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Toronto Transit Commission Annual Report 1974



TORONTO TRANSIT COMMISSION

ANNUAL REPORT TO THE MUNICIPALITY OF METROPOLITAN TORONTO 1974



TORONTO TRANSIT COMMISSION

COMMISSIONERS

G. GORDON HURLBURT, Chairman
E.H. FARROW, Vice Chairman
PAUL GODFREY, Commissioner
KARL L. MALLETTÉ, Commissioner
DAVID ROTENBERG, Commissioner



G. GORDON HURLBURT



JAMES H. KEARNS



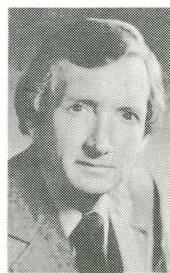
E.H. FARROW



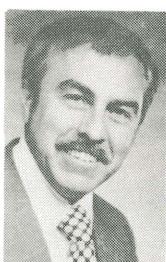
J.T. HARVEY



PAUL GODFREY



J.G. McGUFFIN



KARL L. MALLETTÉ



DAVID ROTENBERG

OFFICIALS

JAMES H. KEARNS,
General Manager of Operations
J.T. HARVEY,
General Manager—Subway Construction
J.G. McGUFFIN, General Secretary
R.G. WAITE,
Assistant General Manager of Operations
L.O. MORLEY, Treasurer
D.A. ELLIOTT, Q.C., General Counsel



July 30, 1975

Paul V. Godfrey, Esq., Chairman
And Members of the Council of
The Municipality of Metropolitan Toronto
City Hall
TORONTO, Ontario

Ladies and Gentlemen:

The following is the Annual Report of the Toronto Transit Commission for the year 1974.

The strong upward trend in transit riding that set an all-time record in 1973 came to an abrupt halt in 1974 as a result of a 23-day strike by the 80% of Commission employees who are union members.

Despite the strike, which shut down the system during one of the peak travel periods of the year, the total number of riders carried in 1974 rose to 329,796,000, an increase of 769,000 over the previous year.

During the seven months prior to the strike which began on August 12 and ended on September 3, the system was attracting well over two million new customers a month compared to the same period of 1973. By the end of July, riding was up almost eighteen million over 1973. It is estimated that system riding for 1974 would have increased by 25.2 million riders had the strike not occurred.

The year 1974 was not without its rewards, however. One of the highlights was the opening of the Yonge subway extension between York Mills and Finch stations on March 30. The opening of this 2.73-mile section marked the completion of the 5.41-mile subway extension project northerly from Eglinton station into the Borough of North York.

Co-incident with the opening of the subway extension, a major program of surface route extensions and reroutings was introduced in Metro's north end to enable transit customers to take maximum advantage of the subway's highspeed service.

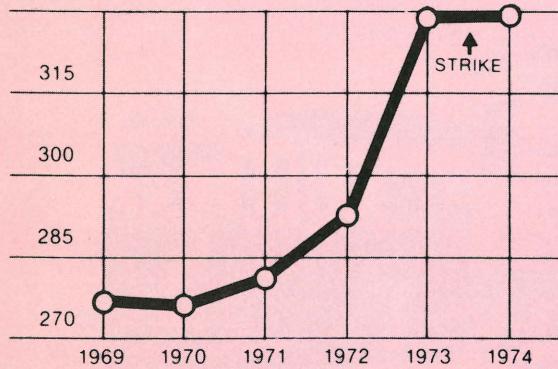
The Commission also pressed ahead with the expansion and improvement of its services throughout the Metropolitan area. Passenger service miles were increased by 3.6 million over 1973 to a new system high of 82.5 million miles. The number of routes was increased by seven to a total of 113, and 35.6 miles of route were added, bringing the total system one-way route miles to 696.

Financially, the year 1974 has to be regarded as a disturbing one.

The loss from operations for the year almost doubled from \$17.9 million in 1973 to \$34.2 million in 1974. In spite of the strike, system revenue was down less than \$1 million from 1973, but expenses jumped by more than \$15 million. Wage and salary costs accounted for \$12.7 million of the increase.

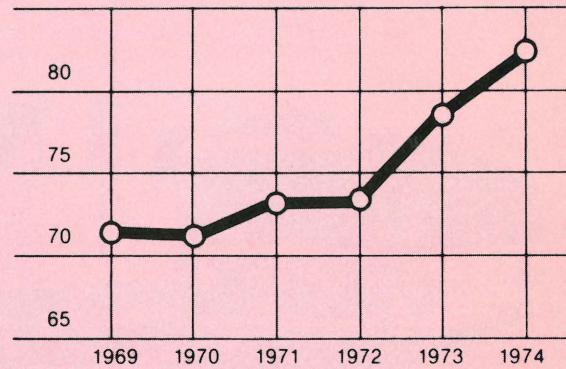
TTC PASSENGERS CARRIED

MILLIONS



MILES OF SERVICE OPERATED

MILLIONS



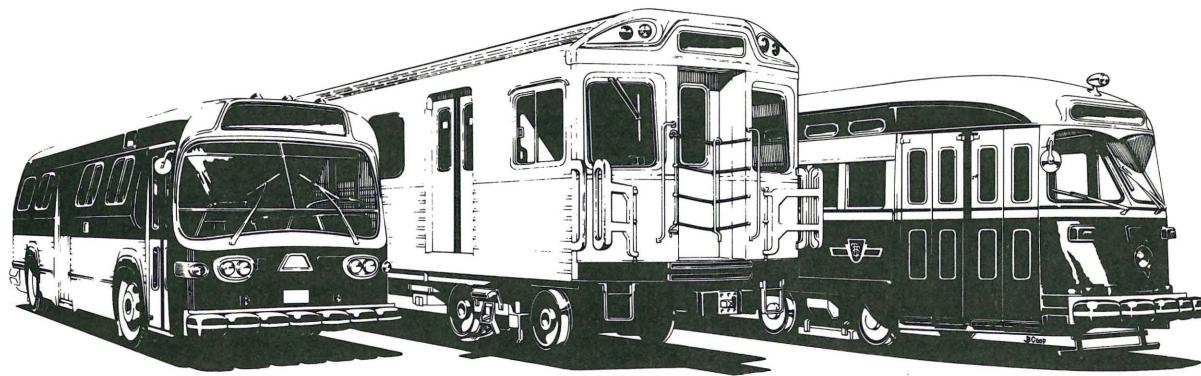
At the risk of belabouring a point emphasized in previous annual reports to Council, the Commission must again draw attention to the seriousness of the continuing high rate of inflation. The hard fact is that the financial support for transit being provided by the Province and your Council is being eroded by rapidly rising costs and is therefore not available in full measure for the new and improved services the community must have in order to maintain the mobility essential to employment growth and the realization of economic opportunities and productive capacities.

The Commission would be remiss if it did not bring attention to the substantial contributions made to the transit system by the Province of Ontario and Metropolitan Toronto. Payments towards the capital and operating costs of the system by the two governments totalled \$65,600,000 in 1974, of which the Province contributed approximately 62%.

Your Commissioners are well aware that public transit is only one segment of the financial problem facing your government as it struggles to meet the needs of citizens for a multitude of vital public services. Nevertheless, we would be shirking our responsibility if we did not continue to emphasize the serious social consequences of higher fares and the deterioration of an essential service which will result if public transit is not provided with the means to satisfy the needs of the community. The priority becomes higher as the national energy situation worsens.

For its part, the Commission will continue to test and introduce ways to improve further its efficiency and productivity. The Commission recognizes its responsibility to organize and direct its staff resources so as to achieve the maximum benefit for the community and its citizens. The changing role of the T.T.C. from a business whose revenue source was the farebox to a public service which receives substantial funding from government is a challenge that must be met, and at the year end the Commission was reviewing reports from consultants and staff with respect to the re-organization of its senior management structure.

The pages which follow cover in detail the financial and operating results for 1974.





The Commission's total income in 1974 was \$84,322,733 while expenses were \$118,527,881. The resulting deficit was \$34,205,148 or 10.37¢ per passenger carried.

The Municipality of Metropolitan Toronto has reimbursed the Commission for its loss from operations

in 1974, as it has for each year since 1971. The Municipality currently recovers approximately 50% of its expenditures for public transit operations from the Province of Ontario.

The financial and statistical results for 1974 compared with 1973 were as follows:

	1974	1973	Increase (Decrease)	%
Total expenses	\$118,527,881	\$103,164,924	\$15,362,957	14.89
Total revenue	84,322,733	85,298,653	(975,920)	(1.14)
Loss	<u>\$ 34,205,148</u>	<u>\$ 17,866,271</u>	<u>16,338,877</u>	<u>91.45</u>
Vehicle miles operated	83,465,890	80,144,491	3,321,399	4.14
Passengers Carried	329,796,000	329,027,000	769,000	0.23

REVENUE

Revenue from passenger services decreased by \$1,293,319 (1.58%) from 1973 to \$80,618,925. The previously mentioned 23-day strike in August and September reduced growth in passengers to 0.23%.

