

TORONTO TRANSIT COMMISSION ANNUAL REPORT 1970

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TORONTO
TRANSIT
COMMISSION

ANNUAL
REPORT

TO

THE

MUNICIPALITY

OF

METROPOLITAN

TORONTO

1970

RALPH C. DAY



G. GORDON HURLBURT



DAVID V. LACEY



D. CRAWFORD SMYTH



FRANKLIN I. YOUNG



JAMES H. KEARNS



W. H. PATERSON



H. E. PETTETT



TORONTO TRANSIT COMMISSION

COMMISSIONERS

RALPH C. DAY, Chairman

G. GORDON HURLBURT, Commissioner

DAVID V. LACEY, Commissioner

D. CRAWFORD SMYTH, Commissioner

FRANKLIN I. YOUNG, Commissioner

OFFICIALS

JAMES H. KEARNS, General Manager of Operations

W. H. PATERSON, General Manager—Subway Construction

H. E. PETTETT, General Secretary

R. G. WAITE, Assistant General Manager of Operations

L. O. MORLEY, Treasurer

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



June 30, 1971

Albert M. Campbell, Esq., Chairman
And Members of the Council of
The Municipality of Metropolitan Toronto
City Hall,
TORONTO 100.

Ladies and Gentlemen:

Submitted herewith is the Annual Report of the Toronto Transit Commission for the year 1970.

Your transit system carried 323,616,632 revenue passengers in 1970, an increase of 1,423,228 over 1969.

The increase is heartening to the Commission because it reversed the passenger loss experienced in 1969 when it was necessary to increase the price of fares and also because it brought total system riding to the highest for any year in TTC history. The previous high was in 1968 when 323,481,655 fares were collected.

The Commission is further encouraged by the fact that the increase in riding was achieved despite the generally poor economic conditions and the high unemployment rate that prevailed in 1970.

Continuing an unbroken upward trend since 1961, riding on TTC suburban routes rose by 2.3 million fares to a new high of 84 million. Miles of service in suburban districts also hit a new high of 21.3 million, an increase of 400,000 miles over 1969.

Subway riding continued to climb. A total of 157.6 million revenue and transfer riders were carried on the 21-mile subway system, an increase of 4.9 million over the previous year. Average weekday subway riding (revenue and transfer) rose from 533,000 to 549,000, an increase of 16,000 a day.

Net earnings for the year 1970 were \$1,902,538 compared with \$4,130,100 in 1969, a decrease of \$2,227,562. The decrease in net earnings is due to substantially increased wage, salary and fringe benefit costs and to generally rising costs of material and services purchased.

The Commission's agreements with Division 113, Amalgamated Transit Union; Local 2, Canadian Union of Public Employees; and Lodge 235, International Association of Machinists and Aerospace Workers, expired in the spring of 1970. After negotiations, which extended over a period of approximately five months, these agreements were renewed. The members of Local 2, Canadian Union of Public Employees, were on strike for approximately six weeks prior to the signing of their agreement. The Commission was able to maintain service during the strike with little inconvenience to passengers.

The increase in labour costs chargeable to TTC operations resulting from the new union agreements is estimated to be \$16,376,000 for the two year terms of the agreements, and the cost of materials and services purchased by the Commission is continuing to rise at a rapid rate. For example, in the last five years the total cost of providing public transit service in Metropolitan Toronto has risen from \$54.5 million in 1966 to \$79.8 million in 1970, a jump of 46%. It is estimated that the total expenses of the system will increase by \$7.3 million in 1971; by \$6.2 million in 1972; and by a further \$5.8 million in 1973, with the result that, at the present rates of fare and existing labour rates, the Commission faces projected losses of \$5.6 million in 1971; \$11 million in 1972; and \$16 million in 1973.

THE NEED FOR A NEW POLICY FOR TRANSIT FINANCING

For over thirty years, the Commission operated successfully on a self-sustaining basis. The money it received from its riders paid all expenses, both capital and operating. It quickly became obvious when Metro was formed and the transit system expanded seven fold in area overnight that total financing from the farebox could not sustain the high cost of much needed transit expansion in suburban areas where route distances were greater and population densities much lower than in the City. It was equally obvious that the transit system could no longer go it alone in the financing of subway construction projects. In recognition of this, amendments were made to the Municipality of Metropolitan Toronto Act to permit the payment of capital and operating assistance to the Commission. Special operating grants were made on two occasions in 1956 and 1963. Also, Metropolitan Toronto and the Province of Ontario, in recognition of the concept that subways were, in effect, underground roadways benefitting all citizens, began to assume some of the cost of subway construction.

The financial problem facing the Commission is not a Toronto phenomenon. Without exception, every North American city of any size faces the same serious financial problems. The continuing rapid escalation of labour and materials costs is outstripping revenue from all present sources.

If allowed to continue with no change in the present policies of financial assistance, fares will have to be raised every year or two just to maintain the present level of service. The enormous social consequences of frequent fare increases are obvious because higher fares bear most heavily on low income families, on the unemployed and on those on fixed incomes: the very persons who rely almost totally on public transit.

The community and its citizens then face the inevitable vicious consequences of transit fares which become too high, fewer riders, curtailed service, still higher fares and again fewer riders. This ever tightening circle drives those who use transit by choice back to their automobiles in larger and larger numbers, thus increasing the need for more roads and expressways. It also goes without saying that adherence to this policy cannot in the long run do anything but contribute still more to the growing pollution problem.

Thus far Metro Toronto has not been confronted with the disastrous decline in the use of public transportation which has been experienced in other North American cities. If the community is to continue to meet successfully the challenges of urban growth, its public transportation system must be recognized for what it is — a vital public utility. It must have sufficient financial resources to enable it to continue to expand into new growth areas while at the same time maintaining fares at a reasonable level.

The Commission strongly urges that early attention be given to this serious problem.

FINANCIAL

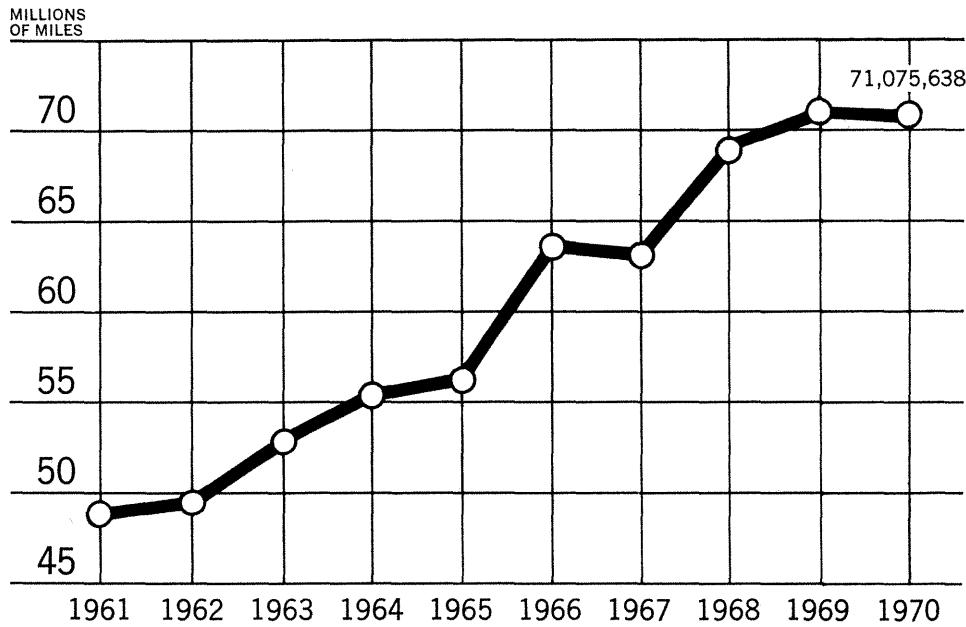
The Commission's operations in 1970 resulted in net earnings of \$1,902,538 compared with net earnings of \$4,130,100 in 1969.

