the better way all the time for everyone – but someday, sometime, it *will* be the best way from Point A to B. It is interesting to note that the TTC's peak ridership years in the 1980s coincided with its peak investment in advertising. We are hoping for equally positive results from the fast-paced, quick-witted campaign currently being seen throughout Metropolitan Toronto.

We strongly believe that retaining good transit in Metro Toronto is an essential part of the city's economic, social and environmental goals. The TTC had numerous successes in 1993, and we will continue our efforts next year and beyond to ensure these continue – and that the TTC retains its place as one of the premier transit systems in the world.

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 the TTC management and employees for the superb job they have done throughout the year.

A handwritten signature in cursive script that reads "Michael T. Colle". The signature is written in dark ink on a white background.

Michael T. Colle
Chair

Letter from the Chief General Manager



AUGUST 9, 1994

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

In 1993, the Toronto Transit Commission continued to follow a path dictated by the recession. Once again, it was a year of mixed results. We operated a superior system to the best of our ability; however, due to economic circumstances entirely out of our control, ridership fell a further 11 million to 393 million rides.

We worked closely with our funding partners, Metropolitan Toronto and the Province of Ontario. In 1993, we put into place their temporary "Stop the Spiral" operating formula, which increased the operating subsidy to 34 per cent. This enabled a fare freeze and no service cuts for the year – which was good news for our customers and good news for us.

This was the year that brought us the Social Contract with all its implications – including reduced ridership on Social Contract days-off.

It also brought us a \$1.5 billion funding commitment from the Province to the total Rapid Transit Expansion Program. It brought us top safety awards from the Canadian Urban Transit Authority and the American Public Transit Association. And it brought employees together in every way from seeking productivity improvements to running a record-breaking United Way campaign.

1993 was not always an easy year. There were substantial budgetary restraints and constant pressure to decrease expenses, increase ridership and maintain revenue. We worked our way through these as best as we could, and at year-end we put forward a Ridership Recovery Plan to the provincial government which focused on getting ridership growing again.

To this end, the Province agreed to extend a line of credit of up to \$20 million in 1994, if necessary, to enable the TTC to avoid increased fares and service cuts for the second consecutive year. These funds are contingent on obtaining further TTC productivity improvements and on implementing an aggressive advertising plan.

Throughout 1993, the TTC was committed, as always, to bringing the best possible service to its customers. A strong team environment, belief in the product and dedication to the job at hand ensured reliability, productivity and efficiency — and these qualities will continue to ensure the TTC's effectiveness in the years to come.

A handwritten signature in black ink, appearing to read "Allan F. Leach". The signature is fluid and cursive, written in a professional style.

Allan F. Leach
Chief General Manager

Review of Operations – 1993

The Toronto Transit Commission began 1993 with optimism and hope that the recession had turned and the economic difficulties it had wrought were largely past. This proved not to be the case. Ridership figures continued to fall, and 1993 ended at 393 million — an 11 million ride decrease from the year before and a 70 million decrease from the ridership high of 463 million in 1988.

TTC attributes this decline to the continuing high levels of unemployment. If people are not working they are not taking the TTC — either for purposes of commuting or for leisure activities.

To combat the effects of the recession, in 1993 the TTC concentrated on providing the best service possible. It understands that when the economy turns and riders return, the TTC must offer a quality transportation alternative to gain back, retain and attract customers. The TTC focused on this both internally and externally, having great success in dozens of areas, including management/union objectives, Surface Transit Enhancement Program (STEP) teams, productivity improvements and customer service.

In 1993 the TTC was proactive rather than reactive in all areas. There remained a strong commitment to the motto “Safety, Service and Courtesy” and this was reflected in improved reliability and public opinion.

Rapid Transit Expansion Program

Perhaps the most significant event in 1993 occurred on February 8, when Premier Bob Rae, under the jobsOntario capital program, announced a \$1.5 billion commitment to rapid transit in the Greater Toronto Area, including the building and extension of four TTC lines. Municipal governments and those developers benefitting from the new lines are expected, over time, to contribute up to an additional \$1 billion.

The projects, listed below, are intended to give a huge and deserving Metro population more than 19 km of additional rapid transit, along with significant economic benefits in terms of job creation:

- Constructing a subway from Sheppard Station 6.4 km east to Don Mills Road;
- Building a subway 4.7 km from Eglinton West Station to York City Centre;
- Expanding the Wilson Yard subway storage and maintenance facility east of Downsview airport;
- Extending the Spadina subway 4.4 km from Sheppard West Station to York University; and
- Extending the Scarborough RT 3.2 km from McCowan Station to Sheppard Avenue at Markham Road.

Throughout 1993 construction continued on a 2.2 km extension of the Spadina subway from Wilson station to Sheppard Avenue and on a 3.6 km streetcar line along Spadina Avenue linking the Bloor Subway to the Harbourfront Line. These projects are on schedule for completion in 1996 and 1997, respectively.

Improving Access

All the new rapid transit lines will be fully accessible, making travel by TTC easier for people with disabilities, seniors and others. In fact, the TTC took another step towards this goal in 1993 when the first elevator opened in the newly renovated Bloor/Yonge station. This was the first of 56 elevators to be installed in 23 key stations by the end of the decade.

The elevators are part of an Easier Access demonstration project commenced in 1992 in conjunction with the Province. Dozens of specific improvements are being made to subway stations and surface vehicles to ensure conventional transit becomes more easily accessible.

Also implemented in 1993 were vivid green decals featuring the province-wide Easier Access logo on all 220 kneeling buses. The decals will help elderly and ambulatory disabled riders identify the buses at a glance. And a new two-hour Easier Access training program helped Operating staff to be sensitive to the special needs of customers.

During 1993 customer demand for Wheel-Trans service continued to rise. An unprecedented 1,386,900 customers were accommodated — a 7.4 per cent increase over 1992. At year end the number of registrants had increased by 2,200, bringing the total number of eligible registrants to 21,400. This represented an increase of 11.6 per cent over 1992. Unaccommodated trip requests were maintained at 7.8 per cent.

Customer response to increased Community Bus service has been favourable. The four extra routes implemented in 1992 helped the service almost double its passenger load in 1993 to 104,600 rides.

The TTC added one ELF (Economical Low Floor) vehicle to its family of fully-accessible buses — courtesy of the Royal Bank of Canada. In the first donation of its kind received by the TTC, the bank donated \$60,000 to help purchase the vehicle. The ELF increased the TTC's fleet of accessible vehicles to 140.

And Wheel-Trans celebrated its 10th anniversary as a department of the TTC in style with a June 5 open house for employees and customers at Lakeshore Division.

Productivity Improvements

In a continued response to 1993 economic and budgetary limitations, the TTC worked to improve productivity and cut expenses. Fifty-eight million dollars were cut from the budget over the past two years, including \$18 million for 1993.

An attendance improvement campaign was launched as a joint union/management initiative in 1993. The campaign was credited for keeping the average absentee level for unionized employees at 8.3 per cent. Staff employees absentee level was reduced to 3.0 per cent, the lowest in five years.

In 1993, agreement was reached with all three unions — Amalgamated Transit Union (Local 113), Canadian Union of Public Employees (Local 2) and the International Association of Machinists and Aerospace Workers (Lodge 235) — to revise the Sick Benefit Plan for unionized employees. The design changes agreed upon are for an initial trial period of 27 months to coincide with the duration of the Social Contract. These changes make it easier for employees to claim sick benefits for very short illnesses, while providing for a year-end bonus for unionized employees with perfect or near-perfect attendance.

A review of existing services and new route and service proposals was completed resulting in 30 service improvements being implemented at no additional cost. In 1993, there were approximately 2,790 schedule changes to provide a more reliable, efficient service to the riding public. Seasonal service adjustments will lead to approximately \$1.6 million saved annually.

