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THE YEAR IN REVIEW

A BIG FUTURE AHEAD





A BIG FUTURE AHEAD

APRIL 1 2002 TO MARCH 31 2003

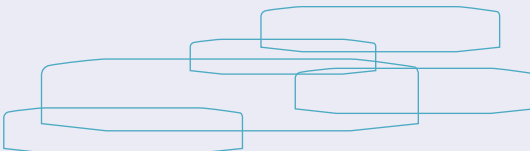
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PLANNING FOR A BIG FUTURE



GO Transit's fiscal year 2002-03 was one of planning for the future. GO is taking significant steps in transportation innovation, and the aim is to be the leader in this regard. GO's geography is a complex one – nine political regions comprise the GO Transit service area, roughly five million people live here, and those five million people have varied transportation requirements.

With funding commitments from all levels of government, GO is poised to make public transit more convenient and more environmentally friendly for its commuters. And as GO looks ahead, it is making plans to accommodate a growing population – at least two million more people in the next 30 years.

Some of these plans include more stations, more parking, and more trains and buses. As part of its growth plan, GO introduced the Bus Rapid Transit (BRT) concept this year. This is an ideal solution to the growing road congestion caused by increasing suburb-to-suburb commuting.

Consisting of a series of dedicated and shared-road busways, the GO BRT will provide flexibility and convenience to the commuter. Connecting with municipal transit systems, it will ultimately run parallel to major highways in the Greater Toronto Area (GTA). In the interim, it will use available freeway capacity to link urban centres with new BRT stations (consisting of commuter parking lots and local transit interface facilities). Freeing up valuable road space will not only enable freer movement of trade vehicles, but will also help achieve Canada's commitments to the Kyoto environmental accord by reducing emissions from commuter vehicles.

In the past year, GO has taken steps towards building a bigger, better transit network. It has added more parking spaces, more stations, more buses, more trains. It has provided local residents with viable transportation options and enabled the movement of large groups of people for special events. From daily commuters to visitors from around the globe, GO continues to fulfill its mandate and mission statement — ***We excel at moving people.***

GO's accomplishments from the last year are highlighted here. The work reflects bigger changes to come. With renewed support from the Federal, Provincial, and municipal governments, GO is looking forward to a bright future and making public transportation even better.

WHAT IS GO TRANSIT?

For over 35 years, GO has been providing safe, reliable, comfortable, and convenient transportation to the many communities it serves.

GO Transit started out in 1967 as a single rail line along Lake Ontario. Created by the Province of Ontario to relieve traffic congestion on the highways, GO has become a comprehensive network of seven train lines and numerous bus routes linking towns and cities across southern Ontario's Greater Toronto Area (GTA) and the adjacent City of Hamilton. (The GTA consists of the City of Toronto and the surrounding Regions of Halton, Peel, York, and Durham. GO also provides service to the bordering communities of Simcoe, Dufferin, and Wellington Counties.)

GO Trains and GO Buses serve more than five million people living in an area of more than 8,000 square kilometres (3,000 square miles). The GO Transit network stretches across 100 kilometres (60 miles), from downtown Toronto to communities as far as Hamilton and Guelph in the west; Orangeville, Barrie, and Beaverton to the north; and Oshawa and Newcastle in the east.

On a typical weekday by the end of the year, GO operated 178 train trips and 1,438 bus trips carrying about 170,000 passengers — 135,000 on the trains* and 35,000 by bus. Ridership for the whole of 2002 totalled 44.1 million passengers, an annual record for the sixth year running.

Getting these commuters onto transit greatly reduces congestion on the roads — if all the people who take GO were to drive to work everyday, they would collectively be driving about 1.4 billion kilometres a year. By making room on the roads for people who need to drive, especially those involved in the movement of goods, GO optimizes the area's transportation infrastructure. In fact, GO carries as many people into the downtown core as eight major freeways, such as four Don Valley Parkways and four Gardiner Expressways!

GO Transit connects with every municipal transit service in the GTA and Hamilton, and has fare integration arrangements to give passengers a discounted ride on local transit to or from their GO Train station.

** Train service consists of trains and their related bus services — buses that meet the trains at terminus stations, and buses that connect Union Station with other train stations*



WHO GOVERNS AND FUNDS GO TRANSIT?