The average fare on regular services dropped to 23.864¢ per passenger carried due to fare changes which were put into effect in 1973.

An analysis of gross revenue for 1974 in comparison with 1973 revenue shows:

	1974	1973	Increase (Decrease)	%
Passenger service	\$80,618,925	\$81,912,244	\$ (1,293,319)	(1.58)
Other revenue as shown in Statement of Revenue and Expenses	<u>3,703,808</u>	<u>3,386,409</u>	<u>317,399</u>	<u>9.37</u>
Total	<u>\$84,322,733</u>	<u>\$85,298,653</u>	<u>\$ (975,920)</u>	<u>(1.14)</u>

Revenue from passenger services consisted of fare revenue and revenue from charter and special services, and represented 95.61% of gross revenue in 1974 compared with 96.03% in 1973.

The fare structure in effect at December 31, 1974 was as follows:

TICKETS AND TOKENS

Adult —

Tickets or Tokens.....	4 for \$1.00
Ticket Books.....	20 tickets for \$5.00
Zone 3 and 4	
2 tickets @.....	5 for \$.50

Child —

Tickets.....	6 for \$.50
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Scholar —

Tickets.....	7 for \$1.00
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CASH FARES

Adult —

1 Fare.....	30¢
Zone 3 or 4.....	15¢

Child —

1 Fare.....	10¢
Zone 3 or 4.....	5¢

Student —

Exact Fare.....	15¢
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Tickets were available at 8 for \$1.00 to all Metropolitan residents who had reached age 65. The Municipality of Metropolitan Toronto continued to reimburse the Commission for the difference between the regular rate of fare and the reduced rate for senior citizens. These payments amounted to \$2,570,898 in 1974 and \$2,594,036 in 1973 and are included in revenue from passenger services.

EXPENSES

Total expenses increased again in 1974 to \$118,527,881 due in large measure to the increase in labour costs under the terms of the union agreement and an increase of 4.14% in mileage operated.

A comparative summary of 1974 and 1973 expenses follows:

Wages, salaries and other employee costs
 Electric traction power purchased
 Automotive fuel, including provincial taxes of
 \$1,890,196(1973-\$1,832,178)
 Vehicle and other licenses
 Municipal taxes
 Public liability and property damage
 Depreciation
 Debenture interest and related expenses
 Other expenses including cost of repair
 and maintenance materials

	1974	1973	Increase (Decrease)	%
Wages, salaries and other employee costs	\$ 88,106,171	\$ 75,384,550	\$12,721,621	16.88
Electric traction power purchased	4,433,331	4,095,357	337,974	8.25
Automotive fuel, including provincial taxes of				
\$1,890,196(1973-\$1,832,178)	3,673,220	3,094,602	578,618	18.70
Vehicle and other licenses	294,537	271,793	22,744	8.37
Municipal taxes	1,351,299	1,194,604	156,695	13.12
Public liability and property damage	919,356	869,607	49,749	5.72
Depreciation	6,860,569	7,010,981	(150,412)	(2.15)
Debenture interest and related expenses	2,619,802	2,781,315	(161,513)	(5.81)
Other expenses including cost of repair				
and maintenance materials	10,269,596	8,462,115	1,807,481	21.36
	\$118,527,881	\$103,164,924	\$15,362,957	14.89



Wages, salaries and other employee costs accounted for 74.33% of total expenses in 1974 compared with 73.07% in 1973, continuing the upward trend of recent years and serving to emphasize the increasing importance of the labour factor in transit costs.

CAPITAL ASSETS AND CAPITAL CONTRIBUTIONS:

Additions to capital assets during 1974 are summarized as follows:

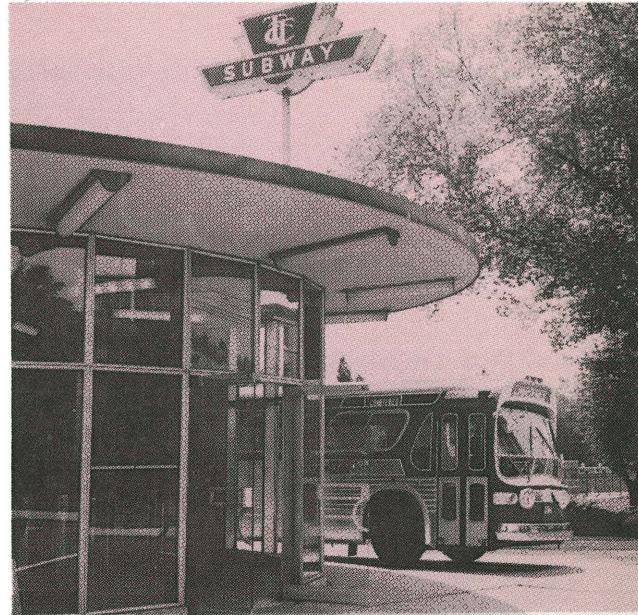
Subway Extensions and Improvements		
Spadina Rapid Transit		
Tunnel and station structures	\$ 8,009,245	
Engineering and Administration	5,119,804	
Inventory	<u>629,855</u>	
		\$13,758,904
Less accounts payable and accruals, contract holdbacks, cash and miscellaneous costs	<u>\$ 3,298,115</u>	\$10,460,789
88 Subway Cars — Progress payments and delivery of twelve cars	10,174,718	
Yonge Street Northerly Extension — Finishing costs and holdbacks	3,265,860	
Rapid Transit Rehabilitation — Structures, track and equipment	381,753	
Bloor-Danforth, Kennedy & Kipling Extensions — Engineering and Administration	119,602	
King Station Additional Entrance — Escalator	107,860	
Other	158,689	
Surface Assets		
108 Buses	4,900,551	
Rehabilitation of streetcar tracks	579,291	
Rehabilitation of streetcars	535,043	
Wilson Yard bus garage (to be completed in 1975)	236,408	
Furniture and office equipment	134,384	
Automotive shop equipment	112,092	
Birchmount garage — fuel island and bus washer	106,382	
Other	<u>125,759</u>	
Total additions	<u>\$31,399,181</u>	

Retirements of capital assets, at cost, were:

40 buses	\$ 914,178
Track	138,500
Other	<u>629,139</u>
Total	<u>\$ 1,681,817</u>

Much of the cost of additions to capital assets was recovered by capital contributions received from Metropolitan Toronto and the Province of Ontario. Metropolitan Toronto has assumed responsibility for all rapid transit construction costs on new lines. The Province of Ontario subsidizes capital asset expenditures to the extent of 75% of all rapid transit construction expenditures except for contracts made before December 1, 1972 which are subsidized at 50%. The level of subsidy for eligible surface assets is 75%. Eligible assets are basically those which are directly involved in the carriage of passengers. Metropolitan Toronto receives the benefit of the Provincial Subsidy on rapid transit construction and passes on to the Commission the subsidy received on eligible surface assets.

Metropolitan Toronto's share of 1974 expenditures on subways under construction and in operation was \$23,805,119 towards which the Province of Ontario contributed \$20,080,938. The Province of Ontario's contribution towards expenditures in 1974 on surface assets has been recorded at \$4,882,384 which is received by the Commission through Metropolitan Toronto.



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.

There have been no new issues for Commission purposes since 1967.

During 1974 a total of \$2,143,859 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.

Sinking fund earnings in 1974 amounted to \$462,802 of which \$169,383 were required earnings at the actuarial rate of 3% and \$293,419 were excess earnings.

The net capital debt of the Commission at December 31, 1974 after deducting sinking fund balances of \$7,350,190 was \$51,539,441.

The outstanding debt at December 31, 1974 included \$8,039,530 of 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 accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records and other supporting evidence for 1974 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 1973 and is currently engaged on his review of the 1974 accounts.



