

TORONTO
TRANSIT
COMMISSION

ANNUAL
REPORT
1967

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TRANSIT
COMMISSION

ANNUAL
REPORT
TO
THE
MUNICIPALITY
OF
METROPOLITAN
TORONTO

1967

RALPH C. DAY



FORD G. BRAND



J. T. FISHER



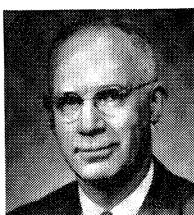
D. F. HAMILTON



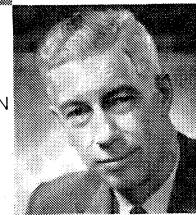
D. C. SMYTH



J. G. INGLIS



W. H. PATERSON



H. E. PETTETT



TORONTO TRANSIT COMMISSION

COMMISSIONERS

RALPH C. DAY, Chairman

FORD G. BRAND, Vice-Chairman

J. T. FISHER, Commissioner

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J. H. KEARNS, Assistant General Manager of Operations

D. A. ELLIOTT, Q.C., General Counsel

L. O. MORLEY, Treasurer



Wm. R. Allen, Esq., Q.C., Chairman
And Members of the Council of
The Municipality of Metropolitan Toronto
City Hall,
TORONTO 1.

Ladies and Gentlemen:

ANNUAL REPORT — 1967

The year 1967 was a satisfactory one for the transit system and its passengers. Riding during the year increased by 7,264,556 over 1966 to a total of 314,413,486, the second highest passenger traffic volume in the 46-year history of the Commission. This was the sixth consecutive year that riding on the system has increased. Almost 47 million more riders were carried in 1967 than in 1961. Since the upward trend began in 1962, there has been an average annual increase of 7.8 million passengers.

Expansion of service in Metropolitan Toronto's suburban Boroughs continued at a good pace. Miles of passenger service in suburban areas reached an all-time high of 16,964,516, an increase of 1,201,811 miles over the previous year. This service expansion resulted in an increase of over 6 million fares collected in the outer zone.

Financially, too, the year 1967 was a satisfactory one. Although operating expenses rose by \$5,050,350, reflecting increasing wage and material costs, revenue exceeded expenses by \$2,412,481. This compares with a net loss of \$975,156 in 1966.

The Commission's improved financial position is the result of increased riding and the fare increase which was introduced on March 25, 1967. An increase of more than 7 million riders in 1967 despite higher fares is in direct contrast to the experience of most other Canadian and U.S. transit systems, where a rise in fares almost invariably has been followed by a loss of passengers. The Commission's continuing effort to extend and improve service in new areas has won new customers for transit and has successfully countered the effect of passenger resistance to increased fares.

It must be clearly stated, however, that the transit fare cannot be permitted to go beyond a price considered reasonable by the riders for the service received. The Commission is gravely concerned about rapidly rising costs of operation. Although passenger traffic is expected to continue to increase in 1968, a slower rate of growth is anticipated, and the resulting increase in revenue will not keep pace with rising costs, most of which are beyond the control of the Commission. For example, the Commission faces increases in debenture interest and depreciation charges as a result of the opening of the Bloor-Danforth Subway extensions as well as increases in electric power costs, automotive fuel taxes, and steadily rising prices for almost all other materials purchased.

In addition, collective agreements with the three labour unions representing Commission employees expire in 1968. Under existing economic conditions, renewal of these agreements will result in additional labour costs to the Commission. The Commission is aware of its responsibility to maintain good wages and working conditions for its employees, but it is equally aware of its responsibility to the riders of the system to keep transit fares at a level which will not result in a decline in riding and a consequent reduction in transit service.

The following pages show detailed financial and operating results for the year 1967.

FINANCIAL RESULTS

Operations for 1967 resulted in net earnings of \$2,412,481 compared with a loss of \$975,156 in 1966. Labour rates and material prices continued to rise sharply in 1967 and total expenses of \$60,093,797 were \$5,507,827 or 10% higher than the 1966 total. A new fare structure, as described later in this report, was introduced on March 25, 1967 to meet the increased expenses.

The following is a summary of the results for 1967 in comparison with 1966:

	1967	1966	Increase (Decrease)
Gross revenue	\$62,506,278	\$53,610,814	\$8,895,464
Operating expenses			
including depreciation	56,987,611	51,937,261	5,050,350
	\$ 5,518,667	\$ 1,673,553	\$3,845,114
Debenture interest and			
discount expense	3,106,186	2,648,709	457,477
Net earnings (loss)	\$ 2,412,481	\$ (975,156)	\$3,387,637

Total revenue miles operated in 1967 declined by nearly 1%, as shown in the following table:

Miles operated:

Motor buses	28,287,282	26,635,951	1,651,331
Subway	16,417,656	17,806,316	(1,388,660)
Street car	13,792,939	14,612,818	(819,879)
Trolley Bus	3,940,400	3,971,315	(30,915)
Zone-fare system	62,438,277	63,026,400	(588,123)
Charter and			
special services	849,816	857,883	(8,067)
Total	63,288,093	63,884,283	(596,190)

The increase of 1,651,331 (6.2%) in motor bus miles reflects the continued expansion of bus services, particularly on suburban routes. This increase was offset by a decrease in subway miles resulting from the change from integrated to separate operation on the Yonge-University and Bloor-Danforth routes, and by a decrease in street car miles. This resulted from elimination of street car service between Keel and Woodbine on the Bloor-Danforth route and on certain connecting routes when the Bloor-Danforth subway opened.

Revenue passengers increased from 307,148,930 in 1966 to 314,413,486 in 1967, a gain of 2.4%. The number of revenue passengers has increased each year since 1961.

