

*Outline of the History and  
Operations of*

THE TORONTO  
TRANSPORTATION COMMISSION

AND ITS SUBSIDIARY

GRAY COACH LINES, LIMITED



*Presented to*

The Royal Commission on Railways and  
Transportation

AT TORONTO, ONTARIO  
January 19th, 1932

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to the  
**Royal Commission on Railways  
and Transportation**  
by the  
**Toronto Transportation Commission**  
and its Subsidiary  
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**STATEMENT TO THE  
ROYAL COMMISSION ON RAILWAYS  
AND TRANSPORTATION  
BY THE  
TORONTO TRANSPORTATION COMMISSION  
AND ITS SUBSIDIARY  
GRAY COACH LINES, LIMITED**

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**I.—INTRODUCTION:**

**(a) Status of Commission—**

The Toronto Transportation Commission is the second largest electric railway operator in the Dominion of Canada and, with its subsidiary, Gray Coach Lines, Limited, is the Dominion's largest operator of motor coaches. Apart from the steam railroads, it is also the largest transportation undertaking in the Province of Ontario.

**(b) Constitution and Powers of the Commission and the Authority under which it Operates—**

The Commission is a corporate body consisting of three resident ratepayers of the City of Toronto appointed by the Council of the City of Toronto. It was created in 1920 by by-law of the City Corporation under authority of a Statute of the Province of Ontario (10-11 Geo. V., Chapter 144—Exhibit A.) to operate the street railway acquired by the City from the former Toronto Railway Company, September 1st, 1921; to operate the municipal street railway lines then existing and thereafter to assume control of and co-ordinate such transportation agencies, of whatever nature, as might be acquired or developed by the Commission.

Members of the Commission hold office for three years or until their successors are appointed, and are eligible for re-appointment. No member of the City Council is eligible for appointment to the Commission.

Under the terms of the Statute the Commission is required to establish such tolls and fares as shall make the

transportation services it directs self-sustaining after providing for such maintenance, renewals, depreciation and debt charges as it deems proper. Capital moneys for the transportation services under the Commission's control, other than such moneys as may be invested from accumulated reserves, are obtained from the City Corporation.

By the terms of the Statute the Commission is required to furnish annually to the Corporation a completely audited and certified financial statement and a report on its operations.

During the initial stages of its operations the Commission did not operate motor vehicles beyond the limits of the City of Toronto. As conditions changed, however, and the necessity and desirability for motorized passenger services grew, its powers in this regard were extended and by an amendment to the original Statute (20 Geo. V. c. 105) its power to operate motor vehicle services outside the municipal limits was specifically approved. Since June, 1927, these services have been owned and operated by Gray Coach Lines, Limited, a subsidiary company which was granted a provincial charter of incorporation in that year.

All the transportation services under the control of the Commission are operated on a service-at-cost basis.

**(c) Statement of Reasons for Submission of Brief—**

In view of the extent of its operations the Commission felt that a statement might be of interest and assistance to the Royal Commission on Railways and Transportation in a consideration of the larger transportation problems affecting the Dominion of Canada as a whole. The Commission also desired to draw attention to the significant facts of the development of transportation in Toronto and its environs. Further, as the transportation authority of the City of Toronto, the Commission deemed it its duty to place before the Royal Commission on Railways and Transportation its views on matters involving both its own interest and the interests of the City of Toronto, as well as its relation to other transportation agencies whose operations are now under review.

Should further information be required touching on matters discussed in this statement, or on any phase of the Commission's activities, the Commission will be very glad to co-operate to the fullest extent possible.

## II.—SCOPE OF COMMISSION'S OPERATIONS:

### (a) Consolidated System—

Detailed information covering the Commission's activities is contained in its annual report for 1930 (Exhibit B.). The consolidated balance sheet shows total assets as at December 31st, 1930, of \$55,305,798. As of the same date fixed assets totalled \$51,903,343. This compares with a net funded debt of \$34,632,128. Total revenue from all services for 1930 was \$14,068,379. These figures cover all the services owned by the Commission including those of Gray Coach Lines, Limited.

Final figures for the twelve months ending December 31st, 1931, are not available, but a preliminary statement shows a gross income for this period of \$12,973,516.

As of December 31st, 1930, the Commission operated 279.7 miles of single track; 32.3 miles of bus routes and 543.7 miles of interurban coach routes. Its rolling stock as of December 31st, 1930, included 987 passenger street cars, 83 electric service cars, 214 buses and coaches, 39 motor trucks and 9 motor snow ploughs and sanders. The Commission's employees number approximately 4,000.

### (b) City System—

The City System, owned and operated by the Commission includes 253.7 miles of single track and 22.5 miles of bus routes, serving a population of 627,231 and an area of 35 square miles. Revenue passengers handled on the City System during 1930 totalled 199,522,863. The corresponding total for 1931 was 182,923,203.

### (c) Suburban Services—

In addition to operating within the City Limits, the Commission also provides transportation for 14 municipalities adjoining the City of Toronto. Such services extend as far as twelve miles from the City Limits. They are provided on the basis of agreements with the several municipalities and are operated on a service at cost basis by the Commission. In the case of nine of the municipalities the services are operated by the Commission without assumption by the Commission of any financial obligation. Total suburban mileage operated includes 26 miles of single track and 9.9 miles of motor bus routes. The fourteen systems



represent an aggregate capital investment of approximately \$2,000,000 and they serve a population in the neighbourhood of 200,000.

Operation of these suburban services is advantageous to the Commission in that they function as feeders to the City System. The municipalities so served also derive direct benefit from low cost of operation made possible by the co-ordination of their transportation facilities with those of a large City system. Further benefits to the communities served are increased assessments and increased population since the inception of this type of service.

**(d) Interurban Services—**

All the interurban services controlled by the Commission are owned and operated by Gray Coach Lines, Limited. Fixed Assets of Gray Coach Lines, Limited, as at December 31st, 1930, totalled \$1,993,146. The Company's gross income for 1930 was \$1,322,076. Revenue passengers carried by the Company's interurban motor coach services during 1930 numbered 1,267,001. Coach mileage operated during the same year was 2,499,210 miles, and the route mileage operated as at December 31st, 1930, was 543.7 miles.

In addition to the interurban services Gray Coach Lines, Limited, also handles sight-seeing and services at extra fares within the city area proper and charters coaches for various purposes.

**(e) Ferry Service—**

The Commission also operates for the City of Toronto a passenger and freight ferry service from the mainland to the Toronto Island, which in 1931 carried 2,172,558 passengers.

**III.—HISTORICAL:**

The changes in long distance transportation over the past hundred years, which are familiar to all interested in transportation history, have been more or less paralleled by the changes in the urban, suburban and interurban traffic which the Commission has developed. During the early years of the last century in Ontario (Upper Canada) the bulk of traffic, both freight and passenger, was moved by water. With the development of highways, however, passenger traffic was diverted largely to the stage coach. By 1841 there were 6,000 miles of post roads in the province, on most of which regular

stage coach routes were operated. These post routes ultimately were extended from Toronto to Montreal, the journey between the two cities ordinarily being made in four and a half days, although it is reputed that William Weller, a Stage Coach proprietor, once drove Lord Sydenham from Toronto to Montreal by means of successive relays of horses in 26 hours.

Commencing in 1853 the construction of steam railways gradually forced the stage coach out of existence. The extinction of the coach as a passenger carrier was not immediate, as for some decades it continued to handle a remnant of local traffic, but the last known coach survivor in the Toronto district—a line operating from Toronto to Richmond Hill—finally disappeared in 1896. During the intermediate period between the disappearance of the stage coach and the appearance of the motor vehicle, a considerable volume of local and interurban traffic was carried by electric lines locally known as “radials” but in Toronto district and areas contiguous thereto electric interurban lines now have been entirely supplanted by motorized services using the highways.

From this brief review it will be seen that the remarkable development of motor vehicle travel during the past twenty years, and the consequent transfer of an increasing volume of passenger traffic from the steam railway to the private motor vehicle operating on the highway has an historical parallel in the ousting of the stage coach by the steam railways.

Within the city area proper the first passenger common carrier was the horse-drawn omnibus. This was superseded in 1861 by a street railway which utilized the horse car. Horse cars in turn were replaced by electric cars in 1892. Since 1921 the electric services within the city have been supplemented by bus and coach services.

For a brief period between 1884 and 1891 horse cars were used in a suburban service on Yonge Street, just north of the then City Limits, but since the latter year suburban traffic has been handled largely by electric lines, these, as in the case of the city services, having been supplemented by motor bus services during recent years.