OPERATIONS

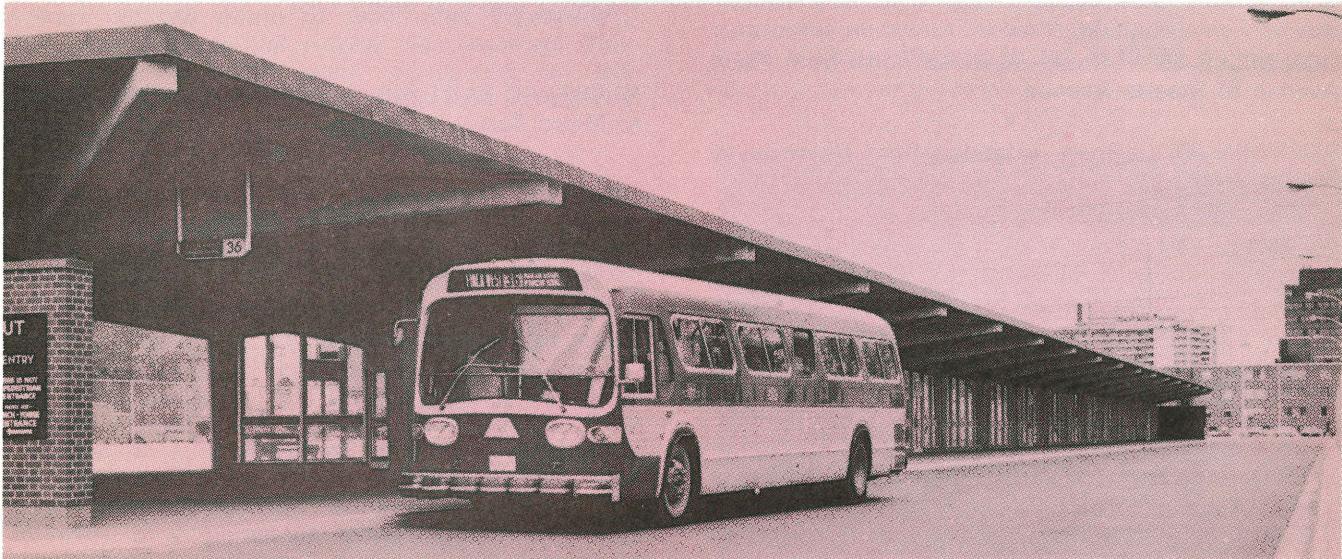
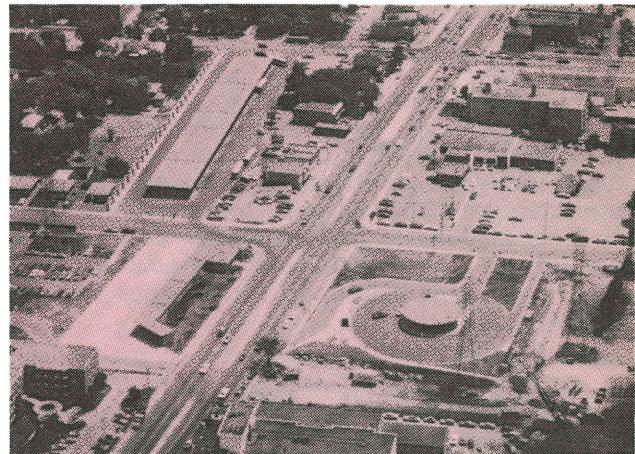
YONGE SUBWAY EXTENSION

As mentioned earlier in the report, the 2.73-mile section of the Yonge subway extension from York Mills Road to Finch Avenue was opened to the public on March 30, 1974.

This completed the final stage of the 5.41-mile Yonge Subway Extension Project which was begun in 1969. The total length of Metro's subway system is

now almost twenty-six miles. With the new section of line in operation for nine months of 1974, the estimated total number of subway riders increased from 178.4 million in 1973 to 185.9 million in 1974.

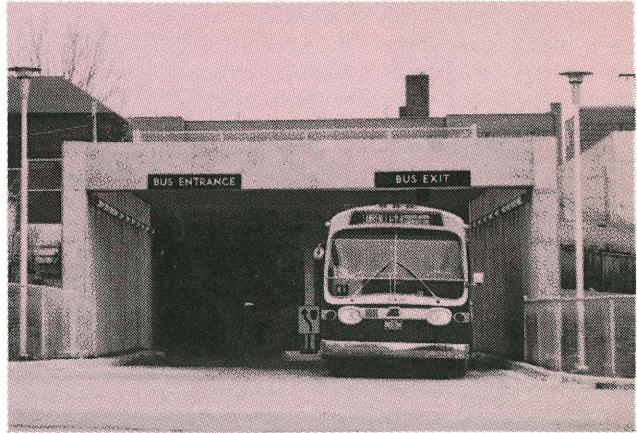
At the year end, 682,000 passengers were being carried by the subway on an average weekday, up 87,000 from 1973.



SURFACE ROUTE CHANGES ASSOCIATED WITH THE OPENING OF THE YONGE SUBWAY EXTENSION

On the same day the Yonge subway extension to Finch was opened, extensive changes were made to fourteen surface routes in the subway's northerly commuteshed.

One new route, Cummer, was started, others were extended and many were rerouted to provide direct, no-transfer service to the two new stations, Sheppard and Finch.



SYSTEM EXPANSION

In addition to the new and extended routes associated with the subway extension, the Commission's Metro-wide route extension and schedule improvement program continued at a good pace.

The major route extensions and changes were as follows:

BLOOR WEST (NIGHT) — New route to provide all-night service between Jane subway station and Mill Road in Etobicoke.

DANFORTH (NIGHT) — New route to provide all-night service between Main Street subway station and Scarborough Town Centre.

DON MILLS 25 — Route extended north from Finch Avenue to Steeles Avenue.

DUFFERIN 29 — Route extended from Dolomite to Steeles Avenue.

EGLINTON EAST 34B — Morningside Branch extended north from Ellesmere to Sheppard Avenue.

HUMBER BOULEVARD 48 — New bus route providing service between Bicknell Loop and Jane Street via Rogers Road, Weston Road, Humber Boulevard and Alliance Avenue.

KENNEDY 43, 43C — New Saturday service provided north of Finch to Steeles Avenue. Progress 43C branch extended from Markham Road and Progress to Sheppard and Neilson.

NORFINCH 99 — New bus route to provide rush hour service to industrial area which parallels Highway 400 between Wilson and Steeles Avenue.

OSSINGTON 63F — Route extended from Rogers Road and Oakwood to Bicknell Loop, replacing Rogers Road street car.

ROUGE HILL 13 — New bus route to provide service between Rouge Hill GO Station and Metro Zoo.

SCARBOROUGH 86C — Route extended from Highland Creek to Metro Zoo.

SHEPPARD EAST 84B — Extended from Morningside to Metro Zoo.

SPADINA 77D — Extended from Lakeshore and Spadina via Queen's Quay and Bay to Union Station.

STEELES WEST 60 — Route extended from Jane Street to Islington Avenue.

VICTORIA PARK 24B, 24C — Route extended north from Finch Avenue to Steeles Avenue. In addition, rush hour service extended to serve industrial area north of Steeles Avenue. Service north of Metro boundary operated under agreement with Town of Markham.



MANPOWER AND LABOUR RELATIONS

Collective agreements with the Commission's union employees expired in 1974 as follows:

Division 113, Amalgamated Transit Union — 5,978 members — June 30; Local 2, Canadian Union of Public Employees — 145 members — March 31; Lodge 235, International Association of Machinists and Aerospace Workers — 46 members — March 31.

Negotiations continued through May and June and on June 24, the Amalgamated Transit Union requested the appointment of a Provincial Ministry of Labour Conciliation Officer. Conciliation services were unsuccessful and the Ministry of Labour appointed a mediator on July 31.

Mediation efforts failed and on August 12, members of the three unions went on strike. Mediation talks reconvened on August 13 and continued until August 25 when the Commission's fifth contract offer was rejected by the unions.

The Ontario Legislature was called back into special session by Premier William Davis on August 30th and Bill 119, The Toronto Transit Commission Labour Disputes Settlement Act, 1974, was enacted to end the strike.

The bill became law and took effect in the early hours on Saturday, August 31st, but most union workers did not return to work until Wednesday, September 4 when full service was resumed. This followed a vote by ballot conducted by the Amalgamated Transit Union in which 78% indicated a desire to return to work.

Under the provisions of the Government bill, an arbitrator, Senator H. Carl Goldenberg, was appointed by the Province to decide all issues still in dispute between the unions and the TTC, his award to be final and binding.

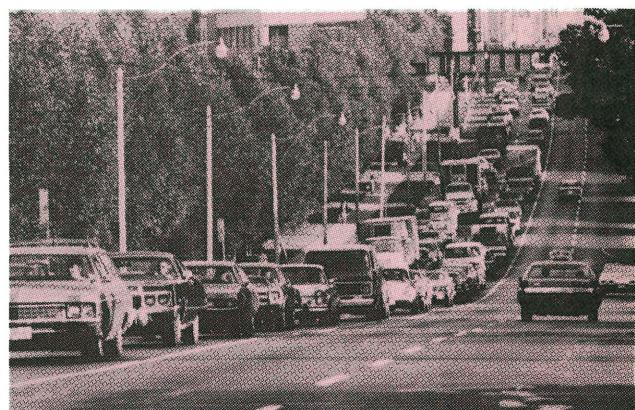
The bill provided for an immediate wage increase of 12% retroactive to the day following the expiry dates of the agreements with the unions.

The arbitrator's award, dated January 20, 1975, contained the following key provisions:

- * Wage increases of 16% effective July 1, 1974 (This included the 12% increase provided by legislation); 5% effective March 1, 1975 and 8% effective November 1, 1975;
- * Cost of living adjustments of one cent per hour for each rise of 0.4 points from a base of 195 in the Consumer Price Index for Toronto;
- * Increases in overtime and shift premium payments;
- * Progressive pay increase for split-shift work spread over periods longer than 10½ and 12 hours, with a maximum spread time limit of 12½ hours;
- * Increase in vacation entitlements with a maximum of six weeks after thirty years;
- * The introduction of an exact fare policy for surface routes not later than October 1, 1975;
- * The hiring of part-time TTC operators and drivers not permitted.