STATEMENT OF EARNINGS

Gross revenue was made up as follows:

	1967	1966	Increase
Passenger service	\$60,411,243	\$51,659,378	\$8,751,865
Other sources	<u>2,095,035</u>	<u>1,951,436</u>	<u>143,599</u>
	<u><u>\$62,506,278</u></u>	<u><u>\$53,610,814</u></u>	<u><u>\$8,895,464</u></u>

Revenue from passenger services in 1967 was 16.9% higher than in 1966 and was 96.6% of total revenue. Most of the increase resulted from the increases in fares on March 25, 1967, which were as follows:

Tickets and Tokens	Old Fare	New Fare Effective March 25, 1967		% Increase
			%	
ADULT —				
Basic 1-zone fare	6 for \$1.00	5 for \$1.00	20	
Ticket books	18 for 3.00	15 for 3.00	20	
2-zone fare	4 for 1.25	6 for 2.00	6.66	
CHILD —				
1-zone fare	4 for .25	4 for .30	20	
SCHOLAR —				
1 or 2-zone ride between 6:30 a.m. and 4:30 p.m.	9 for 1.00	*10 for 1.25	12.5	
CASH FARE —				
Adult 1-zone fare	20¢	25¢	25	
Child 1-zone fare	10	10	—	

*Effective September 1, 1967

Corresponding adjustments were made to fares for travel in Zones 3 and 4.

Revenue from other sources included rental of land, air rights and subway concessions, rental of advertising space, interest earned and dividend from Gray Coach Lines, Limited.

Increases occurred in all categories of expenses in 1967 as shown in the following table:

	1967	1966	Increase	%
Wages, salaries and other employee costs	\$38,566,249	\$35,130,954	\$3,435,295	9.8
Electric traction power purchased	2,422,370	2,388,458	33,912	1.4
Automotive fuel, including provincial taxes \$1,173,304 (1966 - \$1,085,845)	1,950,129	1,800,750	149,379	8.3
Vehicle and other licences ...	183,486	173,815	9,671	5.6
Municipal taxes	1,970,671	1,677,893	292,778	17.4
Public Liability and property damage costs	778,832	691,293	87,539	12.7
Depreciation	6,190,674	5,463,351	727,323	13.3
Other expenses including cost of repair and maintenance materials	4,925,200	4,610,747	314,453	6.8
Debenture interest and discount expense	<u>\$56,987,611</u>	<u>\$51,937,261</u>	<u>\$5,050,350</u>	<u>9.7</u>
	<u><u>3,106,186</u></u>	<u><u>2,648,709</u></u>	<u><u>457,477</u></u>	<u><u>17.3</u></u>
	<u><u>\$60,093,797</u></u>	<u><u>\$54,585,970</u></u>	<u><u>\$5,507,827</u></u>	<u><u>10.1</u></u>

Wages, salaries and other employee costs increased by 9.8% in 1967 and accounted for 64.2% of total expenses. The large increases in municipal taxes,

depreciation and debenture interest may be attributed mainly to a full year's operation of the Bloor-Danforth subway compared with ten months in 1966. In June, 1967 the Provincial government enacted legislation at the request of The Municipality of Metropolitan Toronto which exempts the Commission from municipal taxes on properties used for rapid transit purposes with effect from January 1, 1968. This exemption will reduce 1968 municipal taxes by approximately \$940,000.

BALANCE SHEET

Total assets of the Commission at December 31, 1967 are shown in the balance sheet at \$117,250,723 after deducting accumulated depreciation and capital contributions towards subway construction costs received from The Municipality of Metropolitan Toronto. This is an increase of \$7,744,452 over the 1966 total.

CURRENT ASSETS AND LIABILITIES

Current assets were \$1,426,255 lower at the close of 1967 than at December 31, 1966 due to expenditure of current funds on construction of subway extensions. Current liabilities were \$172,992 higher than at the end of 1966, and, therefore, the change in the working capital position in 1967 was \$1,599,247. The factors accounting for this change are shown in the Statement of Source and Application of Funds which is included in the financial statement section of this report.

INVESTMENTS

Mortgages on property sold and other long-term receivables increased by \$167,738 in 1967. The increase resulted from the acquisition of five new mortgages through sale of properties no longer required for operations and an agreement with the Parking Authority of Toronto whereby it undertook to reimburse the Commission for the cost of construction of the Keele Station Parking Lot over a period of ten years.

CAPITAL ASSETS

The Commission's investment in capital assets at December 31, 1967, after deducting accumulated depreciation, was \$108,583,307. This is an increase of \$8,877,818 over the 1966 figure.

It may be noted that at December 31, 1967 the cost to the Commission of Subway assets, including those under construction, totalled \$98,373,854 and exceeded the cost of \$95,549,216 for all other capital assets.

Additions and retirements to capital assets in operation are summarized below.

Additions:

115 General Motors diesel buses and spare parts	\$4,038,871
Track and overhead reconstruction	333,855
Shop and other equipment	202,161
Land - Wilson Yard	\$149,324
Other	9,101
	158,425
Conversion of Danforth and Lansdowne carhouses to operating bus garages	106,391
Automotive service vehicles	80,679
Gloucester subway cars -	
communication equipment	46,996
Signals and communications	34,623
Preliminary rapid transit studies	14,187
Other expenditures	10,772
	\$5,026,960

Less: North Yonge extension preliminary expenses transferred to cost of subways under construction	177,656
	<hr/>
	\$4,849,304
Retirements, at original cost:	
Track and related power distribution system	\$ 694,995
16 street cars	367,059
44 buses	967,266
Property sales	100,900
Automotive service vehicles	49,098
Rail service vehicles	38,654
Shop and other equipment	60,939
	<hr/>
	\$2,278,911
Net increase in capital assets in operation	<hr/> \$2,570,393

Accumulated depreciation on capital assets increased by \$4,057,218 in 1967 to a total of \$85,339,763.