A comprehensive records management program was developed with an immediate outcome being the consolidation of all record holdings to one commercial off-site repository.

The TTC was an active participant in the provincially-sponsored Transit Integration Task Force. Its aim is to make transit services more convenient for people travelling between Metro Toronto and the surrounding regions by providing “seamless” transit service across municipal boundaries.

Outstanding Employees

The TTC's success is largely due to the dedication and expertise of its employees. In 1993, they not only understood the need to try harder, they approached the task with renewed spirit. This optimistic outlook in difficult times not only helped achieve excellent operations results but highlighted a real “can-do” attitude.

Employees increasingly concentrated on service, service and more service, and many were recognized for excellence in the performance of their jobs during the year. TTC employee Douglas Hawkins won the

1993 Toronto Tourism Award, acknowledging service excellence in the transportation field. A new series of Employee Profile car cards was launched featuring five outstanding TTC employees who are also active in the community.

Eight TTC "transit heroes" were honoured by Ontario Transportation Minister Gilles Pouliot during the 1993 National Transportation Week. Four employees won the Ontario Award of Valour for displaying an act of bravery in perilous circumstances in defence of life or property. Four more each received a Certificate of Merit for outstanding customer service and positive attitude and insight.

In 1993, 398 Operators received the TTC's Customer Service Award in recognition of value-added services. To continue the momentum, a Professional Development Plan was launched in the Transportation Branch to facilitate a 200 per cent increase in high quality employee development by 1997.

Of course, employees must again be credited for running a United Way campaign that exceeded all expectations. In 1993 the TTC raised \$557,000, surpassing the corporate goal by more than \$30,000. This total is particularly commendable in that fewer employees gave even more during these tough times. The United Way awarded the TTC with the Spirit Award for the Best Workplace Event.

Safety and Security

TTC employees also remained active in Transit Community Watch – essentially a neighbourhood-watch-on-wheels. There were 199 employees nominated throughout the year for exemplary service on the system or in the community. From those, 12 employees were selected as the Transit Community Watcher of the Month. Winstand Burke, an Operator from Danforth Division, won as First Annual Transit Community Watcher of the Year. Burke was credited for saving the life of an elderly man with Alzheimer's disease. The Transit Community Watch program won the 1993 Crime Prevention of Ontario Community Award.

The TTC accepted the American Public Transit Association's (APTA) first International Award for Continuing Excellence in recognition of its ongoing commitment to traffic and passenger safety. This new award recognizes a public transit property which has won APTA's prestigious Silver Award for five of the past seven years.

The Canadian Urban Transit Association (CUTA) awarded the TTC its award for Best Record of Excellence in Traffic and Passenger Safety. CUTA also gave Wheel-Trans the Best Record award for having the lowest accident rate for systems with more than ten vehicles.

Safety improvements within the system continued as priorities as subway intercom signs were installed at automatic entrances to identify intercom locations. Lighting upgrades, recommended for many stations and parking lots, have been completed. And, in 1993, a new fire alarm system was installed for the entire Greenwood Yard complex.

In 1993 an independent APTA Rail Safety Audit of the TTC's safety program was conducted. Recommendations for the development, implementation and evaluation of safety programs are being put into place.

More than 400 safety presentations were delivered by the TTC to interested schools, businesses and community groups.

Equal Opportunity

The TTC continued to demonstrate a strong commitment to equal opportunity for customers and employees alike.

It worked hard to ensure non-English speaking residents and visitors to Toronto were able to access the TTC easily. For example, the "Your TTC" brochure was produced and distributed in 15 languages, Community Bus routes and schedules were printed and promoted in 11 languages (including English), development began on a special TTC manual and video for use in ethnic communities, and the AT&T Language Line – which offers TTC information in 140 languages – averaged 400 calls per month.

Also, a new universal signage system that is easy to follow and to understand was installed and continues to be tested in St. George subway station. The proposed system involves the use of colour, numbering, icons/symbols, improved mapping, standardized type face, increased letter sizes, more strategic sign placement and the removal of repetitive non-functional signage.

During 1993 the TTC continued its participation on Metro's Implementation Committee on Ethno-Racial Access to Services to ensure the concerns of Metro's diverse communities were identified and addressed. It also continued preparations for meeting the requirements of the Ontario Employment Equity Act (Bill 79), including employment equity goals and timetables. A Work and Family study was completed, the results of which have led to TTC plans to institute a Work and Family support program.

Continued emphasis was placed on the HART (Hillcrest Area Rapid Transit) Training Program. In 1993, nine sessions were held and 162 participants took part in the program that provides TTC managers, supervisors and union officials with the skills and knowledge needed to manage and lead an increasingly diverse workforce.

The TTC continued to work towards equal opportunity for people with disabilities,

women, racial minorities and aboriginal peoples. Despite a decrease in the workforce from 1992, the percentage of women (12 per cent), racial minorities (14 per cent) and composite designated group representation (24 per cent) remained unchanged in 1993.

In 1993, more than 350 TTC employees agreed to be volunteer translators, as required, or to assist customers in their language of choice.

The Future Is Green

In 1993 the TTC focused on key environmental issues such as idling vehicles, spill response, product handling, preventative maintenance procedures and compliance with environmental laws and regulations.

The year was not without its immediate environmental challenges. In July, a leak in an underground fuel line at Lakeshore Garage resulted in a large quantity of diesel fuel being released into the environment. A significant amount was recovered and clean-up activities remain underway.

At other garages, the Subsurface Investigation and Remediation Program progressed through 1993 as clean-up activities continued to remediate soils impacted by hydrocarbons around TTC fuelling islands. To address concerns for the environment from the spillage of fuel, installation of the Posi/Lock fuelling system on the TTC's bus and Wheel-Trans fleets was completed during 1993.

A TTC-wide campaign was also put into place to raise employee awareness of environmental responsibilities, and an environmental suggestion line was initiated. An environmental audit commenced in 1993 to scrutinize workplace practices and operational procedures.

The TTC celebrated Earth Week '93 with numerous events, including having students of West Humber Collegiate – an environmentally focused school – decorate the interior of an in-service Natural Gas Bus with environmental messages; planting 400 trees, bushes and shrubs at the TTC's Wilson complex in conjunction with the Evergreen Foundation; and recycling 21,000 pounds of used clothing through a drive with Goodwill. Transit Tuesday was, once again, a success as more people chose to take transit on April 20.

Equipment

In July, the Commission voted not to extend its trolley bus lease agreements with the City of Edmonton. The 40 trolley buses were phased out and replaced by diesel buses, saving the TTC approximately \$1.7 million annually. The Commission also approved the funding of a Bus Technology study to determine the most appropriate role for trolley buses in future TTC operations. The study will

review such factors as performance characteristics, noise levels, accessibility, aesthetics, energy use, emissions, image and life-cycle costs associated with various bus technologies. Results will form a basis for determining the type of bus to use on specific routes in the surface transit network.

Throughout the year, the TTC worked hard to improve vehicle reliability and the results were apparent — a 2 per cent reliability improvement for the subway, a 36 per cent improvement for the Scarborough RT, a 10 per cent improvement for buses and 11 per cent for the Wheel-Trans fleet. Although no net improvement in streetcar performance was achieved, the fleet showed consistently favourable results.

The Vehicle Maintenance System was fully implemented at all surface garage, carhouse and shop locations. This system improves surface vehicle reliability and availability by tracking the vehicles and managing vehicle history — including maintenance and repairs. The Subway Maintenance System was also upgraded in 1993 via the purchase of an additional 24 workstations and related equipment.

In 1993, the TTC undertook a study to determine the feasibility of procuring 100 per cent low-floor streetcars and of the issues associated with introducing this technology.