The effect of motor vehicle competition has been most marked in the case of interurban electric services, which in the Toronto district and adjacent areas date back to 1891. Passenger services on all of the electric interurban lines formerly

radiating from the city have now been discontinued, the last interurban line to operate being the Toronto Suburban Railway between Toronto and Guelph a distance of 50 miles, which ceased operation on August 15th, 1931. All of the former interurban electric railways entering Toronto have been replaced by motor coach services.

The transport facilities now provided by the Commission constitute an example of the co-ordination of all three types of services—urban, suburban and interurban—based on a natural adjustment to evolutionary transportation trends of the past decade.

#### IV.—CITY SERVICES AND MOTOR VEHICLE COMPETITION:

In common with the experience of all other passenger carriers using a fixed right of way, the operating results of the Commission's Street Railway System during the past ten years reflect very definitely the increasing use of the private motor car. Since 1920 passenger automobiles registered in the City of Toronto have increased from 26,798 to approximately 100,000. The trend of passenger automobile ownership in relation to population is indicated by the index, "Persons per automobile", which dropped from 19.2 in 1920 to 6.27 in 1931. The effect on street railway traffic of increased use of private motor cars is clearly indicated by the index figure of street car rides per capita per annum. In 1922, the first complete year of operation by the Commission, this index stood at 354. By 1930 it had fallen to 312, and in 1931 it stood at 283.

Adverse economic conditions are reflected in the figures for 1930 and 1931, but the same cannot be said of the result for 1929, during which year street car rides per capita were 330. Detailed figures covering the results for the initial and concluding years of the period mentioned are set out in the following table:

Year	Revenue Passengers Carried	Population of City of Toronto	Rides per Capita per year	Passenger Automobiles Registered	Persons per Automobile
1922	187,145,261	529,083	354	37,204	14.3
1929	200,205,403*	606,370	330	96,588	6.3
1930	193,861,981*	621,596	312	99,269	6.3
1931	177,590,000*	627,231	283	100,000 (esti- mated)	6.27

\*Excluding passengers carried beyond City Limits.

The decline in the rides per capita of the street railway system, while not as great as in other cities of comparable size

on the continent, was nevertheless a serious problem for the Commission. Various measures were adopted to meet the situation. Utilization of the most modern type of rolling stock and modern track construction resulted in a material increase in the speed of operation. Frequency of service was increased. Considering comparable cities, Toronto has the most frequent street car service in North America. Patronage of the street railway also has been encouraged by the maintenance of the lowest rate of fare in any comparable city on the continent, the average fare collected on the City System being 6.15c as compared with an average fare of 7.83c in all North American cities of more than 50,000 population. Still another factor favourable to the maintenance of traffic volume is the universal fare with free transfer privileges covering the whole of the urban area—35 square miles.

The low rate of fare in effect would not be possible if the Commission had not made use of the motor bus for the handling of low density traffic.

#### **V.—MOTOR BUS OPERATION IN THE CITY AND SUB-URBAN SYSTEM:**

From its inception the Commission was confronted with the necessity of finding some economical transportation agency for the handling of the low density traffic originating in the relatively sparsely populated areas on the outer rim of the city. Traffic from such areas was not sufficient to warrant the construction and operation of street railway lines, yet transportation had to be provided for these areas if the development of the city was not to be throttled. The motor bus was recognized as being the ideal agency to meet this problem. Accordingly, the Commission adopted the policy of using motor buses for feeder line service on both the city and suburban systems.

Operating experience with this type of equipment was so thoroughly favourable from the start that this type of service has seen rapid expansion during the past nine years. In 1922 passengers carried on the city bus system numbered 3,623,553. In 1931 the total stood at 10,287,733, an increase during the nine years of 184%. Bus route miles operated on the City System increased from 4.27 miles during the initial year of the period to 17.92 miles in 1931.

Improved types of equipment have been added to the motor bus services as traffic demand warranted, and to-day the motor bus routes are an integral and vital part of the Commission's City System services.

## VI.—THE MOTOR VEHICLE AND INTERURBAN SERVICES:

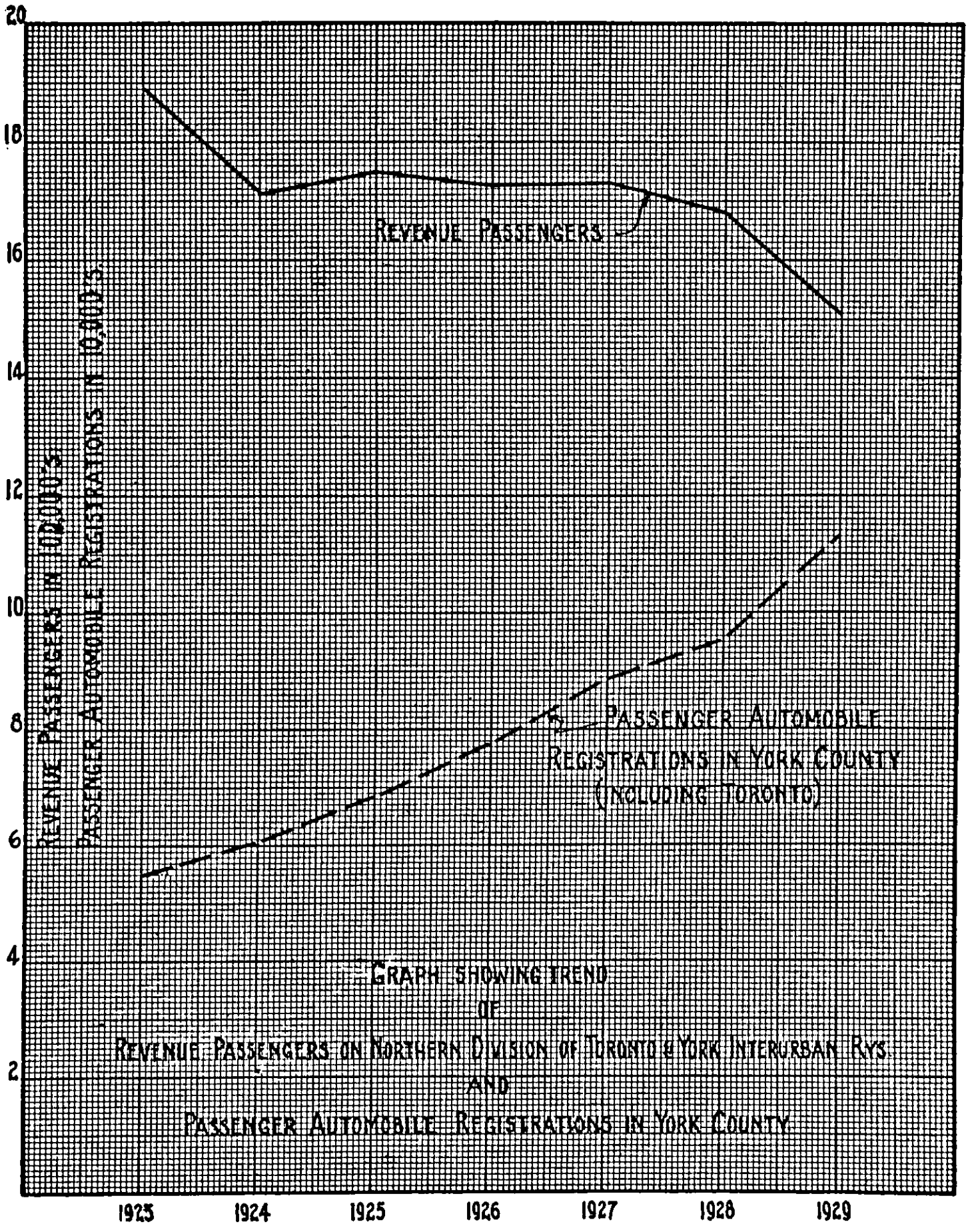
### (a) Historical—

The history of electric interurban lines radiating from Toronto offers an example of the complete effacement of the "radial" as a result of the competition of the private motor car. Motor coach services are sometimes designated as the cause of the decline in radial passenger traffic, but in the area adjacent to Toronto the motor coach was not a factor.

At the commencement of the last decade the Toronto area was served by two interurban systems, Toronto and York Radial Railways, and Toronto Suburban Railway. The former was acquired in 1921 by the City of Toronto in connection with the purchase of certain light and power franchises, and service was discontinued on March 15th, 1930. The Toronto Suburban Railway discontinued passenger service on August 15th, 1931. For the sake of clarity, figures quoted here are confined to those dealing with the Toronto and York System whose operating experience was typical of the general trend.

At the peak of its operation, the Toronto and York System operated 97.2 miles of track, its principal line reaching Lake Simcoe on the north, and two shorter lines reaching West Hill on the east and Port Credit on the west. In 1921 the system carried 11,689,346 revenue passengers, and by 1928 revenue passengers carried had declined to 6,291,386. Efforts were made to operate the system with greatly reduced service during 1929 and the early part of 1930, but these met with so little success that on March 15th of the latter year the interurban electric railways were abandoned except 11.8 miles of track which were incorporated in the suburban system operated by the Toronto Commission. The abandonment involved a capital loss to the City of Toronto of \$2,350,000.