Expenditures on and funds appropriated for construction of subway extensions under construction stood at \$58,437,566 at December 31, 1967 as summarized in Note 3 to the financial statements. The Municipality of Metropolitan Toronto contributed \$44,231,549 of this amount, leaving the Commission's share of the cost at \$14,206,017.

CAPITAL DEBT

All capital borrowings required by the Commission are effected through the issue of Municipality of Metropolitan Toronto debentures. The Commission is required to provide the Municipality with funds to meet all principal and interest payments on such debentures.

Two issues of debentures were made by the Municipality in 1967 to provide funds for the Commission's share of expenditures on construction of the Bloor-Danforth subway East-West extensions.

The first was an issue under by-law 2874 of \$3,085,000, 6% thirty-year sinking fund debentures dated March 1, 1967 and payable March 1, 1997 in Canadian funds.

The second was an issue under by-law 3054 of \$3,653,000, 7% thirty-year sinking fund debentures dated November 1, 1967 and payable November 1, 1997 in Canadian funds.

During 1967 a total of \$1,684,444 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.

The net capital debt of the Commission at December 31, 1967 after deducting sinking fund balances of \$1,884,118 was \$67,772,531 in respect of the following debenture issues:

Type of Debenture	Year of Issue	Interest Rate	Year of Final Payment	Net Debt
Serial.....	1950	2½% - 2¾%	1980	\$ 2,198,560
Serial.....	1951	3¼% - 3¾%	1981	3,771,980
Serial.....	1953	3¼% - 4%	1983	6,133,620
Serial.....	1954	3½%	1984	2,394,717
Sinking Fund.....	1955	3¾%	1980	1,248,088
Sinking Fund.....	1956	4⅓%	1986	1,891,386
Serial.....	1962	5¾%	1992	3,844,578
Sinking Fund.....	1963	5%	1993	1,916,865
Serial.....	1963	5½%	1993	9,400,000
Serial.....	1965	5¼%	1995	19,408,000
Sinking Fund.....	1966	6%	1996	8,503,543
Sinking Fund.....	1967	6%	1997	3,085,000
Sinking Fund.....	1967	7%	1997	3,653,000
				\$67,449,337
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds				323,194
NET DEBT				<u>\$67,772,531</u>

The outstanding debt at December 31, 1967 included \$12,261,490 on which principal and interest payments are made in United States Funds. The cost of servicing this portion of the debt is influenced by the rate of exchange on United States dollars at the time of payment.

FINANCIAL STATEMENTS AND AUDIT

Messrs. Price Waterhouse & Co., the independent public accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records and other supporting evidence for 1967 as they considered necessary. Their report is appended to the financial statements which are a part of this report.

The Metropolitan Auditor has submitted his report covering the year 1966 and is currently engaged on his review of the 1967 accounts.

OPERATIONS

At the year end, preparations for the opening of the Bloor-Danforth Subway extensions on May 11, 1968 were in full swing. Plans were well in hand for the most extensive program of surface route changes ever introduced at one time by the Commission. The reroutings, new routes and extensions will be designed to provide maximum direct-to-subway feeder service. Recruiting of new personnel required for the extended subway and for the expanded surface system was proceeding satisfactorily at the close of 1967.

SERVICE EXTENSIONS

As mentioned previously, expansion and improvement of service in suburban districts was continued at a good pace during the year. As a result, suburban service was increased by more than 1.2 million miles over 1966.

The following routes were extended to serve new districts:

BATHURST, BAYVIEW, DUFFERIN, FINCH, KIPLING, MIDLAND and YORK MILLS.

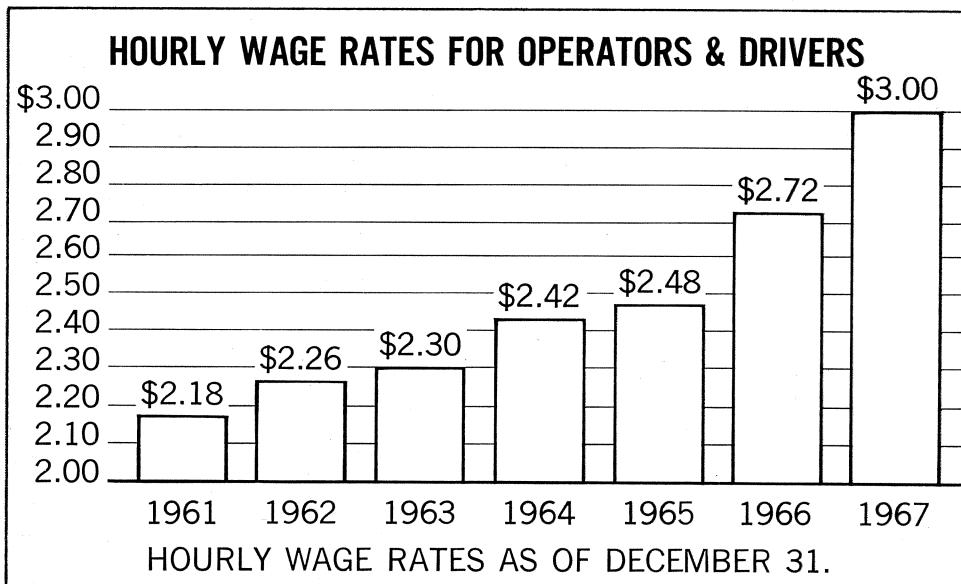
The Commission's continuing effort to extend and improve transit service in Metropolitan Toronto's outlying Boroughs is shown in the following figures:

Miles of Service in Suburban Areas

1962	9,774,452
1963	11,012,844
1964	12,522,760
1965	13,577,823
1966	15,762,705
1967	16,964,516

MANPOWER AND LABOUR RELATIONS

The total number of regular employees on strength at December 31, 1967 was 6,401, an increase of 234 over the previous year. This necessary increase in manpower was directly attributable to the opening of the extensions of the Bloor-



Danforth subway and surface route expansions. The Commission's wage and salary bill rose by \$3,435,295 over 1966 and represented 64.18% of total expenses for the year.