It is estimated that labour costs chargeable to TTC operations resulting from terms agreed upon during negotiations and provisions of the arbitration award will increase by more than \$42 million over the two-year terms of the new union agreements.

During the year, the number of active employees leaving the Commission for reasons other than retirement or death represented 7.7% of employee strength. This compares favourably with a Toronto industry average of 12.6%. One hundred and sixty-two employees retired on pension. Job applicants increased from 17,714 in 1973 to 18,396 in 1974.



The number of operators increased by a net of forty-nine and despite an intensive hiring program, the Commission continues to be hard-pressed to obtain new employees having adequate capabilities to become operators and drivers.

The operator recruiting program included:

- a \$50.00 "reward" to employees referring an acceptable applicant
- handbills distributed to houses in selected districts
- intensive "Help Wanted" advertising in the Toronto evening paper and Borough weekly papers
- a campaign in the Maritimes by Canada Manpower

Approximately 450 clerical and supervisory employees attended a wide range of courses offered as part of the Commission's Employee Development Program.

As well as providing public transit to areas otherwise difficult to serve, the mini-bus experiment will supply valuable operating experience, particularly in the area of cost comparison with standard size buses. It is also important to assess customer reaction to the use of smaller vehicles in residential districts.

The small buses for the test were loaned to the Commission by the Toronto Area Transit Operating Authority.



TRANSPORTATION FOR THE PHYSICALLY HANDICAPPED

Good progress was made towards the organization and operation of a pilot project for transportation of the physically handicapped.

Proposals were invited from private operators of wheelchair transportation services and at year end a contract had been awarded to Wheel Chair Mobile Services Limited for the operation of a two-year pilot project to begin early in 1975. The initial project will provide transportation service between home and work for persons confined to wheelchairs or unable to use regular public transportation services.

Funding for the project is being shared equally by the Province of Ontario and Metropolitan Toronto.

MINI-BUS SERVICE

In late 1974, the Commission approved a six-month trial of two fixed-route mini-bus services to begin early in 1975 in sections of the Boroughs of North York and York. In both test areas, most of the roads and streets were designed and built primarily for automobile use and the operation of large buses was either difficult or unacceptable to local residents.

RESERVED BUS LANES

In August 1972, the Commission, with the co-operation of Metropolitan Toronto, undertook a six-month trial of reserved bus lanes on two sections of Eglinton Avenue. During rush hour periods, approximately 3.7 miles of the curb lane were reserved in the eastbound direction for buses, emergency vehicles and for taxis picking up or discharging passengers.

The test resulted in improved adherence to schedules and faster trip times and the Eglinton Avenue reserved lanes were retained.

In late 1974, the reserved bus lane program was expanded to sections of four other major Metro roads — St. Clair Avenue East, Wilson Avenue, Pape Avenue and York Mills Road. In these applications, each of the roads is four lanes wide and the curb lanes in each direction are reserved for buses during rush hour periods.

The new lanes will be tested on a trial basis, after which time they will be reviewed in the light of operating experience, passenger trip times and impact on other vehicular traffic.

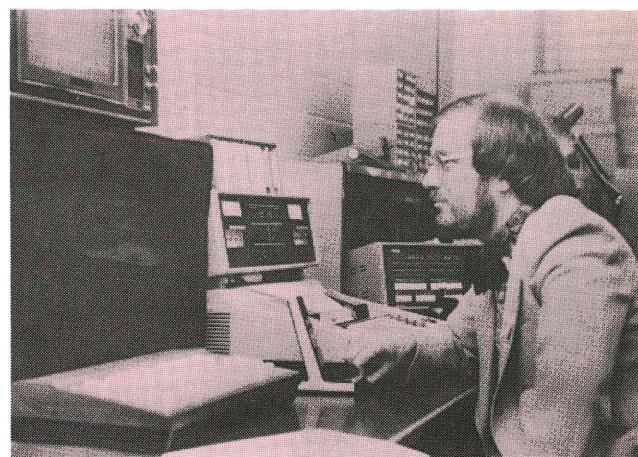
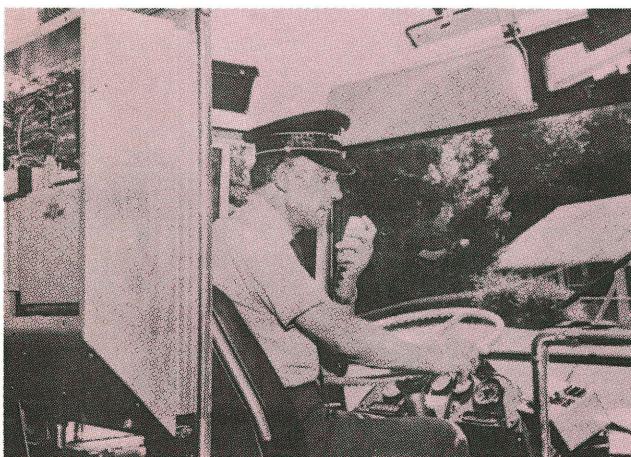


COMMUNICATIONS AND INFORMATION SYSTEM PILOT PROJECT

In 1973, the Commission approved a feasibility study of an electronic communications system for all surface transit vehicles.

As envisaged, the full-scale project will permit the immediate identification and location of any surface transit vehicle at any time and also provide radio communication facilities for the direct and continual exchange of passenger, service and vehicle data between all surface vehicles and a central Control headquarters.

The project is being carried out in stages with the assistance of consultants and during 1974 equipment was purchased to equip a special laboratory and to begin on-vehicle testing of electronic equipment. On-street testing is expected to begin about the middle of 1975. The system is being funded with a 75% contribution from the Province of Ontario and it is considered to have great potential for improving the efficiency of service to the public.



COMPUTER SCHEDULING — “RUCUS” PROJECT

In October 1974, a six-month test of a program to computerize schedule, vehicle and crew assignment work was approved.

The project, called “RUCUS” (a short version of “run cutting and scheduling”), is a long-sought alternative to manual scheduling and crewing. The objective is to make more efficient use of manpower and equipment. RUCUS could also be used in a simulation mode to assess the effect of projected changes in levels of service, reduction of split shifts and other working conditions. TTC staff are working with project consultants in order to gain the skill and experience necessary to extend the use of the package on a system-wide basis should the test prove successful.

The first test is being made at Queensway sub-division which has four hundred drivers, 245 buses, twenty-nine routes and operates approximately 5,400 trips daily.

The project will be completed and evaluated in 1975.

CHARTERED FREE RIDE PROMOTIONS

Two private companies again chartered the entire TTC system in 1974. The T. Eaton Company Limited hired the system and provided free rides to all passengers for two hours on June 27th. For the third successive year, McGuiness Distillers Limited repeated their successful New Year's Eve promotion and provided free transportation for everyone from 8:00 p.m. December 31st to 4:00 a.m. January 1st.

In addition, on August 8th the Robert Simpson Company Limited promoted the opening of a new branch store in Richmond Hill by providing free rides for the day for all passengers using the North Yonge bus service north of the Metro boundary between Steeles Avenue and Richmond Hill.

DOUBLE-DECKER BUS TOUR

During the year, the Commission purchased three 1950-vintage Bristol Lowbridge type double-deck buses from England for use on a “Great Sights of Old Toronto” downtown sightseeing route.

The tour combined the fun and the experience of a ride on a double-deck British bus with unusual stories and points of interest in an interesting cross-section of downtown Toronto. The tour proved popular and during the period from June 1st to August 11th carried approximately 29,000 passengers.





REGIONAL TRANSIT

The Commission and its staff are pleased to be working with the Toronto Area Transit Operating Authority which was formed in 1974. The Commission is confident that much will be achieved by this partnership as it works towards its goal of improving and co-ordinating public transportation throughout the region and the Toronto area commuteshed. The provision of inter-regional services, convenient connections, passenger shelters and park-and-ride facilities are among the objectives that will benefit the region's commuters.

The new York Regional Bus Terminal built by the TTC and opened in 1974 adjacent to Finch subway station has already demonstrated the advantages of regional co-operation. It is providing an important and convenient connection between the bus services from the communities north of Metro and the subway and local buses of the TTC.

PASSENGER VEHICLE FLEET

At year end, the passenger fleet was as follows:

	1974	1973
Street cars.....	389*	393*
Subway cars.....	416	410
Motor buses.....	1,165	1,097
Trolley buses.....	151	152
	—	—
	2,121	2,052

*Includes active and stored vehicles
and Witt Car #2766.

One hundred and three new buses were placed in service and eight street cars surplus to the Commission's requirements were disposed of during the year.

In 1974, the Commission ordered 108 more buses at a cost of approximately \$6 million.

NEW SUBWAY CARS

The first cars in the TTC's \$22-million, 88-car order from Hawker Siddeley Canada Limited were delivered in the Fall of 1974. The new cars will be used to increase service on the existing subway system and delivery of the entire order is scheduled for completion in 1975.