The TTC also began to install the door chime system on all 622 subway cars. Fleet-wide installation is expected to be completed in the fall of 1994. New bus-cleaning procedures were put in place at all garages for improved vehicle cleanliness. The TTC continued with efforts to mitigate streetcar noise/rail-wheel squeal problems. And approval was obtained to test air conditioning on streetcars to determine the feasibility of fleet-wide installation. Air conditioning and engine retrofit work continues on Wheel-Trans vehicles.

New Services and Facilities

It is important that the TTC not rest on its laurels, but keeps pushing forward with new services and new ideas both for the benefit of the customer and the Commission. The following were implemented in 1993:

- After almost six years of construction, the renovated Bloor station was officially presented to passengers on Customer Appreciation Day, February 23. The wider station allows improved passenger movement and reduced crowding. It will also enable the future installation of a centre third platform, if necessary.
- Approval was received to proceed with a new \$60 million state-of-the-art Transit Control Centre. The centre will improve customer service and accommodate the expansion of the rapid transit system.

Construction is expected to begin in 1995 and to be completed by 1998.

- Following elimination of the Commercial Concentration Tax in July, paid parking was reintroduced (on a limited basis) at 17 of the TTC's 23 commuter parking lots to accommodate occasional users. The Islington Cordova and Warden North lots underwent major reconstruction during the summer and total spaces available for commuters at year end increased to 11,891.
- An annual Senior Metropass was introduced in 1993 for \$395. It was well received — saving seniors 25 per cent over the cost of purchasing 12 monthly Metropasses. The annual Adult Metropass (\$690) was sold for the second consecutive year.

Enhancing the Public Image

In 1993, the TTC created, sponsored or participated in an event, promotion or research project every two days. This aggressive approach gained the TTC significant visibility. It is estimated over \$2 million in external media value was gained at very minimal cost.

The TTC continued to operate as a caring member of the community, and nowhere is that more evident than through its event partnerships with charitable organizations including the Salvation Army, Canadian Cancer Society, Canadian National Institute for the Blind and the Alzheimer Society. The Canadian Red Cross Society awarded the TTC its Certificate of Appreciation for hosting the successful "Subway to Somalia" event, in which TTC customers generously donated more than \$31,500 in two and one half hours.

The TTC also participated actively in cultural celebrations such as the Dragon Boat Festival, Chinese New Year and Caribana. The first annual "Subway to the World" took place on Canada Day when eight multi-cultural groups in seven subway stations held displays that showcased their cultures, communities and contributions to Metro.

There was the first official theming of a subway station in 1993, as the TTC recognized Toronto's affiliation with hockey and provided space for permanent photographs and displays of the Toronto Maple Leafs at College Station — courtesy of the Leaf's organization. And "Community Art in Transit" was launched — as community, cultural and school groups began to provide art for TTC stations.

The Subway Musician Auditions proved as popular as always. The 15th annual auditions took place as a three-day festival at the Canadian National Exhibition. More than 250 talented musicians competed for 75 busking spots at 35 stations.

Part of projecting a good public image is looking the part, and that will be even easier in

the smart new uniforms ordered for Operators and Collectors in 1993. The blue blazer and grey slacks mark the first change to the TTC uniform in 17 years. They will be phased in over the next year and are expected to save the TTC \$630,000 by the end of 1995.

Toronto Transit Consultants Ltd.

Toronto Transit Consultants Ltd. (TTCL), the TTC's consulting subsidiary, worked on 17 international and domestic projects during 1993 and exceeded after-tax profit objectives. TTCL continued to promote and sell TTC expertise through such venues as the five-day Transit Management and Operations Training Programs which has trained several hundred transit professionals since its inception in 1987.

Economics

In 1993, the TTC put into place a temporary 66 per cent operating formula, which was agreed to late the previous year by funding partners Metropolitan Toronto and the Province of Ontario. This gave the TTC an extra \$14 million for 1993, helping to stem the "downward spiral" and to get by with no fare increases or service cuts for the year.

On July 8, 1993, the Social Contract Act was implemented by the Province of Ontario, targeting all public boards, agencies and commissions. As a result, the provincial subsidy to the TTC will be reduced by \$59 million to March 31, 1996. To help accommodate this, salaries for all TTC employees will be reduced by 4.4 per cent for the period January 1, 1994 to March 31, 1996.

A strict hiring policy remained in effect at the TTC. Total employee numbers were reduced by 270 over a one-year period to December 31, primarily through attrition. All vacant positions were, and will continue to be, assessed to determine their relevance to the organization before being filled.

Because ridership continued below expectations, at year-end the TTC faced an anticipated \$24 million budgetary shortfall for 1994. To help forestall this — and acknowledging that to raise fares in compensation would only erode ridership further — the TTC approached the Provincial government with a Ridership Recovery Plan.

In December, the Province accepted the plan and approved a line of credit for the TTC of up to \$20 million for 1994. This money will be used only if necessary and will mean no fare increases or service cuts for the second consecutive year. Further, the plan will be operated in conjunction with continued TTC productivity improvements and a \$3.9 million, self-funding advertising campaign.