The collective agreements which were negotiated during 1966 with the three unions representing Commission employees will expire during 1968. The agreement with Division 113, Amalgamated Transit Union, which represents the majority of Commission employees, expires June 30, 1968.

Agreements with Local 2, Canadian Union of Public Employees and Lodge 235, International Association of Machinists and Aerospace Workers expire on March 31, 1968.

Relations between the Unions and the Commission during 1967 continued to be co-operative and constructive.

UNIFIED TRANSIT CONTROL CENTRE

At the year end, plans were completed for the installation of a unified signal, power and communications control system for the subway and surface systems. This is the final step in a program to co-ordinate and bring together in one location all supervisory and control functions. The unified control centre, to be located in the Hillcrest Administration building, will include all communications, power and signal control equipment and facilities. When the new control centre is fully operational the functions of the present signal and track switching control panels at Davisville, Keele, Woodbine and St. George Stations will be centralized in one location. All existing signal panels will be left intact in their present locations and will be available for emergency use if the central control facilities are out of operation for any reason.

VEHICLES AND MAINTENANCE

One hundred and fifteen new buses were received in 1967, and at the year end the passenger and service fleet was as follows:

Passenger Vehicles	Active	Storage	Total
Street cars	497	178	675
Subway cars	334	—	334
Trolley buses	153	—	153
Motor buses	926	13	939
			2,101
Service Vehicles			
Rail - surface	20	—	20
Rail - subway	7	—	7*
Automotive	127	—	127
			154
TOTAL			2,255

*Does not include two new subway service cars received, but not yet in service in 1967.

Two new subway maintenance cars built in Japan were received during the year. One, a self-propelled refuse collection car, has sufficient capacity to handle a full day's subway refuse on a single trip. It is capable of main line speeds so that it can be operated during regular service hours if required. The second new vehicle is a non-motored flat car designed to carry large timbers, rail, ties and other heavy equipment.

A dual-powered third rail and battery electric locomotive and a self-propelled crane car for use in the subway are also on order and are expected to be delivered by Spring, 1968.

Sixteen P.C.C. street cars which were surplus to the Commission's requirements were sold during the year through John D. McGuigan, Inc., Chicago, for operation in Alexandria, Egypt. A total of 64 surplus street cars have been shipped to Egypt in the past two years.

High equipment standards were maintained and, in this regard, for the third consecutive year, the Commission's Equipment Department won a "Fleet Owner" Maintenance Efficiency Award in competition with other major Canadian and U.S. transit systems.

DIESEL EXHAUST FUMES

Following the opening of the Bloor-Danforth Subway in 1966, Danforth carhouse, which had been used to store and repair street cars since 1913, was converted for use as a bus garage at a cost of more than \$300,000. The work was completed early in 1967. It was essential to have a bus garage located in the central east end of the city in order to accommodate buses required for new east end routes and for buses replacing former street car routes. The Danforth carhouse property was ideally located for this purpose, and had been used for transit operations for more than 50 years.

Garage operations from this location started in April 1967 and complaints from nearby residents about exhaust fumes and noise were received almost immediately, from the residents directly and through City and Metropolitan Councils.

The Commission took immediate steps to eliminate unnecessary noise and nuisance, including the rerouting of exit and entry to the garage to avoid the use of residential streets as much as possible, the installation of a large acoustic barrier and the installation of an 8-foot high solid board fence along one side of the property.

In addition, the Commission continued to explore every possibility that might lead to the reduction of diesel exhaust odour. Commission officials are actively working on technical committees which represent the transit industry, vehicle manufacturers, fuel suppliers and air pollution control authorities. Every product, including special catalytic mufflers, claimed to reduce diesel exhaust smoke and odour has been investigated, and the Commission has purchased the best equipment and the best fuel on the market. In summary the Commission has demonstrated its concern about the problem of air pollution and has co-operated fully with government air pollution control agencies.

The Commission is concerned, however, with the implications of any restrictions which may be imposed on it regarding the location of bus garages as a result of developments at Danforth garage. Conditions at Danforth garage are practically duplicated at several other locations in the Metropolitan area, and therefore any decisions taken in respect of Danforth garage must also be considered as possibilities for other existing and future garages. If the Commission were unable to operate its buses from suitable strategic locations throughout Metropolitan Toronto as close as possible to the routes they serve, operating and capital costs would increase substantially and this would seriously affect the economic use of buses on the transit system.

TRACK AND ROADWAY

Major street car track repair work was completed on St. Clair Avenue between Yonge Street and Bathurst Street; on Dundas Street between University

Avenue and Yonge Street; on Roncesvalles Avenue from Queen Street to Dundas Street; and on Fleet Street from Strachan Avenue to Bathurst Street. The work was co-ordinated with City of Toronto and Metropolitan Toronto road reconstruction projects. Worn rail was replaced at sixteen car stop locations.

In addition, to prepare for the operation of multiple-unit street cars on Queen Street, three new electric track switches were installed and all others modified; additional overhead wiring was installed at Neville Park Loop, Humber Loop and Russell Carhouse; additional track was installed and existing track was modified where required; and passenger loading platforms were extended at Humber Loop, South Kingsway bridge and on The Queensway.

