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ANNUAL REPORT

1996



TORONTO TRANSIT COMMISSION

1996 ANNUAL REPORT
Toronto Transit Commission



Chair
Paul Christie



Vice-Chair
Howard Moscoe

Commissioners



Brian Harrison



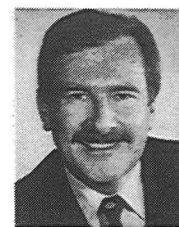
Blake Kinahan



Case Ootes



Joe Pantalone



Alan Tonks





Letter from the Chair

DATE: June, 1997

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

This 1996 Annual Report is presented on behalf of the Commissioners and employees of the Toronto Transit Commission (the "Commission").

The Commission began 1996 eager to chart a steady course for the future. Clearly, severe subsidy cuts and the tragic Russell Hill subway accident in 1995 had set exacting markers.

At the heart of the matter was the need to secure government commitments to the \$1.97 billion 1997-2001 Capital Program and to provide the Coroner's jury, enquiring into the subway accident, with a thorough and critical self-examination.

A detailed, prioritized budget for the State of Good Repair/Safety program and the hiring of new, technically qualified management won the essential, five-year government funding. The Coroner's jury incorporated the 218-item Due Diligence Checklist into its recommendations. Indeed, this checklist has become a pillar in the Commission's plan to put the system into a state of good repair and safety.

In addition, the Commission continued to renew itself ...

- Commission employees rebuilt 200 six- and twelve-year old buses to "good-as-new" status; as each is completed, it is returned to service;
- 32 kilometres of streetcar overhead wire were replaced;
- almost 45,000 feet of track were replaced, to maintain subway safety and reliability;
- new, clear lines of responsibility were established within senior operational management;

... to expand its services ...

- buses equipped with lifts, for people who use wheelchairs, scooters or other mobility aids, were introduced on eleven routes;
- elevators for easier access to the subway were installed at three stations: Union, Bloor/Yonge and Downsview;

... and to grow ...

- the Spadina Subway Extension, 2.25 kilometres from Wilson Station to Downsview Station on Sheppard Avenue at Allen Road, opened for service on March 31, 1996;
- the Exhibition Loop was opened in its new location in June 1996, to service Exhibition Place and the new National Trade Centre; and
- construction continued on the Spadina Light Rail Transit (LRT), which will return streetcar service on Spadina Avenue after an absence of more than 30 years.

And, finally, Metro reconfirmed its funding of the Sheppard Subway Line - Metro's first new subway line since the Spadina line opened in 1978. Construction on Sheppard is underway now.

My sincere thanks go to Vice-Chair Howard Moscoe and Commissioners Blake Kinahan, Case Ootes, Joe Pantalone and to you for your commitment. In the past few days, our dear colleague, Metro Councillor and Commissioner Brian Harrison, has died. We are grateful for his sincere and valued contribution to this Commission and this community. He will be sorely missed.

On behalf of all the Commissioners, I extend our thanks to the Commission management and employees for their efforts throughout a challenging year.

A handwritten signature in cursive script that reads "Paul Christie". The signature is fluid and elegant, with a large initial 'P' and 'C'.

Paul Christie
Chair

Financial Statements of

TORONTO TRANSIT COMMISSION

Year ended December 31, 1996

**Deloitte &
Touche**



METRO

Allan G. Andrews C.A.
Metropolitan Auditor

AUDITORS' REPORT

April 3, 1997 except for Note 14, as to which the date is April 21, 1997

To the Chair and Members of the Toronto Transit Commission

We have audited the balance sheet of the Toronto Transit Commission as at December 31, 1996 and the statements of operations and accumulated equity and 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, 1996 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.

Chartered Accountants
Toronto, Canada

Metropolitan Auditor
Toronto, Canada

TORONTO TRANSIT COMMISSION


Balance Sheet
December 31, 1996


| | 1996 | 1995 |
|--|----------------|----------------|
| | (\$000s) | |
| ASSETS | | |
| Current assets | | |
| Cash and short-term investments | 14,164 | 17,274 |
| Accounts receivable | | |
| The Municipality of Metropolitan Toronto | 94,343 | 90,769 |
| Other | 7,746 | 9,693 |
| Inventories | 38,864 | 32,767 |
| Working funds and prepaid expenses | 5,188 | 4,127 |
| | <u>160,305</u> | <u>154,630</u> |
| Long-term assets | | |
| Investment in subsidiary (note 6) | 13,677 | 18,994 |
| Net capital assets (note 7) | 107,560 | 108,484 |
| | <u>281,542</u> | <u>282,108</u> |