GO Transit is legislatively known as the Greater Toronto Transit Authority (GTTA) and is a Crown agency of the Province of Ontario.

The Provincial government is responsible for funding the portion of GO's operating costs that is not recovered through passenger fares and other revenue. It is also responsible for the base capital funding needed for rehabilitation and replacement, to keep the system in a state of good repair. For growth and expansion capital costs, the Province provides one-third of GO's capital funding needs, with the understanding that the Federal and municipal governments will contribute the remaining two-thirds.

GO Transit consistently recovers over 80% of its operating costs from the farebox – the best financial performance for any transit system in Canada, and one of the best in the world. In the 2002-03 fiscal year, operating cost recovery was 85%.

To help improve this financial performance further, GO's Board of Directors has formed a sub-committee to explore other revenue-generating sources, such as private sector involvement, that could supplement GO's existing method of farebox and government contributions.



BOARD OF DIRECTORS

The Board of Directors of GO Transit is appointed by the Province of Ontario to provide leadership and direction for the organization. It has broad representation from the public and private sectors, including business, municipal government, and the Provincial government.

The Chairman is Dr. Gordon Chong, who resides in the City of Toronto.

The Board's public sector members are Roger Anderson, Chair of the Regional Municipality of Durham; Bill Fisch, Chair of the Regional Municipality of York; David Guscott, Ontario's Deputy Minister of Transportation; Doug Holyday, City of Toronto Councillor; Hazel McCallion, Mayor of the City of Mississauga; Joyce Savoline, Chair of the Regional Municipality of Halton; and Bob Wade, Mayor of the City of Hamilton.

From the private sector are Vice-Chair Allan Leach, of Toronto, and Vice-Chair Eldred King, of Whitchurch-Stouffville; Douglas Armstrong, from Peterborough; Jack Garner, from Barrie; Hugh Nicholson, from Bethany; Earl Rowe, from Fort Erie; and William Sears, from Stoney Creek.

Staff who are officers of the Board are GO's Managing Director and Chief Executive Officer, Gary W. McNeil; Director of Corporate Services, Jean M. Norman, who serves as Secretary to the Board; and Director of Financial Services, Frances Chung, who is the Board's Treasurer.

Chairman
Dr. Gordon Chong



Vice-Chairman
Eldred King



Vice-Chairman
Allan Leach



Board Members

Roger Anderson

Douglas Armstrong

Bill Fisch

Jack Garner

David Guscott

Doug Holyday

Hazel McCallion

Hugh Nicholson

Earl Rowe

Joyce Savoline

William Sears

Bob Wade



Officers

Gary W. McNeil

Managing Director &
Chief Executive Officer

Jean M. Norman

Director, Corporate Services
Secretary to the Board

Frances Chung

Director, Financial Services
Treasurer to the Board



WHO OPERATES GO'S SERVICES?

GO Transit is a prime example of a public-private partnership that works.

Much of GO's operation (about 70%) is outsourced to the private sector — services as diverse as train operation, train maintenance, station design, construction, and snow removal. By going to the marketplace, GO ensures the best competitive prices for quality work.

GO Trains are operated under major contract with Canadian National Railway and Canadian Pacific Railway personnel; most of the rail corridors and tracks are owned by the railways. Because GO Trains use railway-owned track that is shared with freight and intercity passenger trains, the movement of trains is ultimately not in GO Transit's control. However, the railways have a long-standing relationship with GO and a good understanding of the need to provide quality customer service.

THE GO TRANSIT SYSTEM



**A FAR-REACHING NETWORK
OF BUSES AND TRAINS**



WHY IS GO ESSENTIAL TO THE GREATER TORONTO AREA AND HAMILTON?



Without GO Transit, the number of people commuting by car would surge, traffic gridlock would worsen, and air quality would decline.

In the rush hours, GO moves as many people into downtown Toronto as eight congested expressways (the equivalent of 48 highway lanes of traffic). More GO passengers use Union Station, the downtown heart of the network, than all the passengers at Toronto's Lester B. Pearson International Airport.

Less apparent is the vital supporting role GO plays in the regional economy of the entire Greater Toronto Area — often described as the economic engine of Ontario and Canada.



