

# ANNUAL REPORT

2022-2023

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# Land Acknowledgement

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Metrolinx acknowledges that it operates on lands that have been, and continue to be, home to many Indigenous Peoples including the Anishnabeg, the Haudenosaunee and the Huron-Wendat peoples.

We are all Treaty people. Many of us have come here as settlers, as immigrants or involuntarily as part of the trans-Atlantic slave trade, in this generation, or generations past. We acknowledge the historic and continued impacts of colonization and the need to work towards meaningful reconciliation with the original caretakers of this land.

We acknowledge that Metrolinx operates on territories and lands covered by many treaties that affirm and value the rights of Indigenous communities, Nations and Peoples. We understand the importance of working towards reconciliation with the original caretakers of this land. At Metrolinx, we will conduct business in a manner that is built on a foundation of trust, respect and collaboration.

# Message from the Chair

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The past year was pivotal for Metrolinx as we continued to navigate through the challenges brought on by the COVID-19 pandemic and recover ridership and revenue.

We collaborated closely with our provincial and municipal partners to advance our regional transit planning, and we accelerated the planning, design, and construction of the priority rapid transit projects and Ontario's new subway program. Significant progress included making transit more affordable and accessible through free GO co-fares with 905 agencies which offer PRESTO customers a full 100 per cent discount on local fares when using GO Transit. We also achieved the first steps towards significant regional integration through cross boundary fares between the Toronto Transit Commission (TTC) and other 905 agencies.

The Transit Procurement Initiative (TPI) again delivered significant advantages for our municipal partners. These joint procurements lower costs and improve outcomes, generating savings of \$46.5 million across 54 transit agency partners. As the program continues to grow, we have surpassed the \$1-billion contract purchases mark and we are developing our first battery-electric bus joint procurement.

Our work to optimize transit investments continued through the Transit Oriented Communities (TOC) program. During the past year, the TOC program achieved \$67.8 million in revenue through the sale and lease of lands, including the disposition of two high-density mixed-use sites. The TOC program unlocks lands that can be used for affordable housing and supports the province's commitment to deliver 1.5 million new housing units by 2031.

Our capital programs are central to our mandate and we are making consistent and relentless progress across the whole portfolio. We are managing our contracts with a strong focus on collaboration while also being commercially fair and reasonable. We are working closely with our partners and suppliers as the construction industry is emerging post-COVID with significantly higher cost structures and many supply chain challenges.

We again look forward to advancing our mandate that expands transit and connects communities within the Greater Golden Horseshoe. We are committed to deliver Metrolinx's strategic direction and to provide oversight to all operations so that we best serve our communities.

Sincerely,

Donald Wright

# Message from the CEO

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This year, our people at Metrolinx continued to transform transit across the Greater Golden Horseshoe as we encouraged riders back to transit. As we undertake the largest transit expansion program in North America, we advanced our transit priorities, we integrated our network, we operated more frequent services across the region, and we delivered on our commitment to safety and excellent customer experiences.

The transit landscape has transformed dramatically, with significant changes in travel patterns, ridership trends, and customer needs. We responded with a flexible and responsive approach to move millions of passengers across and between regions in the Greater Golden Horseshoe. Our schedules balance resources, customer needs, and aligns to new travel patterns. GO and UP ridership recovered to 41.1 million, and overall weekend ridership achieved a 105 per cent recovery compared to 2019.

Over 4.6 million customers trusted PRESTO with their payments in the last year, processing \$1.1 billion in fares. To grow and attract new riders, we launched initiatives like the new Gen Z campaign, and introduced a fare strategy with co-fares, discounts, and other promotions. PRESTO Contactless with both debit and credit was extended to all 905 PRESTO participating transit agencies and is the world's first real-time Mass Transit Transactions open payment solution, enabling a great customer experience while protecting revenue and mitigating fraud.