LIABILITIES AND EQUITY

| | | |
|--|----------------|----------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities | 154,066 | 148,909 |
| Deferred passenger revenue | 23,810 | 27,310 |
| Unsettled accident claims (note 9) | 10,800 | 11,600 |
| Employee benefits | 6,375 | 7,000 |
| | <u>195,051</u> | <u>194,819</u> |
| Long-term liabilities | | |
| Employee benefits | 38,450 | 29,410 |
| Unsettled accident claims (note 9) | 21,600 | 19,200 |
| Other | 7,689 | 13,494 |
| | <u>262,790</u> | <u>256,923</u> |
| Accumulated equity | 18,752 | 25,185 |
| | <u>281,542</u> | <u>282,108</u> |

Approved:


Commissioner


Commissioner

TORONTO TRANSIT COMMISSION

Statement of Operations and Accumulated Equity
Year ended December 31, 1996

| | 1996 | 1995 |
|---|----------------|----------------|
| | (\$000s) | |
| Conventional Transit System | | |
| REVENUE | | |
| Passenger services | 491,433 | 435,027 |
| Property rental | 11,215 | 10,785 |
| Advertising | 7,368 | 6,789 |
| Miscellaneous | 4,771 | 4,653 |
| Total revenue | 514,787 | 457,254 |
| EXPENSES | | |
| Wages, salaries and benefits | 520,221 | 515,007 |
| Materials, services and supplies | 82,942 | 69,615 |
| Vehicle fuel | 22,705 | 24,242 |
| Electric traction power | 22,878 | 23,833 |
| Accident claims | 12,979 | 16,396 |
| Depreciation | 12,877 | 13,462 |
| Property taxes | 9,388 | 9,283 |
| Total expenses | 683,990 | 671,838 |
| Net operating costs before write-down | 169,203 | 214,584 |
| Write-down of advances to subsidiary (note 6) | 6,433 | - |
| Net operating costs | 175,636 | 214,584 |
| Wheel-Trans System | | |
| REVENUE | | |
| Passenger services | 1,615 | 1,312 |
| EXPENSES | | |
| Wages, salaries and benefits | 25,523 | 25,599 |
| Materials, services and supplies | 6,758 | 4,799 |
| Contract services | 5,912 | 7,007 |
| Vehicle fuel | 1,236 | 1,190 |
| Accident claims | (195) | 249 |
| Total expenses | 39,234 | 38,844 |
| Net operating costs | 37,619 | 37,532 |
| Total net operating costs | 213,255 | 252,116 |
| Operating subsidies (note 4) | 206,822 | 252,116 |
| Net operating deficit | 6,433 | - |
| Accumulated equity, beginning of year | 25,185 | 25,185 |
| Accumulated equity, end of year | 18,752 | 25,185 |

TORONTO TRANSIT COMMISSION

Statement of Changes in Financial Position
Year ended December 31, 1996

| | 1996 | 1995 |
|--|---------------|---------------|
| | (\$000s) | |
| CASH (USED IN) GENERATED BY OPERATIONS | | |
| Total net operating costs | (213,255) | (252,116) |
| Items not affecting cash and short-term investments: | | |
| Depreciation | 12,877 | 13,462 |
| Unsettled accident claims | 2,400 | 4,300 |
| Long-term employee benefits | 9,040 | 960 |
| Other long-term liabilities | (5,805) | 4,215 |
| Accrued interest on advances to subsidiary | (1,116) | (1,427) |
| Write-down of advances to subsidiary | 6,433 | - |
| | (189,426) | 230,606 |
| Changes in non-cash operating working capital | (8,554) | (9,803) |
| | (197,980) | (240,409) |
| CASH (USED IN) INVESTMENT ACTIVITIES | | |
| Capital asset acquisitions (net of disposals) | (329,055) | (219,019) |
| CASH GENERATED BY (USED IN) FINANCING ACTIVITIES | | |
| Operating subsidies: | | |
| Conventional transit system | 169,203 | 214,584 |
| Wheel-Trans system | 37,619 | 37,532 |
| Capital subsidies | 317,103 | 210,480 |
| Debenture debt repayment | - | (1,272) |
| | 523,925 | 461,324 |
| (Decrease) Increase in cash and short-term investments during year | (3,110) | 1,896 |
| Cash and short-term investments, beginning of year | 17,274 | 15,378 |
| Cash and short-term investments, end of year | 14,164 | 17,274 |

TORONTO TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 1996

1. NATURE OF OPERATIONS

The Toronto Transit Commission (the "Commission") was established on January 1, 1954 to provide conventional transit service for the municipalities comprising The Municipality of Metropolitan Toronto ("Metro"). The Commission is dependent on Metro and the Province of Ontario (the "Province") for both operating and capital subsidies. The Commission also operates Wheel-Trans, a transit service for people with disabilities, which is also subsidized by Metro and the Province (notes 4 and 5). The Commission is not subject to income and capital taxes and receives exemption from certain property taxes.