Downtown Toronto, the heart of this great regional metropolis, has grown dramatically in the past few decades. This growth, so evident in the city's skyline of office towers, came about largely because GO Transit has made it possible for so many people to commute to Toronto without driving. In fact, the number of cars coming into the downtown core during the morning rush hour has changed very little since GO began more than three decades ago, even though jobs in the downtown core have doubled. GO ridership has increased steadily from 2.5 million passengers in the first year (1967) to more than 44 million today.

The suburbs have grown substantially too over the years and have benefitted from GO service. GO Transit meets some of the transportation needs of new commercial and residential growth in these suburban areas. Their residents depend on GO to take a large number of long-distance car trips off the roads, freeing up space for people who have no viable alternative to driving. The average GO commute is 32 kilometres, which means that GO passengers travel a combined total of 1.4 billion kilometres annually.





WHAT HAPPENED IN FISCAL YEAR 2002-03?

TWELVE MONTHS OF HIGHLIGHTS

APRIL 2002

Improving services was the order of the day in April. GO added a new southbound train and a new northbound train for York Region on the Stouffville line, an earlier train for Halton Region and Mississauga on the Lakeshore West line, a Halton express train from Burlington to Union Station, a midday train on the Georgetown line, and a new morning eastbound train from Bramalea. The rapidly growing Highway 407 route was also the focus of improvements, seeing an additional 24 weekday bus trips serving McMaster University. GO also extended the 407 route in the west to Hamilton and in the east to Pickering.

Fares increased by 15 cents on a one-way adult ticket to help pay for service improvements, new stations, and parking lot expansions. (GO fares are charged by distance, and discounted fares are based on the adult single fare.)



MAY 2002

GO tested a double-decker bus on the Yonge C and Newmarket B bus routes for a three-week trial. Customers on those routes welcomed the bus, on loan from BC Transit, and the trial indicated that this model would be an efficient vehicle to provide more seating capacity for bus passengers.

GO ordered 11 new 45-foot highway buses, all with wheelchair lifts, to replace aging vehicles in its fleet. All new buses that GO Transit buys now are lift-equipped to allow it to keep adding accessible bus services across the network.



JUNE 2002

The Amalgamated Transit Union employees of Bombardier Inc., the company that is contracted to service and repair GO's train fleet, went on strike. During the 14-day strike, which included 10 weekdays, GO was able to minimize the number of cancelled and delayed trains by working closely with both Canadian National Railway and Canadian Pacific Railway.

GO introduced a demonstration fare card in June – a new smart card comprising a small computer chip that keeps track of tickets and passes purchased and rides taken, eliminating the need for paper tickets. The one-year pilot project on the Richmond Hill corridor was designed to analyze its effectiveness and determine if this is the way of the future.



JULY 2002

From July 22 to 29, the Toronto area hosted World Youth Day. GO played an important role in facilitating the event, providing 50 extra train trips and 30 extra train crews to carry 500,000 additional riders. During the event's peak, 10-car trains on the Lakeshore line were leaving the event grounds carrying 3,500 passengers every 10 minutes! Pilgrims rode free and GO was able to maintain its usual rush-hour services for daily riders. GO staff were congratulated for their efforts by pilgrims and World Youth Day organizers from around the world.

Another event in July was the annual Molson Indy auto races. GO provided extra train service to Exhibition station for the three-day event, making getting into the city more convenient.





AUGUST 2002

The Canadian National Exhibition summer fair (CNE) brought more people downtown, and GO provided extra trains to Exhibition station to alleviate gridlock and parking problems. GO partnered again with the CNE to sell admission tickets at GO stations along the Lakeshore line.

On August 31, the Hamilton-Toronto QEW express buses were the first to move into the new Union Station GO Bus Terminal in downtown Toronto. Built on Bay Street across from the train station, the terminal will get people off Front Street and into more comfortable, weather-protected space. Construction began in 2001, and all downtown buses will be using the terminal when it is completed in early 2003.



SEPTEMBER 2002

GO added two new rail stations on September 3 to better serve York Region. On the Bradford line, York University station will accommodate the growing number of students who travel to York U. Centennial station on the Stouffville line was added to provide more capacity and more parking for Markham-area riders. Both stations are accessible.

The Newmarket B bus service became the fourth GO Bus route to become accessible to passengers using wheeled mobility aids.