Gross revenues increased by \$2,719,791 or 3.44% while total expenses increased \$4,947,353 or 6.61%. Wages, salaries and other employee costs increased by \$4,167,969 or 8.24%.

The financial results for 1970 may be summarized as follows:

	1970	1969	Increase (Decrease)	%
Gross revenue	\$81,722,677	\$79,002,886	\$ 2,719,791	3.44
Total expenses	79,820,139	74,872,786	4,947,353	6.61
Net earnings	<u>\$ 1,902,538</u>	<u>\$ 4,130,100</u>	<u>(\$2,227,562)</u>	<u>(53.93)</u>

MILES OF SERVICE OPERATED



STATEMENT OF EARNINGS

REVENUE

Revenue from passenger services accounted for 95.89% of the Commission's gross revenue in 1970 compared with 97.20% in 1969. The figures are as follows:

	1970	1969	Increase	%
Passenger services	\$78,359,934	\$76,790,184	\$ 1,569,750	2.04
Other revenue	3,362,743	2,212,702	1,150,041	51.97
	<u>\$81,722,677</u>	<u>\$79,002,886</u>	<u>\$ 2,719,791</u>	<u>3.44</u>

Revenue passengers showed a small increase of .44%, to an all-time high of 323,616,632. The regular fare structure which became effective on February 8, 1969 remained unchanged throughout 1970 and is as follows:

TICKETS AND TOKENS

Adult —

1-zone fare, zone 1 or zone 2.....	4 tickets or tokens for \$1.00
Ticket books	20 tickets for \$5.00
2-zone fare, zones 1 and 2.....	5 combination tickets for \$2.00
Zones 3 and 4, 2 tickets @.....	5 for \$.50

Children —

1-zone fare	6 tickets for \$.50
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Scholar —

1 or 2 zone ride between 6:30 a.m. and 4:30 p.m. (Effective March 1, 1969).....	14 tickets for \$2.00
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CASH FARE

Adult —

Zones 1 or 2.....	30¢
Zones 3 or 4.....	15¢

Children —

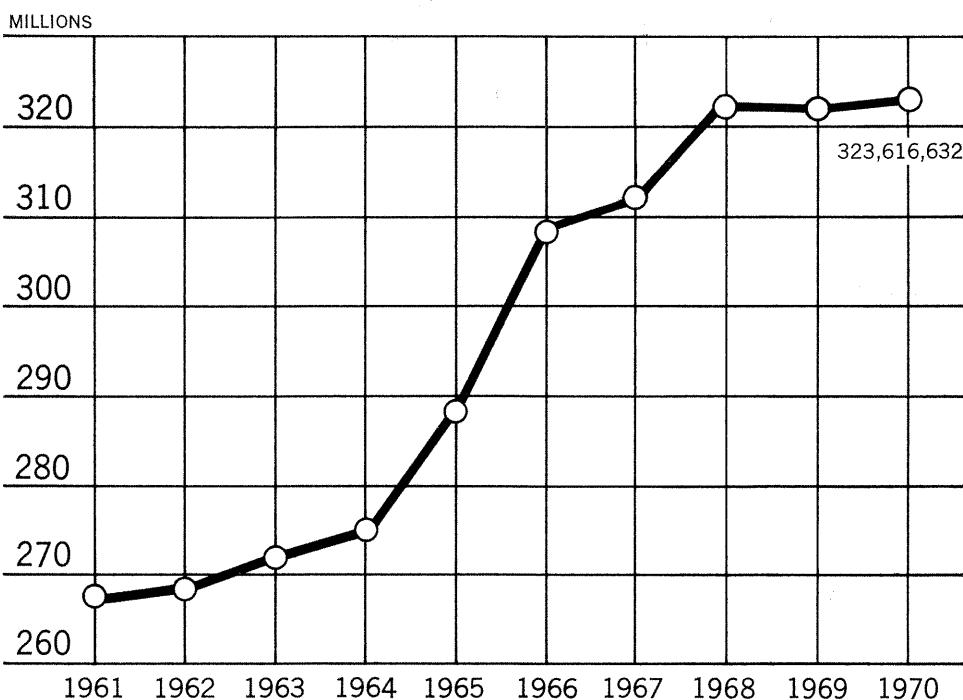
Zones 1 or 2.....	10¢
Zones 3 or 4.....	5¢

Effective January 1, 1970 a fare of eight one-zone tickets for \$1.00, a reduction of 50%, was granted to senior citizens of Metropolitan Toronto who had reached the age of 65 and who were in receipt of a government income supplement. On May 15, 1970, senior citizens tickets were introduced for travel through zones 1 and 2 at a rate of 10 combination tickets for \$2.00, half the normal price for two-zone tickets. The Municipality of Metropolitan Toronto reimbursed the Commission for the difference between regular rates of fare and these special rates for senior citizens. The cost to the Municipality in 1970 was \$482,491.

Revenue from sources other than passenger services accounted for 4.11% of gross revenue compared with 2.80% in 1969. The principal increases in other revenue in 1970 were \$586,114 additional interest income and a dividend of \$322,000 from Gray Coach Lines, Limited, approximately 50% of the Company's 1969 net earnings. The Company paid no dividend in 1969 because it incurred a small loss in 1968. A summary of other revenue is shown in the Statement of Earnings.

TTC REVENUE PASSENGERS CARRIED

(NUMBER OF FARES COLLECTED)



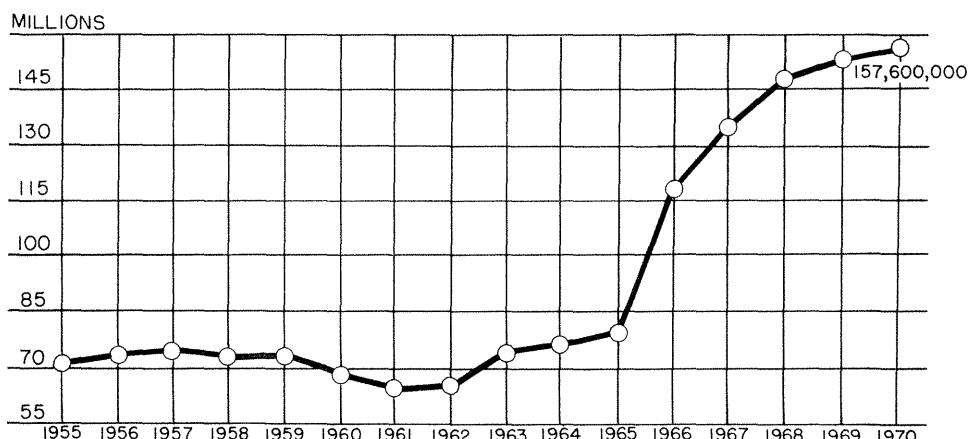
EXPENSES

Expenses continued the upward trend of recent years and the increase over 1969 was \$4,947,353 or 6.61% as shown in the following table:

	1970	1969	Increase (Decrease)	%
Wages, salaries and other employee costs	\$54,745,955	\$50,577,986	\$ 4,167,969	8.24
Electric traction power purchased	3,164,552	2,986,662	177,890	5.96
Automotive fuel, including provincial taxes	2,464,059	2,419,115	44,944	1.86
Vehicle and other licences.....	220,676	222,010	(1,334)	(.60)
Municipal taxes	1,327,425	1,210,744	116,681	9.64
Public liability and property damage	978,530	1,452,098	(473,568)	(32.61)
Depreciation	6,748,316	6,679,232	69,084	1.03
Other expenses, including cost of repair and maintenance materials	6,974,361	6,061,093	913,268	15.07
Debenture interest and related expenses	3,196,265	3,263,846	(67,581)	(2.07)
	<u>\$79,820,139</u>	<u>\$74,872,786</u>	<u>\$ 4,947,353</u>	<u>6.61</u>

Wages, salaries and other employee costs increased by \$4,167,969 or 8.24% and accounted for 68.59% of total expenses in 1970 compared with 67.55% in 1969. The decrease of \$473,568 in the public liability and property damage charge for 1970 results from a special provision of \$500,000 in 1969 in recognition of the rising cost of settling claims. A number of large major repair projects, e.g. repairs to subway cars including reflooring, overhauling of traction motors, installing unit heaters and modifying door circuits accounted for a large part of the increase in the "other expense" group.

SUBWAY PASSENGERS CARRIED



BALANCE SHEET

CURRENT ASSETS AND LIABILITIES

The excess of current assets over current liabilities increased by \$5,060,929 in 1970, the increase being largely reflected in additional short-term investments held at December 31, 1970. The Statement of Source and Application of Funds included in the financial statements section of this report summarizes the flow of funds which produced this increase. Capital expenditures on the Commission's share of subway construction costs and on other capital assets will be much higher in 1971 with the result that short-term investments will be greatly reduced or eliminated.

CAPITAL ASSETS

Investments in capital assets at December 31, 1970, after deducting accumulated depreciation was \$97,665,509.

Additions to and retirements of capital assets other than subway extensions under construction and related projects were:

Additions	— \$1,675,971
Retirements	— 1,483,642
Net change	— <u>\$ 192,329</u>

Additions, at Cost:

Rapid transit additions (Subways in Operation)	
Right-of-way construction costs	\$ 234,455
Less capital contributions received from the	
Municipality of Metropolitan Toronto.....	<u>234,455</u>
Equipment Costs:	
Unified Control Centre	\$ 181,575
Spare parts for subway cars.....	114,036
Subway rail service vehicles.....	92,938
Other	17,475
	<u>\$ 406,024</u>

Other Assets:

Modernization of trolley coaches.....	\$653,049
Track and overhead reconstruction.....	223,536
Shop and other equipment.....	170,146
Automotive service vehicles.....	106,454
1 General Motors Diesel Bus No. 7395 and spare parts	40,532
Rapid Transit Studies.....	36,722
Signal Systems	33,001
Garage and carhouse buildings.....	7,225
Other — net	(718)
	<u>1,269,947</u>
Total.....	<u><u>\$ 1,675,971</u></u>

Retirements, at Cost:

40 Motor Buses	\$ 853,145
9 P.C.C. Street cars.....	263,033
Track and related power distribution system.....	163,259
Garage buildings	79,614
Automotive service vehicles	59,031
Land	29,549
Shop and other equipment.....	26,724
Furniture and office equipment.....	9,287
Total.....	<u><u>\$ 1,483,642</u></u>

Note: In addition to above, bus No. 1171 was converted to hoist test vehicle No. 90-117.

Additions to Subway extensions under construction and related costs amounted to \$20,483,299 as follows:

Yonge Street northerly extension, from Eglinton Avenue to Sheppard Avenue	\$ 19,584,861
From Sheppard Avenue to Finch Avenue.....	819,818
Other	78,620
	<u><u>\$20,483,299</u></u>

The total 1970 additions to capital assets amounted to \$22,393,725, of which the Municipality of Metropolitan Toronto contributed \$20,595,756. The Commission's share was \$1,797,969.

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 were no new issues for Commission purposes in 1970.

During 1970, a total of \$1,929,619 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.

Sinking fund earnings in 1970 amounted to \$227,479 of which \$97,037 were required earnings at the actuarial rate of 3% and \$130,442 were excess earnings as explained in Note 3 to the financial statements.

The net capital debt of the Commission at December 31, 1970 after deducting sinking fund balances of \$4,044,396 was \$61,344,968 in respect of the following debenture issues:

Type of Debenture	Year of Issue	Interest Rate	Year of Final Payment	Net Debt
Serial	1950	2 3/4 %	1980	\$ 1,691,200
Serial	1951	3 1/4 % - 3 3/8 %	1981	3,098,520
Serial	1953	3 3/8 % - 4 %	1983	5,240,908
Serial	1954	3 1/2 %	1984	2,067,331
Sinking Fund	1955	3 3/4 %	1980	776,623
Sinking Fund	1956	4 1/8 %	1986	1,531,750
Serial	1962	5 3/8 %	1992	3,602,571
Sinking Fund	1963	5 %	1993	1,717,649
Serial	1963	5 1/2 %	1993	8,859,000
Serial	1965	5 1/4 %	1995	18,399,000
Sinking Fund	1966	6 %	1996	7,844,032
Sinking Fund	1967	6 %	1997	2,864,531
Sinking Fund	1967	7 %	1997	3,403,019
				\$61,096,134
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds.....				248,834
			Net Debt	<u>\$61,344,968</u>

The outstanding debt at December 31, 1970 included \$10,537,070 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 accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records and other supporting evidence for 1970 as they considered necessary. Their report is appended to the financial statements which are a part of this report.

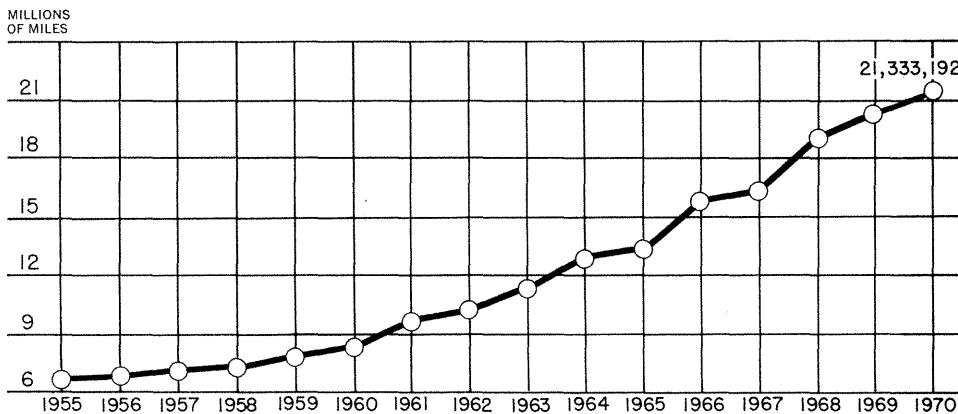
The Metropolitan Auditor has submitted his report covering the year 1969 and is currently engaged on his review of the 1970 accounts.

OPERATIONS

Good progress was made in extending and improving service in Metro's suburban areas. Four routes were extended to serve new districts and the frequency and hours of service were increased on several other lines. In all, transit vehicles provided 400,496 more miles of suburban service in 1970 than in the previous year.

The chart shown below indicates the increase in public transit service in the Boroughs since 1955.

MILES OF SERVICE OPERATED IN SUBURBAN AREAS



MANPOWER AND LABOUR RELATIONS

The total number of regular employees on strength at December 31, 1970 was 6,562, an increase of 15 compared with the previous year.