These financial statements include the operations of Toronto Transit Consultants Limited ("TTCL"). However, they do not include the operations of Metropolitan Toronto Coach Terminal Inc. ("MTCTI" - note 6) and its subsidiary, TTC Insurance Company Limited (the "Insurance Co." - note 9). Financial statements for these entities are published separately.

2. 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) Management's Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Passenger Revenue

Revenue is recognized when cash, tickets and tokens are used by the passenger. Revenue from passes is recognized in the period in which the passes are valid.

(c) Inventories

Inventories are valued at cost, as determined on an average basis.

(d) Investment in subsidiary

The investment in MTCTI is carried at cost. Dividends are recorded as revenue when received.

(e) Capital Assets and Depreciation

Capital assets are recorded at cost less capital contributions. Depreciation is calculated using the straight-line method, based on the estimated useful lives of major assets, as follows:

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 2

Year ended December 31, 1996

| Asset | Years |
|---------------------------|-------|
| Subway | 20-65 |
| Rolling stock | 20-30 |
| Buses | 8-18 |
| Buildings | 12-40 |
| Other equipment | 3-25 |
| Trackwork | 10-25 |
| Power distribution system | 25-30 |

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

(f) Unsettled Accident Claims

The Commission has a self-insurance program for automobile and general liability claims (see note 9). When the claims are reported, the case reserves are initially estimated on an individual basis by adjusters and lawyers employed by the Commission. Salvage proceeds and amounts recoverable from third parties are reflected as reductions to case reserves, where applicable. Provision has been made on a present value basis for claims incurred, claims incurred-but-not-reported and for internal and external adjustment expenses.

(g) Employment and Post-Employment Benefits

(i) Employee related costs for medical, dental, life insurance, long-term disability benefits and Workers' Compensation obligations are partially provided for in these financial statements.

(ii) Employee related costs for retiree benefits are expensed when payments are made. No provision has been made for the future liability of such benefits.

(h) Environmental Provision

The Commission includes in its liabilities a provision for the cost of compliance with environmental legislation. Those costs that can be reasonably determined have been accrued.

3. FINANCIAL INSTRUMENTS

The main categories of financial instruments held by the Commission are cash and short-term investments, accounts receivable, working funds, accounts payable and accrued liabilities, unsettled accident claims, employee benefits and other long-term liabilities. With respect to those working capital items mentioned above, their fair values approximate their book values.

The receivable from Metro includes the offset of certain payables to Metro, including a \$13.6 million loan due on demand, with accrued interest at prime. The fair value of this loan approximates its recorded book value of \$19.1 million (1995 - \$18.0 million).

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 3

Year ended December 31, 1996

The fair value of the Commission's liability for unsettled accident claims approximates its actuarially determined discounted value. This amount is equal to the book value of \$32.4 million (1995 - \$30.8 million). The fair value of the Commission's liabilities for long-term disability and workers' compensation employee benefits approximate their book values, calculated as the discounted value of future payments for existing claims and estimates of claims incurred-but-not-reported. The fair values of the other liabilities (primarily environmental) approximate their undiscounted book values.

The estimates of fair values for each of the above mentioned liabilities have been calculated independently, resulting in the application of discount factors in the range of 4 to 6%.

4. OPERATING SUBSIDIES

(a) Conventional transit

Under the traditional "Users' Fair Share" formula, the Commission establishes its fares each year to cover 68% of total estimated operating expenses (as defined for provincial subsidy purposes). Metro provides an operating subsidy equal to the remaining expenses. Metro 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 Metro and the Province.

However, over the past several years, funding from both Metro and the Province has been set independently. For 1996, operating subsidies totalled \$169.2 million (1995 \$214.6 million). Accordingly, total operating expenses have been funded as follows:

| | 1996 | 1995 |
|---|---------|----------|
| | | (\$000s) |
| Conventional System Operating Expenses | 690,423 | 671,838 |
| Financed from: | | |
| TTC Revenue | 514,787 | 457,254 |
| TTC Accumulated equity | 6,433 | - |
| Metro | 79,203 | 111,016 |
| Provincial subsidy | 90,000 | 103,568 |

(b) Wheel-Trans

Metro undertakes in its budget to provide an operating subsidy equal to the net operating costs for Wheel-Trans and in turn receives a 50% contribution from the Province. The operating expenses have been funded as follows:

| | 1996 | 1995 |
|---------------------------------------|--------|----------|
| | | (\$000s) |
| Wheel-Trans Operating Expenses | 39,234 | 38,844 |
| Financed from: | | |
| TTC Revenue | 1,615 | 1,312 |
| Metro | 19,160 | 18,720 |
| Provincial subsidy | 18,459 | 18,812 |

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 4

Year ended December 31, 1996

5. CAPITAL SUBSIDIES

The current bases for capital contributions are outlined below.