We implemented our Digital Transformation Strategy and our Customer Relationship Management System, optimizing our web presence and ensuring brand alignment, consistent content, and easier communication between our organization and our customers. Customer satisfaction has increased 84 per cent over the course of the year, driven by significantly improved on-time performance, enhanced customer communication, increased frequency of bus services, and improved station maintenance. Our GO Transit customer opt-in email marketing database grew by 250 per cent.

Safety is embedded in our behaviours, operations, and culture, and it is critical that our staff, customers, and communities feel safe while we work and operate. We launched a new text-for-help program on GO and UP Express. By simply texting the word "HELP" to 77777, customers can communicate directly with our Customer Protective Services Team within 90 seconds. As customers take advantage of this new service, we are seeing a decline in false priority alarm activations, a leading cause of delays on our service.

More trips. Less waiting. Faster travel. This is the core of the GO Expansion program. Early works projects at Rutherford GO, Bramalea GO, and Union Station entered service, providing benefits to customers and communities and demonstrating how we will deliver even more significant service improvements in the future.

This past year, we implemented the first phases of the Regional Express Bus service which streamlines services, avoids duplication, and provides customers with faster and more consistent service.

Our light rail transit (LRT) projects for Finch West, Hazel McCallion Line, and Hamilton achieved critical milestones towards revenue service, and the Eglinton Crosstown LRT moved into the final stages of physical construction, with a focus on testing and commissioning the system. As of mid-May, the Eglinton Crosstown West Extension project also moved forward with over seven kilometres of tunnel completed.

In January, "Diggy Scardust" the largest-ever tunnel boring machine to work on a Canadian transit project, began digging the advance tunnel contract on the Scarborough Subway Extension. We broke ground for the Ontario Line and early works began at Exhibition GO, Corktown, Don Yard, Lakeshore East Corridor, Osgoode Hall, and Moss Park to prepare for major construction and to de-risk our schedules.

Likewise, our Transit Oriented Communities program continued to support the creation of much-needed housing closer to transit.

Challenges from the COVID-19 pandemic, including supply chain issues, fluctuating ridership, labour disruptions, and rising inflation continued to impact our services and projects during the year. Our people rose to these challenges and worked collaboratively to deliver our shared purpose. We implemented LEAN practices, performed deep-dives into specific issues, streamlined contracts and services, managed risks, and implemented progressive project management approaches such as co-locating the Metrolinx and ONxpress teams for more effective collaboration.

Through our community engagement strategies, we continued to build positive relationships and improve project understanding, while also helping communities navigate the disruption of construction and benefits from our projects. We engaged with more than 8.18 million customer-residents, and worked with over 630 elected officials and over 1,500 stakeholder groups across more than 50 municipalities, through our “We Are Here For You” campaign.

Through our renewed commitments to learn from and consult with Indigenous communities, we are better at delivering our projects. This has been an especially important turning point for us, where we refocus significantly on restoration plans and on the objectives of communities in our region.

The engagement of our employees in our mandate and all across our activities remains key to our success. We are deliberate about equity, diversity and inclusion, and our engagement score at 81 per cent is humbling. We are also maturing our organizational sustainability with an Environmental, Social and Governance (ESG) strategy which we will report on publicly for the first time this year.

I thank our employees and frontline workers, who are the heart of our organization, and also our partners, customers, and stakeholders for holding us accountable as we strive to be better. As we move into the next fiscal year and beyond, we are excited about the future of transit, about transforming how people move throughout the region, and about playing our part in the region’s economic recovery.

Keep well,  
Phil Verster

# Vision, Mission, Values and Mandate

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## Our Vision

Connecting our communities.

## Our Mission

Getting you there better, faster, easier.

## Our Values

Play as a team.

Think Forward.

Serve with passion.

## Our Mandate

Metrolinx is an agency of the Government of Ontario, established under the *Metrolinx Act of 2006* ("the Act"). The Act mandates Metrolinx to coordinate, plan, finance, develop and implement an integrated transit network in the regional transportation area in alignment with applicable growth plans and provincial transportation policies and plans. Metrolinx is responsible for the operation of the regional transit system in the regional transportation area that includes the Greater Toronto Area (GTA), Hamilton and the Niagara Region.