Conventional System Financial Overview

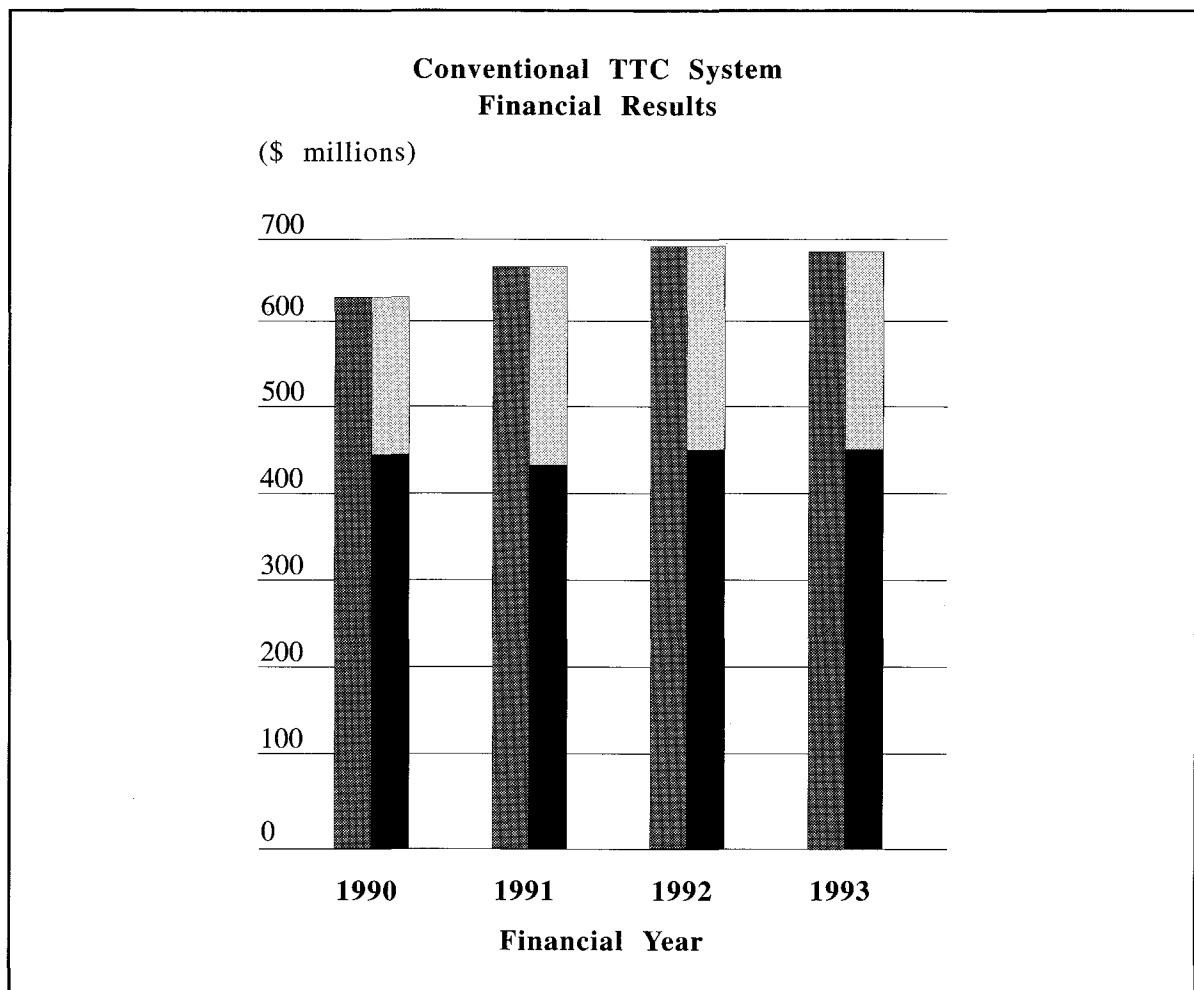
Summary of Financial Results

(millions of dollars)	1993	1992	Increase (Decrease)	%
■ Revenue	447.0	446.4	0.6	0.1
■ Expenses	681.1	691.0	(9.9)	(1.4)
■ Operating subsidy	234.1	244.6	(10.5)	(4.3)

Despite an 11 million decrease in ridership, revenues in 1993 were virtually the same as in 1992. The main reason was the annualized impact of the March 1992 fare increase.

Expenses were reduced by 10%. The key reasons were the effects of the 1992 across-the-board elimination of 200 administrative jobs and the closure of the Davenport Garage.

The subsidy decrease marked the first time since 1979 that the subsidy total had declined.



Summary of Operations

Passengers

	1993	1992	Increase (Decrease)	%
Passengers (millions)	393.5	404.3	(10.8)	(2.7)
Revenue per passenger	113.6¢	110.4¢	3.2¢	2.9
Operating subsidy per passenger	59.5¢	60.5¢	(1.0)¢	(1.7)
Expenses per passenger	173.1¢	170.9¢	2.2¢	1.3

Ridership levels are very closely linked to the employment level in the Toronto area. Due to the continuing economic recession in 1993, the average unadjusted employment level in Metro fell by 1.7% and ridership declined by 2.7%, almost 11 million fewer riders.

TTC Fares at December 31, 1993

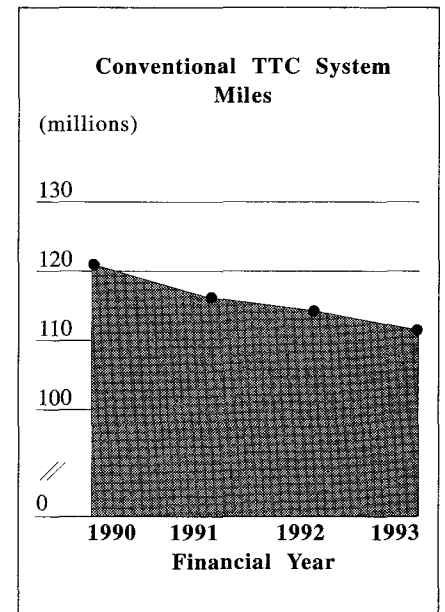
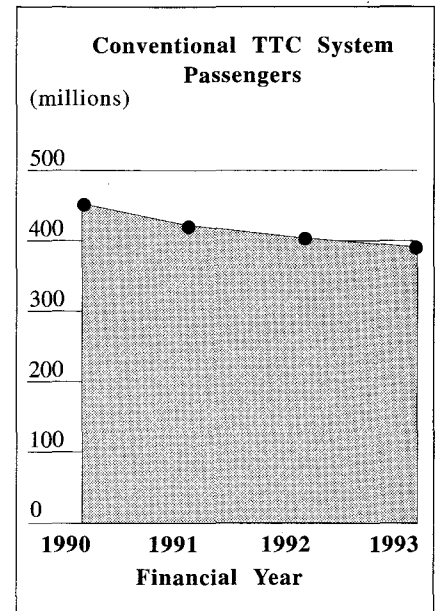
	Fares	millions	Passengers %
TOKENS			
Adult	10 for \$13.00	104.0	26.5
TICKETS			
Adult	10 for \$13.00	57.7	14.7
	2 for \$3.00	12.9	3.3
Scholar/Senior Citizen	10 for \$6.50	56.6	14.4
Child	8 for \$2.50	12.2	3.1
CASH			
Adult	\$2.00	22.1	5.6
Scholar/Senior Citizen	\$1.00	4.7	1.2
Child	\$0.50	2.5	0.6
PASSES			
Metropass	\$67.00	100.6	25.6
Twin Pass	\$57.00	2.5	0.6
Student Pass	\$50.00	5.3	1.3
Senior Pass	\$43.50	5.3	1.3
Day/Visitor Pass	\$5.00	4.2	1.1
OTHER			
Postal Contract		1.3	0.3
Blind and War Amputees		1.2	0.3
Premium Express		0.4	0.1
Total for 1993		393.5	100.0

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

Miles

	1993	1992	Increase (Decrease)	%
Miles (millions)	111.0	114.0	(3.0)	(2.6)
Revenue per mile	402.7¢	391.6¢	11.1¢	2.8
Operating subsidy per mile	210.9¢	214.5¢	(3.6)¢	(1.7)
Expenses per mile	613.6¢	606.1¢	7.5¢	1.2

Vehicle mileage decreased in 1993 by 3 million miles or 2.6%. Surface mileage (buses, streetcars and trolley coaches) decreased by 2.2 million miles, while the rapid transit miles decreased by 0.8 million miles. The decrease in miles primarily reflected the annualized impact of the November 1992 service adjustments, in response to the reduced passenger levels. In addition, some cuts were made in December 1993, in anticipation of fewer rides by public employees on their Social Contract days-off. As with revenues and expenses per passenger, revenues and expenses per mile also increased over the 1992 levels.



Revenue

(thousands of dollars)	1993	1992	Increase (Decrease)	%
Passenger Services	425,426	423,959	1,467	0.3
Rental income	10,404	10,979	(575)	(5.2)
Advertising space rental	7,501	8,214	(713)	(8.7)
Miscellaneous	3,721	3,261	460	14.1
Total revenue	447,052	446,413	639	0.1

PASSENGER SERVICES

The revenue from regular service, or "passenger revenue", amounted to \$424.7 million in 1993. The continuing impact of the economic recession (as evidenced by the 1.7% decline in the average unadjusted Metro employment levels) was the main cause of the 2.7% drop in ridership levels from last year. However, the full-year effect of the March 1992 fare increase helped raise the average fare by 3.1%, resulting in a marginal increase in passenger revenues over 1992.

The table on page 8 provides details of the fares in effect at year-end and of the passenger use of the various fare types during the year.

Charter and special services revenue was \$0.7 million, a decline of almost 10% from 1992, primarily due to the cancellation of certain special services.

RENTAL INCOME

The main rental items in 1993 were station concessions of \$2.3 million (1992 - \$2.3 million) and property leases of \$2.1 million (1992 - \$1.9 million). In addition, services to adjacent municipalities generated \$5.3 million (1992 - \$5.2 million) and fees from commuter parking lots totalled \$0.3 million (1992 - \$1.1 million). The parking fees had been eliminated for Metropass users in April 1992, but some high-volume lots were opened to non-Metropass users on a fee-for-parking basis in September 1993.

ADVERTISING SPACE RENTAL

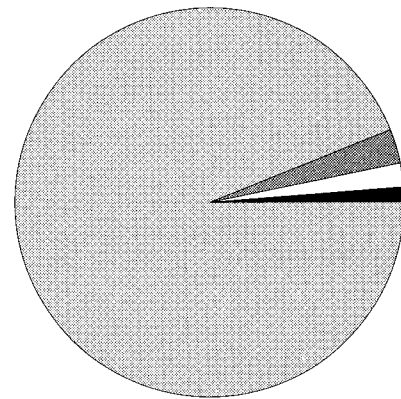
Advertising revenue is obtained from advertisements displayed on TTC vehicles and property. The revenue received from such advertising in 1993 decreased by \$713,000 (8.7%). This reflected the reduction in TTC fleet size, due to the service reductions, and the resulting lower contract payments.

