



Building the Finch extension of the Toronto subway.

Financing

In Canada all transit systems are supported by public funds.

Alberta, for example, pays up to 100 per cent of the cost of new lines and up to 50 per cent (but no more than \$3 per capita) of their operating deficits.

It was not always so. In the nineteenth and early twentieth centuries, transit companies were private and designed to make profits.

They did, since the people who used them, workers, lived close in and systems could be built and maintained at relatively low cost. When the early lines were extended, the limits of the city were too, and the arrival of the automobile in the 1920s extended city limits further so that the profit basis began to erode. As people bought more cars, new, less densely populated subdivisions appeared. The companies could not afford to extend the rail systems into them and though they did develop bus routes, most people in the suburbs preferred to use their cars and profits dwindled.

Toronto

Toronto was one of the first cities in North America to grapple with the problem of diminishing service. In 1921 the Toronto Railway Company's thirty-year franchise ran out and the city took over. The system was no longer expected to make a profit, but it was intended to pay its own way.

The city's Transportation Commission unified nine separate systems, set a single fare with free

transfers, and ordered 250 new, all steel streetcars. Traffic increased and the Commission soon was able to buy 325 more cars.

The once rapid expansion in the number of autos slowed down in the Depression, and in World War II the gasoline shortage and the absence of new cars brought a record number of passengers to the transit system. Since there was no new equipment to be had, the service could not be expanded, and money accumulated faster than it could be spent.

It was spent when the war ended. By 1953, Toronto had 715 new streamlined streetcars and the next year the Toronto Transit Commission, which had replaced the Toronto Transportation Commission and taken on regional responsibilities, bought four privately owned bus lines and opened its new subway.

The philosophy of financing continued to change. Public transit was no longer expected to be self-supporting, and the TTC paid for 80 per cent of the capital costs, with the province paying the rest. As the system expanded the city also chipped in; in 1959 it used general revenue funds to pay for 55 per cent of the costs of the new east-west line.

It was clear now to both the municipality and the province that transportation lines that didn't pay for themselves were still good public investments when they raised land values and permitted energy conservation. In 1963 they agreed to share costs and made the sharing retroactive.

The Province of Ontario now funds 75 per cent of approved capital transit expenditures and 50 per cent of operating deficits. It also pays the deficits of the GO-Transit commuter rail and bus service.

In the old days, as the TTC's Jack T. Harvey told *Railway Age*, "If a run wasn't going to make money, it didn't go in."

Times changed, and the north-south Spadina line, the first that was not along an established traffic corridor, was built even though it was clear that it would not be immediately self-supporting.

Montreal

Montreal's system of financing had a similar evolution. It had 327.5 million fares in 1954, but by 1960 the number had dropped to 248 million, a decline of 13 per cent.

The several municipalities involved decided to take over.

Money for the \$214 million subway system, which opened in 1967, was raised by the sale of forty-year general obligation bonds bearing 6 to 7.5 per cent interest. In 1973 the Montreal Urban Community approved a plan for financing the long-term extension of the system.

In the summer of 1976, the province put a moratorium on much planned construction but it was lifted partially in 1978, and last year the province and the federal government agreed to spend \$800 million on Montreal's urban and commuter transit system by 1986.