OCTOBER 2002

Due to the increasing popularity of the Highway 407 bus service, GO added extra buses and trips, including a new midday bus option between Newmarket and York University. In the last six months of 2002 alone, ridership on the 407 express service doubled to 4,000 daily riders.

More buses will be added to renew the fleet — 12 suburban-model buses (suitable for both frequent-stop and highway use) were ordered in October.

GO was honoured with three prestigious AdWheel awards from the American Public Transportation Association in October. GO's ad campaign promoting off-peak services won first prize for print advertising by large transit systems (more than 30 million passenger trips annually) *and*, beating out 160 other competitors, took the overall grand prize in the print media category. An AdWheel award also went to GO for a special event celebrating Canada's Clean Air Day, highlighting the important link between sustainable transit and a healthy environment.



NOVEMBER 2002

GO knows that its success depends greatly on its customers. In November, GO launched the inaugural VIP (Very Important Passenger) campaign — a contest where staff handed out special VIP buttons, sent roamers out across the GO system, and selected 20 lucky, button-wearing riders to win a free monthly pass each.



DECEMBER 2002

GO opened another new station in York Region on the Stouffville line, which continued to exhibit strong ridership growth. Customers, politicians, and media were welcomed to Mount Joy GO station on December 2. Located in north Markham, the new, accessible station makes parking and commuting even easier for Markham-area riders.

Twenty new bi-level accessible railcars were ordered from Bombardier to help relieve crowding and meet growing ridership demand. They will be delivered by March 2004.

Bus fleet renewal continued with orders for another 10 new highway buses.

By the end of December 2002, GO had added a total of 2,700 new parking spaces to the network.

JANUARY 2003

The start of the new year brought further service improvements. GO added express buses between Meadowvale GO station and York University; three new morning and three new afternoon bus trips on the Highway 407 service; new weekday bus trips from McMaster University to Burlington GO station; more morning rush-hour Yonge C buses; two new buses to meet Richmond Hill trains; a new southbound train from Mount Joy to Union; and a new evening northbound train from Union to Mount Joy.



As part of its growth strategy, GO took steps toward realizing the Bus Rapid Transit (BRT) network in January, when its Board of Directors approved the overall concept. Consisting of a series of dedicated and shared road busways, the GO BRT will provide express bus services with improved flexibility and convenience to commuters. The proposed route would at first operate on, and then run parallel to, the major highways in the Greater Toronto Area, such as the Queen Elizabeth Way and Highways 401, 403, and 407. It will also link with municipal transit systems.

FEBRUARY 2003

To teach youngsters about rail safety, GO began sponsoring a miniature train station at the Community Safety Village of York Region. The mini-station is beside a working railway crossing and contains educational displays to help make children aware of the dangers of playing near trains or on railway tracks. GO also shows children how to be safe around transit buses. GO works hard all year long to prevent rail incidents, conducting rail safety seminars for community groups and schoolchildren, and sponsoring other safety villages in Peel and Durham Regions.

MARCH 2003

On March 17, GO celebrated the official opening of its Union Station GO Bus Terminal – the new home for Union Station buses, which operate outside rush hours when GO Trains are not scheduled to run. (The QEW express buses between downtown Hamilton and downtown Toronto had begun using the new terminal in August.) Passengers no longer have to use sidewalk bus stops outdoors on congested Front Street. Instead, the 7,300 weekday GO Bus customers who use Union Station will now have a more convenient, indoor home. The terminal was officially opened by the Honourable Frank Klees, Ontario's Minister of Transportation.

GO ordered 26 more new highway buses, this time to expand the fleet so that GO Transit can meet ridership demand for its bus services.



FINANCIAL PERFORMANCE IN FISCAL YEAR 2002-03

SOURCE OF FUNDS

Funding for GO Transit's operating and capital expenditures was obtained from six sources:

The largest part of the funding came from users of the system, its passengers. In 2002-03, the farebox accounted for \$174.3 million of GO's total revenue of \$344.6 million.

Another \$9.3 million came from sundry revenue, such as the proceeds from facility rentals, track fees, and sale of advertising space.

Internal reserves provided another \$15.2 million, which was used to fund a portion of GO's purchase of 20 new bi-level railcars.