MISCELLANEOUS

The growth in miscellaneous revenue by \$460,000 was due mainly to the \$334,000 increase in revenue earned by the subsidiary Toronto Transit Consultants Limited.

1993 REVENUE

Total Revenue:
\$447,052,000



■ Passenger Services	\$425,426,000 (95.2%)
■ Rental Income	\$10,404,000 (2.3%)
□ Advertising Space Rental	\$7,501,000 (1.7%)
■ Miscellaneous	\$3,721,000 (0.8%)

Expenses

(thousands of dollars)	1993	1992	Increase (Decrease)	%
Wages, salaries and other employee costs	535,248	543,537	(8,289)	(1.5)
Materials, services and supplies	67,290	73,469	(6,179)	(8.4)
Automotive fuel	25,146	25,318	(172)	(0.7)
Electric traction power	24,848	24,030	818	3.4
Accident claims costs	9,288	3,744	5,544	148.1
Depreciation	10,745	11,768	(1,023)	(8.7)
Property taxes	8,560	9,116	(556)	(6.1)
Total expenses	681,125	690,982	(9,857)	(1.4)

WAGES, SALARIES AND OTHER EMPLOYEE COSTS

Direct wage and salary costs decreased by \$13.7 million (3.1%) to \$432.2 million. This was due partly to the ongoing effects of the downsizing measures of 1992, when 200 administrative positions were eliminated (8% of the total) and Davenport Garage was closed (the first closing of an operating facility since the Depression of the 1930's). It also reflected the effects of hiring restrictions to further control costs in 1993. Attrition in 1993 trimmed the workforce by 270 positions (2.7%) and helped reduce the direct payroll costs. However, this was partially offset by a \$5.4 million (5.5%) increase in the TTC's share of other employee costs caused by significant increases in the costs for health-related items like sick pay, dental and drug plans.

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

MATERIALS, SERVICES AND SUPPLIES

These costs represented the cost of materials, services and supplies of items not shown separately in the table above. These costs are analyzed on the next page.

AUTOMOTIVE FUEL

Despite a 1.5% increase in the average price of diesel fuel, the total fuel cost declined in 1993, due to a 3% reduction in diesel bus mileage. Bus miles totalled 61.8 million in 1993, down from the 63.7 million miles of 1992.

ELECTRIC TRACTION POWER

The electric traction power cost increased by \$818,000 in 1993 because of a 5.1% increase in the average rate. Partially offsetting this was a 1.4% reduction in electric vehicle mileage.

ACCIDENT CLAIMS COSTS

These costs include premiums for catastrophe insurance, the costs for settling self-insured claims and any changes in the provision for unsettled accident claims. The total costs increased in 1993 by \$5.5 million, primarily because of the settlement of several large claims in 1993, including one for \$1.7 million and five others totalling \$1.5 million. In addition, the provision for unsettled accident claims had been reduced by \$2 million at the end of 1992.

DEPRECIATION

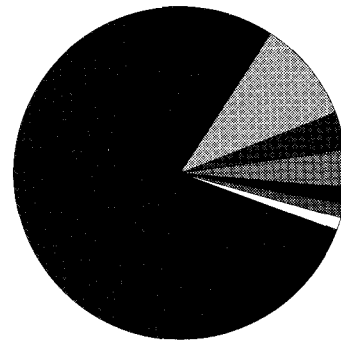
This expense relates to the annual amortization of the TTC's investment (net of municipal and provincial subsidies) in its capital assets. The decrease in the depreciation expense in 1993 primarily reflected the retirement of a significant number of the older fully-depreciated vehicles.

PROPERTY TAXES

The TTC pays realty and business taxes on all its properties, except those used for rapid transit purposes. The decrease in taxes paid in 1993 reflected the elimination by the Province of the Commercial Concentration Tax that had been payable on the commuter parking lots.

1993 EXPENSES

Total Expenses:
\$681,125,000



■ Wages, Salaries and Other Employee Costs \$535,248,000 (78.6%)	■ Electric Traction Power \$24,848,000 (3.6%)
■ Depreciation \$10,745,000 (1.6%)	■ Accident Claims Costs \$9,288,000 (1.4%)
■ Materials, Services and Supplies \$67,290,000 (9.9%)	□ Property Taxes \$8,560,000 (1.2%)
■ Automotive Fuel \$25,146,000 (3.7%)	

Expenses by Function

(thousands of dollars)	1993	1992	Increase (Decrease)	%
WAGES, SALARIES AND OTHER EMPLOYEE COSTS				
Vehicle operation	296,735	296,531	204	0.1
Vehicle maintenance	122,605	124,565	(1,960)	(1.6)
Facility maintenance	59,759	61,365	(1,606)	(2.6)
General and administration	56,149	61,076	(4,927)	(8.1)
	535,248	543,537	(8,289)	(1.5)
MATERIALS, SERVICES AND SUPPLIES				
Vehicle operation	3,634	2,960	674	22.8
Vehicle maintenance	33,741	36,833	(3,092)	(8.4)
Facility maintenance	16,501	17,334	(833)	(4.8)
General and administration	13,414	16,342	(2,928)	(17.9)
	67,290	73,469	(6,179)	(8.4)
Total	602,538	617,006	(14,468)	(2.3)

VEHICLE OPERATION

Approximately 50% of the operating workforce is involved in delivery of the service to the customers. They include operators, station collectors, inspectors, training staff and Transportation Branch management. Labour costs for these employees in 1993 were virtually the same as the previous year. While the number of support staff had been reduced by the downsizing in 1992, the emphasis was maintained on the direct delivery of the service to the customers by the operators and collectors.

included a significant amount for the downsizing of November 1992 and that the emphasis on restraining expenses was continued, particularly in areas not directly involved in service delivery. General and administration expenses were reduced by a combined 10.1%.

VEHICLE MAINTENANCE

Servicing, maintaining and repairing the revenue fleet employed approximately 25% of the TTC's workforce. Both labour and materials costs decreased in 1993, reflecting the successful efforts to economize.

FACILITY MAINTENANCE

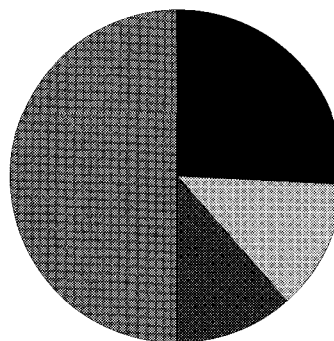
Approximately 15% of the workforce was engaged in maintaining the TTC's garages, carhouses, repair shops, administrative facilities and track and wiring along the subway and surface routes. Reflecting the general effort to restrain expenses, both the labour and materials elements decreased in 1993 by a combined 3.1%.

GENERAL AND ADMINISTRATION

The general and administration functions include work carried out by the following areas: Executive, Finance, Human Resources, Legal and Claims, Management Services, Marketing and Public Affairs, Materials and Procurement, Planning, Safety and Security. These activities accounted for approximately 10% of the workforce in 1993. The decrease in both labour and materials costs in 1993 reflected that the 1992 costs

SPECIFIED 1993 EXPENSES BY FUNCTION

Total:
\$602,538,000



- Vehicle Operation
\$300,369,000 (49.9%)
- Vehicle Maintenance
\$156,346,000 (25.9%)
- Facility Maintenance
\$76,260,000 (12.7%)
- General and Administration
\$69,563,000 (11.5%)

Wheel-Trans System Revenue and Expenses

(thousands of dollars)	1993	1992	Increase (Decrease)	%
REVENUE				
Passenger services	1,320	1,180	140	11.9
EXPENSES				
Wages, salaries and other employee costs	27,002	25,735	1,267	4.9
Materials, services and supplies	5,464	5,513	(49)	(0.9)
Contract services	7,929	7,425	504	6.8
Automotive fuel	1,150	1,005	145	14.4
Accident claims costs	86	141	(55)	(39.0)
	41,631	39,819	1,812	4.6

Wheel-Trans is a specialized transit service, operating seven days a week, for those people with disabilities who are unable to use regular transit vehicles. Service is provided through Orion II specialized buses operated and maintained by the TTC and also by station wagons and sedans operated by outside contractors. TTC staff handle all scheduling, reservations, dispatching and administrative functions.