The accompanying graph shows the trend of revenue passengers on the northern division of the Toronto and York electric interurban railways as compared with passenger automobile registrations in the County of York which includes the City of Toronto. The graph clearly illustrates a definite relation between increasing use of private motor cars and decreasing electric interurban passenger traffic.



GRAPH SHOWING TREND OF  
 REVENUE PASSENGERS ON NORTHERN DIVISION OF TORONTO & YORK INTERURBAN RYS.  
 AND  
 PASSENGER AUTOMOBILE REGISTRATIONS IN YORK COUNTY

**(b) Substitution of Motorized Services for Electric Interurban Services—**

Coincident with the decline in electric railway passenger traffic, due to the private passenger automobile, there developed a network of independently owned motor bus lines reaching beyond the zone covered by the electric lines and serving areas not touched by them. By 1927 eighteen independent motor bus lines were operating into the heart of Toronto—moving 3,000,000 passengers per year over city streets and paralleling the Commission's city and suburban services. It at once became obvious that were the Commission to abandon the increasing volume of this profitable class of transportation to outside interests, there would result not only a loss in revenue but a gradual stifling of the City System.

Equally serious was the fact that all the highway entrances to the city were under the control of transportation interests over which the Commission had no jurisdiction. Had such control been allowed to continue, the ultimate result would have been a recurrence of the condition which prompted the City to acquire a street railway for which it had to pay an amount largely in excess of the value of its physical assets. It is estimated that the acquisition of transportation franchise rights involved in the various purchases necessary to remedy the chaotic and intolerable conditions existing in 1921 for the travelling public cost the City of Toronto \$13,339,000 in return for which the City received no tangible assets. Had the Commission delayed action directed toward the control of the new motorized services, there was no question but that history would repeat itself and that at some time in the future the Commission would have had to pay much larger amounts for motor coach franchises than were actually paid when such services were acquired early in their development. Furthermore, there was the immediate factor of quality of service provided by the then existing motor coach operators, a considerable proportion of whom had not sufficient financial backing to enable them to acquire modern equipment.

Thus on five main counts the Commission was driven by the logic of circumstances to participation in interurban motor coach services—(1) To protect its investment in the City System by preventing loss of revenue due to the operations of independent bus operators on city streets. (2) To prevent control of the city's highway entrances falling permanently into the hands of a number of independent oper-

ators over whom the Commission would have had no control or jurisdiction. (3) To forestall creation of burdensome franchise rights. (4) To offset electric interurban losses resulting from increased use of the private automobile. (5) To provide stable, safe and adequate transportation facilities for the travelling public using the highway entrances to the city.

All of which indicates that the operation by the Commission at the present time of its existing fleet of interurban motor coaches was not the result of a preconceived desire on the part of the Commission to acquire a dominant position in a given transportation field, but was essentially the result of a reasoned adjustment to transportation trends over which it had no control.

## **VII.—DEVELOPMENT OF GRAY COACH LINES, LIMITED:**

### **(a) Historical—**

The first motor coach services, as distinct from the motor bus services operated in connection with the street railway system, were instituted by the Commission in 1925. In that year the Commission acquired the assets of the then existing Company controlling the sightseeing services in the city and proceeded to develop a fully modernized service of this type. In the same year a special fare motor coach service, separate from the street railway system, was initiated serving certain high class residential districts in the city. An important factor entering into the decision to develop this new service was the fact that it enabled utilization of coach equipment not used in the sightseeing services during the winter months, winter being the period of peak demand on the special fare service. A year later, in response to the demand of tourists for a motor coach service to the Niagara frontier, a provincial permit was secured for the operation of a motor coach route from Toronto to Niagara Falls. In May, 1927, this route was extended a distance of 21 miles into Buffalo.

By the early summer of 1927 the Commission's investment in motor coach services had reached a total of approximately \$1,000,000 and it was deemed wise to segregate the coach operation from the City System. Accordingly, Gray Coach Lines, Limited, was incorporated on June 28th, 1927, with an authorized capitalization of \$1,000,000. The Share Capital was issued in the name of



the Toronto Transportation Commission and in return the Commission transferred its investment in all the motor coach services then under its control to the new subsidiary Company.

**(b) Reasons for the Setting Up of a Subsidiary Company—**

These may be briefly stated as follows—(1) For accounting purposes. The creation of a subsidiary Company definitely separated its accounts from those of the Commission's other services. (2) For the segregation of operating results. (3) It permitted the Commission to take advantage of the use of the name—"Gray Line"—of distinct value for publicity purposes.

**(c) Administration of Gray Coach Lines, Limited—**

The Board of Directors of Gray Coach Lines, Limited, is composed of the three Commissioners, the General Manager, the Comptroller, the Secretary and the General Counsel of the Toronto Transportation Commission, the Chairman of the Commission being Chairman of the Board, and the General Manager of the Commission being President. The operating personnel of Gray Coach Lines, Limited, is entirely Commission personnel, which enables the Company to operate on the basis of a low administrative overhead and further enables close co-ordination with the City System.

**(d) Comparative Income Account Statement, Gray Coach Lines, Limited—**

The following is a statement of the revenue and expenditures of Gray Coach Lines, Limited, for the years 1927-1930 inclusive:—

## REVENUE AND EXPENDITURE ACCOUNT—GRAY COACH LINES, LIMITED

Revenue:	1927	1928	1929	1930
Earnings from Passengers.....	\$567,337.53	\$815,285.21	\$1,234,936.35	\$1,285,654.53
Earnings from Launches .....	.....	.....	3,151.58	5,608.07
Other Income .....	3,656.70	24,759.64	40,345.74	30,813.91
	\$570,994.23	\$840,044.85	\$1,278,433.67	\$1,322,076.51
<b>Operating Expenses:</b>				
13    Operation, Repairs, Taxes .....	\$418,653.75	\$587,951.53	\$ 937,663.43	\$ 973,653.37
<b>Net Income:</b>	\$152,340.48	\$252,093.32	\$ 340,770.24	\$ 348,423.14
Appropriated as follows:—				
Interest & Dividends to T.T.C. at 5%.....	\$ 42,098.20	\$ 50,000.00	\$ 59,941.08	\$ 61,108.47
For Depreciation Reserve .....	99,809.92	151,351.78	210,512.08	227,496.72
For Doubtful Debts .....	3,700.00	1,000.00	1,029.86	750.00
For Contingencies .....	3,000.00	2,000.00	5,000.00	.....
For Unredeemed Tickets .....	.....	1,400.00	.....	.....
For Injuries and Damages .....	.....	42,020.39	55,798.12	48,818.53
For Surplus Account .....	3,732.36	4,321.15	8,489.10	10,249.42

Final returns for the year 1931 are not yet available, but the operating results for the twelve month period can be stated approximately as follows:

Gross Revenue .....	\$1,117,425.00
Operating Expenses .....	799,633.97
Net Income available for Interest, Dividend, Depreciation, Reserve and Surplus Account	317,791.03

The revenue figures cited reflect both a rapidly increasing patronage and extension of the services operated during the five year period since the Company's inception. It will be noted that gross revenue rose from \$570,994 in 1927 to a peak in 1930 of \$1,322,076. The decline in revenue as between 1930 and 1931 was due primarily to general business conditions and compares very favourably with the corresponding decline reported by other transportation agencies for the same period. Operating expenses were reduced from \$973,653 in 1930 to \$799,633 in 1931. As a result, net income for 1931 was \$317,791 as compared with \$348,423 in 1930—a reduction of 8.8%.

Examination of the distribution of net income for the several years reveals the sound financial practice followed by the Company. Interest and dividends include an annual dividend of 5% on the capital stock held by the Transportation Commission. Appropriations for depreciation provide for a writing off of franchise values over a 15 year period, as well as for replacement of operating equipment. Inasmuch as it is reasonable to assume an appreciation in franchise values as the density in population and traffic increases, their writing down as indicated reflects an extremely conservative policy. Physical depreciation is assessed at 6.45 cents per coach mile per year. The corresponding figure for some fifty of the largest motor coach operating companies reporting to the American Electric Railway Association, with one exception, ranges from 2.5 cents to 5 cents. The coach life of new vehicles is estimated at not more than 260,000 miles. The fact that the Company's services are operated at cost is indicated by the extent of the operating surpluses for the several years, the amount in no case having exceeded \$10,249.