The remaining \$145.8 million was contributed from the three levels of government. Contributions totalled \$128.8 million from the Province of Ontario, \$16.9 million from the municipalities, and \$0.1 million from the Federal government.

Commuter revenue	\$174,297,000
Sundry revenue	\$9,276,000
Contribution from reserves	\$15,239,000
Provincial contribution	\$128,788,000
Municipal contribution	\$16,850,000
Federal contribution	\$133,000
Total	\$344,583,000



APPLICATION OF FUNDS

Operating expenditures in 2002-03 totalled \$215.7 million. The major expenses were payments to Canadian National Railway and Canadian Pacific Railway for access to their tracks and the provision of train crews; payments to Bombardier for maintaining GO's trains; purchase of diesel fuel; maintenance of stations and facilities; maintenance of GO's bus fleet; and labour costs. With direct operating revenues of \$183.6 million, GO achieved an operating cost recovery of 85.1%* for the year. The balance of its operating costs (\$32.1 million) was provided by the Province of Ontario.

Capital expenditures for the year totalled \$128.8 million. The major expenses included construction of new stations at Mount Joy, Centennial, and York University; parking lot expansions; construction of the new Union Station GO Bus Terminal; additional railcars; the replacement of buses; the refurbishment of train and buses; and the rehabilitation of facilities.

The Province of Ontario contributed 100% of GO's rehabilitation and replacement capital. Capital projects associated with growth of the GO system were also funded by the Province, with contributions from reserve funds, the Federal government, and GO's municipal funding partners.

Operating expenses	\$215,746,000
Capital expenditures	\$128,837,000
Total	\$344,583,000



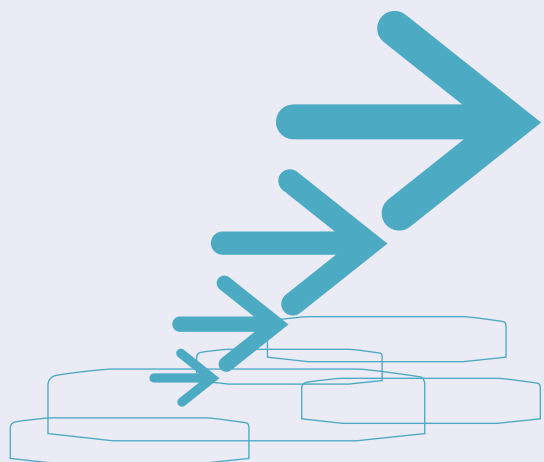
** The percentage of operating costs recovered through revenues. Note that depreciation is excluded. For a valid comparison with other municipal transit systems, expenses that are specific to GO, such as fare integration costs and railway access fees, should be excluded from the calculation — using this assumption, GO's revenue-to-cost ratio would be 92.0%.*

FINANCIAL STATEMENTS

Audited financial statements are publicly available. Copies of the financial statements can be obtained from:

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INFO TO GO

MARCH 2003

GO TRAIN SERVICE	Lines	7
	Stations	53
	Route kilometres	361
	Weekday train trips	178
	Locomotives	45
	Bi-level railcars	341
	Fleet size (number of trainsets)	35



GO BUS SERVICE	Terminals *	15
	Route kilometres	2,147
	Weekday Union Station bus trips	296
	Weekday bus trips, total system	1,438
	Buses	254

* Plus numerous stops and ticket agencies



RIDERSHIP

PASSENGER TRIPS

GO Train service **	2002	2001	% CHANGE
Lakeshore West line	12,234,500	12,468,500	-1.9
Milton line	4,965,500	4,766,500	+4.2
Georgetown line	3,124,100	3,030,000	+3.1
Bradford line	1,442,500	1,153,500	+25.0
Richmond Hill line	1,740,300	1,774,500	-1.9
Stouffville line	1,533,900	1,384,500	+10.8
Lakeshore East line	10,304,100	10,428,500	-1.2
<i>Train service total</i>	<i>35,344,900</i>	<i>35,006,000</i>	<i>+1.0</i>

GO Bus service

Greater Toronto Area

<i>and Hamilton network</i>	8,766,800	8,333,610	+5.2
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GO system total	44,121,700	43,339,610	+1.8
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** Train service consists of trains and their related bus services — buses that meet the trains at terminus stations, and buses that connect Union Station with other train stations



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