The number of active employees leaving the Commission dropped from 5.9% of employee strength in 1969 to 5.4% of employee strength in 1970. Job applicants increased from 14,388 in 1969 to 16,380 in 1970.

The total amount paid in wages, salaries and other employee costs during 1970 was \$54,745,955, an increase of \$4,167,969 over 1969. Total labour costs represented 68.59% of the total expenses for 1970.

As mentioned previously in the report, new labour contracts were negotiated with the three unions that represent Commission employees.

VEHICLES AND MAINTENANCE

At the year end, the passenger fleet was as follows:

Passenger Vehicles	Active	Storage	Total
Street cars	436	1	437
Subway cars	334	—	334
Motor buses	963	—	963
Trolley buses	152	—	152
TOTAL.....			1,886

Forty-one obsolete buses and nine street cars surplus to the Commission's requirements were disposed of during the year.

NEW SUBWAY CARS

A contract for 76 subway cars required for operation on the Yonge subway extension and for anticipated additional service on the existing subway system was awarded in January 1970. The Commission is represented at the contractor's plant in Thunder Bay, Ontario by a resident TTC employee to insure continuous technical specialized inspection of the work as it progresses. Construction was commenced in late 1970 and delivery of the first cars is expected to be made in the late Spring of 1971.

SUBWAY RAIL GRINDER TRAIN

A new two-car rail grinder train for subway track maintenance was built in the TTC Hillcrest Shops. The special vehicle was developed by using two multiple unit P.C.C. street cars coupled back to back to provide a driver's position at each end for subway tunnel operation. Rails are ground by abrasive bricks which are held against the tracks by compressed air as the train proceeds. Each car has a 530 gallon water tank inside. The water is used to flush away grinding debris and to dissipate the heat generated by the grinding. It is expected that the new grinder train will increase track grinding capability at least threefold.

TROLLEY BUS MODERNIZATION PROGRAM

The trolley bus fleet modernization program mentioned in previous Annual Reports, and approved by the Commission in November 1969 is now in full swing. The project, to cost \$5 1/4 million, involves the installation of new bus bodies built by a Canadian company and the complete overhaul of original electrical traction equipment. When the program has been completed, the Commission will have replaced its entire fleet of trolley buses with new vehicles which are visually identical, except for trolley poles, to the most modern diesel bus.

Body shells are received from the supplier with new axles and low voltage circuitry installed. The original 600 volt traction equipment is overhauled and installed and the final assembly and painting is done in the Commission's Hillcrest Shops.

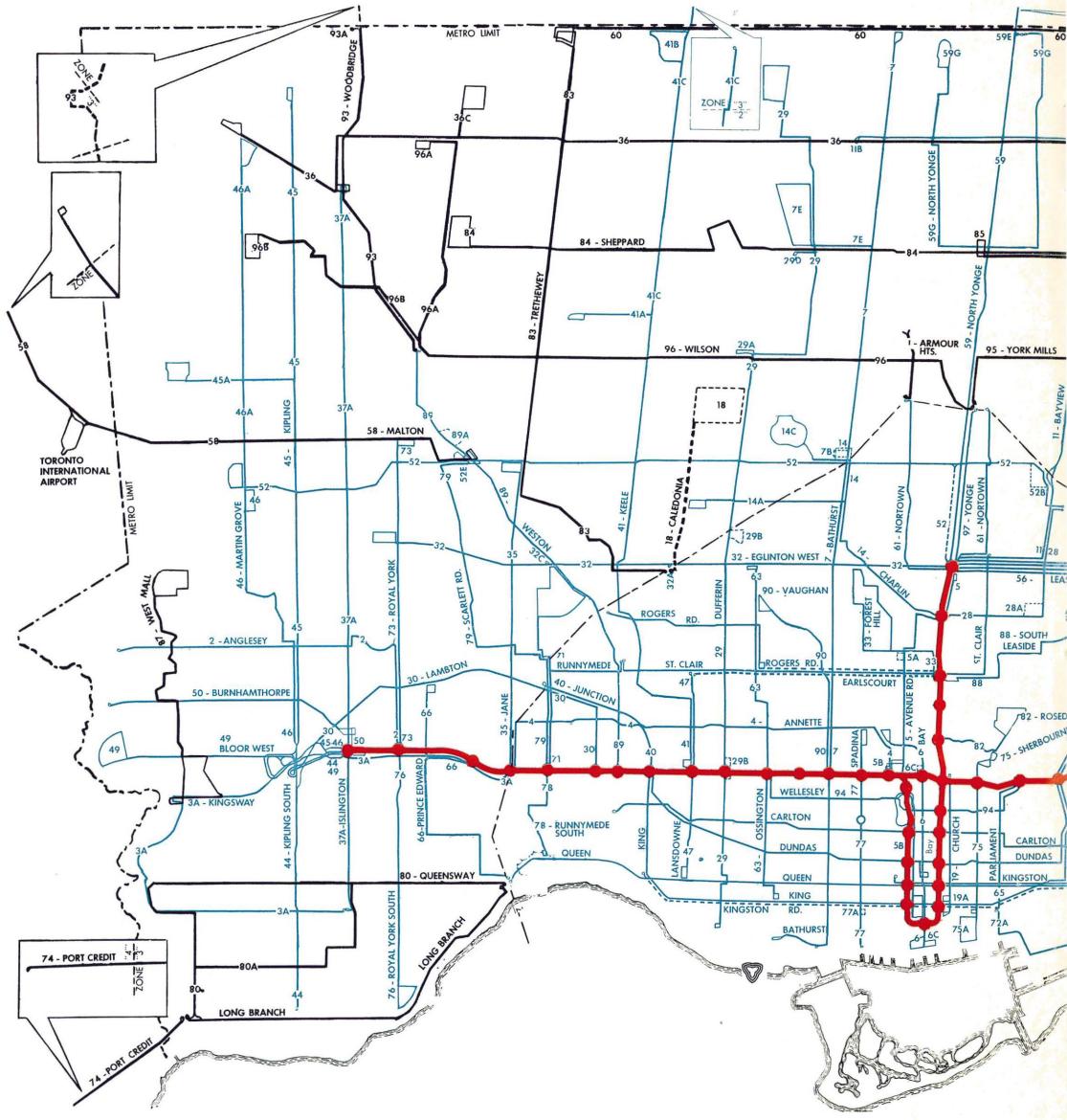
The Hillcrest Shop program is the largest single production project yet undertaken by the Equipment Department. Production started in October 1970 and will continue through 1971 into 1972.