**(e) Balance Sheet, Gray Coach Lines, Limited—**

The following is the Balance Sheet of Gray Coach Lines, Limited, as at December 31st, 1930:—

**GRAY COACH LINES, LIMITED**  
**BALANCE SHEET—DECEMBER 31, 1930**

<b>Assets</b>	<b>Liabilities</b>
<b>Fixed Assets:</b>	<b>Capital Stock:</b>
Motor Coaches, Launches and Equipment .....\$1,546,365.18	Authorized and Issued .....\$1,000,000.00
Franchise Rights ..... 446,781.00	<b>Current Liabilities:</b>
\$1,993,146.18	Advance of Funds from the Toronto Transportation Commission .....\$100,000.00
<b>Current Assets:</b>	Accounts Payable to the Toronto Transportation Commission ..... 57,250.20
Accounts Receivable, Less Reserve for Estimated Losses ..... 8,569.79	Dividend of 5% and Inter- est Payable to the Toron- to Transportation Com- mission ..... 61,108.47
Advances to Agents and Departments ..... 2,047.99	Other Accounts Payable.... 18,459.20
☞ Cash on hand and in Bank 74,633.86	236,817.87
85,251.64	<b>Capital Reserves:</b>
<b>Prepaid Charges:</b>	For Replacements ..... 734,970.49
Prepaid Insurance Premiums, Taxes and Licenses ..... 7,900.96	<b>Operating Reserves:</b>
	For Tickets in hands of the Public but not yet used.... 5,097.63
	For Injuries and Damages 72,292.91
	For Contingencies ..... 10,000.00
	87,390.54
	<b>Accumulated Surplus</b> ..... 27,119.88
\$2,086,298.78	\$2,086,298.78

It will be observed from the Balance Sheet cited above that the Company has no funded debt and that its fixed assets as of December 31st, 1930, totalled \$1,993,146 as compared with a capital stock liability of \$1,000,000. During the five year period ending December 31st, 1931, extension of services was financed entirely from Company reserves—the \$100,000 advance from Commission funds under current liabilities having been retired during 1931.

**(f) Growth of Traffic Handled by Gray Coach Lines, Limited—**

The following table indicates the growth in the volume of the Company's interurban passenger traffic during the five year period of its operation:—

Year	Interurban Passengers Carried
1927.....	281,602
1928.....	567,193
1929.....	1,057,250
1930.....	1,267,001
1931.....	1,180,418

The Company now operates a year-round service over about 600 miles of route.

**(g) System of Accounting—**

The classification of accounts used by Gray Coach Lines, Limited, is the standard classification adopted for bus operating companies by the American Electric Railway Association.

**VIII.—CHANGE IN CHARACTER OF MOTORIZED PASSENGER SERVICES RADIATING FROM TORONTO SINCE ADVENT OF GRAY COACH LINES, LIMITED:**

Previous to the advent of Gray Coach Lines, Limited, motor bus operation radiating from Toronto was largely in the hands of irresponsible operators, many of whom were not financially stable. Some, in fact, were forced into liquidation because of damage actions. Few of the operators had sufficient resources to provide up-to-date equipment and many of the routes operated were without spare vehicles. All of the operators were without the garage facilities necessary to properly maintain their equipment. Wages paid were low, drivers worked long hours—a factor seriously militating against the safety of operation—and schedules were not dependable.

Present conditions are in marked contrast to those which formerly prevailed. Operation by a responsible authority with sound financial backing has enabled the removal of all the objectionable features mentioned. Equipment has been fully modernized and service is maintained on a high efficiency basis. The improvement in the conditions affecting labour has been particularly marked. All interurban coach operators are paid at the rate of 65 cents an hour and the typical yearly earnings of such operators are \$1,774.00 with an average working day of slightly more than eight hours and a six-day week. Spare men are guaranteed a minimum of six hours work a day, but it has been found that these spare men usually have an average wage comparable to that of the regular men.

The net effect of improvement in equipment, service and safety of operation has resulted in a marked increase in public confidence, which in turn is reflected in the increased patronage of the travelling public already recorded.

#### **IX.—TYPE OF SERVICE RENDERED BY GRAY COACH LINES, LIMITED:**

##### **(a) A Pioneer Service in a New Traffic Field—**

Operators of motor vehicle transportation are unanimous that the motor coach has developed most of the traffic which it now handles. It provides a flexible point to point passenger service which is able to pick up and discharge passengers not only at the centres of population but at individual farm gates and crossroads. This flexibility of service is of enormous advantage to the rural travelling public, and is one of the dominant factors underlying the growth of motor coach operation during the past decade. In contrast, steam railway operation is restricted by its very nature to providing travel facilities between considerable centres of population. It should be noted further that the motor coach also has made it possible to give a passenger service to communities not reached by the steam railways.

##### **(b) Percentage of Through and Local Traffic on Gray Coach Lines Services—**

Contrary to the opinions expressed by some critics of motor coach operation, by far the larger percentage of traffic handled on typical Gray Coach Lines routes is local traffic. An analytical summary of the traffic moving over the Toronto-Hamilton and Toronto-Brantford runs during

typical summer and winter periods indicates that only 29.4% of the coach traffic moving over these routes is through traffic and 70.6 local traffic. In other words, 70.6% of the passengers using these routes are either picked up or discharged at points between the termini.

#### **X.—ECONOMIC EFFICIENCY OF GRAY COACH LINES OPERATION:**

- (a) Service at cost being a cardinal principle of all the Commission's transportation activities, all Gray Coach Lines services are operated on a non-profit basis. It should be emphasized, however, that the Company has maintained a sound financial position by the provision of adequate reserves for depreciation and replacement, which costs are assessed against the users of the Company's services. The Company therefore operates on a fully self-sustaining basis.
- (b) **Advantages Derived from Co-ordination of Urban, Suburban and Interurban Motor Vehicle Services under a Single Authority—**

One of the primary economies made possible by the unified operation of the interurban motor coach services with those of the city and suburban system is derived from diversified use of equipment which is mutually beneficial to all three services. Operating experience covering a period of years has shown that peak traffic demand on the city coach routes occurs during the winter months, whereas peak demand on the interurban coach routes occurs during the summer months. Similarly, the five week days carry the heaviest traffic on the city coach services and the lightest traffic on the interurban services. Conversely, during the week-end period, the traffic demand on the interurban routes is extremely heavy and relatively light on the city services. Under co-ordinated control these divergences of peak demand enable reciprocal transfers of operating equipment from one service to the other in accordance with the fluctuations in traffic offering. The result is seen in low capital and operating costs benefiting both transportation services and the public.

It is scarcely necessary to point out that operation of the interurban motor coach services by steam railways would not permit advantage being taken of this diversity. Consequently, capital and operating costs would be increased not only on the interurban services but on the city services as well if operated by other than the Toronto Commission.

**(c) Reduction in Overhead Due to Unified Control—**

Mention already has been made of the reduced administrative overhead made possible by the operation of Gray Coach Lines, Limited, by Commission personnel. The same principle applies in the maintenance of equipment. During the four years ending 1930, for instance, the City System, in addition to receiving \$213,147 in direct interest and dividends from Gray Coach Lines, Limited, also received approximately \$200,000 in the form of rentals and overhead charges for the use of its plant and facilities. Without the co-ordination of the two types of services a substantial portion of this overhead would have been borne by the City System car riders. Conversely, the motor coach users benefited directly from the lower maintenance cost made possible by the greater use of facilities resulting from unified operation.

**(d) Economic Benefits of Co-ordination as Indicated in the General Operating Returns of Gray Coach Lines, Limited—**

The general economic efficiency of the motor coach services provided by Gray Coach Lines, Limited, is further illustrated by the fact that the Company has maintained an adequate and fully modern transportation service while at the same time recording the marked financial progress indicated in the financial statement incorporated in this statement.

**XI.—DEPENDABLE SCHEDULE SERVICE UNDER ALL WEATHER CONDITIONS:**

All runs on the regular routes served by Gray Coach Lines, Limited, are operated on a published scheduled basis, and regularity of service has been fully maintained both winter and summer. Operating experience under winter conditions in the area served by the Company has demonstrated beyond all question the efficiency of the motor coach as a year-round transportation agency. A striking proof of this assertion is offered in the operating result for the three-year period concluding 1931 on the services to three representative points — Niagara Falls, Hamilton and Oshawa. During the period and on the routes indicated the Company's coaches made 80,780 trips and only two scheduled runs were cancelled on account of weather conditions or any other cause.