The organization's mission is to ensure the implementation of an integrated transit network that connects people, improves their quality of life, and brings sustainable development and prosperity to our communities.

# Business Context in 2022-23

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## Preparing for an Expanded Regional Transportation Network

For the 2022-23 fiscal year, Metrolinx remained on a steady path to recovery, building on key actions around safety and service delivery, while enhancing payment options and improving customer experience.

Although there were considerable improvements in ridership, the effects of COVID-19 continued to impact customer behaviour. In response, Metrolinx has actively strengthened measures to keep customers and staff safe, and continued efforts to re-build customers' confidence as they adjusted their travel patterns and demand for transit.

In addition to responding to the changes in the public transit landscape, Metrolinx continued to experience disruptions from commodity production and global supply chains, which contributed to increased costs to deliver projects and programs.

Consistent with its mandate to deliver on the expanded regional network – which now includes new subway lines, light rail transit, and a transformed GO Rail system – Metrolinx continued to reach project milestones throughout the year.

In the future, this expanded regional transportation network will help people move throughout the Greater Toronto and Hamilton Area and beyond, providing existing transit users with faster and more comfortable journeys and making transit a more compelling option for underserved markets.

To adapt to this changing public transit landscape, rising costs, and increasing public transit commitment, Metrolinx continued to transform core areas of its business. Some key areas of focus included:

- **Transforming role and service delivery methods** bringing the successful On-Corridor Works proponent on board as Metrolinx entered the development phase for the largest and most complex element of GO Expansion
  - Through the GO Expansion project, Metrolinx is transforming the GO Rail network from a rush hour commuter-oriented service to a more convenient transit experience with frequent all-day and two-way train service, with an increase in weekly train service by three times compared to current services. To support this transformation, Metrolinx has also been improving its operational practices by fully adopting LEAN principles and data-driven decision-making.
- **Introducing Regional Express Bus Service** that will rapidly adjust the essential structure of GO Bus operations to focus on higher frequency along fewer routes
  - This will be foundational to the transformation of GO Transit and UP Express service planning for the region.
- **Establishing a strong focus on asset management** for all long-term, public-private partnerships, operating and maintenance contracts, in line with the expected increase in our asset base to over \$60 billion by 2030 across GO Expansion, light rail transit (LRT), bus rapid transit (BRT), and Subway programs.

- **Transforming PRESTO to a payments operation** that effectively integrates best-of-breed vendors and services across multiple contracts through our procurement program.
  - This new strategy will meet the needs of our transit agency partners and customers, allow flexibility in implementing future potential fare policies, and reduce the total cost of ownership of the payment platform.
- **Transitioning into an effective community relations and communications group** that is closely aligned to our project delivery, operations and business strategies with a strong “campaign” ethic to get the right messages, at the right time, to the right people in our communities.
  - This approach will help keep communities and stakeholders informed about the capital program by providing meaningful mitigation options to local businesses and stakeholders impacted by transit builds.
- **Moving the organization towards a safety compliance maturity stage** with safety being thoroughly embedded in Metrolinx’s behaviours, operations, and culture.
- **Strengthening commercial capabilities across the organization** by growing expertise in commercial decision-making across Metrolinx to strengthen negotiation capabilities, ensure value for money in our contracts and procurement activity.
- **Evolving our property portfolio strategies** toward longer term revenue flows and more extensive development partnerships, including targeted dispositions, short-term leases, and future long-term redevelopment opportunities.
- **Maximizing Metrolinx’s outreach to individual customers** with personalized engagements, while also **advancing the organization’s analytical capabilities** on marketing effectiveness, ridership trends, journey purpose and customer experiences to support strategic decisions.

To deliver on this transformation effectively, Metrolinx has been focused on building on the progress of its key organizational initiatives, including implementation of business improvement plans which are designed to help transform the business to find efficiencies and achieve better outcomes at a lower cost base. The magnitude and scale of this transformation touches every aspect of our business and will fundamentally change the way we behave and operate in future years.