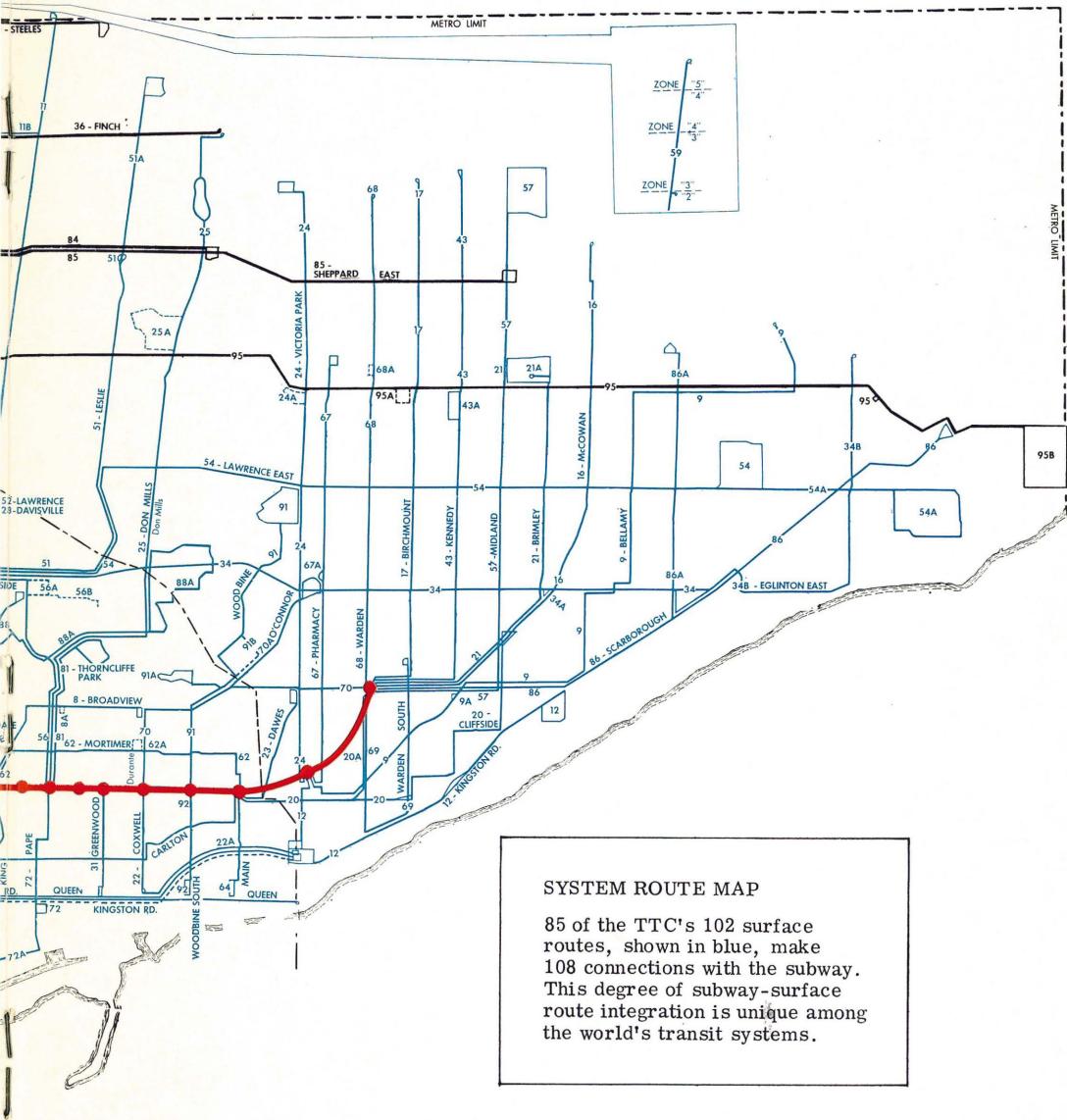
A pool of spare components, necessary for maintaining production without reducing the size of the available fleet, was obtained by purchase of 23 retired trolley coaches from Halifax and Cornwall. This has also enabled production of a single vehicle model from the previously diverse fleet, thus facilitating maintenance and enabling parts inventory to be minimized.

The T.T.C. trolley bus modernization program is being regarded with much interest by other transit properties in both Canada and the United States.



Modern trolley buses are quiet and pollution free.





SAFETY

The Commission is pleased to report that in 1970 for the fourth consecutive year, 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. During 1970, the TTC's traffic accident rate was reduced by 14.5% compared to 1969, to a record low of only one accident for every 18,900 miles of city surface operation.

The increase in the number of men who qualified for safe driving awards is indicative of the response to the Commission's continuing traffic safety program.

	Number of Men Qualified		
	1970	1969	1968
10-Year Awards	248	239	201
5-Year Awards	450	353	291
1-Year Awards	1,242	1,202	1,261
	1,940	1,794	1,753

In the field of industrial safety, awards were received from the National Safety Council and from the American Transit Association. The most noteworthy was the ATA's gold award for one million man hours without injury to the employees of Birchmount garage whose last lost time injury occurred in April, 1961.

The industrial accident rate for TTC employees during 1970 was almost 50% lower than the accident rate in all Ontario industry.

PUBLIC INFORMATION

The Commission's telephone information staff answered 1,165,443 requests for route, schedule and fare information during the year, an increase of 23,500 over 1969. More than 100,000 transit route maps and 495,000 pocket bus schedules were made available to the public on the vehicles, at subway stations, hotels and other locations and by mail.

The policy of visiting residents and businesses along the route of the Yonge subway extension prior to the start of construction work was continued during 1970 with good results. The purpose of the visits is to inform citizens about the project, starting times of construction activity in their districts, and to explain how the construction work may affect them. By the year end, visits had been made to almost all of the businessmen on Yonge Street between Eglinton and Sheppard Avenues. Approximately 15,000 copies of Subway Progress folders were used in this work during the year.

SUBWAY CONSTRUCTION

YONGE SUBWAY NORTHERLY EXTENSION

PROJECT SUMMARY

In 1967, formal approval was given by Metropolitan Toronto Council and the Ontario Municipal Board to the construction of an extension to the Yonge Subway from the present northerly terminus at Eglinton Station to Sheppard Avenue, a distance of 4.02 miles. Preliminary planning and survey work commenced in March 1967 and by the end of 1968 four major contracts had been awarded.

During 1969, Metropolitan Council and the Ontario Municipal Board approved a further extension of 1.52 miles from Sheppard Avenue to Finch Avenue. The complete Yonge Subway Northerly Extension will therefore be 5.54 miles in length.

The line is being built mostly in tunnel beneath Yonge Street to approximately Hogg's Hollow, then slightly to the east for the Don River Crossing and back to the Yonge Street alignment to Finch Avenue. As now authorized there will be four stations located at Lawrence Avenue, York Mills Road, Sheppard Avenue and Finch Avenue. At Eglinton Avenue, the Don River Crossing, the stations, and from Sheppard to Finch Station, cut-and-cover construction is being used.

At December 31, 1969, eleven major contracts had been awarded.

PROGRESS 1970

As now approved, the project involves:

- 7 — structural cut-and-cover contracts
- 3 — twin tunnelling contracts
- 5 — station finish contracts
- 1 — substation
- 2 — supply contracts for cast iron and concrete tunnel liners
- 16 — ancillary equipment supply and installation contracts
- 1 — contract for the supply of 76 subway cars

At December 31, 1970, work on twenty of the above contracts was under way.