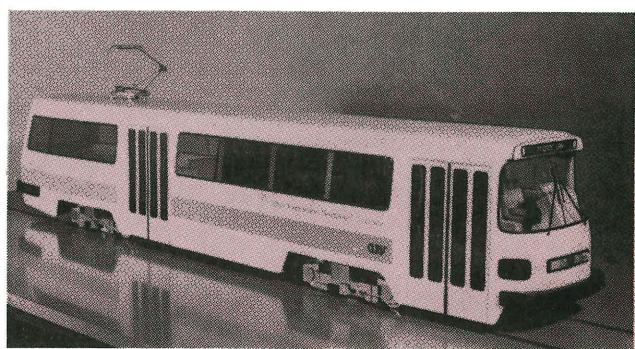


P.C.C. STREET CAR REHABILITATION PROGRAM

The complete overhaul and modernization of 150 of the Commission's P.C.C. street car fleet neared completion at year end. In addition, approval was given by the Commission to extend the rebuilding program by twenty-two more cars for use on planned future street car lines. The rebuilding program will extend the life of the P.C.C. cars by an estimated ten years.

NEW LIGHT RAIL VEHICLES

During 1974, the Commission approved in principle the purchase of two hundred new light rail vehicles from the Ontario Transportation Development Corporation, a corporation established by the Province to design and develop new transit vehicles and technology. TTC staff worked closely with the OTDC on the specifications and design of the new cars and at year end preliminary mock-ups had been completed and final proposals were being prepared for submission to the Commission early in 1975.



SAFETY

In 1974, for an unprecedented eighth consecutive year, TTC operators and drivers won the American Public Transit Association's top award for traffic and passenger safety in competition with U.S. and Canadian cities of over a million population.

This is the ninth time in ten years that TTC men have won the award. During 1974 they reduced the Commission's traffic and passenger accident rate by 6.2% to a new record low rate of 4.5 incidents per 100,000 miles of city surface operation. The system accident rate has been cut by 50% in the past ten years.

The Commission is pleased to report that its industrial employees' injury rate has been reduced by 46% in the past ten years. Safety awards were made by APTA to several TTC work groups including one gold award for 1,000,000 man hours of accident-free work and two silver awards for 500,000 man hours of accident-free work.

In the Commission's "ZERO" injury program, twenty-nine awards were made for safety performance among the forty-two competing work groups. Special mention should be made of the men in the Janitor Watchmen group of the Plant Department who in 1974 accumulated one million injury-free man hours for a ten-year period.



PUBLIC INFORMATION AND COMMUNITY RELATIONS

The Commission's telephone information staff answered 1,456,590 requests for schedule, route and fare information during the year. This was down 97,453 calls from 1973 because of the previously mentioned strike which occurred during the Canadian National Exhibition period, the busiest time of the year for information calls.

More than 120,000 TTC Ride Guides and 672,000 pocket bus timetables were distributed by mail, at subway stations, convention hotels and other locations.

During 1974, the Commission's audio-visual presentation "Moving People" again proved popular with service clubs, senior citizens groups, schools and colleges, community associations, etc. It was shown on thirty-two different occasions to approximately 1,500 people.

Commission and senior officials continued to be active in attending meetings of various Metro area ratepayers' and community groups to review transit services, future plans, subway construction programs and other transit related matters.

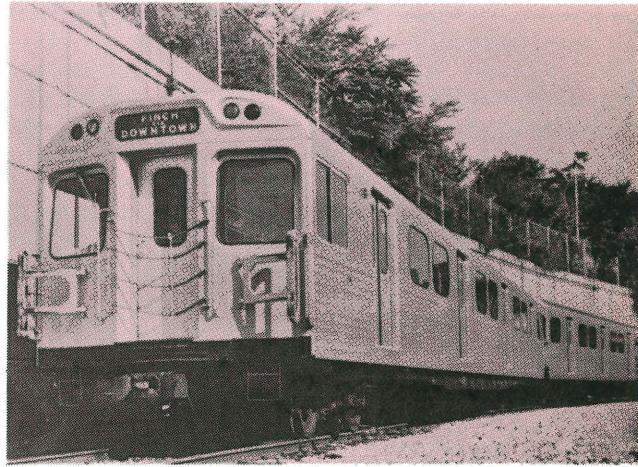
The Commission's student transit safety program was expanded during the year and starting in September, plans were made to visit 225 Metro elementary schools. Children in kindergarten, grades 2, 4 and 6 are shown how to use the TTC and given important tips on safety and transit courtesy. The use of a bus as a classroom again proved popular with the youngsters and the response from teachers and educational officials has been excellent. It is estimated that approximately 90,000 youngsters viewed the presentation during the 1974 school year.



SUBWAY CONSTRUCTION

YONGE SUBWAY NORTHERLY EXTENSION — PROGRESS 1974

As mentioned previously, the final 2.73-mile section of the Yonge subway extension from York Mills to Finch Station was opened for revenue operation on March 30, 1974. At December 31, 1974, all contracts for the entire 5 ½-mile project, with the exception of one involving structural and passenger entrance changes to Eglinton Station, were completed.



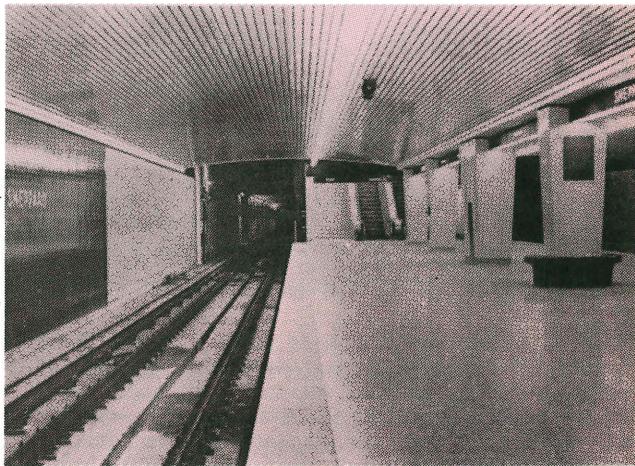
SPADINA RAPID TRANSIT

Construction of the 6.17-mile Spadina subway started in the Spring and at the year end work was underway on seven major structural contracts. In addition, four contract tenders were being assessed and two others were out for tender.

The Spadina subway is, in effect, an extension of the Yonge-University subway and will run from the existing St. George Station north on Spadina Avenue, beneath the floor of the Nordheimer and Cedarvale ravines, north on the partially finished Allen Expressway right-of-way to a terminal station at Wilson Avenue. Stations will be located on Spadina north of Bloor Street, Dupont Street, St. Clair Avenue, Eglinton Avenue, Glencairn Avenue, Lawrence Avenue, Yorkdale Road and Wilson Avenue. A bus garage and subway car maintenance and storage facilities will be built in conjunction with the Wilson terminal station.

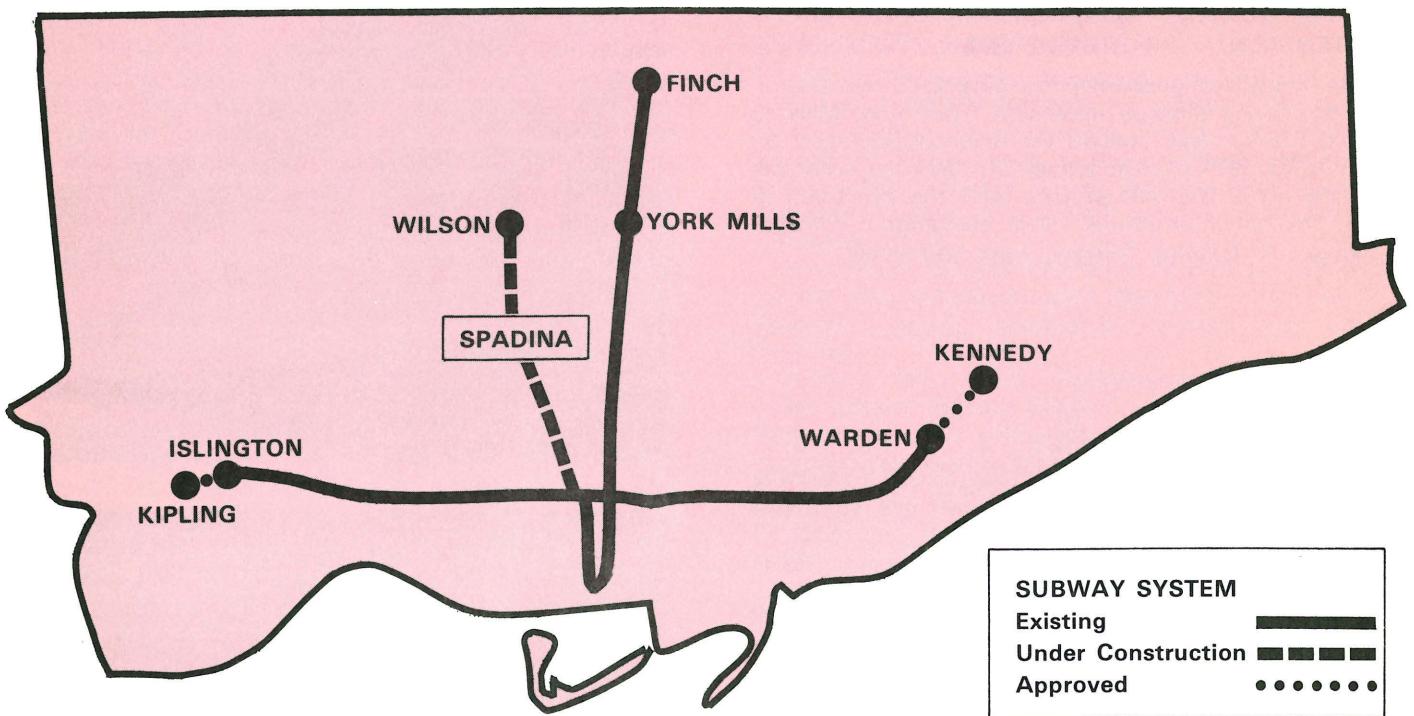
The cost of the Spadina rapid transit project is being shared by the Province of Ontario and Metropolitan Toronto 75% and 25% respectively.