In addition to the standard door-to-door Wheel-Trans service, community bus service was introduced in 1990 and was expanded to five routes in 1992. This service provides a form of regular route service for seniors and people with disabilities. During 1993, 104,600 passengers were carried on the community buses, almost double the 54,000 carried in 1992.

Operating statistics for the standard Wheel-Trans service were as follows:

(thousands)	1993	1992	Increase (Decrease)	%
Passengers carried	1,387	1,291	96	7.4
Miles operated	7,907	7,818	89	1.1
Number of registrants	21	19	2	10.5

Capital Expenditures

(thousands of dollars)	1993	1992	Increase (Decrease)
Revenue vehicle acquisition	34,239	44,943	(10,704)
Other capital projects	127,819	102,373	25,446
	162,058	147,316	14,742
REVENUE VEHICLE ACQUISITION		OTHER CAPITAL PROJECTS	
216 T-1 subway cars (progress payment)	22,361	Rapid Transit Expansion Program	30,811
Vehicle upgrades	11,878	Spadina subway extension	19,016
		Surface and subway track	13,577
		Building improvements	12,482
		Computer equipment and associated software	8,838
		Other capital projects	43,095
	34,239		127,819

These figures have not included Metro's direct expenditures (mostly property acquisition costs) 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 has ordered 216 subway cars at a total estimated cost of \$567 million to replace aging vehicles that have reached the end of their useful life. In 1992, \$44.2 million was paid upon execution of the contract and a further \$22.4 million was paid in 1993 upon placement of the detailed orders for wheels, axles and bearings for the cars.

Vehicle upgrades:

A variety of vehicles were upgraded in 1993. The projects included installing air conditioning and replacement engines for some Wheel-Trans buses; upgrading of streetcar gear and pinion assemblies; rebuilding traction motors; upgrading some subway cars to improve safety and reliability; installation of posi-lock fuel systems and electronic destination signs on buses; and installing new operator seats in subway cars.

OTHER CAPITAL PROJECTS

Rapid Transit Expansion Program (RTEP):

RTEP consists of the Sheppard subway, the Eglinton West subway, the Scarborough RT extension, the Spadina-Yonge subway extension from Sheppard Avenue West to York University, the westerly extension of the Bloor-Danforth subway and the expansion of the Wilson Yard facility. Work done in 1993 included the continued development of design standards, environmental assessment work on individual projects and overall program management.

Spadina subway extension:

Work commenced in 1992 on an extension of the Spadina-Yonge subway to Sheppard Avenue West. The 1993 expenditures were primarily for engineering and consulting work.

Surface and subway track:

Surface track projects were undertaken in conjunction with Metro and the City of Toronto's programme for street repairs. Subway track projects consisted of the replacement of crossovers and curves at various locations and the reinsulation of negative rails.

Building improvements:

The work done in 1993 included garage ventilation improvements, repairs to the Roncesvalles Carhouse retaining wall and Hillcrest Complex consolidation work.

Computer equipment and associated software:

A range of projects was undertaken in 1993. They included the upgrade of the hardware and software for the general business computer; the installation of a new Wheel-Trans Information System (WTIS) for reservations scheduling; and the installation of various new software packages, local area networks (LANs) and personal computers.

Other capital projects:

In 1993 these included engineering costs for the Spadina LRT; subway station work for easier access and improved security, as well as roof and road replacements; reconstruction and purchase of service vehicles plus shop and garage equipment; and other capital acquisitions.

Financing

(thousands of dollars)	1993	1992	Increase (Decrease)
CONVENTIONAL SYSTEM OPERATING EXPENSES			
By the TTC	681,125*	690,982*	(9,857)
Financed from: TTC revenue	447,052	446,413	639
Metro	117,273**	127,369**	(10,096)
Provincial subsidy	116,800***	117,200***	(400)
	681,125	690,982	(9,857)
WHEEL-TRANS OPERATING EXPENSES			
By the TTC	41,631	39,819	1,812
Financed from: Provincial subsidy	20,200***	19,900***	300
Metro	20,111	18,739	1,372
TTC revenue	1,320	1,180	140
	41,631	39,819	1,812
CAPITAL EXPENDITURES			
By the TTC	162,058	147,316	14,742
Financed from: Provincial subsidy	125,700***	89,087***	36,613
Metro Toronto and Metro municipalities	25,200	30,374	(5,174)
TTC	11,158	27,855****	(16,697)
	162,058	147,316	14,742

* Including \$6.917 million in 1993 for environmental expenses and matching subsidy (\$12.5 million in 1992). These are classified as operating expenses but are financed through capital subsidies.

** Including a 1993 net draw of \$10.5 million from the Transit Improvement Reserve Fund (\$17.025 million in 1992).

*** Subject to audit and approval by the Province.

**** The TTC financing for 1992 included a \$17 million provision for the possible disallowance of provincial capital subsidies. This represented disallowed capital claims for 1984 to 1992, which are currently being appealed.

CONVENTIONAL SYSTEM OPERATING EXPENSES

Normally, financing is based on a users' fair share agreement, under which the TTC aims to provide from its revenue approximately 68% of eligible expenses. Metro and the Province then cover the remaining 32% of expenses on an approximately equal basis. In 1993, however, Metro and the Province agreed to provide an additional subsidy of \$7 million each, effectively reducing the revenue/cost target from 68% to 66%. The Province also continued to provide a special subsidy for improving system reliability.

The operating subsidy in 1993 amounted to \$234 million. The provincial contribution amounted to \$117 million (subject to provincial audit) and Metro's residual cost was \$117 million.

The revenue/cost target is arrived at in practice through the TTC's budget-setting procedure. This procedure forecasts the anticipated passenger numbers, details the matching service levels and outlines any requisite fare increases. Actual financial results may cause these revenue/cost percentages to fluctuate slightly from the

budgeted target each year. Adjustments to the figures in the table, to comply with provincial subsidy regulations on eligible expenses, resulted in a 1993 cost-sharing as follows:

TTC revenues	65.7%
Provincial subsidy	17.3%
Metro	17.0%

WHEEL-TRANS OPERATING EXPENSES

The Wheel-Trans operating subsidy requirement is basically funded equally by Metro and the Province. However, the Province does provide enhanced subsidies for Wheel-Trans registrants riding on the community buses.

In 1993, the operating subsidy requirements assumed by Metro amounted to \$40 million. The provincial contribution was \$20 million (subject to provincial audit) and Metro's residual cost was \$20 million.

CAPITAL EXPENDITURES

Capital expenditures by the TTC totalled \$162 million in 1993 and consisted of \$137 million for rapid transit extensions, major vehicle purchases and other projects included in the Metro Capital Works Programme, plus \$25 million 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 and receives provincial subsidy for these costs, usually at a rate of 75%.

Capital Budget expenditures are assumed by the TTC, with the exception of some costs that are assumed directly by the Metro municipalities. The Province pays a 75% subsidy on most projects but does not subsidize automotive service vehicles, revenue collection equipment, office furniture and equipment or certain minor items.