(a) Conventional transit

Until 1996, the Commission received a 100% subsidy from Metro for subway, light-rail additions and improvements and certain other capital works projects. Metro then recovered 75% of the subsidy from the Province. The Commission also received a 75% subsidy from Metro for most of its other capital asset additions. Metro in turn recovered the subsidy from the Province.

On October 4, 1996, the TTC Capital Subsidy Agreement was executed between the Province, Metro and the Commission. The Agreement establishes the subsidy rates and rules governing the provincial share of capital contributions for the period January 1, 1996 to December 31, 2000. While the Commission will continue to receive a 100% subsidy from Metro for most capital projects, Metro will be required to contribute a larger portion of the subsidy. In general, committed projects will receive a 75% subsidy from the Province through to completion. New projects will receive a reduced provincial subsidy of 50%. Metro will recover these subsidies from the Province and will be required to contribute the remainder.

(b) Wheel-Trans

The Commission receives a 100% subsidy from Metro for capital expenditures incurred by Wheel-Trans. Metro then recovers 50% of the subsidy for most assets from the Province.

6. INVESTMENT IN SUBSIDIARY

MTCTI owns and operates an inter-city coach terminal located in Metropolitan Toronto. The investment in MTCTI consists of:

| | 1996 | 1995 |
|--|--------|----------|
| | | (\$000s) |
| Investment | 1,000 | 1,000 |
| Advances, including interest at prime rate | 12,677 | 17,994 |
| | 13,677 | 18,994 |

As a result of an appraisal of the market value of MTCTI properties during the year, the Commission provided for a decline in the value of the advances in the amount of \$6,433,000.

The Commission's statement of operations and accumulated equity includes accrued interest income from MTCTI of \$1.1 million (1995 - \$1.4 million) and a charge to MTCTI of \$0.8 million (1995 - \$0.9 million) for rental of property and equipment, use of joint facilities and administrative services. At December 31, the Commission had a receivable from MTCTI of approximately \$407,000 (1995 - \$267,000).

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 5

Year ended December 31, 1996

7. NET CAPITAL ASSETS

The net capital assets of the Commission are as follows:

| | 1996 | 1995 |
|-------------------------------|-------------|-------------|
| | | (\$000s) |
| Subway | 861,316 | 856,932 |
| Rolling stock | 779,381 | 584,371 |
| Construction in progress | 555,644 | 546,700 |
| Buses | 370,055 | 294,613 |
| Buildings | 257,491 | 256,369 |
| Other equipment | 231,879 | 221,416 |
| Trackwork | 196,662 | 183,280 |
| Power distribution system | 88,976 | 86,450 |
| Land | 12,250 | 12,251 |
| | 3,353,654 | 3,042,382 |
| Less capital contributions | (3,055,914) | (2,738,810) |
| | 297,740 | 303,572 |
| Less accumulated depreciation | (190,180) | (195,088) |
| Net capital assets | 107,560 | 108,484 |

8. RAPID TRANSIT EXPANSION PROGRAM CONSTRUCTION DEFERRALS

In 1994, the Commission commenced a project to design and construct the Eglinton West Subway line, as part of the Rapid Transit Expansion Program. In July 1995, the Province indicated that it was withdrawing further subsidy funding for this construction but that funding could be available at a future date. Accordingly, the completion of construction and related work on this project was deferred. At December 31, 1996 accumulated costs of \$82.3 million have been recorded in the accounts and offset by an equal amount of related subsidy. These costs, which had no future value, include \$16.4 million incurred in 1996 for construction, site restoration and contract cancellation, as well as other costs which had been charged to operations in 1995. The Province has committed to provide its normal subsidy of 75% for expenditures, legal obligations and the cost of remedial work as a result of the deferral. The balance of these costs is funded by Metro.

Following the Province's withdrawal of Rapid Transit Expansion Program funding, the Commission has deferred work on other Rapid Transit Expansion Program projects, namely the Yonge-Spadina loop, Bloor-Danforth westerly extension, Waterfront Light Rail Transit westerly extension and Scarborough Rapid Transit extension. These projects had been initiated and had proceeded through various levels of Environmental Assessment but all have been deferred. Similarly, the costs associated with these projects have been charged to operations and offset by an equal amount of related subsidy. At December 31, 1996, \$25.9 million in costs have been recorded, comprising \$13.0 million for the Yonge-Spadina loop, \$1.6 million for the Bloor-Danforth extension, \$3.1 million for the Waterfront extension and \$8.2 million for the Scarborough Rapid Transit extension.