As at December 31, miles of single track in service were:

Surface track	143.29 miles
Subway track	47.16 miles
TOTAL	190.45 miles

SAFETY

The Commission is pleased to report that in 1967 its operators and drivers won the American Transit Association's highest award for achievement in traffic and passenger safety in cities of over a million population. This is the tenth A.T.A. safety award won by T.T.C. men in the past sixteen years and during that time the traffic accident rate has been cut by 70% despite the fact that the number of automobiles on the streets has doubled. In 1967, the accident rate was reduced by 6% to the lowest rate in T.T.C. history.

The increase in the number of men who qualified for the Commission safe-driving awards is indicative of the response and interest in the continuing traffic safety program.

	Number of Men Qualified		
	1967	1966	Increase
10-year Awards	173	135	38
5-Year Awards	274	250	24
1-Year Awards	1,221	1,078	143

In addition, in the field of industrial safety, several employee groups won recognition from the American Transit Association for having achieved 500,000 and 250,000 injury-free working hours.

PUBLIC INFORMATION

An extensive public information program continued to be an important part of the Commission's operations. The telephone information staff answered 981,845 requests for route, schedule and fare information, an increase of 13,376 over the previous year. More than 115,000 system route maps and 558,000 individual bus route timetables were distributed. A new booklet "Transit in Toronto - 1849 to 1967" was published and was distributed to Metro area libraries and schools, to elected representatives and civic officials and to the public on request.

Public relations work in connection with the Bloor-Danforth Subway extensions also received much attention during the year. Every effort was made to keep residents and businesses adjacent to the right-of-way fully informed in advance of necessary street closures, diversions and other temporary disturbances. Close liaison was maintained with contractors working on the extensions to ensure that enquiries and complaints from those affected by the work were attended to promptly.

SUBWAY CONSTRUCTION

PROJECT SUMMARY

BLOOR-DANFORTH-UNIVERSITY SUBWAY

The opening of the 8-mile crosstown subway line along Bloor Street and Danforth Avenue from Keele to Woodbine stations on February 26, 1966 marked the completion of the original 10-mile Bloor-Danforth-University subway project. It was built jointly by Metropolitan Toronto and the Toronto Transit Commission at a cost of \$200,000,000. The project was originally scheduled for completion in 1969, but in 1962 the Province of Ontario made available a \$60,000,000 loan and the target date for completion was advanced to 1967.

Work on the first section, the 2-mile University line, began in the Fall of 1959 and it was opened on February 28, 1963.

Construction of the Bloor-Danforth line started early in 1962. During 1963, the Province announced that beginning in April 1964, it would contribute towards basic right-of-way construction costs of the project. Also during 1963, an accelerated construction program was put into effect and the Bloor-Danforth line was opened to the public on February 26, 1966.

The Bloor-Danforth line has eight miles of dual track, 18 stations (plus new lower level station structures at St. George on the University line and at Bloor on the Yonge line), and complete maintenance and repair shop facilities plus nine miles of single track occupying 31 acres at the Greenwood Yard.

BLOOR-DANFORTH EXTENSIONS

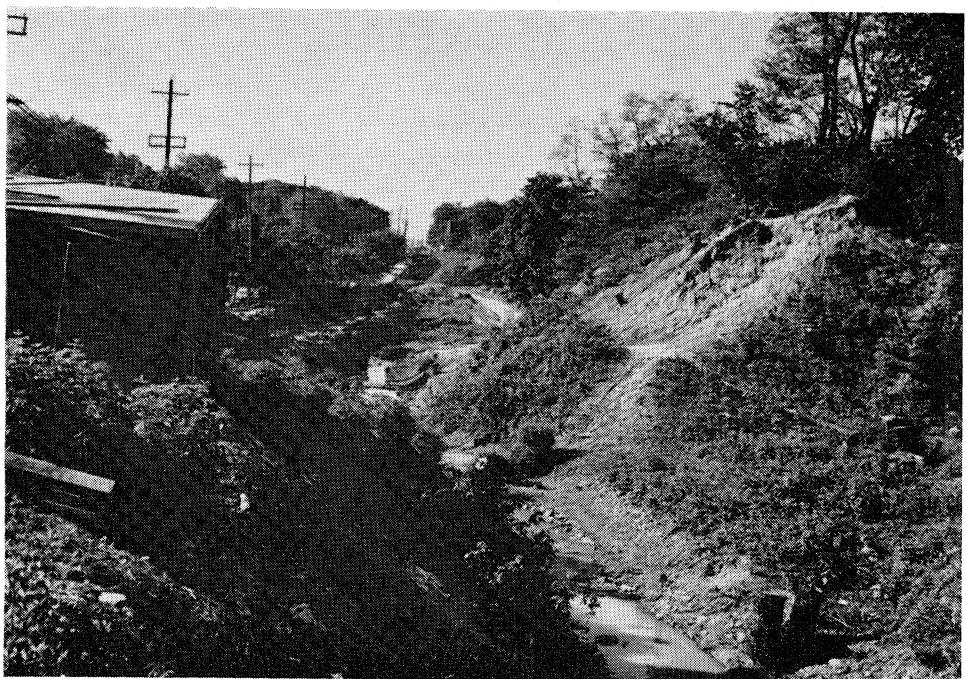
In 1964, formal approval was given by Metropolitan Toronto Council and the Ontario Municipal Board for the construction of two extensions to the Bloor-Danforth line to run from Keele Street to Islington Avenue in the west, a distance of 3.44 miles, and from Woodbine Avenue to Warden Avenue in the east, a distance of 2.72 miles.

The extension project was divided into 23 contracts. The specifications, drawings and field supervision of 14 contracts to be done by the Subway Construction staff, and for the remaining 9 contracts by five consulting engineering firms. The contracts comprise:

- 6 major excavation and structural contracts
- 2 major combined structural and station finish contracts
- 5 station finish contracts
- 10 ancillary equipment supply and installation contracts

Work started on the extensions on June 18, 1965 and continued at a satisfactory pace through 1966.