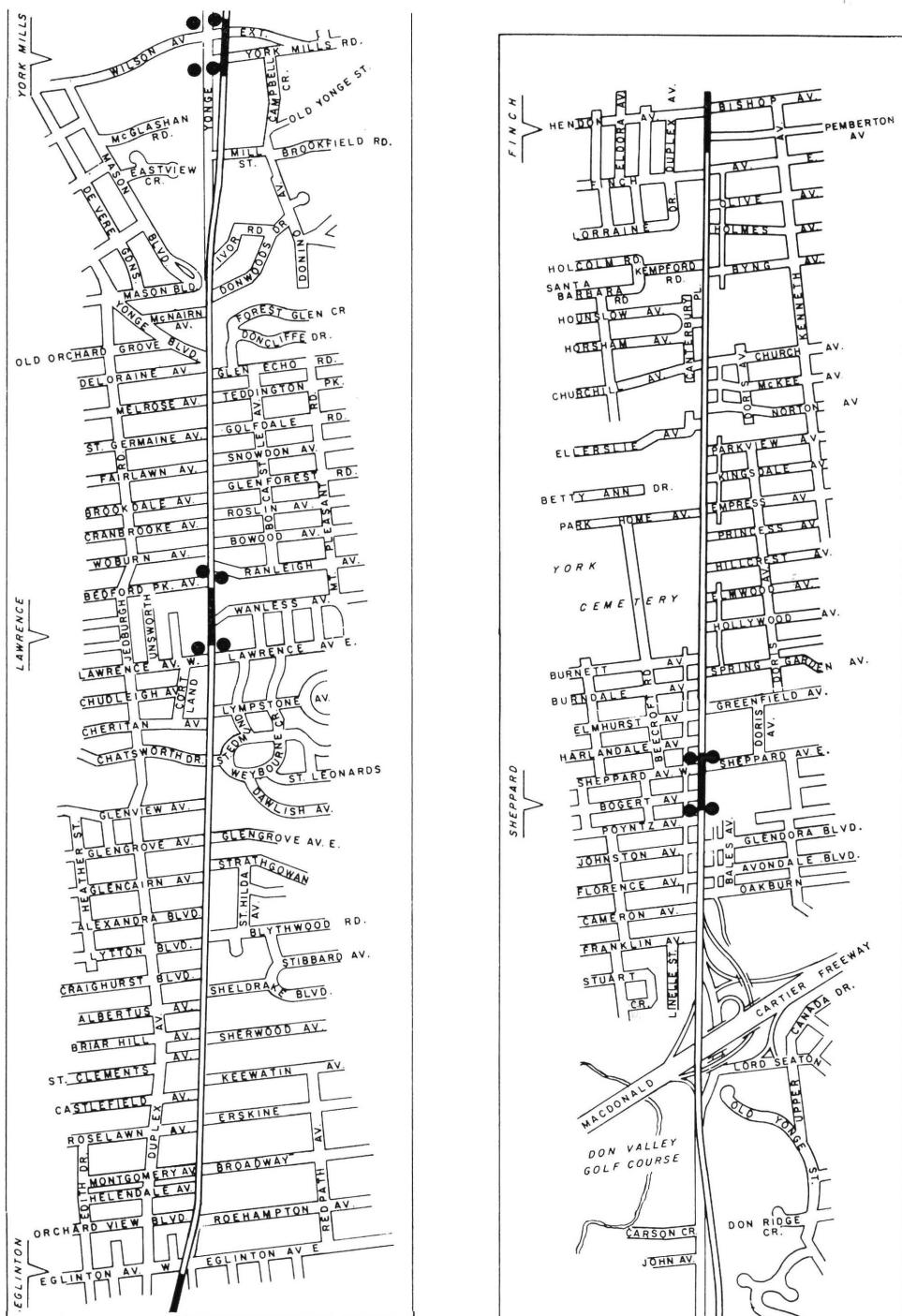
Although there were sporadic work stoppages during the year due to labour disputes, reasonably good progress was made.

The cut-and-cover contract immediately north of the Eglinton Station, including three underground pedestrian passageways beneath the Eglinton-Yonge intersection, was nearing completion at the year end. The basic structure through Hogg's Hollow and under the Don River was completed. The combined structural and station finish contract for the Lawrence Station and the structural contract for the Sheppard Station were awarded in 1970 and excavation and decking operations progressed well. Tunnelling work continued on the three tunnel contracts between stations, and the York Mills station finish contract was awarded. Work commenced on the signal system and on the construction of 76 subway cars.

Preliminary studies were made of the "roughing-in" of an additional station between Sheppard and Finch Avenues for consideration by Metropolitan Toronto, the Borough of North York and the Commission.

ALIGNMENT OF YONGE SUBWAY

Northerly Extension — Eglinton to Finch



CONCLUSION

September 21, 1971 will mark the completion of the fiftieth year of public ownership of the transit system in Toronto.

Much has been achieved in the years since 1921. Within three years, the Commission's predecessor had forged an expanded, cohesive, efficient and forward-looking transit system from the remains of a run-down, privately owned system which had not been meeting the transportation needs of the community. In the intervening years, service has been extended and improved at a rate unmatched anywhere in Canada or the United States. A relatively high per capita riding ratio has been maintained in the face of the tremendous increase in automobile ownership. The Commission provided the impetus and leadership that resulted in the completion of Canada's first subway and the resurgence of rapid transit construction in North America. Transit service in Metro's suburban areas has more than kept pace with the rapidly increasing population and passenger carrying has increased to the highest level in Toronto's history. Furthermore, all of this has been accomplished while maintaining one of the lowest basic fares of any comparable North American city.

To what extent good, low-priced public transportation has played in bringing Metropolitan Toronto to its present position as one of the fastest growing cities on this continent we leave to the judgment of others. Suffice it to say that many other cities envy Metro's extensive integrated transportation system, providing as it does relatively low-cost mobility to almost every citizen.



More than half a million people use the subway every day.

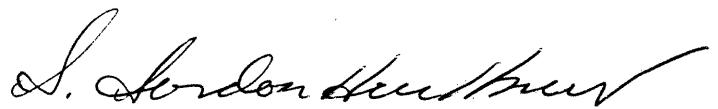
The Commission gratefully acknowledges the co-operation and financial support that has been given to the transit system by Metropolitan Council and its citizens. Without question, Metropolitan Toronto's policy of working to achieve a truly balanced transportation network in the community has been a major factor in the ability of the Commission to extend and improve transit service throughout the Metro area.

The Commission also acknowledges with appreciation the assistance and co-operation given by the elected representatives and officials of all area Boroughs.