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 6

Year ended December 31, 1996

9. UNSETTLED ACCIDENT CLAIMS

The Insurance Co. was established in 1994 in order to provide insurance coverage for compulsory automobile personal injury and accident benefit claims for the Commission and MTCTI. The Commission has purchased insurance to cover claims in excess of \$5,000,000 on any one accident.

The Commission must reimburse Insurance Co. for all costs. At December 31, the unsettled accident claims liability includes, on a present value basis, a payable to Insurance Co. to reimburse it for all automobile claims incurred. This payable is covered by an indemnity agreement between the Commission and Insurance Co. and is guaranteed by Metro.

10. PENSION PLAN

The Commission maintains a multi-employer, defined benefit/defined contribution pension plan that covers substantially all employees of the Commission. It is operated by the Toronto Transit Commission Pension Fund Society (the "Society"). The Society provides pensions to members based on the length of service and average base year (pensionable) earnings. The base years, as defined in the plan, are updated from time to time provided the financial position of the Society so permits. The members and the Commission contribute 6.25% of covered earnings up to the Canada Pension Plan maximum pensionable earnings (\$35,400 for 1996). The members and the Commission then contribute 7.85% of covered earnings in excess of this amount. The contributions by the Commission amounted to \$31.7 million in 1996 (1995 - \$32.3 million).

Based on the latest actuarial reports as at January 1, 1996 and January 1, 1995, the Society's records indicated an unfunded actuarial liability, as follows:

| | Jan 1/96 | Jan 1/95 |
|------------------------------|-----------|-----------|
| | | (\$000s) |
| Pension obligations | 1,563,457 | 1,456,230 |
| Actuarial value of assets | 1,485,085 | 1,345,857 |
| Unfunded actuarial liability | 78,372 | 110,373 |

Total contributions to the Society meet the minimum funding requirements in accordance with pension legislation and provide for the amortization of unfunded liabilities over 15 years.

11. EMPLOYMENT AND POST-EMPLOYMENT BENEFITS

- (a) The Commission provides medical, dental, life insurance and long-term disability benefits to employees. The Commission also provides limited medical benefits to retirees.

According to actuarial valuations as at January 1, 1996, the estimated present value of post-employment and post-retirement benefits for employees and retirees has been determined to be \$32,480,000 and \$12,600,000 respectively.

An amount of \$22,200,000 has been provided in the financial statements for the post-employment benefits. No provision has been made for the post-retirement benefits.

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 7

Year ended December 31, 1996

- (b) Under the Workers' Compensation Act, the Commission follows a policy of self-insurance for its employees.

According to the latest actuarial valuation conducted as of January 1, 1996, the estimated present value of the liability for active claims that occurred prior to that date has been determined to be \$37,530,000. This amount includes the liability for existing pensions, future awards on existing claims and administrative expenses. An amount of \$21,000,000 has been provided in the financial statements for this liability.

12. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of its operations, the Commission and its subsidiaries are subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, management believes that the ultimate disposition of these matters will not materially exceed the amounts recorded in the accounts.
- (b) The Commission is committed to purchase 216 subway cars, at a total estimated contract cost of \$551 million. At December 31, progress payments of \$199 million have been made and the Commission has accepted delivery of 18 cars.
- (c) The Commission has contracts for the construction of various capital projects. At December 31, these contractual commitments are approximately \$259,430,000.
- (d) The Commission is committed to purchase 100 natural gas buses (50 conventional floor and 50 low floor) at a total estimated contract cost of \$45 million. At December 31, progress payments of \$23 million have been made and 48 conventional floor buses have been received.
- (e) The Commission leases certain premises under operating lease agreements. The future minimum lease commitments are as follows:

| | |
|------------|-------------|
| 1997 | \$5,400,000 |
| 1998 | 5,400,000 |
| 1999 | 5,600,000 |
| 2000 | 5,100,000 |
| 2001 | 4,300,000 |
| thereafter | 18,600,000 |

13. COMPARATIVES

Certain comparative figures have been reclassified to conform with the presentation adopted in 1996.

TORONTO TRANSIT COMMISSION

Notes to Financial Statements, page 8

Year ended December 31, 1996

14. SUBSEQUENT EVENT

On April 21, 1997 the Province of Ontario passed legislation to amalgamate on January 1, 1998 The Municipality of Metropolitan Toronto and the six area municipalities within Metropolitan Toronto by incorporating a new municipality to be known as the City of Toronto. This legislation also will dissolve all existing local agencies, boards and commissions of the existing municipalities, including the Commission, on December 31, 1997.