## Government Mandate Letter and Key Organizational Initiatives for 2022-23

A requirement of the Agencies and Appointments Directive (AAD) is that the Minister of Transportation issues an annual Mandate Letter to Metrolinx that sets out the expectations for the upcoming fiscal year. The 2022-23 Mandate Letter, issued on November 17, 2021, provided details of the government’s expectations for Metrolinx to ensure the delivery of high-quality services to Ontarians in alignment with its mandate and government priorities.

The Mandate Letter lists a number of key priorities which Metrolinx incorporated into its key organizational initiatives for 2022-23. Highlights of the mandate letter priorities along with some key actions taken by the organization to meet these government priorities are outlined below.

- **Metrolinx supported economic recovery including COVID-19 pandemic response efforts**, through recovering ridership and increasing service levels to meet customer demands, while maintaining high-safety standards. With the implementation of business improvement plans, continued

prioritization of safety, operational adjustments, return of services, and introduction of fare strategy initiatives, including promotional fares, ridership recovered to 41.1 million with 105 per cent weekend ridership recovery.

- **Metrolinx continued to work with provincial and municipal partners** to accelerate planning, design, and construction of the priority rapid transit projects. Procurement and construction works progressed on several projects, including the Ontario Line which broke ground at the Exhibition GO in March 2022, and for which the Rolling Stock, Systems, Operations and Maintenance contract was awarded in November 2022. As a key government priority, Metrolinx continued to implement strategies to support local businesses, residents, organizations, and Indigenous partners impacted by the delivery of Metrolinx transit projects through initiatives like the Community Benefits and Supports framework which, at the end of December 2022, had hired approximately 337 people and made social enterprise investments of over \$830,000 on the Hazel McCallion LRT project.
- **Expansion and enhancement of GO Transit service continued.** In February 2023, Metrolinx reported completion of early station improvement projects at 28 GO stations across the network. ONxpress transportation partners (Metrolinx's partners on the ON-Corridor portion of the GO Expansion program), in collaboration with Metrolinx, began borehole work to test soil conditions along the Region's rail corridors. These investigations and other improvement works are helping to set the foundation for GO Expansion which will deliver improved service across much of the GO Train network, with 15-minute two-way all-day service on core segments. The end goal is to offer more service with faster trains, more stations, and seamless connections to a regional rapid transit network to transform the way people move.
- **Metrolinx supported government initiatives to optimize transit investments** and regional transit planning, including through fare and service integration in the Greater Golden Horseshoe (GGH). Introduction of the GO Transit co-fare which offers PRESTO users a 100 per cent discount when connecting to and from GO Transit from most local transit providers. PRESTO improvements also saw new forms of payments to customers with the introduction of contactless credit card payment on GO Transit and 905 transit agencies as Metrolinx continued working with MTO to improve access and security outcomes for vulnerable transit users. Metrolinx has worked with the Ministry of Transportation to make advances toward implementation of the *Connecting the GGH: a transportation plan for the Greater Golden Horseshoe* and *Connecting the Southwest: a draft transportation plan for southwestern Ontario*, while making advances towards implementation of 2041 Regional Transportation Plan (RTP) and conducting other transportation studies. Metrolinx also worked with the Greater Toronto Airports Authority on examining rapid transit needs in the Airport Area.
- **Building a sustainable and future ready transportation system** is a core part of Metrolinx's sustainability goals as the organization is focused on maturing its environmental, social and governance strategy. A key performance goal for the year was to achieve a three per cent GO Rail reduction of greenhouse gas emissions compared to 2020-21 emissions (see Appendix for details). To further a sustainable transportation system, Metrolinx also advanced the business case for the Zero Emissions Bus program and continued to work towards a more sustainable transit systems by embedding climate resiliency requirements in projects like GO Expansion. ([Further details on Metrolinx's sustainability strategy will be available in the 2022-23 ESG Report](#)).
- **Delivery of partnership and non-fare revenue initiatives** continued as Metrolinx actively reviewed and engaged in non-fare revenue opportunities including partnerships, commercial space rent, as