Yours truly,



Chairman



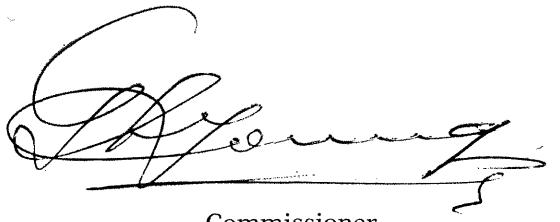
Commissioner



Commissioner

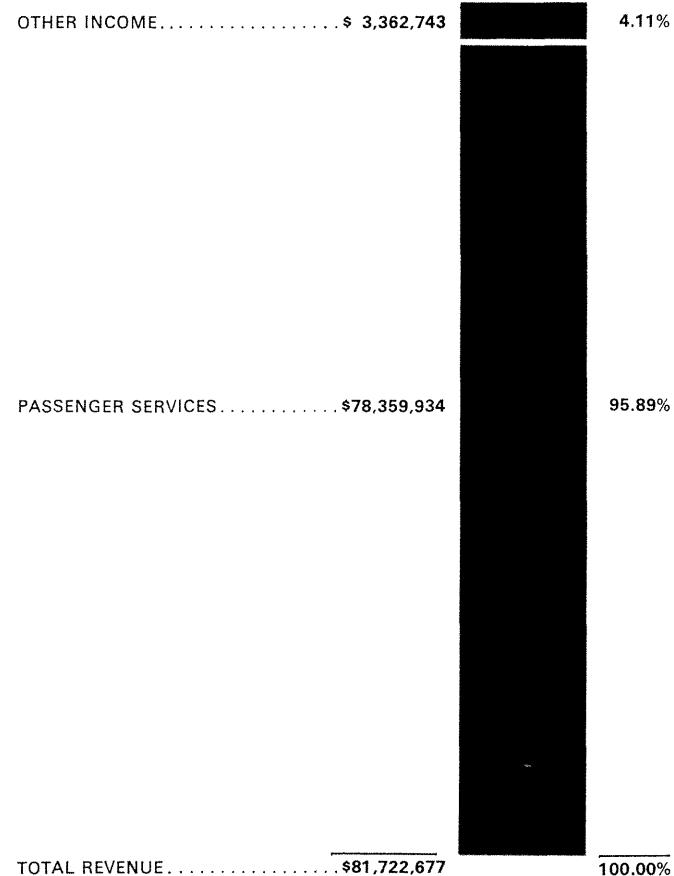


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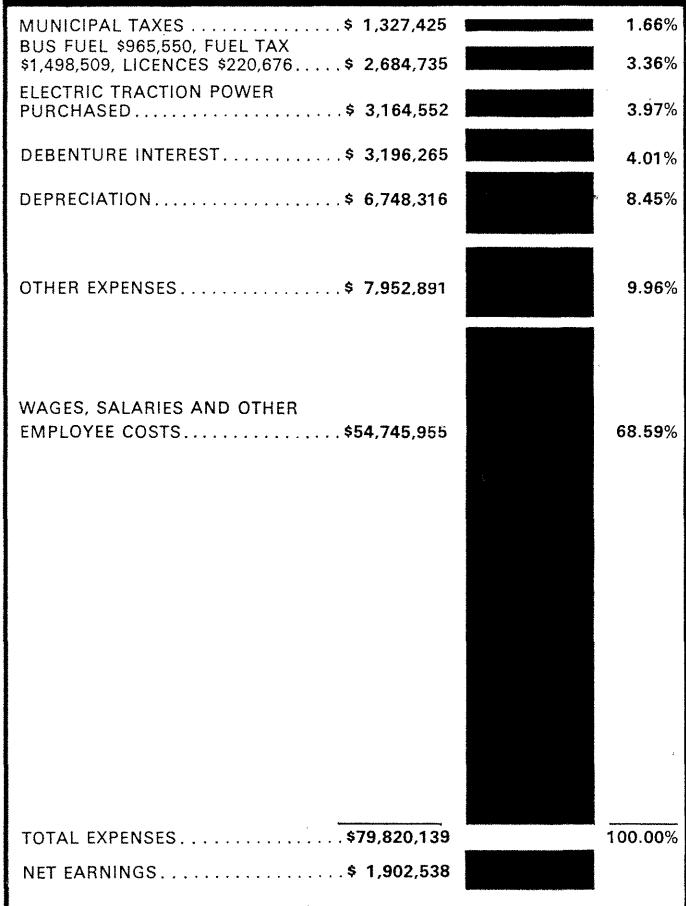
Commissioner

WHERE THE DOLLARS CAME FROM



1970

WHERE THE DOLLARS WENT



TORONTO TRANS**BALANCE SHEET AT**

A S S E T S	1970	1969
Current and Working Assets:		
Cash	\$ 928,487	\$ 1,552,378
Short-term investments, at cost which approximates market	11,930,578	6,422,196
Accounts receivable	1,029,374	933,744
Gray Coach Lines, Limited — current account	1,200,365	892,171
Working funds advanced to employees and agents	357,464	375,212
Materials and supplies, at cost.....	2,460,913	2,196,347
Prepaid expenses	773,420	484,845
	18,680,601	12,856,893
Investments:		
Mortgages on property sold and other long-term receivables	1,411,269	1,517,399
Capital stock of Gray Coach Lines, Limited, at cost (Note 1).....	1,000,000	1,000,000
	2,411,269	2,517,399
Capital Assets:		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost.....	388,395,160	387,968,376
Less—Capital contributions toward construction costs of subways in operation received from The Municipality of Metropolitan Toronto	197,076,353	196,841,898
	191,318,807	191,126,478
Less—Accumulated depreciation	95,931,870	90,598,412
	95,386,937	100,528,066
Subway extensions and related projects under construction (Note 2).....	37,998,037	17,514,738
Less—Capital contribution received from The Municipality of Metropolitan Toronto	35,719,465	15,358,164
	2,278,572	2,156,574
Total capital assets.....	97,665,509	102,684,640
Unamortized debenture discount	1,023,292	1,078,524
	\$119,780,671	\$119,137,456

IT COMMISSION

DECEMBER 31, 1970

LIABILITIES

Current Liabilities:

	<u>1970</u>	<u>1969</u>
Accounts payable and accrued liabilities..	\$ 9,903,019	\$ 9,132,243
Debenture interest accrued.....	537,834	545,831
	<u>10,440,853</u>	<u>9,678,074</u>

Provisions:

For tickets and tokens held by the public	810,000	650,000
For public liability and workmen's compensation	2,000,000	2,000,000
	<u>2,810,000</u>	<u>2,650,000</u>

Capital Debt:

The Municipality of Metropolitan
Toronto—

For debentures maturing in annual installments from 1971 to 1995 (including \$7,938,070 debentures payable in United States funds)	42,958,530	44,408,762
For sinking fund debentures maturing between 1980 and 1997 (including \$2,599,000 debentures payable in United States funds) less sinking fund balance of \$4,044,396 (Note 3)....	18,137,604	18,844,470
Total, including \$1,967,672 serial debentures maturing and sinking fund payments due in 1971.....	61,096,134	63,253,232
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	248,834	273,838
	<u>61,344,968</u>	<u>63,527,070</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.....	20,381,117	18,478,579
	45,184,850	43,282,312
	<u>\$119,780,671</u>	<u>\$119,137,456</u>

TORONTO TRANSIT COMMISSION

STATEMENT OF EARNINGS RETAINED AND INVESTED IN THE SYSTEM FOR THE YEAR ENDED DECEMBER 31, 1970

	1970	1969
Balance at January 1, as restated (Note 3)	\$ 18,478,579	\$ 14,348,479
Net earnings for the year.....	1,902,538	4,130,100
Balance at December 31.....	\$ 20,381,117	\$ 18,478,579

STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1970

Revenue:	1970	1969
Passenger services	\$ 78,359,934	\$ 76,790,184
Rental of land, air rights, buildings, subway concessions and equipment.....	1,096,616	1,029,405
Rental of advertising space.....	841,668	668,232
Interest earned	882,719	296,605
Dividend from Gray Coach Lines, Limited	322,000	—
Miscellaneous	219,740	218,460
	81,722,677	79,002,886
Expenses:		
Wages, salaries and other employee costs	54,745,955	50,577,986
Electric traction power purchased.....	3,164,552	2,986,662
Automotive fuel, including provincial taxes of \$1,498,509 (1969—\$1,460,419)....	2,464,059	2,419,115
Vehicle and other licenses.....	220,676	222,010
Municipal taxes	1,327,425	1,210,744
Public liability and property damage.....	978,530	1,452,098
Depreciation	6,748,316	6,679,232
Other expenses including cost of repair and maintenance materials.....	6,974,361	6,061,093
	76,623,874	71,608,940
Earnings before debenture interest....	5,098,803	7,393,946
Debenture interest and related expenses (Note 3)	3,196,265	3,263,846
Net earnings for the year.....	\$ 1,902,538	\$ 4,130,100

TORONTO TRANSIT COMMISSION
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1970