## **XII.—ECONOMICAL USE OF THE HIGHWAYS:**

A further point bearing on the economic efficiency of the motor coach to which the Commission desires to draw attention is the relative economy of the coach's use of highway space as compared with that of the private passenger automobile. An analysis of the respective loads carried by motor coaches and the private passenger motor car over the several highway entrances to the City of Toronto during typical traffic periods of the years 1926 to 1929 indicated an average coach load of 17 passengers and an average passenger automobile load of 2.43 passengers. As the gross area occupied by the average motor coach is 330 square feet, and that of the average passenger motor vehicle is 140 square feet, a coach passenger therefore utilizes a gross highway area of 19.4 square feet, whereas a private automobile passenger utilizes 57.5 square feet. The motor coach therefore is three times as efficient in the use of highway space as the private passenger automobile.

## **XIII.—REGULATION OF MOTOR COACH SERVICES:**

The Commission is desirous of emphasizing the fact that the motor coach as at present regulated in the Province of Ontario is a responsible transportation agency. Moreover, in the case of Gray Coach Lines, Limited, Government Regulations are supplemented by Company Regulations which ensure maximum efficiency of operation.

### **(a) Governmental Regulations—**

All motor coach operation in Ontario is subject to specific regulations by direct governmental enactment. These regulations cover rates of fare, weight of vehicles, size of vehicle, speed of vehicle, hours of work of drivers, time-tables and financial responsibility of operators.

The Ontario Public Vehicle Act requires that a tariff of Tolls be filed with and approved by the Department of Highways before such tariff can become effective. Time-tables are subject to governmental approval under a "Regulation respecting the licensing of public commercial vehicles", of the Department of Highways, which requires owners or operators to file with the Department a schedule showing particulars regarding the picking up and discharging of passengers and the arrival and departure of vehicles.

The maximum gross weight for coaches is limited under the Ontario Highway Traffic Act to 20,000 pounds and the

same statute requires that the maximum length of coaches be limited to 33 feet and the maximum width to 96 inches. Maximum speeds of operation are also limited under the Highway Traffic Act to 20 miles per hour in towns and villages and 35 miles per hour on the open highway. Hours of labour are restricted by the Ontario Public Vehicle Act which requires that drivers shall not operate a coach more than 10 hours in any 24 hour period.

**(b) Company Regulation—**

All motor coach operators when first employed by Gray Coach Lines, Limited, undergo a complete physical examination similar to that which is required for insurance purposes. All men are carefully examined for vision, and a rule providing for a periodical re-examination of eyesight is strictly enforced. The Company also maintains a training school for coach operators which provides instruction as to the mechanical features of the motor vehicle and supervised instruction in the operation of coaches under actual service conditions. A disciplinary control of the labour force is similar to that in effect on the steam railways.

Physical equipment is inspected daily and a thorough overhaul of all coaches is made periodically on a stipulated mileage basis.

These regulations, both company and governmental, ensure safe and dependable service for the travelling public using the motor coaches, at the same time protecting other users of the highways.

**XIV.—SAFETY OF MOTOR COACH OPERATION:**

The effect of regulations outlined above on the safety of motor coach transportation is indicated by the fact that since the inception of Gray Line coach services they have carried four and one-half million interurban passengers without a single passenger fatality. Gray Coach Lines, Limited, is part of an organization which in the past 10 years has carried more than three billion passengers and not one has met with a fatal accident.

**XV.—ATTITUDE OF THE PUBLIC TOWARDS MOTOR COACH SERVICES:**

Evidence of the popularity of motor coach services is contained in the voluntary response to a questionnaire dis-

tributed on a typical week day in January, 1932, to all passengers travelling over the interurban routes of Gray Coach Lines, Limited. Analysis of the replies made by 1,286 passengers who were asked to state reasons for using motor coach transportation rather than railway transportation shows that 79% attributed their preference for the motor coach to convenience of service rather than comparative cost. 74% reported that the motor coach offered more direct transportation to their respective destinations than the steam railway and 75% stated that the time schedules of the motor coach services were more satisfactory than those of the steam lines.

#### **XVI.—RELATION OF THE MOTOR COACH SERVICES TO STEAM RAILROAD SERVICES:**

##### **(a) Private Passenger Automobiles—The Principal Competitor of the Motor Coach—**

In any consideration of the general question of motor vehicle operation it should be borne in mind that the private passenger automobile is the principal competitor of the motor coach, as it is of the passenger services provided by the steam railways. The majority of motor coach users are drawn from that section of the travelling public which would use the highway as a matter of convenience were no motor coach service available. Lacking a coach service such users would still use the highway either by travelling in their own passenger automobiles, or in the automobiles of their friends, or in passenger motor cars operated on a co-operative basis. In this connection also it should be noted that a constantly increasing proportion of private motor vehicles is being used for purely commercial purposes, a factor which lends a commercial aspect to the competition between motor coach services and privately owned automobiles.

##### **(b) Motor Coach Services a Negligible Factor in the Decline in Railway Passenger Traffic—**

While it is generally recognised that the loss in passenger traffic experienced by the steam railways during the past decade is attributable largely to the competition of the motor vehicle, the Commission wishes to stress the fact that the proportion of this loss due to the operation of motor coach services is relatively negligible. Corroboration of this assertion is evident from an examination of the very complete traffic census made by the Ontario Department of

Highways during the past three years which indicates the volume of traffic moving over all the main highways of the Province during various periods of the year. Analysis of the tabulated figures indicates that in no case did motor bus and coach traffic exceed 1.65% of the total motor vehicle traffic, this being the maximum percentage which is reached during the winter months, while during the period of summer operation bus and coach traffic constituted not more than 0.67% of the whole. The detailed figures are as follows:

**SUMMARY OF ONTARIO DEPARTMENT OF  
PUBLIC HIGHWAY TRAFFIC CENSUS  
FOR THE YEARS 1929, 1930 AND 1931**

Year	Ave. No. of Motor Vehicles Using the High- way Daily	Ave. No. of Motor Coaches and Buses Using Highway Daily	% of Buses and Motor Coaches to Total Motor Vehicles
<b>Summer Count—Average for 29 Highways</b>			
1929	48445	300	0.62
1930	46610	294	0.63
1931	51759	345	0.67
<b>Autumn Count—Average for 31 Highways</b>			
1929	35048	276	0.79
1930	39318	253	0.65
1931	48147	288	0.60
<b>Winter Count—Average for 19 Highways</b>			
1930	9601	159	1.65
1931	13859	198	1.43

**(c) Motor Coach—The Most Efficient Transportation Agency for the Handling of Low Density Traffic:**

A good deal of misapprehension exists as to the nature of the relation between steam railroad passenger services and motor coach services. Steam railroads are the most efficient agency for the handling of mass transport over both long and short distances. Motor coach services, on the other hand, are the most efficient agency for the handling of low density traffic. In adjusting its services to the various types of traffic demand, the Commission has always recognised these two principles. In the handling of commuter traffic to points in the vicinity of Toronto, for instance, the Commission has made no attempt to compete with the steam railroads on the basis of the relative fares charged by the two agencies.

In the handling of passenger traffic moving over long distances, the motor coach services, even did they so desire, are unable to compete with the steam railways in the matter of speed.

**(d) The Place of the Motor Coach in the General Transportation Scheme—**

The Commission desires to emphasize the fact that the motor coach services are part of a secondary land transport system based on the development of the motor vehicle, which during the past decade has been of enormous advantage to the community. As in the past, the steam railway occupies the place of primary importance in the general transportation scheme of the country but the mobility and flexibility of the motor vehicle as a transportation agency has a far-reaching value in supplementing the fixed right-of-way services provided by the railway. Both systems have their place in the life of the modern community. Neither should be placed under a handicap for the benefit of the other. Any attempt to throttle development of the secondary system in the field where it is more efficient and more economical than the primary system would adversely affect the development of the country. It is apparent that the future of the steam railways is dependent on this continued progressive development. Efficient transportation of all types is of vital importance, not only to the economic life of the country but to its social life as well.

A major innovation in any field always meets the cry of "unfair competition", but in reality this cry is not a protest against unfairness but rather a protest against newness. Such criticism is no justification for the throttling by taxation or otherwise of any innovation which justifies itself economically. Efforts to halt the march of progress are futile and in the final analysis will react against those who refuse to adopt, or recognize the significance of, a new development offering increased efficiency.

**(e) Opinions of Steam Railway Executives—**

The relation of the motor coach services to steam railway passenger services was very clearly stated by Mr. J. F. Deasy, Vice-President of the Pennsylvania Railroad, in his testimony before the Interstate Commerce Commission of the United States in its investigation of the relations between rail and highway transport services at Washington, March 4th, 1931. Mr. Deasy said:

"The motor bus has not deprived our railroads of substantially any more business than the interurban electric lines would have done if they had survived and expanded. In my judgment the bus certainly has a place in modern transportation . . . Under no circumstances do I advocate regulation for the purpose of restricting highway competition for the benefit of rail carriers . . . Where the old conflicts with the new, and the new is a sounder method—the old must give way."

