



**Andy Byford**  
CEO – Toronto Transit Commission

**Toronto Transit Commission**  
1900 Yonge Street  
Toronto, ON M4S 1Z2

Tel: (416) 393-3890  
Fax: (416) 488-6198  
Andy.byford@ttc.ca  
www.ttc.ca

---

## 2017 OPERATING BUDGET BRIEFING NOTE

### Impact of Provincial Decisions on TTC Annual Operating Costs

---

#### Issue/Background:

- At its meeting of December 20, 2016, the City Budget Committee requested a budget briefing note from the Chief Executive Officer, Toronto Transit Commission as follows: “An outline of the impact of provincial decisions on the annual operating costs of the Toronto Transit Commission from 1990 to 2017, including changes in the annual operating subsidy received by the City from the Provincial government and any costs associated with new legislative requirements (e.g. AODA).”

#### Key Points:

- Prior to January 1, 1998, the TTC Operating Budget was structured such that TTC-generated revenues were budgeted to pay for 68% of its annual operating expenses and the City and Province provided the remaining 32% in approximately equal amounts based on subsidy arrangements (i.e. subject to the eligibility of expenses as determined by the Province, draws from reserves/other funds, and special one-time subsidies) at that time.
- Provincial operating subsidies for municipal transit services ended on January 1, 1998 as a result of the “Who Does What” Provincial government initiative which made municipalities fully responsible for local transportation services, including transit. This coincided with the amalgamation of the regional municipality of Metropolitan Toronto and its six constituent municipalities – East York, Etobicoke, North York, Scarborough, York and the City of Toronto.
- Between January 1, 1998 and December 31, 2003, the Province did not provide any operating subsidies for public transit. Subsequent to 2003, the City allocated to the TTC’s Operating Budget an amount (approximately \$92 million) of Provincial subsidy which was sourced from the Provincial Gas Tax. From 2004 -2009 the Province also contributed periodic one-time funding directed towards the TTC.
- With respect to the Wheel-Trans Operating Budget, prior to January 1, 1998, the City and the Province effectively shared responsibility (subject to the eligibility of expenses as determined by the Province) for funding this service. Effective January 1, 1998, Provincial operating subsidy for Wheel-Trans ceased and no portion of the Provincial Gas Tax has ever been to this operating budget.

The following tables show the budgeted subsidy levels from the City and the Province, including one-time Provincial contributions for the TTC and Wheel-Trans Operating Budgets for the period covering 1990 to 2017.

**TTC BUDGETED OPERATING SUBSIDY: 1990 – 2017 (\$Millions)**

Year	Approved Net City Budget	Budgeted Subsidy: Province	One-time Provincial Funding	Budgeted Total Subsidy
1990	94.4	90.4		184.8
1991	113.7	108.9		222.6
1992	113.7	111.5		225.2
1993	120.6	120.6		241.2
1994	94.1	112.4		206.5
1995	94.1	111.9		206
1996	78.9	90.2		169.1
1997	81.9	77.5		159.4
1998	149.4			149.4
1999	149.4			149.4
2000	144.3			144.3
2001	147.6			147.6
2002	152.2			152.2
2003	182.2			182.2
2004	134.2	90.3	70	294.5
2005	137.5 *	91		228.5
2006	154.7 *	91.6	100	346.3
2007	100.0 *	91.6	100	291.6
2008	131.3 *	91.6	129.2	352.1
2009	302.5	91.6	238	632.1
2010	338.4 *	91.6		430
2011	337.4 *	91.6		429
2012	319.4 *	91.6		411
2013	319.4 *	91.6		411
2014	348.5 *	91.6		440.1
2015	382.1 *	91.6		473.7 **
2016	402 *	91.6		493.6 **
2017	453.5 *	91.6		545.1 ***

Notes:

\*Excludes long-term subsidy receivable for post-retirement benefits and accidental claims non-cash expenses.

\*\*Excludes draw from TTC Stabilization Reserve – 2015: \$8.975 million; 2016: \$1.001 million; 2017: \$14.4 million.

\*\*\*The 2017 figures are based on the City of Toronto 2017 Operating Budget Notes.