It is anticipated that further legislation dealing with the future of the Commission and the delivery of public transportation will be enacted prior to January 1, 1998. Both the Commission and Metro Council unanimously endorsed in principle the continuation of the Commission as a local board of the new City of Toronto.

Salary Disclosure - 1996

The Public Sector Salary Disclosure Act, 1996 requires the disclosure in the annual report of the salary and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year.

The following is a list of those employees for the year 1996:

| NAME | POSITION | SALARY PAID | BENEFITS |
|----------------------|--|--------------------|-----------------|
| Warren H. Bartram | General Superinten. - Track & Structure | 100,559.72 | 3,252.84 |
| Michael S. Blake | Chief Project Manager - Capital Program | 104,764.21 | 3,252.84 |
| William D. Brown | Manager - Vehicle Engineering | 100,664.49 | 3,252.84 |
| Dennis R. Callan | General Manager - Engineering & Constr. | 129,671.88 | 13,806.72 |
| John D. Cannell | Manager - Pension Fund Society | 100,936.65 | 3,252.84 |
| David E. Chalmers | Chief Information Officer | 101,883.26 | 12,843.89 |
| Allen J. Chocorlan | Manager - Materials and Procurement | 100,956.45 | 3,252.84 |
| Rick Cornacchia | Asst. General Manager - Surface Ops | 101,363.62 | 3,252.84 |
| Kathryn Dean | Manager - Training & Quality Assurance | 100,713.36 | 3,252.84 |
| Arnold S. Dubé | General Secretary/Gen. Manager - Exec. | 104,088.65 | 3,978.10 |
| William G. Frost | Manager - Support Services | 100,705.23 | 3,252.84 |
| Robert A. Gillam | Asst. Manager - Data Centre & Comms. | 103,818.54 | 75.72 |
| David L. Gunn | Chief General Manager | 144,365.74 | 14,806.92 |
| David W. R. Hammond | General Counsel | 112,049.93 | 3,252.84 |
| Lynn I. Hilborn | Executive Director - Corporate Affairs | 100,945.95 | 3,252.84 |
| Brian M. Leck | Associate General Counsel | 101,015.85 | 3,252.84 |
| Douglas W. Mair | Senior Project Manager | 113,856.08 | 75.72 |
| Ronald D. McLaughlin | Manager - Marketing and Public Affairs | 108,082.24 | 3,252.84 |
| Nelson Melnyck | Planning/Agency Co-ordinator | 102,666.66 | 75.72 |
| Dr. Juri Pill | General Manager - Administration | 130,318.31 | 13,806.72 |
| James H. Ralston | General Superinten. - Bus Transportation | 100,559.72 | 3,252.84 |
| Vincent Rodo | General Secretary/Gen. Manager - Exec. | 105,362.62 | 10,768.49 |
| Bud L. Simpson | Asst. General Manager - Subway Ops. | 110,265.86 | 3,252.84 |
| Gary M. Webster | General Manager - Operations | 107,303.62 | 10,033.13 |

TORONTO TRANSIT COMMISSION
Conventional System
10-Year Financial and Operating Statistics

| | 1996 | 1995 | 1994 |
|---|--------------|--------------------|--------------------|
| OPERATING STATISTICS | | | |
| <i>(regular service inside Metro)</i> | | | |
| Passenger Trips (Millions) | 372.4 | 388.2 | 388.3 |
| Basic Adult Ticket Fare (at December 31) (\$) | 1.60 | 1.50 | 1.30 |
| Average Number of Employees (including MTCTI) | 9,129 | 9,459 | 9,621 |
| Average Hourly Wages & Benefits per Operator (\$) | 29.72 | 28.25 ³ | 28.08 ³ |
| Kilometres Operated (Millions) | | | |
| Bus | 93.7 | 100.9 | 100.5 |
| Subway Car | 63.9 | 62.8 | 63.8 |
| Streetcar | 10.9 | 11.1 | 11.2 |
| Trolley Coach | 0.0 | 0.0 | 0.0 |
| Scarborough RT | 3.6 | 3.7 | 3.6 |
| Total Kilometres Operated | 172.1 | 178.5 | 179.1 |