A further opinion of a prominent steam railway executive is that expressed by Mr. Ralph Budd, President of the Great Northern Railroad, in an address before the Transportation Club of Toronto in March, 1929:—

"Such legislation and regulation, if based on equitable principles, as we assume they will be, will promote rather than hinder the orderly development of the bus industry, because they will encourage the organization of strong, well managed companies and discourage the multitudinous poorly financed and poorly operated concerns, which are wasteful by reason of the excessive amount of competition afforded and the poor methods of operation followed."

Continuing, Mr. Budd stated:—

"A thought commonly indulged in is that if buses were removed from the highways by taxes sufficiently high to accomplish that purpose, the railways would get the traffic the buses now handle, and that such traffic would be profitable. I do not believe that would be the result. So much passenger business already has gone from the railways to automobiles that local train service consequently has been so curtailed as to make it unsuitable for the people of the average rural community to depend upon for their daily movements. For the railways to be forced to put back in service trains to take care of the slight traffic that would return to them would be a real hardship and loss, and undoubtedly some trains would have to be restored if the principle of taxing buses to the point of elimination should be applied. I am sure the railways would lose in many instances by having the buses forced off short runs that have made possible the removal of unprofitable trains; and these are the buses that would go first because their margin of profit is less than on the longer runs. The public would suffer the loss of a service which in many communities is far better than it ever had before the frequent bus replaced the occasional train; many people would be obliged to use the more expensive auto-

mobile; and the aggregate tax contribution would be decreased rather than increased by the process."

And further, Mr. Budd stated:—

"I have indicated the loss of over a million dollars a day in passenger revenue of the railways. It is not fair to discuss only the loss to the railways by reason of highway travel. I am of the opinion that the automobile industry has done more to benefit the railways than it has to injure them, and that the railways would suffer along with practically every other business if the manufacture of motor cars could by any stretch of the imagination be stopped over night. What would happen in such eventuality is the true gauge of how this industry is affecting the railways. The transportation of vast quantities of raw materials for manufacturing vehicles and for building highways, such as iron, steel, coal, lumber, rubber, copper, cloth, paint, asphalt, cement, gravel and sand, must, of course, be considered."

As further evidence that steam railways have recognised the motor coach as a valuable factor in the transportation field it is of interest to note that during 1930 eighty-one railways in the United States operated 4,000 buses covering 50,000 route miles.

**(f) Natural Expansion of Urban and Suburban Services—**

The urban and suburban services of transportation undertakings of the four other largest cities in Canada, namely, Montreal, Winnipeg, Vancouver and Hamilton, have been expanded to provide interurban motor coach services, analogous to those provided by Gray Coach Lines, Limited.

**XVII.—HISTORICAL POSITION OF STEAM RAILROADS  
IN REGARD TO COMMUTER, SUBURBAN AND  
INTERURBAN TRAFFIC:**

The force of any criticism made by the steam railways of service by motor coaches for suburban and interurban traffic is somewhat diminished by the fact that the railways when they had the opportunity of engaging in such services refused to meet the wishes of the public, either by adjusting their passenger services to suburban traffic requirements, or by entering the motor coach field even when invited to do so by the provincial authorities.

**(a) Application of the City of Toronto and adjoining Municipalities for Railway Commuter Service—**

On August 20th, 1908, a conference was held in the City Hall, Toronto, attended by representatives of municipalities in the vicinity, a special committee representing the City of Toronto, and representatives of the Grand Trunk Railway, the Canadian Pacific Railway and Canadian Northern Railways. The following towns and villages were represented: Beaverton, Woodbridge, Whitby, Pickering, Scarboro, East Toronto, Port Credit, Brampton, Weston, Chinguacousy, Oakville, Oshawa, Thornhill, Kleinburg, Columbus and Myrtle; also Toronto Township and York Township.

At this meeting the following resolutions were passed:

- (1) "THAT this meeting of representatives of the towns and villages within a reasonable radius of the City of Toronto is of the opinion that an independent suburban train service, with commutation tickets in and out of the city on all steam lines, would greatly promote the common welfare."
- (2) "THAT a committee be appointed for the purpose of negotiating with the railway companies interested, with a view to inducing them to provide a suburban service for Toronto and vicinity corresponding to that now furnished for Montreal and districts; and failing acquiescence by the company that the said committee be instructed to prepare a case for submission to the Railway Commission, with a view to obtaining through that body the removal of the discrimination now shown against Toronto and neighbouring municipalities."

Subsequently, an application dated January 20th, 1909, was made by the Corporation of the City of Toronto to the Board of Railway Commissioners of Canada for an order under Sections 315, 317, 323, 341 and 77 of the Railway Act, compelling the Grand Trunk Railway and the Canadian Pacific Railway to provide commutation rates to and from the City of Toronto and the suburban municipalities within a certain radius. The steam railways refused to grant commutation rates to the points designated, and in a report furnished the Board of Railway Commissioners stated their reasons in part, as follows:—



“THAT commutation rates were first established out of Montreal many years ago when the street car system was a very indifferent one.”

“THAT Brampton, Whitby and Oshawa are business centres of some importance and not in any sense suburban resorts of Toronto.”

“THAT the establishment of such rates would not benefit the citizens of Toronto who do not reside in the towns named, and such rates, if established, would result in the residents of these towns going to Toronto to make their purchases, and would be, therefore, detrimental to the local business interests of such towns.”

“THAT railway companies have under the Act the absolute right to apply commutation rates in their discretion.”

“THAT electric lines are being built in all directions from the City of Toronto, and their development will continue, affording a suburban service with which the steam railways cannot compete.”

The Railways asked that the action be dismissed, and under Order No. 10788, dated June 8th, 1910, the Board so ordered.

During the period which has intervened since the dismissal of this application, commuter rates on the rail lines radiating from Toronto have been established to only a limited number of points, and the existing railway commuter service in the Toronto area cannot be said to be meeting general endorsement by those to be served. Had not the motor coach stepped into the field formerly occupied by the electric interurbans many districts in the areas around Toronto would be without any commuter service whatsoever.

**(b) Unwillingness of the Steam Railways to Provide Motor Coach Service—**

As already indicated, criticism by the steam railways of motor coach services is further weakened by the fact that the railways were unwilling to enter the motor coach field, even though invited to do so by provincial authorities. Confirmation of this attitude was contained in a public address delivered in Toronto only a few weeks ago by the Hon.

Leopold Macaulay, Minister of Highways for the Province. On this occasion Mr. Macaulay stated that the Province, when embarking on the extended programme of highway construction carried out during the recent years, invited the railways to provide transportation for the public over the provincial highways. This invitation, he said, had been declined.

**XVIII.—TAXATION OF MOTOR COACH SERVICES:**

**(a) Basis on which Motor Coach Highway Taxes are Paid—**

All motor coaches operating in the Province of Ontario pay direct highway taxes of three types. In 1931 these were:—

- (1) A seat tax of one-twentieth of a cent per seat mile, regardless of passengers carried;
- (2) A tax on gasoline of five cents per gallon;
- (3) License fees the amount of which vary in accordance with the weight of vehicle, and which, in the case of Gray Coach Lines, Limited, average \$87.98 per coach per year. (For 1932 license fees have been increased 30 per cent., or approximately to \$114.00 per coach, per year.)

There are also municipal, corporation and property taxes which are not applicable directly to highway maintenance but are part of the general costs of the service. Figures quoted in this section will deal only with those taxes imposed directly for highway maintenance in order to relate the taxes on motor coach operations to the cost of the highway which the motor coach uses as a right-of-way.

**(b) Amount of Highway Taxes Paid by Gray Coach Lines, Limited—**

During the year 1931 the aggregate of highway taxes paid by only the interurban services of Gray Coach Lines, Limited, totalled \$50,562. The distribution of this amount was as follows:—

<u>Taxes</u>	
Seat Tax .....	\$22,682.00
Licenses .....	6,950.00
Gasoline Tax .....	20,930.00
Total Highway Taxes .....	<u>\$50,562.00</u>

The total highway tax per coach for the year was \$640.02, distributed as follows:—

Taxes per Vehicle

Seat Tax .....	\$ 287.11
Licenses .....	87.98
Gasoline Tax .....	264.93
	<hr/>
Total .....	\$ 640.02
	<hr/> <hr/>

The total highway tax per interurban coach mile was 1.94 cents, distributed as follows:—

Taxes per Coach Mile

Seat Tax .....	.87
Licenses .....	.27
Gasoline Tax .....	.80
	<hr/>
Total .....	1.94
	<hr/> <hr/>

The tax per mile of highway traversed totalled \$143.38, distributed among the three items as follows:—

Taxes per Mile of Highway Traversed

Seat Tax .....	\$ 63.93
Licenses .....	19.80
Gasoline Tax .....	59.65
	<hr/>
Total .....	\$143.38
	<hr/> <hr/>

The total direct highway taxes paid by the interurban lines of the Company for the year 1931, expressed in percentage of their gross revenue, was 6.08%.