well as optimizing digital and advertising revenue streams. The billboard expansion program was completed through municipal engagement strategies and Metrolinx assets for additional revenue opportunities was expanded. At the close of 2022-23 fiscal year, development of 47 Digital Billboard licenses progressed and two new digital billboards were installed at Unionville and Pickering GO Stations. In addition, Metrolinx continued to work with Infrastructure Ontario and municipalities to advance opportunities for Transit Oriented Communities (GO Heavy Rail/Rapid Transit), with the Development & Real Estate Management teams achieving \$69.4 million in total revenue through the sale and lease of land, and grew recurring revenue (e.g. income from lease agreements) from \$4.5 million in 2021-22 to \$9.3 million in 2022-23.

- **Ensuring safety** remained a priority for Metrolinx. In addition to revamping its Customer Protective Services to further enhance the safety of Metrolinx services, stations and workplaces, a “Text for Help” program was launched, providing customers a secure way to contact Metrolinx security services if they feel unsafe while travelling on the network. An all-parties Lost Time Injury Frequency Rate (LTIFR) was introduced within the year and achieved a score of 0.59. Metrolinx also continued to work with the Ministry of Transportation and Transport Canada to improve safety processes, as well as advanced the Metrolinx Cybersecurity Risk Management Program (See Risk Management section on page 53 for details). Metrolinx also continued to consider the safety of Indigenous girls and women and take actions to address sexual exploitation and human trafficking in the planning, design, and delivery of safe and accessible transportation services.

Metrolinx remained committed to fulfilling these government priorities for 2022-23 and aligning these mandates with business objectives for the year. Further details on the agency’s performance are included in the report by key business areas.

# Description of 2022-23 Activities

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## Financial Highlights

For the 2022-23 fiscal year, Metrolinx's operating subsidy requirement was \$1,001.9 million, with revenue of \$474.9 million, operating expense of \$1,532.9 million, and proceeds from sale of assets of \$59.5 million.

The past fiscal year was an exciting time as Metrolinx continued on a steady path to recovery. While ridership and revenue continued to grow in 2022-23, and both were significantly higher than the prior year, recovery was lower than budget as Metrolinx was impacted by the tail end of the Omicron variant and a continuously changing transit landscape. Metrolinx also faced challenges from volatile fuel prices resulting from geopolitical conflict, one-time project delivery costs, higher bid fees associated with the growing capital project procurement, as well as operational readiness of GO Expansion, resulting in operating expenses higher than budget. To address the operating pressures, Metrolinx optimized its fleet and schedules to maximize efficiencies while meeting customer needs and continued to implement business improvement plans to generate savings, additional revenue, and efficiencies across the organization.

Despite this challenging business environment, Metrolinx has remained committed to providing critical regional transit services, connecting communities, and ensuring customer safety. Metrolinx remained focused on the continued implementation and delivery of the extensive transportation investments. The capital expenditures for the year were \$5,258.9 million, to advance a large and growing capital program, including signature projects like the GO Expansion program, the Eglinton Crosstown LRT, Finch West LRT and the Hazel McCallion LRT.

## Operational Performance

### Ridership and Revenue

Consistent with Metrolinx's mandate to support the province's efforts to improve economic recovery, 2022-23 business planning targets were primarily focused on taking proactive steps to support continued ridership growth momentum to help re-build customer confidence and attract customers back to public transit.

Efforts were also focused on supporting ridership recovery through leisure travel, fare strategy, enhanced customer experience and continued delivery of non-fare revenue initiatives to maximize revenue. Metrolinx also leveraged partnerships, programs and technology to meet new travel demands and enhance the customer experience.

A new "Safety Is" campaign had a soft launch in February to provide customer assurance and drive awareness of the "Text for Help" service for customers to use if they feel unsafe while travelling on Metrolinx's network.