Of the \$162 million total capital expenditure in 1993, provincial subsidies amounted to \$126 million (subject to provincial audit). The TTC's contribution was \$11 million, with \$25 million financed by Metro.



Toronto Transit Commission

FINANCIAL STATEMENTS

Year Ended
December 31, 1993



Auditors' Report

APRIL 8, 1994

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, 1993 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, 1993 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.



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

 Peat Marwick Thorne

Chartered Accountants

Peat Marwick Thorne

Chartered Accountants
Toronto, Canada

Metropolitan Auditor
Toronto, Canada

Balance Sheet

(in thousands)

December 31, 1993

December 31, 1992

ASSETS

Current assets

Cash	\$ 7,008	\$ 6,761
Accounts receivable		
The Municipality of Metropolitan Toronto	64,519	53,227
Metropolitan Toronto Coach Terminal Inc.	507	561
Other	8,057	9,783
Inventories	30,022	29,856
Working funds and prepaid expenses	3,831	4,130

\$ 113,944 **\$ 104,318**

Investment in and advances to Metropolitan Toronto

Coach Terminal Inc. (note 4)	16,517	15,639
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Capital assets

Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment	2,334,964	2,275,501
Less capital contributions	(2,046,494)	(1,991,763)
	288,470	283,738
Less accumulated depreciation	(176,861)	(172,542)
	111,609	111,196
Under construction and not yet in service	265,926	169,755
Less capital contributions	(265,926)	(169,755)

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Net capital assets	111,609	111,196
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\$ 242,070 **\$ 231,153**

LIABILITIES AND EQUITY

Current liabilities

Accounts payable and accrued liabilities	\$ 112,705	\$ 108,683
Fare media held by the public	20,100	19,800
Unsettled accident claims	7,500	7,600
Employee benefits	5,460	4,420
Debenture debt (note 5)	1,208	1,800

\$ 146,973 **\$ 142,303**

Long-term liabilities

Unsettled accident claims	12,900	12,800
Employee benefits	26,580	22,600
Debenture debt (note 5)	1,272	2,480
Other	9,160	5,785

49,912 **43,665**

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**

\$ 242,070 **\$ 231,153**

Statement of Revenue and Expenses

(in thousands)	Year ended December 31, 1993	Year ended December 31, 1992
REVENUE		
Conventional Transit System	\$ 447,052	\$ 446,413
Wheel-Trans System	1,320	1,180
Total revenue	\$ 448,372	\$ 447,593
EXPENSES		
Conventional Transit System	681,125	690,982
Wheel-Trans System	41,631	39,819
	722,756	730,801
Net Operating Costs	\$ 274,384	\$ 283,208
Operating subsidy (note 2)		
Conventional Transit System	\$ 234,073	\$ 244,569
Wheel-Trans System	40,311	38,639
Net Operating Subsidy	\$ 274,384	\$ 283,208

Statement of Revenue and Expenses for the Conventional Transit System

(in thousands)	Year ended December 31, 1993	Year ended December 31, 1992
REVENUE		
Passenger services	\$ 425,426	\$ 423,959
Rental of land, air rights, buildings, subway concessions and equipment	10,404	10,979
Rental of advertising space	7,501	8,214
Miscellaneous	3,721	3,261
Total revenue	\$ 447,052	\$ 446,413
EXPENSES		
Wages, salaries and other employee costs	535,248	543,537
Materials, services and supplies other than the items shown below	67,290	73,469
Automotive fuel, including federal and provincial taxes	25,146	25,318
Electric traction power	24,848	24,030
Accident claims costs	9,288	3,744
Depreciation	10,745	11,768
Property taxes	8,560	9,116
Total expenses	681,125	690,982
Net operating costs (operating subsidy) (note 2)	\$ 234,073	\$ 244,569

Statement of Revenue and Expenses for the Wheel-Trans System

(in thousands)	Year ended December 31, 1993	Year ended December 31, 1992
REVENUE		
Passenger services	\$ 1,320	\$ 1,180
Total revenue	1,320	1,180
EXPENSES		
Wages, salaries and other employee costs	27,002	25,735
Materials, services and supplies other than the items shown below	5,464	5,513
Contract services	7,929	7,425
Automotive fuel, including federal and provincial taxes	1,150	1,005
Accident claims costs	86	141
Total expenses	41,631	39,819
Net operating costs (operating subsidy) (note 2)	\$ 40,311	\$ 38,639

Statement of Changes in Financial Position

(in thousands)	Year ended December 31, 1993	Year ended December 31, 1992
CASH (USED IN) RECEIVED FROM OPERATIONS		
Net operating costs	\$(274,384)	\$(283,208)
Items not affecting cash:		
Depreciation	10,745	11,768
Unsettled accident claims	100	(1,900)
Long-term employee benefits	3,980	3,400
Other long-term liabilities	3,375	5,785
Accrued interest on advances to Metropolitan Toronto Coach Terminal Inc.	(878)	(1,039)
	(257,062)	(265,194)
Changes in non-cash operating working capital	(4,117)	(22,101)
	(261,179)	(287,295)
CASH (USED IN) INVESTMENT ACTIVITIES		
Acquisition of capital assets	(162,058)	(147,316)
	(162,058)	(147,316)
CASH RECEIVED FROM (USED IN) FINANCING ACTIVITIES		
Operating subsidies	274,384	283,208
Capital contributions	150,900	119,461
Debenture debt repayment	(1,800)	(1,978)
	423,484	400,691
Increase (decrease) in cash	247	(33,920)
Cash at the beginning of the year	6,761	40,681
Cash at the end of the year	\$ 7,008	\$ 6,761

Notes to Financial Statements Year Ended December 31, 1993

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").

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

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 applied consistently. The significant accounting policies are outlined below:

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.

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 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:

2. OPERATING SUBSIDY

a. Conventional transit

Normally, 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.

In 1993, the Province and the Municipality agreed to provide an additional, special operating subsidy of \$7 million each, which effectively reduced the budgeted revenue from operations to 66% of eligible operating expenses. The Commission received a total operating subsidy from the Municipality in 1993 of \$234.1 million, including \$116.8 million from the Province and a net draw of \$10.5 million from the Transit Improvement Reserve Fund (in the accounts of the Municipality).

The funding of conventional transit operating expenses (as defined for provincial subsidy purposes) for 1992 and 1993 is estimated to be as follows:

	1993	1992
By the Commission	65.7%	66.2%
By the Municipality	17.0%	16.7%
By the Province	17.3%	17.1%

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

The Commission receives a 100% subsidy from the Municipality for subway and light-rail additions and improvements, and for certain other capital works projects. The Municipality then recovers 75% of the subsidy from the Province.

The Commission receives a 75% subsidy from the Municipality for most of its other capital asset additions, including buses. The Municipality then recovers the subsidy from the Province.

b. Wheel-Trans

For Wheel-Trans, the Commission receives a 100% subsidy from the Municipality for capital expenditures. The Municipality then recovers 50% of the subsidy for most assets 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 consist of:

(in thousands)	1993	1992
Investment	\$ 1,000	\$ 1,000
Advances, including accrued interest at prime	15,517	14,639
	\$ 16,517	15,639

The Commission's statement of revenue and expenses includes accrued interest income from MTCTI of \$0.9 million (1992 - \$1.0 million) and a charge to MTCTI of \$1.0 million (1992 - \$1.1 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 Municipality 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 1/2% final instalment due 1993	\$ —	652
5 1/4% final instalment due 1995	2,480	3,628
	2,480	4,280
Less: current portion	1,208	1,800
	\$ 1,272	\$ 2,480

Serial debenture payments of approximately \$1.2 million are required in 1994 and 1995.

Sinking fund debentures due in 1996 and 1997, amounting to \$15.4 million, have been fully funded by sinking fund investments.

6. PENSIONS

Substantially all employees 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 in 1993 amounted to \$32.3 million (1992 - \$32.6 million).