(c) Comparison of Taxes Paid—

The Commission desires to stress the fact that motor coaches are the most heavily taxed users of the highways in Ontario. During the fiscal year ending October 31st, 1930, revenue from licenses, gasoline tax and seat tax collected in Ontario, as indicated in a statement of the Department of Highways, totalled \$15,343,696. The average number of registered motor vehicles for the calendar years 1929 and

1930 was 547,700. With these figures as the basis of calculation it is evident that the average tax for motor vehicles using the highways was \$28.01. As already stated motor coaches operated by Gray Coach Lines, Limited, pay an annual tax of \$640.02 per vehicle in interurban service. In other words, on the existing bases of taxation Gray Coach Lines interurban services pay highway taxes 23 times greater than the average paid by all types of motor vehicles using the highway. The Gray Coach Lines annual tax per vehicle is lower than the corresponding average for other coaches operating in Ontario because of a relatively low annual mileage per vehicle in Gray Coach Lines interurban services, resulting from the diversified use of the Company's equipment noted in a preceding section of this statement.

Comparison of the total taxes paid by Gray Coach Lines, Limited, with those paid by the two large Canadian Railways, expressed in terms of percentage of property investment and percentage of operating revenue, indicates that the motor coach service also pays a much larger tax than do the steam railways. Taking the year 1929 as an index, on a basis of percentage of gross revenue, the Canadian Pacific Railway paid one-half and the Canadian National Railways one-quarter of the tax paid by Gray Coach Lines, Limited. Similarly, on a basis of percentage of investment, the Canadian Pacific Railway paid one-sixth and the Canadian National Railways one-twenty-fifth of the taxes paid by Gray Coach Lines, Limited.

Attention is directed also to the accompanying charts, which illustrate graphically a comparison of the annual per vehicle motor coach tax in Ontario and in the several States of the United States. Reference to the chart showing the tax paid in dollars per motor coach per year will indicate that the levy on the motor coach in Ontario is greater than that in effect in 39 of the States of the American Union. When the comparison is stated in terms of the number of times the motor coach tax exceeds the average tax paid by all motor vehicles, as in the second of the two charts, it is revealed that the differential against the motor coach is greater in Ontario than in all but three of the 48 States. Inasmuch as it was stated recently by the National Automobile Chamber of Commerce that the motor coach is the highest taxed public utility in the United States, the relative ranking of the Ontario motor coach taxes in the two indices cited is a fact of major significance.

# BUS OR COACH LICENSE FEES AND GASOLINE TAXES IN VARIOUS PLACES

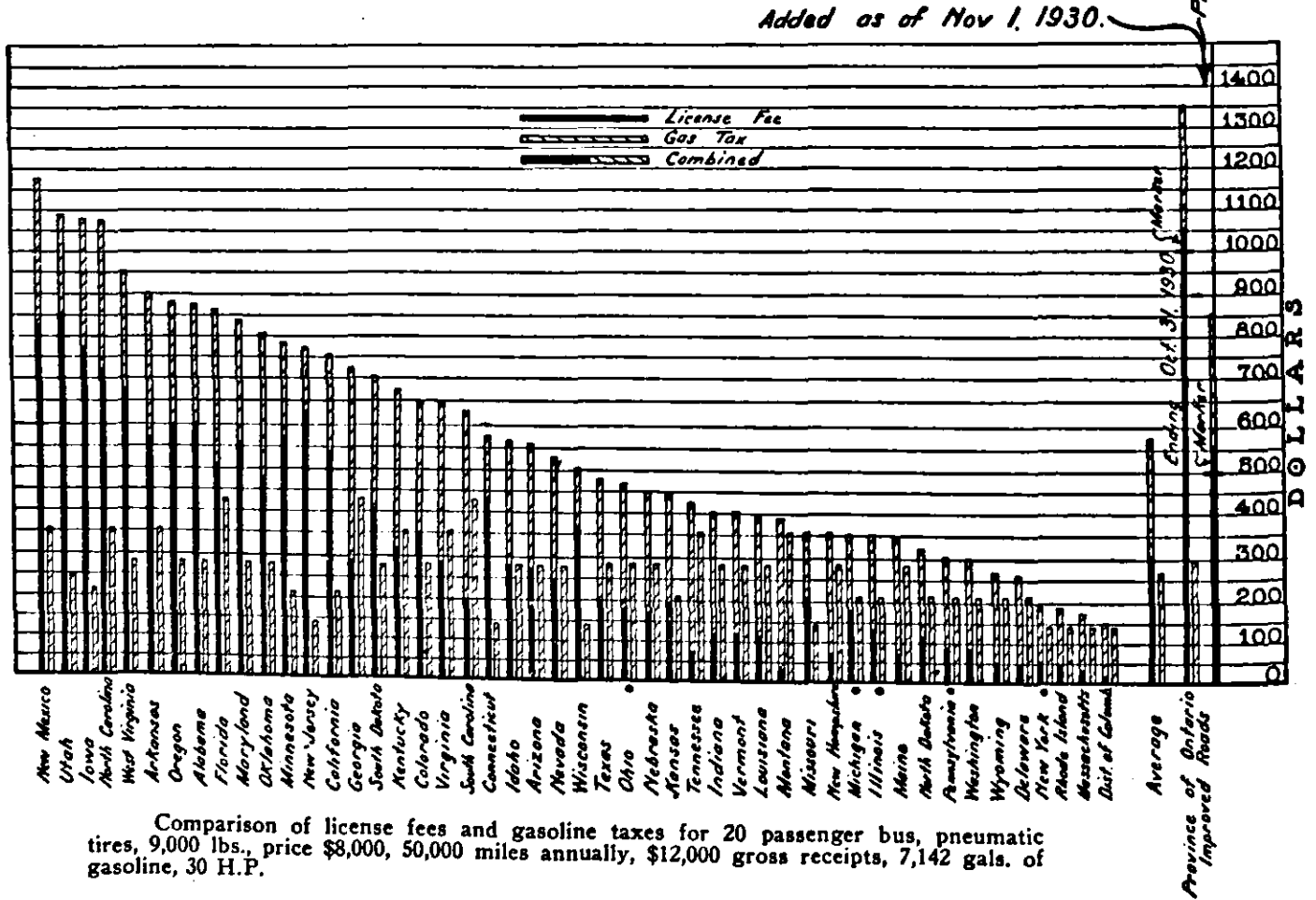
In Dollars Per Bus Per Year

Information for United States taken from "Special Taxation for Motor Vehicles", published by the Motor Vehicle Conference Committee of the National Automobile Chamber of Commerce, January, 1930.

The license fees are sometimes assessed in cents per seat mile, cents per bus mile, cents per ton mile, dollars per ton, dollars per bus per year, etc.

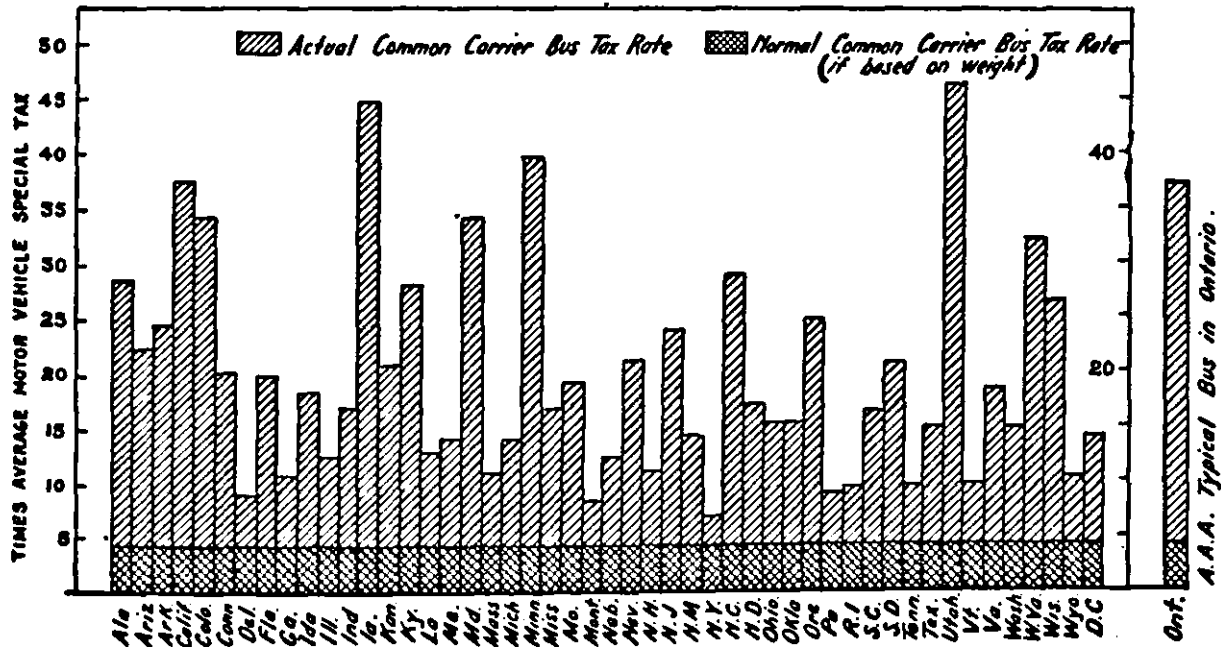
Province of Ontario—1/10c per seat mile + \$54 for marker; and Gas Tax, 5,951 imp. gal. @ 5c = \$297.55.