Target date for completion is scheduled for late 1977.

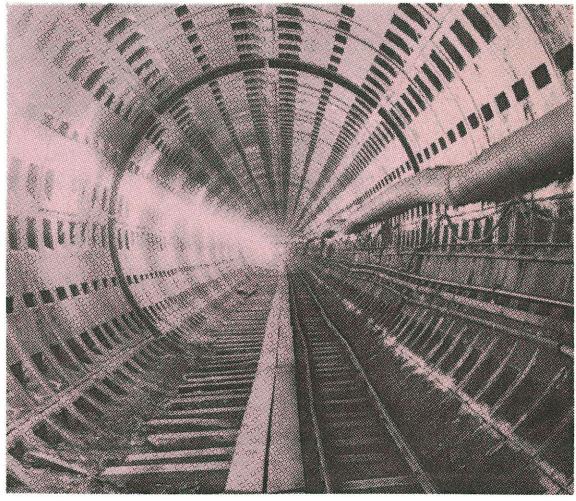


BLOOR-DANFORTH SUBWAY EXTENSIONS

During 1974, contract drawings were in preparation by Commission staff for the 1.6-mile easterly extension to the Bloor-Danforth subway from Warden Station to Eglinton and Kennedy Road and for the one-mile westerly extension from Islington Station to Kipling Avenue. Construction of the extensions is scheduled to begin in 1975.



Work is continuing at a good pace on the 6.17-mile Spadina Subway. The open-cut section on Spadina, between MacPherson and Lowther is pictured above. View looks south to main intersection of Dupont and Spadina. Soon the wooden decking will be removed and the road repaved while construction continues beneath the street level.



And at another location, north of Davenport Road, two 100-ton manual tunnelling shields are being used to construct twin, 16-foot diameter tunnels beneath Spadina Road. The tunnels pass about ninety feet east of Casa Loma and at their deepest point are 100 feet beneath the street.



PRIVATE BUILDING DEVELOPMENT ALONG THE SUBWAY ROUTES

The construction of new buildings or modifying of existing buildings at many locations near the subway system continued throughout 1974. Where such developments are contiguous to the subway structures, building plans must be approved by the Commission.

As of December 31, 1974, major building projects were either underway or planned in the area of Union, Queen, Dundas, Bloor-Yonge, St. Clair, Eglinton, Lawrence, Sheppard and Dundas West subway stations. Many of these developments include direct connections between the new buildings and the adjacent subway station.



CONCLUSION

The Commission extends its appreciation to Metropolitan Council, to the elected representatives and officials of the City and area municipalities, to the Province and to the public generally for their support and co-operation during the year.

The Commissioners also wish to express their thanks to the capable and conscientious staff who, in the final analysis, are responsible for maintaining the TTC's reputation as one of the world's finest transit systems.

Yours truly

A handwritten signature in black ink, appearing to read "Gordon Head".

Chairman

A handwritten signature in black ink, appearing to read "E.H. Danos".

Vice-Chairman

A handwritten signature in black ink, appearing to read "Paul Godfrey".

Commissioner

A handwritten signature in black ink, appearing to read "Karl Mallette".

Commissioner

A handwritten signature in black ink, appearing to read "Ted Rotanson".

Commissioner

TORONTO TRANSIT COMMISSION BALANCE SHEET AT DECEMBER 31, 1974

ASSETS	1974	1973
CURRENT AND WORKING ASSETS:		
Cash	\$ 96,970	\$ 584,432
Short-term investments, at cost which approximates market	—	500,000
Accounts receivable	4,381,535	2,752,208
Operating subsidy receivable (Note 1)	8,954,047	5,245,009
Gray Coach Lines, Limited — current account (Note 4)	1,775,691	1,748,455
Working funds advanced to employees and agents	510,449	485,736
Materials and supplies, at cost	4,585,965	3,468,827
Prepaid expenses	441,853	348,261
	<hr/> <u>20,746,510</u>	<hr/> <u>15,132,928</u>
INVESTMENTS:		
Mortgages on property sold and other long-term receivables	60,163	64,404
Capital stock of Gray Coach Lines, Limited, at cost (Note 4)	<u>1,000,000</u>	<u>1,000,000</u>
	<hr/> <u>1,060,163</u>	<hr/> <u>1,064,404</u>
UNAMORTIZED DEBENTURE DISCOUNT	<hr/> <u>811,395</u>	<hr/> <u>862,973</u>
CAPITAL ASSETS (Note 2):		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	537,142,824	474,640,837
Less: Capital contributions received	<u>326,599,278</u>	<u>266,665,876</u>
	<hr/> <u>210,543,546</u>	<hr/> <u>207,974,961</u>
Less: Accumulated depreciation	<u>116,007,982</u>	<u>110,735,902</u>
	<hr/> <u>94,535,564</u>	<hr/> <u>97,239,059</u>
Subway extensions under construction	23,106,464	55,891,087
Less: Capital contributions received	<u>22,510,932</u>	<u>53,756,830</u>
	<hr/> <u>595,532</u>	<hr/> <u>2,134,257</u>
Total capital assets	<hr/> <u>95,131,096</u>	<hr/> <u>99,373,316</u>
	<hr/> <u>\$117,749,164</u>	<hr/> <u>\$116,433,621</u>



LIABILITIES	1974	1973
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 17,072,995	\$ 13,160,083
Debenture interest accrued	<u>501,878</u>	<u>511,492</u>
	<u>17,574,873</u>	<u>13,671,575</u>
PROVISIONS:		
For tickets and tokens held by the public	1,450,000	1,405,000
For public liability and workmen's compensation	<u>2,000,000</u>	<u>2,000,000</u>
	<u>3,450,000</u>	<u>3,405,000</u>
CAPITAL DEBT:		
The Municipality of Metropolitan Toronto —		
For debentures maturing in annual instalments from 1975 to 1995	36,561,560	38,255,800
For sinking fund debentures maturing between 1980 and 1997 less sinking fund balance of \$7,350,190	<u>14,831,810</u>	<u>15,744,232</u>
Total (Note 5)	51,393,370	54,000,032
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	146,071	172,164
	<u>51,539,441</u>	<u>54,172,196</u>
EQUITY		
EQUITY ACQUIRED FROM TORONTO TRANSPORTATION COMMISSION ON JANUARY 1, 1954:		
Earnings retained and invested in improvement and expansion of the system by Toronto Transportation Commission	24,803,733	24,803,733
EARNINGS RETAINED AND INVESTED IN THE SYSTEM		
by Toronto Transit Commission (unchanged from prior year)	<u>20,381,117</u>	<u>20,381,117</u>
	<u>45,184,850</u>	<u>45,184,850</u>
	<u><u>\$117,749,164</u></u>	<u><u>\$116,433,621</u></u>

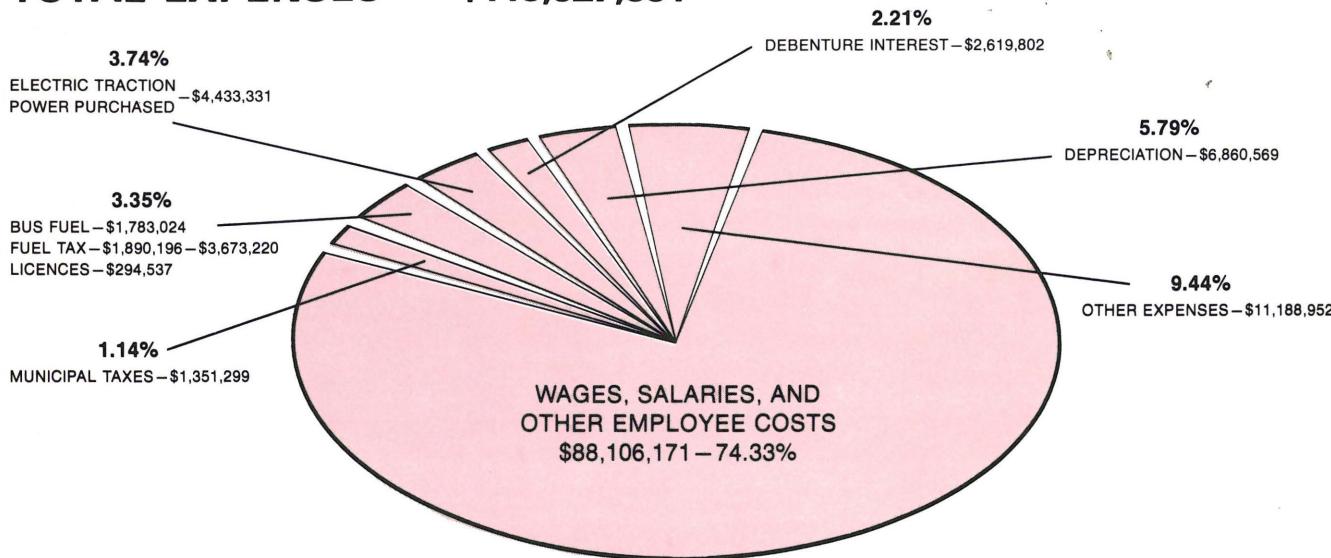
TORONTO TRANSIT COMMISSION STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1974