OPERATING REVENUE STATISTICS

| | | | |
|---|-------|-------|-------|
| Operating Revenue - including property rental, etc. (\$ Millions) | 514.8 | 457.3 | 444.8 |
| Operating Revenue per Passenger Trip (\$) | 1.38 | 1.18 | 1.15 |
| Operating Revenue per Kilometre (\$) | 2.99 | 2.56 | 2.48 |
| Operating Revenue per Employee (\$ Thousands) | 56.4 | 48.3 | 46.2 |

OPERATING EXPENSE STATISTICS

| | | | |
|---|-------|-------|-------|
| Operating Expenses (\$ Millions) | 684.0 | 671.8 | 671.9 |
| Operating Expense per Passenger Trip (\$) | 1.84 | 1.73 | 1.73 |
| Operating Expense per Kilometre (\$) | 3.97 | 3.76 | 3.75 |
| Operating Expense per Employee (\$ Thousands) | 74.9 | 71.0 | 69.8 |

OPERATING SUBSIDY STATISTICS

| | | | |
|---|--------------------|--------------------|-------|
| Operating Subsidy (\$ Millions) | 169.2 ⁵ | 214.6 ⁴ | 207.1 |
| Operating Subsidy per Passenger Trip (\$) | 0.45 | 0.55 | 0.53 |
| Operating Subsidy per Kilometre (\$) | 0.98 | 1.20 | 1.16 |
| Operating Subsidy per Employee (\$ Thousands) | 18.5 | 22.7 | 21.5 |

REVENUE/COST RATIO

| | | | |
|--|-------|-------|-------|
| <i>(for eligible revenue & expenses)</i> | 75.7% | 69.3% | 69.4% |
|--|-------|-------|-------|

CAPITAL ASSETS (Conventional & Wheel-Trans)

| | | | |
|---|--------------|--------------|--------------|
| Investment in Capital Assets at December 31 (\$ Millions) | | | |
| Gross Investment (before contributions & depreciation) | 3,353.6 | 3,042.4 | 2,830.6 |
| Metro & Provincial Contributions | (3,055.9) | (2,738.8) | (2,532.9) |
| TTC Investment (before depreciation) | 297.7 | 303.6 | 297.7 |

PASSENGER VEHICLE FLEET

(Conventional & Wheel-Trans, owned or leased and in service December 31)

| | | | |
|----------------------------|--------------|--------------|--------------|
| Buses | 1,701 | 1,542 | 1,564 |
| Subway Cars | 640 | 622 | 622 |
| Streetcars | 248 | 248 | 267 |
| Trolley Coaches | 0 | 0 | 0 |
| Scarborough RT Cars | 28 | 28 | 28 |
| Wheel-Trans Buses | 140 | 140 | 140 |
| Total Vehicle Fleet | 2,757 | 2,580 | 2,621 |

Notes:

1. 1991 revenue does not include a \$48 million dividend from Metropolitan Toronto Coach Terminal Inc.
2. 1992 and 1993 revenue does not include draws from the Transit Improvement Reserve Fund.

| | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 |
|--|--------------------|--------------------|--------------------|-----------|-----------|-----------|-----------|
| | 393.5 | 404.3 | 424.2 | 459.2 | 450.7 | 463.5 | 456.9 |
| | 1.30 | 1.30 | 1.07 | 1.00 | 0.94 | 0.88 | 0.83 |
| | 9,717 | 10,051 | 10,218 | 10,351 | 10,176 | 9,963 | 9,734 |
| | 28.75 | 28.30 | 26.59 | 24.99 | 23.24 | 21.63 | 20.58 |
| | 99.0 | 102.1 | 98.8 | 101.9 | 98.1 | 100.1 | 97.6 |
| | 63.6 | 65.1 | 67.8 | 70.9 | 70.4 | 72.2 | 72.9 |
| | 11.5 | 12.0 | 12.7 | 13.1 | 13.1 | 13.9 | 14.2 |
| | 0.7 | 0.5 | 4.8 | 5.4 | 5.0 | 5.3 | 5.7 |
| | 3.7 | 3.5 | 3.3 | 3.3 | 3.2 | 2.3 | 2.6 |
| | 178.5 | 183.2 | 187.4 | 194.6 | 189.8 | 193.8 | 193.0 |
| | 447.0 ² | 446.4 ² | 430.7 ¹ | 440.4 | 401.7 | 381.5 | 357.7 |
| | 1.14 | 1.10 | 1.02 | 0.96 | 0.89 | 0.82 | 0.78 |
| | 2.50 | 2.44 | 2.30 | 2.26 | 2.12 | 1.97 | 1.85 |
| | 46.0 | 44.4 | 42.2 | 42.5 | 39.5 | 38.3 | 36.7 |
| | 681.1 | 691.0 | 662.6 | 628.3 | 561.5 | 531.9 | 494.5 |
| | 1.73 | 1.71 | 1.56 | 1.37 | 1.25 | 1.15 | 1.08 |
| | 3.82 | 3.77 | 3.54 | 3.23 | 2.96 | 2.74 | 2.56 |
| | 70.1 | 68.7 | 64.8 | 60.7 | 55.2 | 53.4 | 50.8 |
| | 234.1 | 244.6 | 231.9 | 187.9 | 159.8 | 150.4 | 136.8 |
| | 0.60 | 0.61 | 0.55 | 0.41 | 0.36 | 0.32 | 0.30 |
| | 1.31 | 1.34 | 1.24 | 0.97 | 0.84 | 0.78 | 0.71 |
| | 24.1 | 24.3 | 22.7 | 18.2 | 15.7 | 15.1 | 14.1 |
| | 65.7% | 66.2% | 65.3% | 67.4% | 69.2% | 69.5% | 70.0% |
| | 2,605.5 | 2,445.3 | 2,305.8 | 2,188.7 | 2,089.2 | 1,986.3 | 1,856.4 |
| | (2,317.0) | (2,161.5) | (2,047.7) | (1,931.5) | (1,841.2) | (1,745.2) | (1,619.5) |
| | 288.5 | 283.8 | 258.1 | 257.2 | 248.0 | 241.1 | 236.9 |
| | 1,564 | 1,592 | 1,677 | 1,744 | 1,687 | 1,648 | 1,570 |
| | 622 | 622 | 622 | 622 | 629 | 645 | 655 |
| | 267 | 267 | 265 | 270 | 300 | 290 | 282 |
| | 0 | 40 | 120 | 139 | 139 | 139 | 139 |
| | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| | 141 | 140 | 124 | 123 | 123 | 123 | 69 |
| | 2,622 | 2,689 | 2,836 | 2,926 | 2,906 | 2,873 | 2,743 |