On November 1st, 1930, the seat tax was changed to 1/20c per seat mile.



Comparison of license fees and gasoline taxes for 20 passenger bus, pneumatic tires, 9,000 lbs., price \$8,000, 50,000 miles annually, \$12,000 gross receipts, 7,142 gals. of gasoline, 30 H.P.

TAKEN FROM THE BULLETIN  
 "THE MOTOR BUS TAX BURDEN"  
 ISSUED BY THE NATIONAL ASSOCIATION  
 OF MOTOR BUS OPERATORS



BUS SPECIAL TAXES  
 IN  
 VARIOUS STATES AND IN ONTARIO

Compared on the basis of weight with the average vehicle using the highways.

(d) **Relation between Motor Coach Highway Taxes Paid, Motor Coach Use of the Highway, and Highway Maintenance Cost—**

Comparison of the taxes paid by Gray Coach Lines interurban services per mile of highway traversed on typical highways over which the Company operates with the cost of maintaining these highways indicates that the motor coach services have been shouldered with an altogether disproportionate share of highway maintenance costs. Here-with are cited the maintenance costs on three of the typical routes operated by the Company, according to figures furnished by officials of the Ontario Department of Public Highways:

**HIGHWAY MAINTENANCE COSTS FOR THE YEAR 1931**

Toronto-Oshawa .....	26.42 miles
Total maintenance cost .....	\$12,205.88
Average maintenance cost per mile..	461.99
Toronto-Orillia .....	75.8 miles
Total maintenance cost .....	\$34,298.94
Average maintenance cost per mile..	452.49
Toronto-Niagara Falls .....	68.74 miles
Total maintenance cost .....	\$45,944.21
Average maintenance cost per mile..	668.37

As already indicated in sub-section (b) above, the average tax per mile of highway traversed by Gray Coach Lines interurban services is \$143.38. The average maintenance cost per mile, including snow cleaning, on the three routes mentioned is \$527.62. It at once becomes apparent that Gray Coach Lines, Limited, is paying 27% of the entire cost of maintaining typical highways over which its services are operated. As already stated in section 16, sub-section (b) of this statement, the maximum use by the motor coach of the highways in Ontario, expressed as a percentage of all highway traffic, varies from 0.67% in the summer to 1.65% in the winter. The Commission submits that these figures are ample basis for the assertion that the motor coach in Ontario is paying in taxation an amount greatly in excess of its equitable share of the cost of maintaining the right of way which it uses. It should be pointed out, moreover, that the figures cited above do not indicate the total contribution of the motor coach to the cost of highway main-

tenance, as in many cases more than one motor coach service operates over a given route. In the case of the Toronto-Oshawa route the Gray Coach Lines services are paralleled by those of two other companies, and in the case of the Toronto-Niagara Falls route by the services of two other companies over the whole of the route and of three other companies over part of the route. Were the taxes paid by these other companies included in the computation it would be found that on sections of some routes the motor coach is actually paying the entire cost of all highway maintenance.

The Commission desires to point out also that there is no foundation for the statement, frequently made by critics of motor coach services, that motor coach operations have increased the cost of highway construction by necessitating the building of heavier type roads than would be built were no motor coach services operating.

The cost of maintaining the actual highway pavement structure on the Toronto-Oshawa route used by Gray Coach Lines, Limited, as stated by the Ontario Department of Highways, is \$76.06 per mile; the corresponding cost on the Toronto-Orillia route is \$49.32 per mile. As previously stated the Ontario Department of Highways collects from the interurban services of Gray Coach Lines alone highway taxes of \$143.38 per mile. Were the motor coach services operated by Gray Coach Lines destructive of highway pavements as has been alleged by interests antagonistic to motor coach operation, such low pavement costs as those quoted would be impossible of attainment.

The point is further covered by the authoritative opinion of Mr. Thomas H. MacDonald, Chief of the United States Bureau of Public Roads, probably the leading authority on this subject in North America, who, in evidence before the Interstate Commerce Commission of the United States during a hearing on Co-ordination of Motor Transportation, in March, 1931, stated:

“So far as the building of our roads is concerned, the relatively small amount of common carrier usage by trucks or even the operation of buses upon our highways makes very little difference in the building of the roads. We would be building the roads just as wide and just as thick as we are if there were no common carriers.”



**(e) Motor Coach Service Not a Subsidized Service—**

The Commission feels that it cannot be emphasized too strongly that the motor coach service operated by Gray Coach Lines, Limited, is not a subsidized service. All of the routes operated by Gray Coach Lines traverse provincial highways in Southern Ontario, the more developed and settled part of the Province, and the present revenue from motor vehicle taxation not only covers the entire capital cost and maintenance of the provincial highways in Southern Ontario but provides a substantial contribution toward the construction and maintenance of development roads in Northern Ontario which produce very little revenue. This statement is based on a summary of provincial highway capital and maintenance costs for the fiscal years 1929 and 1930, furnished to the Commission by the Ontario Department of Public Highways.

**(f) On the Basis of Any Equitable Division of Highway Costs Motor Coach Already Over-taxed—**

The Commission desires also to stress the fact that on the basis of any equitable division of highway costs motor coach services are already over-taxed. There is no reasonable justification, therefore, for further increases in motor coach taxation. Further levies on the motor coach could have no other effect than the penalizing without just cause of a transportation agency which unquestionably has demonstrated its economic utility in the field it serves. The burden of such penalty inevitably would have to be borne by the travelling public in the form of increased rates of fare which are not justified by the demonstrated facts of the case.

The Commission submits also that consideration should be given to the fact that the highway user is not the only beneficiary of highway construction. Not only the highway user but the Province as a whole, the communities situated on the highways and the owners of property abutting thereon and in the vicinity are also beneficiaries.

What proportion of highway costs should be borne by the several beneficiaries is debatable. The Royal Commission on Transport, 1930, in Great Britain, recommended that the assessment against the highway user should be two-thirds of the total. Questions of relative proportions aside, however, in the light of the fact that the motor coach in Ontario now pays a disproportionate share of taxation which more than meets the cost of the highways over which it operates, it cannot be said that the motor coach enjoys the use of a subsidized right-of-way on any basis of division.

## CONCLUSIONS.

1. The Toronto Transportation Commission through its subsidiary, Gray Coach Lines, Limited, provides a popular, convenient and necessary transportation service between Toronto and communities in the area tributary thereto.
2. The Commission is better equipped to give this service than any other agency because of the diversity of its operations.
3. The steam railways are not equipped to give, and have not wished to give, this service.
4. Such service has come into existence in response to insistent popular demand for common-carrier motorized transportation.
5. Such service is almost wholly a new development, is very slightly if at all in competition with the steam railway, and its restriction or abolition would be of little if any benefit to the steam railway.
6. The service furnished is economical, reliable, safe and frequent.
7. Gray Coach Lines motor coach operation is fully and adequately regulated in all proper matters by the Government of Ontario.
8. Among passenger motor vehicles the motor coach is most economical in its use of the highway.
9. Gray Coach Lines motor coach services provide service-at-cost highway transportation.
10. Gray Coach Lines motor coach services, unlike other transportation agencies, have never received a public subsidy of any kind.
11. Operation of motor coaches over the highways in Ontario has not added to the cost of construction or maintenance of such highways.
12. Highways are a public utility and as such should be available for use by the travelling public without discriminatory taxation.
13. Motor coaches in Ontario pay more than is proper or fair in public taxation for the right to use the public highway.

14. All transportation services should be considered on their own merits. No one service should be taxed unfairly to benefit another; the economics of each should be viewed separately and not in relation to the other.

All of which is respectfully submitted,

**TORONTO TRANSPORTATION COMMISSION  
GRAY COACH LINES, LIMITED.**