During the year 1967, a series of construction industry labour disputes that lasted from May to October seriously delayed the completion of all construction work on the Bloor-Danforth extensions. Cessation of work on the major structural contracts created a corresponding delay to all the ancillary contracts, most of



BEFORE — Looking south along the Yonge subway right-of-way towards St. Clair Avenue. This photo was taken when the right-of-way was being cleared for subway construction work.



AFTER — This photo, also looking south along the Yonge Subway towards St. Clair Avenue, was taken in 1967. All the high rise develop-



This aerial photo taken in 1967 shows Davisville subway yard in the left foreground and the commercial and apartment development spreading out from Davisville and Eglinton subway stations.



ment was built after the Yonge subway opened in 1954. The photo above (left) was taken from the railway bridge in this picture.

which were dependent upon completion of the structures before their work could proceed.

On September 22nd, Anglin-Norcross (Ontario) Limited, which was engaged on seven subway construction contracts, made a voluntary assignment in bankruptcy. Responsibility for completion of the seven contracts was assumed by the bonding company and the contracts were eventually reassigned. This further delayed construction progress. As a result of these cumulative delays, the target date for completion, December 1967, could not be met and a revised date, May 11, 1968, was set for the commencement of service on the extensions. As at December 31, 1967, progress indicated that the new target date would be met.

YONGE SUBWAY NORTHERN EXTENSION

During 1967, formal approval was given by Metropolitan Toronto Council and the Ontario Municipal Board for the construction of an extension to the Yonge Subway at an estimated cost of \$79,553,000 of which the T.T.C. will bear \$17,445,000.

The extension consists of 4.02 miles of subway structure to run northerly from Eglinton Avenue to Sheppard Avenue, with stations at Lawrence Avenue, York Mills Road and Sheppard Avenue. Preliminary planning and survey work commenced in March for the tunnel alignment, which is beneath Yonge Street to approximately Hoggs Hollow, then slightly to the east for the Don River crossing and back to the Yonge Street alignment, north to Sheppard Avenue. This line will be in twin shield-driven tunnels at depths varying from 35 to 110 feet below ground level. At Eglinton Avenue, the Don River and the three stations, construction will be done by the cut-and-cover method.

Investigation of subsurface soil and ground water conditions began during 1967.

The acquisition of necessary temporary surface worksites and permanent surface structure sites has been scheduled so as to permit construction work to commence in September, 1968.

CONCLUSION

The foregoing report describes the development and progress of the transit system in 1967. Your Commissioners face the year ahead with the confidence that transit service in the Metropolitan area can continue to expand and improve, and thereby fulfil transit's role in Metro's efforts to provide a balanced transportation network for the entire community.

As reported previously, however, labour negotiations with employees may prove to be long and difficult, and in the light of substantial wage increases gained by the employees of other transit companies, and by municipal and industrial employees generally, it is anticipated that operating expenses will exceed income by a very substantial amount during 1968. Council may be assured, however, that the Commission will do its utmost to achieve a settlement that is fair and equitable to all concerned.

The Commission gratefully acknowledges the continued co-operation of Metropolitan Council and its officials and of the elected representatives and officials of all area municipalities.

The Commission also wishes to pay tribute to all its employees for their conscientious work during the year.

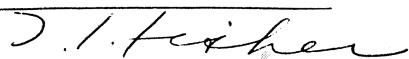
Yours truly,



Chairman



Vice-Chairman



Commissioner



Commissioner



Commissioner

June 24, 1968

**TORONTO TRANS.
BALANCE SHEET**

A S S E T S

Current and working assets	1967	1966
Cash including interest bearing deposits	\$ 1,469,485	\$ 1,669,170
Portion of proceeds of debenture issue receivable from The Municipality of Metropolitan Toronto	—	1,583,023
Accounts receivable, less allowance for doubtful accounts	543,143	623,264
Gray Coach Lines, Limited—current account	897,930	727,656
Working funds advanced to employees and agents	404,939	366,429
Materials and supplies valued on the basis of cost, less allowance for obsolete items	1,897,444	1,819,760
Prepaid expenses	600,913	450,807
	5,813,854	7,240,109
Investments		
Canadian Government bonds, at market value	152,575	158,312
Mortgages on property sold and other long-term receivables	509,444	341,706
Capital stock of Gray Coach Lines, Limited, at cost (Note 1)	1,000,000	1,000,000
	1,662,019	1,500,018
Capital assets (Note 2)		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	325,045,084	322,584,198
Less—Capital contributions toward construction costs of subways in operation received from The Municipality of Metropolitan Toronto	145,328,031	145,437,538
	179,717,053	177,146,660
Less—Accumulated depreciation	85,339,763	81,282,545
	94,377,290	95,864,115
Subway extensions under construction:		
Expenditures on and funds appropriated for construction of the extensions (Note 3)	58,437,566	30,958,292
Less—Capital contributions received from The Municipality of Metropolitan Toronto	44,231,549	27,116,918
	14,206,017	3,841,374
Total capital assets	108,583,307	99,705,489
Unamortized debenture discount	1,191,543	1,060,655
	\$117,250,723	\$109,506,271