	1974	1973
REVENUE:		
Passenger services	\$ 80,618,925	\$ 81,912,244
Rental of land, air rights, buildings, subway concessions and equipment	1,708,547	1,636,485
Rental of advertising space	1,122,044	1,071,225
Interest earned	86,620	97,526
Dividend from Gray Coach Lines, Limited (Note 4)	—	200,000
Miscellaneous	<u>786,597</u>	<u>381,173</u>
	<u>84,322,733</u>	<u>85,298,653</u>
EXPENSES:		
Wages, salaries and other employee costs	88,106,171	75,384,550
Electric traction power purchased	4,433,331	4,095,357
Automotive fuel, including provincial taxes of \$1,890,196 (1973 — \$1,832,178)	3,673,220	3,094,602
Vehicle and other licences	294,537	271,793
Municipal taxes	1,351,299	1,194,604
Public liability and property damage	919,356	869,607
Depreciation (Note 3)	6,860,569	7,010,981
Debenture interest and related expenses	2,619,802	2,781,315
Other expenses including cost of repair and maintenance materials	<u>10,269,596</u>	<u>8,462,115</u>
	<u>118,527,881</u>	<u>103,164,924</u>
Loss from operations for the year	34,205,148	17,866,271
Operating subsidy (Note 1)	<u>34,205,148</u>	<u>17,866,271</u>
Balance of loss for the year	\$ —	\$ —



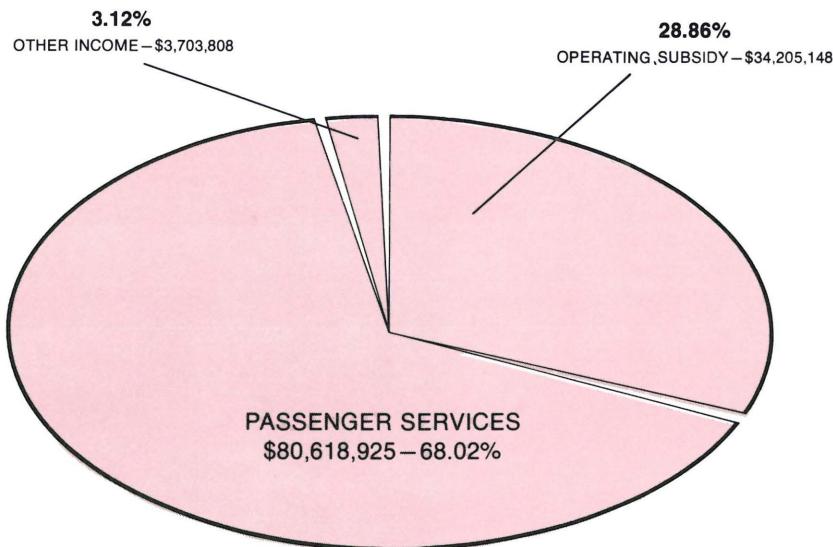
WHERE THE 1974 DOLLARS WENT

TOTAL EXPENSES — \$118,527,881



WHERE THE 1974 DOLLARS CAME FROM

TOTAL INCOME RECEIVED — \$118,527,881



TORONTO TRANSIT COMMISSION STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1974

	1974	1973
Source of funds:		
Passenger revenue	\$ 80,618,925	\$ 81,912,244
Other income	3,703,808	3,386,409
Operating subsidy	<u>34,205,148</u>	<u>17,866,271</u>
Proceeds of capital assets disposals and mortgage principal repayments	118,527,881	103,164,924
	<u>93,882</u>	<u>91,880</u>
	<u>118,621,763</u>	<u>103,256,804</u>
Application of funds:		
Operating expenses	118,527,881	103,164,924
(Deduct) Add items not requiring current funds-		
Depreciation	(6,860,569)	(7,010,981)
Other	<u>388,630</u>	<u>335,581</u>
	<u>112,055,942</u>	<u>96,489,524</u>
Expenditures on capital assets	31,399,181	32,191,152
Less: Capital contributions received	<u>28,687,503</u>	<u>28,538,215</u>
	<u>2,711,678</u>	<u>3,652,937</u>
Debenture debt repayments	<u>2,143,859</u>	<u>2,079,661</u>
	<u>116,911,479</u>	<u>102,222,122</u>
Increase in working capital	<u>\$ 1,710,284</u>	<u>\$ 1,034,682</u>



TORONTO TRANSIT COMMISSION NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1974



Note 1: Operating subsidy

In 1971 the Province of Ontario enacted legislation to provide financial assistance to municipalities in respect of their expenditures for the operation of public transit services. In each of the years 1971 to 1974 The Municipality of Metropolitan Toronto has assumed responsibility for the Commission's operating deficit and has received financial assistance from the Province which included 50% of such deficits.

At December 31, 1974 the Municipality had made payments to the Commission of \$25,251,101 in respect of the 1974 operating deficit leaving a balance of \$8,954,047 which was received by the Commission in 1975.

Note 2: Capital asset additions and capital contributions

The Commission constructs or purchases its capital asset additions and receives capital contributions from The Municipality of Metropolitan Toronto and the Province of Ontario. Capital assets are recorded at cost in the financial statements and the capital contributions received are recorded as a deduction from the gross cost.

The current bases for capital contributions are as follows:

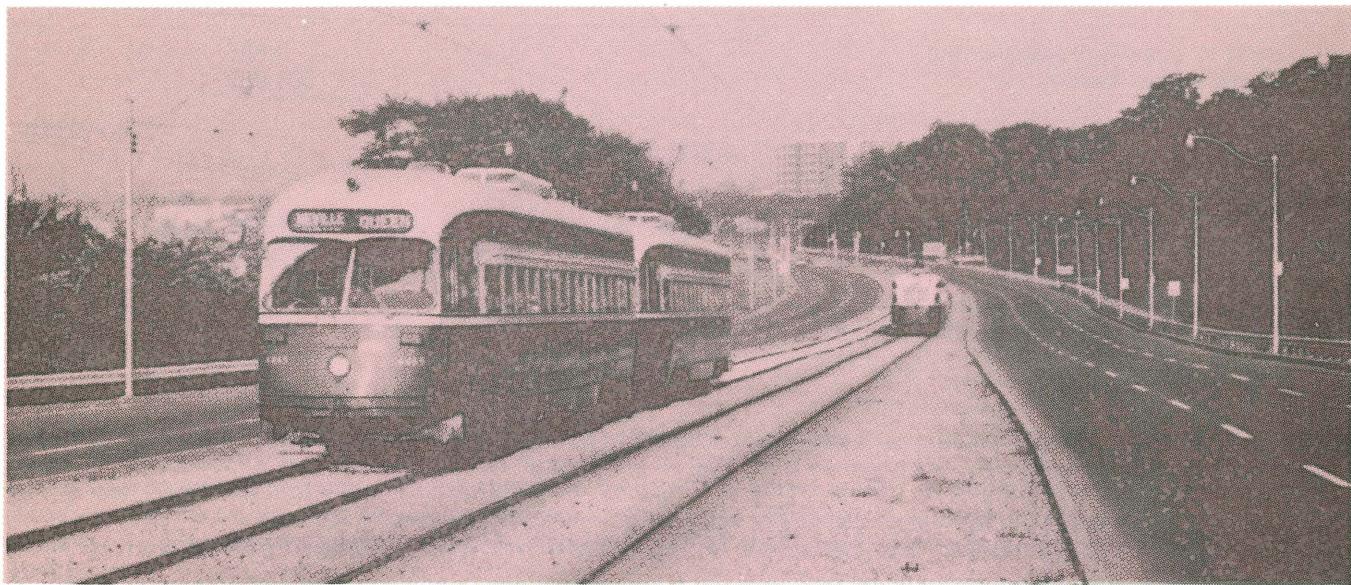
1. For additions and major improvements to the subway system and equipment the Municipality makes a capital contribution equal to the total cost and recovers 75% of this amount from the Province.
2. For most of its other capital asset additions the Commission receives the benefit of a 75% capital contribution that the Province pays to municipalities.