	1970	1969
Source of funds:		
Passenger revenue	\$78,359,934	\$ 76,790,184
Other income	3,362,743	2,212,702
	<hr/> 81,722,677	<hr/> 79,002,886
Proceeds of capital asset disposals and mortgage principal repayments	166,394	89,704
	<hr/> 81,889,071	<hr/> 79,092,590
Application of funds:		
Operating expenses and debenture interest (Note 3)	79,820,139	74,872,786
(Deduct) Add items not requiring current funds—		
Depreciation	(6,748,316)	(6,679,232)
Provision for public liability and workmen's compensation	—	(500,000)
Other	36,369	301,608
	<hr/> 73,108,192	<hr/> 67,995,162
Expenditures on construction of subways	21,122,848	15,220,266
Less — Capital contributions received from The Municipality of Metro- politan Toronto	<hr/> 20,595,756	<hr/> 14,382,063
	527,092	838,203
Additions to other capital assets.....	1,263,239	3,680,962
Debenture debt repayments.....	1,929,619	1,876,625
	<hr/> 76,828,142	<hr/> 74,390,952
Increase in working capital position.....	<hr/> \$ 5,060,929	<hr/> \$ 4,701,638

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1970

Note: 1: Gray Coach Lines, Limited

Gray Coach Lines, Limited, a wholly-owned subsidiary of Toronto Transit Commission, operates interurban coach services and its financial statements are published separately. Its operations in 1970 resulted in net earnings of \$717,927 (1969—\$643,776) and its net worth as shown by its balance sheet at December 31, 1970 was \$8,185,997.

The earnings of Gray Coach Lines are recorded in the accounts of the Commission only to the extent of dividends received. Gray Coach Lines paid a dividend in 1970 of \$322,000, approximately 50% of its 1969 net earnings. No dividend was paid in 1969 because of a loss in 1968.

The Statement of Earnings reflects charges of \$2,398,758 (\$2,229,042 in 1969) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

Note 2: Subway Construction

The Commission is proceeding with construction of a 4.02 mile northerly extension to the Yonge Street subway from Eglinton Avenue to Sheppard Avenue. This extension is being built on a cost-sharing agreement whereby The Municipality of Metropolitan Toronto assumes responsibility for all right-of-way land and subway construction costs and the Toronto Transit Commission is responsible for equipment costs, which include track, power distribution and signal systems, yards, shops and rolling stock. The extension was authorized by Ontario Municipal Board Orders dated July 13 and October 6, 1967 as amended by an Order dated September 16, 1970 at a total estimated cost of \$102,450,000, of which right-of-way land and subway construction costs of \$81,500,000 are to be borne by the Municipality.

A further 1.52 mile northerly extension of the Yonge Street subway from Sheppard Avenue to Finch Avenue was approved by an Ontario Municipal Board Order dated December 1, 1969 at a total estimated cost of \$31,376,000, all of which is to be borne by The Municipality of Metropolitan Toronto. The estimated construction cost was revised to \$37,500,000 in 1970 and the Municipality has applied for an amending Order approving this increased cost.

The Municipality of Metropolitan Toronto receives a subsidy from the Province of Ontario towards its share of subway construction costs.

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

Expenditures on and funds appropriated for subway extensions and related projects under construction at December 31, 1970 are summarized as:

Construction costs—

Yonge Street northerly extension from Eglinton Avenue to Sheppard Avenue.....	\$41,531,086
Other	985,007
	<hr/>
	42,516,093
Cash in subway bank account.....	76,403
Miscellaneous costs	119,739
	<hr/>
	\$42,712,235
Less: Accounts payable and accruals.....	2,120,359
Contract holdbacks	2,593,839
	<hr/>
	4,714,198
	<hr/>
	\$37,998,037

Note 3: Sinking Fund

The sinking fund balance of \$4,044,396 at December 31, 1970 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, plus the Commission's equity of \$480,885 in the actual earnings of the sinking fund in excess of the 3% rate. In 1969 and prior years the excess earnings were not reflected in the financial statements of the Commission other than by way of note. The Commission changed its practice in 1970 to conform with the practice adopted in that year by the Municipality on instructions from the Ontario Department of Municipal Affairs.

The excess earnings for 1970 of \$130,442 have been deducted from debenture interest and related expenses in arriving at the charge in the Statement of Earnings. The excess earnings for 1969 are recorded by reducing the debenture interest and related expenses previously reported for that year by \$93,374, with the excess earnings of \$257,069 pertaining to years prior to 1969 being shown as an adjustment to the opening balance of retained earnings at January 1, 1969 as follows:

Balance at January 1, 1969 as previously reported	\$14,091,410
Excess sinking fund earnings pertaining to 1968 and prior years	257,069
Balance at January 1, 1969 as restated.....	<u>\$14,348,479</u>

Note 4: Contingency

The Commission is involved in litigation concerning the value of land expropriated for its account in the area of Greenwood subway yard. The original arbitration award of \$635,000 plus interest has been recorded in the Commission's books. The former owner appealed and following a hearing in October, 1969 the Ontario Court of Appeal increased the award to \$1,300,000 plus interest. Both parties appealed to the Supreme Court of Canada and a hearing was held in March 1971. Judgment has not yet been received.

PRICE WATERHOUSE & CO.

AUDITORS' REPORT

P.O. Box 51
TORONTO-DOMINION CENTRE
TORONTO 111

To the Chairman and Members
of the Toronto Transit Commission:

May 19, 1971

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1970 and the statements of earnings, earnings retained and invested in the system 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, 1970 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

	1970	1969	1968	1967	1966
FINANCIAL SUMMARY:					
Gross Revenue.....	\$81,722,677	\$79,002,886	\$66,755,432	\$62,506,278	\$53,610,814
Wages, salaries and other employee costs	54,745,955	50,577,986	45,467,045	38,566,249	35,130,954
Automotive fuel tax..	1,498,509	1,460,419	1,385,147	1,173,304	1,085,845
Municipal taxes.....	1,327,425	1,210,744	1,164,735	1,970,671	1,677,893
Total expenses.....	79,820,139	74,872,786	67,941,167	60,093,797	54,585,970
Net earnings (loss)..	1,902,538	4,130,100	(1,185,735)	2,412,481	(975,156)
OPERATING STATISTICS:					
Revenue passengers (number of fares collected) - zone fare system.....	323,616,632	322,193,404	323,481,655	314,413,486	307,148,930
Revenue passengers, average weekday - zone fare system...	1,071,000	1,067,000	1,061,000	1,034,000	996,000
Miles operated including charter and special services:					
Motor bus.....	33,770,827	33,539,469	32,394,222	29,135,421	27,492,437
Subway.....	22,735,322	22,693,554	20,536,788	16,417,656	17,806,316
Streetcar.....	11,426,600	11,843,060	12,741,953	13,794,616	14,614,215
Trolley bus.....	<u>4,053,394</u>	<u>4,162,231</u>	<u>4,071,456</u>	<u>3,940,400</u>	<u>3,971,315</u>
Total	71,986,143	72,238,314	69,744,419	63,288,093	63,884,283
Electric traction power consumption - Kilowatt hours....	236,530,000	236,541,000	227,322,000	209,637,000	211,646,000
Diesel oil consumption - gallons.....	6,334,838	5,993,606	5,747,131	5,165,104	4,771,111
Gasoline consumption - gallons.....	166,021	198,769	242,616	328,676	419,090
Average number of regular employees including Gray Coach Lines.....	6,535	6,529	6,490	6,328	6,068
Passenger vehicles owned:					
Buses.....	963	1,003	942	939	868
Streetcars.....	437	446	543	675	691
Subway cars.....	334	334	334	334	334
Trolley buses.....	<u>152</u>	<u>152</u>	<u>153</u>	<u>153</u>	<u>153</u>
Total	1,886	1,935	1,972	2,101	2,046
Metropolitan area population.....	2,004,000	1,935,000	1,906,000	1,888,000	1,846,000