OMMISSION**CEMBER 31, 1967****L I A B I L I T I E S**

	1967	1966
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,053,765	\$ 6,978,106
Debenture interest accrued	<u>560,769</u>	<u>463,436</u>
	<u><u>7,614,534</u></u>	<u><u>7,441,542</u></u>
Provisions		
For tickets and tokens held by the public	675,000	725,000
For public liability and workmen's compensation	<u>1,500,000</u>	<u>1,500,000</u>
	<u><u>2,175,000</u></u>	<u><u>2,225,000</u></u>
Capital debt		
The Municipality of Metropolitan Toronto —		
For debentures maturing in annual instalments from 1968 to 1995 (including \$9,662,490 debentures payable in United States funds)	47,151,455	48,449,353
For sinking fund debentures maturing between 1980 and 1997 (including \$2,599,000 debentures payable in United States funds) less sinking fund balance of \$1,884,118 (Note 4)	<u>20,297,882</u>	<u>13,947,943</u>
Total, including \$1,824,841 serial debentures maturing and sinking fund payments due in 1968	67,449,337	62,397,296
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	<u>323,194</u>	<u>347,545</u>
	<u><u>67,772,531</u></u>	<u><u>62,744,841</u></u>
Earnings retained in the system		
Balance January 1, 1954 at which date the system was acquired from the Toronto Transportation Commission	24,803,733	24,803,733
Add—Earnings retained since January 1, 1954	<u>14,884,925</u>	<u>12,291,155</u>
	<u><u>39,688,658</u></u>	<u><u>37,094,888</u></u>
	<u><u>\$117,250,723</u></u>	<u><u>\$109,506,271</u></u>

TORONTO TRANSIT COMMISSION

STATEMENT OF EARNINGS RETAINED SINCE JANUARY 1, 1954 FOR THE YEAR ENDED DECEMBER 31, 1967

	1967	1966
Balance at January 1	\$ 12,291,155	\$ 12,876,387
Net earnings (loss) for the year	2,412,481	(975,156)
Gain on sale of real estate	205,341	411,988
	14,908,977	12,313,219
Deduct—Net foreign exchange cost on repayment of capital debt in United States funds	24,052	22,064
Balance at December 31	\$ 14,884,925	\$ 12,291,155

STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1967

	1967	1966
Revenue		
Passenger services	\$ 60,411,243	\$ 51,659,378
Rental of land, air rights, buildings, subway concessions and equipment	961,521	836,281
Rental of advertising space	728,197	611,301
Interest earned	79,276	92,227
Dividend from Gray Coach Lines, Limited	100,000	213,000
Miscellaneous	226,041	198,627
	62,506,278	53,610,814
Expenses		
Wages, salaries and other employee costs	38,566,249	35,130,954
Electric traction power purchased	2,422,370	2,388,458
Automotive fuel, including provincial taxes \$1,173,304 (1966 — \$1,085,845)	1,950,129	1,800,750
Vehicle and other licences	183,486	173,815
Municipal taxes	1,970,671	1,677,893
Public liability and property damage costs	778,832	691,293
Depreciation	6,190,674	5,463,351
Other expenses including cost of repair and maintenance materials	4,925,200	4,610,747
	56,987,611	51,937,261
Earnings before debenture interest	5,518,667	1,673,553
Debenture interest and discount expense	3,106,186	2,648,709
Net earnings (loss) for the year	\$ 2,412,481	\$ (975,156)

TORONTO TRANSIT COMMISSION
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1967

	1967	1966
Source of funds		
Funds provided from operations —		
Gross revenue	\$ 62,506,278	\$ 53,610,814
Expenses including debenture interest	60,093,797	54,585,970
Net earnings (loss) for the year	2,412,481	(975,156)
Add — Depreciation and other items not requiring a current outlay of funds:		
Depreciation	6,190,674	5,463,351
Other (net)	(43,298)	45,919
	8,559,857	4,534,114
Proceeds of debenture issues	6,545,653	8,525,773
Proceeds of capital asset disposals	268,698	815,234
	15,374,208	13,875,121
Application of funds		
Expenditures on construction of subways	27,273,623	31,986,080
Less—Capital contributions received from The Municipality of Metropolitan Toronto	17,005,124	25,441,212
	10,268,499	6,544,868
Additions to other capital assets	5,020,512	4,993,155
Debenture debt repayments	1,684,444	1,450,705
	16,973,455	12,988,728
Changes in working capital position —		
increase (decrease)	\$ (1,599,247)	\$ 886,393

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1967

NOTE 1:

Gray Coach Lines, Limited, a wholly-owned subsidiary, the financial statements of which are published separately, operates interurban coach services. Its earnings are recorded in the accounts of the Toronto Transit Commission to the extent of dividends of \$100,000 received during the year ended December 31, 1967 (1966 — \$213,000). Net income of Gray Coach Lines, Limited for the year 1967 amounted to \$627,860 (1966 — \$646,734) and the Company's net worth as shown by its balance sheet at December 31, 1967 was \$7,499,200.

The Statement of Earnings reflects charges of \$2,050,360 (1966 — \$1,777,640) made to Gray Coach Lines, Limited by the Toronto Transit Commission for rental of property and equipment, use of joint facilities and administrative services.

NOTE 2:

(a) On December 5, 1963, the Council of The Municipality of Metropolitan Toronto adopted a cost sharing formula under which the Municipality assumed responsibility for all right-of-way land and construction costs of the Bloor-Danforth-University subway. Equipment costs including track, power distribution and signal systems, yards, shops and rolling stock remain the responsibility of the Toronto Transit Commission. The Municipality also assumed responsibility from January 1, 1964 for the payment of unmatured debenture debt originally incurred for right-of-way construction costs of the Yonge Street subway which was completed in 1954.

(b) At December 31, 1967 the Commission was proceeding with the construction of extensions to the Bloor-Danforth and Yonge Street subways using the same cost sharing formula, under authority of the following Ontario Municipal Board Orders:

Order dated February 3, 1964:

East-West extensions of the Bloor-Danforth subway at a total estimated cost of \$77,723,000, of which land and right-of-way construction costs of \$60,091,000 are to be borne by The Municipality of Metropolitan Toronto.

Orders dated July 13 and October 6, 1967:

Northerly extension of the Yonge Street subway at a total estimated cost of \$79,553,000, of which land and right-of-way construction costs of \$62,108,000 are to be borne by The Municipality of Metropolitan Toronto.