The portion of the northerly extension to the Yonge Street subway from York Mills Road to Finch Avenue (2.73 miles) was completed and opened for service on March 30, 1974.

The Commission has obtained Ontario Municipal Board approval and is proceeding with the following major projects:

	Amount of approval
Spadina Rapid Transit, 6.17 miles from St. George Station to Wilson Ave.	\$155,000,000
Bloor-Danforth Subway Extensions: west to Kipling Avenue (1.02 miles) and east to Eglinton and Kennedy Avenues (1.72 miles)	68,500,000
88 subway cars	25,402,480

A further purchase of 134 subway cars has been approved by the Ontario Municipal Board in April 1975. The 1975 approval is for \$40,077,000 which is in addition to \$25,600,000 already included in the above approvals for Spadina Rapid Transit and Bloor-Danforth Subway Extensions.



Additions to capital assets during 1974 are summarized below. These figures do not include land for subways which is purchased by the Municipality and is not recorded on the Commission's books:

	Total expended	Contributions received from Province and Municipality
Subway extensions and improvements —		
Yonge Street Northerly Extension	\$ 3,265,860	\$ 3,150,392
Spadina Rapid Transit	10,460,789	9,889,791
88 subway cars	10,174,718	10,174,718
Other	767,904	590,218
Surface assets —		
108 buses	4,900,551	3,653,705
Rehabilitation of streetcar track	579,291	434,468
Rehabilitation of streetcars	535,043	392,545
Other	715,025	401,666
	<u>\$31,399,181</u>	<u>\$28,687,503</u>

Subway extensions under construction at December 31, 1974 are summarized as follows:

Construction and equipment costs —		
Spadina Rapid Transit	\$14,974,612	
Subway cars	11,117,264	
Other	312,703	
	<u>26,404,579</u>	
Cash in subway bank account	7,625	
Miscellaneous costs	<u>301,062</u>	
	<u>\$26,713,266</u>	
Less:		
Accounts payable and accruals	2,625,068	
Contract holdbacks	981,734	
	<u>3,606,802</u>	
	<u>\$23,106,464</u>	

Note 3: Depreciation policy

The provision for depreciation on capital assets is computed on the straight-line method at rates based on the estimated average useful life of each asset group. No depreciation is charged on the portion of the total cost of capital assets for which capital contributions have been made by The Municipality of Metropolitan Toronto or the Province of Ontario.



Note 4: Gray Coach Lines, Limited

Gray Coach Lines, Limited, a wholly-owned subsidiary of the Toronto Transit Commission, operates interurban coach services and its financial statements are published separately. The accounts of Gray Coach Lines are not consolidated with those of the Toronto Transit Commission because consolidation is not felt to be the more informative presentation in the circumstances. The earnings of the Company, after any dividends to the Commission, are retained to maintain and improve the service for the benefit of the population it serves and are not likely to accrue to the Commission. In addition, the Company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations is carried out under an agreement with the Province as part of the "GO Transit" commuter system.

The results of the Company's operations are summarized as follows:

	Year ended December 31	
	1974	1973
Revenue	\$19,381,185	\$18,334,432
Expenses including Ontario income taxes	<u>19,112,695</u>	<u>17,266,321</u>
Net earnings for the year	<u><u>\$ 268,490</u></u>	<u><u>\$ 1,068,111</u></u>

The Company's balance sheet is summarized as follows:

	ASSETS	
	As at December 31	
	1974	1973
Current assets	\$ 4,374,944	\$ 5,349,305
Investments, primarily held for modernization and expansion of the system	1,548,500	1,547,750
Capital assets, at cost less accumulated depreciation	<u>8,272,842</u>	<u>6,839,975</u>
	<u><u>\$14,196,286</u></u>	<u><u>\$13,737,030</u></u>

	LIABILITIES	
	As at December 31	
	1974	1973
Current liabilities	\$ 2,645,315	\$ 2,534,549
Provisions, mainly for public liability and workmen's compensation	1,093,000	1,013,000
Capital stock, reserve and retained earnings	<u>10,457,971</u>	<u>10,189,481</u>
	<u><u>\$14,196,286</u></u>	<u><u>\$13,737,030</u></u>

The earnings of Gray Coach Lines are recorded in the accounts of the Commission only to the extent of dividends received. Gray Coach Lines operations were interrupted in 1974 by a twenty-three day strike and no dividends were paid in that year (1973 dividend — \$200,000).

The statement of revenue and expenses reflects charges of \$3,880,569 (\$3,547,289 in 1973) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

Note 5: Capital debt

Capital borrowings by the Commission are effected through the issue of Municipality of Metropolitan Toronto debentures. The Commission is required to provide the Municipality with funds to meet all principal and interest payments on such debentures. At December 31, 1974 the net capital debt of the Commission was as follows:

	1974	1973
Instalment debentures —		
2 3/4% due 1980*	\$ 1,014,720	\$ 1,183,840
3 3/8% due 1981*	2,095,880	2,358,620
3 1/2% due 1983*	2,329,930	2,545,860
4% due 1983	1,558,018	1,699,656
3 1/2% due 1984	1,574,070	1,704,151
5 3/8% due 1992	3,214,942	3,319,673
5 1/2% due 1993	7,986,000	8,222,000
5 1/4% due 1995	16,788,000	17,222,000
	<u>36,561,560</u>	<u>38,255,800</u>
Sinking fund debentures —		
3 3/4% due 1980	254,510	394,736
4 1/8% due 1986*	1,024,048	1,163,772
5% due 1993	1,391,478	1,481,805
6% due 1996	6,708,623	7,024,099
6% due 1997	2,482,811	2,588,998
7% due 1997	2,970,340	3,090,822
	<u>14,831,810</u>	<u>15,744,232</u>
	<u>\$51,393,370</u>	<u>\$54,000,032</u>

*Payable in U.S. dollars

Instalment debenture maturities and scheduled sinking fund payments required in the next five years increase from \$2,191,351 in 1975 to \$2,496,672 in 1979.

The sinking fund balance of \$7,350,190 at December 31, 1974 consists of:

- (i) the annual levies paid by the Commission into The Municipality of Metropolitan Toronto sinking fund together with interest credited at the rate of 3% per annum, which is the rate to provide sufficient funds to retire the debentures at maturity, and
- (ii) the Commission's equity of \$1,302,789 in the actual earnings of the sinking fund in excess of the 3% rate.



May 30, 1975

AUDITORS' REPORT

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1974 and the statements of revenue and expenses 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, 1974 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.

Pricewaterhouse & Co.

Chartered Accountants

TORONTO TRANSIT COMMISSION Five Year Summary

	1974	1973	1972	1971	1970
FINANCIAL SUMMARY:					
Gross Revenue.....	\$ 84,322,733	\$ 85,298,653	\$ 86,669,476	\$ 83,635,177	\$ 81,722,677
Wages, salaries and other employee costs.....	88,106,171	75,384,550	66,204,585	61,006,087	54,745,955
Automotive fuel tax.....	1,890,196	1,832,178	1,697,857	1,548,409	1,498,509
Municipal taxes.....	1,351,299	1,194,604	1,348,812	1,341,573	1,327,425
Total expenses.....	118,527,881	103,164,924	92,842,600	86,514,066	79,820,139
Net earnings (loss).....	(34,205,148)	(17,866,271)	(6,173,124)	(2,878,889)	1,902,538
Operating subsidy.....	34,205,148	17,866,271	6,173,124	2,878,889	
 OPERATING STATISTICS:					
Passengers carried	329,796,000	329,027,000	292,964,000	281,496,000	276,529,000
Passengers carried average weekday	1,168,000	1,100,000	984,000	935,000	921,000
Miles operated including charter and special services:					
Motor bus.....	40,447,642	39,449,463	36,928,361	35,574,271	33,770,827
Subway.....	29,698,262	26,185,136	22,992,648	22,839,644	22,735,322
Streetcar.....	9,944,835	10,867,126	10,832,375	10,987,701	11,426,600
Trolley bus.....	3,375,151	3,642,766	3,964,776	3,994,391	4,053,394
Total	83,465,890	80,144,491	74,718,160	73,396,007	71,986,143
Electric traction power consumption—kilowatt hours	255,613,561	248,080,556	239,386,000	235,250,000	236,530,000
Diesel Oil consumption—gallons	7,515,158	7,279,040	6,732,430	6,372,848	6,334,838
Average number of employees including Gray Coach Lines	7,565	7,330	7,042	6,815	6,535
Passenger vehicles owned:					
Buses.....	1,165	1,097	1,006	963	963
Streetcars	389	393	418	422	437
Subway Cars.....	416	410	410	334	334
Trolley buses.....	151	152	152	152	152
Total	2,121	2,052	1,986	1,871	1,886
Metropolitan area population	2,134,000	2,100,000	2,113,000	2,059,000	2,004,000