7. TAXES

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

8. COMMITMENTS

The Commission has committed to purchase 216 subway cars, at a total estimated contract cost of \$567 million. As at December 31, 1993, progress payments of \$66.6 million have been made.

9. CONTINGENCIES

In the course of its operations, the Commission is subject to environmental and other claims, lawsuits and contingencies. Accruals have been made for those specific instances where such liabilities could be reasonably estimated.

10. COMPARATIVES

Certain comparative figures have been reclassified to conform with the presentation adopted in 1993.

Conventional System 10-Year Financial and Operating Statistics

	1984	1985	1986	1987
PASSENGERS/OPERATING REVENUE				
Passengers (Millions)	427.7	432.2	441.0	456.9
Basic Adult Ticket Fare (at December 31)	70.0 ¢	73.8 ¢	80.0 ¢	83.3 ¢
Total Operating Revenue (\$ Millions)	283.2	301.6	334.8	357.7
Operating Revenue per Mile	247.3 ¢	260.2 ¢	283.2 ¢	297.3 ¢
Operating Revenue per Passenger	66.2 ¢	69.8 ¢	75.9 ¢	78.3 ¢
OPERATIONS/EXPENSES				
Miles Operated, Including Charters and Special Services (Millions)				
Motor Bus	58.2	59.0	60.0	61.0
Subway Car	43.3	43.3	44.1	45.3
Streetcar	9.2	9.1	9.0	8.8
Trolley Coach	3.8	3.6	3.5	3.6
Scarborough RT	—	0.9	1.6	1.6
	114.5	115.9	118.2	120.3
Average Number of Employees (Including MTCTI)	9,614	9,628	9,636	9,734
Average Hourly Wages and Benefits per Driver	\$17.43	\$18.40	\$19.49	\$20.58
Total Expenses (\$ Millions)	393.0	427.0	461.0	494.5
Expense per Mile	343.2 ¢	368.4 ¢	390.0 ¢	411.0 ¢
Expense per Passenger	91.9 ¢	98.8 ¢	104.5 ¢	108.1 ¢
OPERATING SUBSIDY				
Operating Subsidy (\$ Millions)	109.8	125.4	126.2	136.8
Operating Subsidy per Mile	95.9 ¢	108.2 ¢	106.8 ¢	113.7 ¢
Operating Subsidy per Passenger	25.7 ¢	29.0 ¢	28.6 ¢	29.9 ¢
REVENUE/COST RATIO	69.3 %	68.1 %	69.5 %	70.0 %
CAPITAL ASSETS				
Investment in Capital Assets (before Depreciation and Contributions) at December 31 (\$ Millions)				
Rapid Transit	1,060.0	1,149.2	1,234.9	1,283.0
Surface	330.8	425.6	502.1	573.4
	1,390.8	1,574.8	1,737.0	1,856.4
Metro and Provincial Contributions	1,170.9	1,348.2	1,505.5	1,619.5
TTC Investment (before Depreciation)	219.9	226.6	231.5	236.9
Vehicle Fleet (Owned and Leased)				
Buses	1,465	1,512	1,561	1,641
Articulated Buses	—	—	—	9
Subway Cars	632	631	631	662
Trolley Coaches	150	150	150	150
Streetcars				
PCCs	169	124	124	123
CLRVs	196	196	196	196
ALRVs	—	—	—	—
ICTS Vehicles	—	24	28	28
Wheel-Trans Buses	—	19	30	69
	2,612	2,656	2,720	2,878

* 1991 revenue does not include a \$48 million dividend from MTCTI.

** 1992 and 1993 revenue does not include draws from the Transit Improvement Reserve Fund.

1988	1989	1990	*1991	**1992	**1993	% Increase (Decrease) 1984 - 1993
463.5	450.7	459.2	424.2	404.3	393.5	(8.0)
87.5 ¢	93.8 ¢	100.0 ¢	107.1 ¢	130.0 ¢	130.0 ¢	85.7
381.5	401.7	440.4	430.7	446.4	447.0	57.8
315.6 ¢	339.6 ¢	363.1 ¢	368.7 ¢	391.6 ¢	402.7 ¢	62.8
82.3 ¢	89.1 ¢	95.9 ¢	101.5 ¢	110.4 ¢	113.6 ¢	71.6
62.7	61.4	63.7	61.8	63.6	61.7	6.0
44.8	43.7	44.0	42.1	40.4	39.5	(8.8)
8.6	8.1	8.2	7.9	7.5	7.1	(22.8)
3.3	3.1	3.4	3.0	0.3	0.4	(89.5)
1.5	2.0	2.0	2.0	2.2	2.3	-
120.9	118.3	121.3	116.8	114.0	111.0	(3.1)
9,963	10,176	10,351	10,218	10,051	9,717	1.1
\$21.63	\$23.24	\$24.99	\$26.59	\$28.30	\$28.75	64.9
531.9	561.5	628.3	662.6	691.0	681.1	73.3
440.0 ¢	474.6 ¢	518.0 ¢	567.2 ¢	606.1 ¢	613.6 ¢	78.8
114.8 ¢	124.6 ¢	136.8 ¢	156.2 ¢	170.9 ¢	173.1 ¢	88.4
150.4	159.8	187.9	231.9	244.6	234.1	113.2
124.4 ¢	135.1 ¢	154.9 ¢	198.5 ¢	214.5 ¢	210.9 ¢	119.9
32.4 ¢	35.5 ¢	40.9 ¢	54.7 ¢	60.5 ¢	59.5 ¢	131.5
69.5 %	69.2 %	67.4 %	65.3 %	66.2 %	65.7 %	(5.2)
1,350.1	1,384.4	1,426.1	1,466.9	1,574.5	1,677.7	58.3
636.2	704.8	762.6	838.9	870.8	923.2	179.1
1,986.3	2,089.2	2,188.7	2,305.8	2,445.3	2,600.9	87.0
1,745.2	1,841.2	1,931.5	2,047.7	2,161.5	2,312.4	97.5
241.1	248.0	257.2	258.1	283.8	288.5	31.2
1,621	1,663	1,679	1,707	1,615	1,491	1.8
68	90	90	90	90	90	-
721	746	752	630	630	627	(0.8)
150	150	180	174	167	109	(27.3)
116	99	62	54	26	23	(86.4)
196	196	196	196	196	196	-
32	52	52	52	52	52	-
28	28	28	28	28	28	-
123	123	123	124	140	141	-
3,055	3,147	3,162	3,055	2,944	2,757	5.6

Management Directory - 1993

OFFICERS AND SENIOR OFFICIALS

Allan F. Leach
Chief General Manager

Gerald L. Broiley
General Manager
Transportation

Arnold S. Dubé
General Secretary

David W.R. Hammond
General Counsel

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 Operations

Douglas P. Anton
Manager
Property Management

William Brown
Manager
Engineering
(Equipment)

Dennis R. Callan
Manager
Rapid Transit Expansion Program
(RTEP)

John D. Cannell
Manager
Pensions and Payrolls

George Y. Chien
Manager
Operational Planning

Allen J. Chocorlan
Manager
Management Services

Judi L. Cohen
Director
Environmental Directorate

David A. Cowan
Manager
Plant

Kathryn Dean
Director
Safety & Security

Robert J. Evans
Manager
Transit District 4
Wheel-Trans

William G. Frost
Manager
Project Management

Theodore J. Galinis
Manager
Human Resources

Alfred J. Galle
Director
Assistant General Secretary

Oscar G. Giovannini
Manager
Transit District 3

Morgan Harris
Manager
Financial Control
(RTEP)

Joseph A. Heaney
Director
Management Consulting & Audit

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

James H. Raiston
Manager
Transit District 1

Murray J. Rigney
Manager
Engineering
(Engineering & Maintenance)

Martin Rubenstein
Manager
Administration

Alfred J. Saliba
Manager
Legal & Claims

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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