**WT BUDGETED OPERATING SUBSIDY: 1990 – 2017 (\$Millions)**

Year	Approved Net City Budget	Budgeted Subsidy: Province	One-time Provincial Funding	Budgeted Total Subsidy
1990	15.5	15.4		30.9
1991	19.4	19.4		38.8
1992	20.7	21.2		41.9
1993	21.0	21.2		42.2
1994	18.5	20.8		39.3
1995	19.9	20.8		40.7
1996	19.9	18.5		38.4
1997	19.2	18.3		37.5
1998	37.5	-		37.5
1999	39.2	-		39.2
2000	40.5	-		40.5
2001	42.8	-		42.8
2002	44.6	-		44.6
2003	45.7	-		45.7
2004	50.5	-		50.5
2005	53.7*	-		53.7
2006	60.0*	-		60.0
2007	65.5*	-		65.5
2008	71.1*	-	19.8	90.9
2009	76.3*	-		76.3
2010	82.7*	-		82.7
2011	91.0*	-		91.0
2012	96.8*	-		96.8
2013	96.8*	-		96.8
2014	106.4*	-		106.4
2015	109.1*	-		109.1
2016	116.7*	-		116.7
2017	142.7*	-		142.7**

Notes:

\*Excludes long-term subsidy receivable for post-retirement benefits and accident claims non-cash expenses.

\*\*The 2017 figures are based on the City of Toronto 2017 Operating Budget Notes.

- From 2004 – 2009 the City received periodic one-time Provincial funding that was directed to support the TTC as described below:
  - 2004 – 2007 - The Province provided one-time operating subsidies for the TTC of \$70 million in 2004; \$100 million in 2006; and \$100 million in 2007.
  - 2008 – One-time Transit funding from the Province of \$149 million was directed towards TTC operating in the amount of \$100 million (TTC-Conventional \$80.2 million and Wheel-Trans \$19.8 million) and the remaining \$49 million was provided to support TTC capital debt servicing cost.
  - 2009 - A Provincial one-time contribution of \$238 million was received to fund transit debt service costs.

## **Cost Associated with Legislated Requirements**

- Changes in various Provincial legislation regarding accessibility, employment standards, and the environment have adversely impacted TTC's operating budget through increased costs.
- The Accessibility for Ontarians with Disabilities Act (AODA) has necessitated changes to the design of both vehicles (buses, streetcars and subway trains) and facilities. For example, the entire bus fleet has been replaced with low floor buses which generally have a reduced carrying-capacity in the order of 10% compared to the traditional standard floor buses and are more costly to acquire, operate and maintain than the fleet they replaced. Access to subway stations has been improved through the ongoing installation of elevators and new paddle-style fare gates, again at increased expense to the TTC in both capital and operating costs. To fully address these requirements by 2025 the Easier Access Capital projects was created.
  - To date approximately \$131 million has been spent.
  - The 2017 Capital Budget and 2018 – 2025 Plan includes \$513.918 million in funding to complete the capital work.
- More recently, AODA changes to the eligibility criteria for Wheel-Trans service effective January 1, 2017, will now include persons with cognitive, sensory and mental health disabilities. This is expected to generate a 300K increase in the number of trips carried in 2017 at a cost in the order of \$6 million.
- Effective January 1, 2014 the Province also required caregivers to ride without charge with eligible riders. Wheels-Trans Operating budget included a revenue loss of \$294k based on this change.
- In 2004, Employment Standards Act changes regarding time off for meal breaks resulted in TTC having to compensate certain employees (Operators, Collectors, and Suppliers) for meal breaks in order to avoid an increase in workforce that would have otherwise been required to cover the time off for those meal breaks. The annual cost associated with this change is approximately \$8 million.
- Starting in 2017, revenues generated from Ontario's Cap-and-Trade Program will be directed transit. However, the cost of fuels, diesel, gasoline, natural gas and heating oils will increase because the producers of these products will now be required to either make investments in reducing their greenhouse gas emissions or purchase allowances to exceed emission "caps" (i.e. limits), and the associated costs are expected to be passed down to consumers. This is expected to increase TTC's diesel costs by 4.7 cents per litre and its natural gas costs by 3.3 cents per cubic metre. The estimated annual cost increase is about \$5.2 million.

---

**Prepared by:** Paul Buttigieg, Director – Budgets, Costing and Financial Reporting, TTC, (416) 393-3647, [paul.buttigieg@ttc.ca](mailto:paul.buttigieg@ttc.ca)

**Further information:** Michael Roche, Head – Finance and Treasurer, TTC, (416) 393-3654, [michael.roche@ttc.ca](mailto:michael.roche@ttc.ca)

**Date:** January 6, 2017