Land for the right-of-way of the subway extensions is purchased by the Municipality and is not recorded on the Commission's books.

NOTE 3:

Expenditures on and funds appropriated to December 31, 1967 for construction of extensions to the Bloor-Danforth and Yonge subways (exclusive of right-of-way land costs incurred by the Municipality) were as follows:

Construction costs	\$59,055,399
Miscellaneous costs and receivables	301,703
Cash in subway bank account	75,788
Proceeds of debenture issue receivable	
from The Municipality of Metropolitan Toronto	3,570,926
	63,003,816

Less:

Accounts payable and accruals	\$1,462,343
Contract holdbacks	3,103,907
	4,566,250
Balance at December 31, 1967	\$58,437,566

The balance of \$58,437,566 at December 31, 1967 comprised \$57,971,872 for the East-West extensions of the Bloor-Danforth subway, which were placed in operation on May 11, 1968 and \$465,694 for the northerly extension of the Yonge Street subway.

NOTE 4:

The sinking fund balance of \$1,884,118 at December 31, 1967 consists of the annual levies paid by the Commission into The Municipality of Metropolitan Toronto sinking fund together with interest credited at the rate of 3% per annum, which is the rate required to provide sufficient funds to retire the debentures at maturity. The actual earnings of the sinking fund investments of the Municipality have exceeded 3% per annum, and the Commission's equity in the excess earnings at December 31, 1967 was \$192,275 which is not reflected in the financial statements. The Municipality of Metropolitan Toronto Act provides that at such time as the sinking fund committee of the Municipality applies a sinking fund surplus to any of the purposes set forth in the Act, the Commission will share in such distribution of the surplus in the proportion that its contributions to the sinking fund bear to the total contributions made to the sinking fund account by all participating bodies.

AUDITORS' REPORT

PRICE WATERHOUSE & Co.

55 YONGE STREET

TORONTO 1

May 15, 1968.

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1967 and the statements of earnings, earnings retained and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Commission as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants.

TORONTO TRANSIT COMMISSION

Five Year Summary

	1967	1966	1965	1964	1963
FINANCIAL SUMMARY:					
Gross revenue..	\$ 62,506,278	\$ 53,610,814	\$ 50,086,720	\$ 47,951,951	\$ 41,358,509
Wages, salaries & other em- ployee costs..	38,566,249	35,130,954	30,751,004	29,404,324	27,832,736
Automotive fuel tax	1,173,304	1,085,845	860,538	779,248	682,142
Property taxes ..	1,970,671	1,677,893	1,294,595	1,191,804	1,125,911
Total expenses ..	60,093,797	54,585,970	45,990,957	44,052,092	44,342,676
Net earnings (loss)	2,412,481	(975,156)	4,095,763	3,899,859	(2,984,167)
OPERATING STATISTICS:					
Revenue passen- gers, (number fares collected) — zone fare system	314,413,486	307,148,930	288,038,489	275,291,005	271,103,259
Revenue passen- gers, average week day—zone fare system ..	1,034,000	996,000	941,000	897,000	890,000
Miles operated in- cluding charter & special services:					
Motor bus ..	29,135,421	27,492,437	23,020,306	21,437,944	19,521,551
Subway ..	16,417,656	17,806,316	9,347,948	9,474,168	8,967,566
Streetcar ..	13,794,616	14,614,215	19,917,487	20,122,780	20,306,902
Trolley coach ..	<u>3,940,400</u>	<u>3,971,315</u>	<u>3,880,031</u>	<u>4,148,298</u>	<u>4,154,985</u>
Total ..	63,288,093	63,884,283	56,165,772	55,183,190	52,951,004
Electric traction power con- sumption— Kilowatt hours	209,637,000	211,646,000	185,471,000	182,850,000	182,883,000
Diesel oil consumption — gallons	5,165,104	4,771,111	3,987,240	3,479,073	3,140,615
Gasoline consumption — gallons	328,676	419,090	454,681	595,867	849,730
Average number of regular em- ployees includ- ing Gray Coach Lines	6,435	6,171	6,030	5,844	5,640
Passenger ve- hicles owned:					
Buses	939	868	812	725	714
Streetcars..	675	691	738	754	754
Subway cars ..	334	334	334	170	170
Trolley coaches..	<u>153</u>	<u>153</u>	<u>153</u>	<u>153</u>	<u>153</u>
Total ..	2,101	2,046	2,037	1,802	1,791
Metropolitan area popu- lation	1,940,000	1,881,700	1,778,400	1,715,700	1,677,700

WHERE THE DOLLARS CAME FROM

OTHER INCOME.....	\$ 2,095,035		3.35%
PASSENGER SERVICES.....	\$60,411,243		96.65%
TOTAL REVENUE.....	\$62,506,278		100.00%

1967

WHERE THE DOLLARS WENT

MUNICIPAL TAXES.....	\$ 1,970,671		3.28%
BUS FUEL \$776,825, FUEL TAX \$1,173,304, LIC. \$183,486.....	\$ 2,133,615		3.55%
ELEC. TRACTION POWER PURCHASED.....	\$ 2,422,370		4.03%
DEBENTURE INTEREST.....	\$ 3,106,186		5.17%
OTHER EXPENSES.....	\$ 5,704,032		9.49%
DEPRECIATION.....	\$ 6,190,674		10.30%
WAGES, SALARIES AND OTHER EMPLOYEE COSTS.....	\$38,566,249		64.18%
TOTAL EXPENSES.....	\$60,093,797		100.00%
NET EARNINGS.....	\$ 2,412,481		
	\$62,506,278		

TTC REVENUE PASSENGERS CARRIED

(NUMBER OF FARES COLLECTED)

MILLIONS