3. The lower average hourly wages & benefits for Operators in 1994 and 1995 relate to the Social Contract savings.

4. The Metro subsidy of \$110.0 million includes \$10.2 million from the Transit Improvement Reserve Fund and \$7.5 million from the Metro Contingency Account.

5. 1996 net operating costs were partially funded by \$6.4 million from the Commission's accumulated equity, while the Metro subsidy of \$79.2 million includes \$2.5 million from the Metro Contingency Account.

Management Directory - 1996

OFFICERS AND SENIOR OFFICIALS

David L. Gunn

Chief General Manager

Dennis R. Callan

General Manager
Engineering & Construction

Rick Comacchia

Assistant General Manager
Surface Operations

David W. R. Hammond

General Counsel

Lynn I. Hilborn

Executive Director
Corporate Affairs

Dr. Juri Pill

General Manager
Administration

Vincent Rodo

General Secretary/
General Manager
Executive

Bud L. Simpson

Assistant General Manager
Subway Operations

Gary M. Webster

General Manager
Operations

DEPARTMENT HEADS

Robert Allan

General Superintendent
Streetcars

Warren H. Bartram

General Superintendent
Track and Structure

Dick G. Beecroft

Chief Auditor

Bert Benyo

Chief Financial Officer

Michael S. Blake

Chief Project Manager
Capital Program

Robert Boutillier

General Superintendent
Bus Maintenance & Shops

William D. Brown

Manager
Vehicle Engineering

Susan E. Cade

Manager (Acting)
Marketing and Public Affairs

John D. Cannell

Manager
Pension Fund Society

David E. Chalmers

Chief Information Officer

Allen J. Chocorlan

Manager
Materials and Procurement

Judi L. Cohen

Superintendent
Property Management

William Crosbie

General Superintendent
Signals/Electrical/
Communications

Kathryn Dean

Manager
Training and Quality
Assurance

Lori Findleton

Manager
Human Resources

William G. Frost

Manager
Support Services

Ralph Laviolette

Manager
Project Services

Don Leger

General Superintendent
Plant Maintenance

William P. MacDiarmid

General Superintendent
Subway Transportation

Pamela J. McCombe

Senior Manager
Safety

Paul Millett

General Superintendent
Rail Cars and Shops

James H. Ralston

General Superintendent
Bus Transportation

John A. Sepulis

Chief Project Manager
RTEP

I. Mitchell Stambler

Manager
Service Planning

Robert J. Thacker

General Superintendent
Wheel-Trans

Michael J. Walker

Manager
Corporate Security

SUBSIDIARY COMPANIES

Metropolitan Toronto Coach
Terminal Inc.

David L. Gunn
President

Toronto Transit Consultants
Limited

Vincent Rodo
Treasurer

TTC Insurance Company
Limited

Vincent Rodo
President

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