#### Proactive Steps to Support Continued Ridership Growth Momentum

Support for ridership growth momentum continued through health and safety measures, events and promotions that drove ridership demand, as well as through service frequency and destinations that met customers' post-pandemic needs. GO and UP ridership rebounded to 41.1 million with overall weekend ridership at 105 per cent compared to 2019, reflecting a sustained demand in leisure travel to "GO Beyond" destinations that continued to grow. Metrolinx ended the year at 95.3 per cent weekend recovery.

The annual leisure campaign "GO Beyond" achieved weekend ridership exceeding 2019 levels as seasonal destinations and activities accessible by GO were promoted with affordable pricing products like the Weekend Pass, Kids GO Free and new pricing product "Weekday Group Pass". The campaign delivered approximately 86,500 direct e-ticket purchases.

A "Keep Your Trip on Track" brand campaign was launched on UP Express to build awareness and bring travellers back. Over 15,000 one-to-one customer engagements were hosted. Activations like "Surprise and Delights at Pearson" resulted in a year-end customer satisfaction of 89 per cent.

An annual Gen Z campaign was also launched to attract new riders specifically post-secondary students and youth, by offering them a 40 per cent discount. Targeting this group resulted in the growth of weekend ridership to 121 per cent in March 2023. As well, the "Year of Branded Experiences" initiative on GO Transit was executed with a record 24 live activations, leading to engagement with prospective customers and opportunities to further build awareness of the brand.

Launch of a new "Days of Significance" initiative helped to gain awareness and brand affinity with multicultural audiences. This initiative saw the first ever inclusion of the celebration of multicultural days of significance with in-culture and in-language communication, including the Lunar New Year and Diwali which sparked a 31 per cent increase in usage of Weekday Group Passes.

Leisure travel was another area of focus and featured partnerships with 36 local events across the Greater Golden Horseshoe including the Canadian National Exhibition (CNE), Comicon, One-of-a-Kind Show, Boat Show and Royal Winter Fair.

Metrolinx has also leveraged partnership networks to encourage taking GO Transit to events with customer discounts such as combo tickets and PRESTO Perks.

Following the COVID-19 pandemic, there was a successful return of partnerships with Toronto Pride, the Honda Indy and the Toronto Caribbean Carnival. Overall, Exhibition GO ridership at the 2022 Caribbean festival exceeded the 2019 event with a 10 per cent increase.

Weekend ridership to Niagara Falls also continued to increase and proved to be one of the most popular destinations with 4,700 average daily weekend boardings (bus and rail) in August 2022, marking a recovery of 330 per cent compared to August 2019.

### **Supporting Ridership Recovery through Fare Strategy and Enhanced Customer Experience**

Metrolinx's fare strategy and efforts to enhance customer experience are grounded in keen attention to customers feedback and research data-driven insights - the strategy therefore focuses on building off-peak and discretionary travel and making transit more affordable, while supporting ridership and revenue recovery and growth.

By building a customer digital transformation strategy that feeds into marketing and partnership tactics, Metrolinx is able to deliver outstanding customer experience and support ridership and revenue recovery.

To date, progress has been made on key programs and initiatives that aim to incentivize a return to ridership on GO Transit, while building the technology foundation for exceptional customer communication and marketing experience. The following are some of these programs and initiatives.

- **Delivery of marketing, service and pricing strategies based on data-driven insights, research and analysis**
  - Implementation and pilot of new service to GO Beyond leisure destinations, including Toronto Premium Outlets, Toronto Zoo, Canada's Wonderland and St. Jacob's Market was delivered.
  - A corporate 'Return to Office' program was implemented and delivered through e-tickets to drive business-to-business fare revenue and ridership. 99 organizations signed up to access more value and convenient options to help their employees begin their transition back to the workplace across GO's network, which resulted in over 3,290 three-month passes and approximately 88,909 tickets sold.
  - Special events contributed with CNE ridership at 118 per cent of 2019 compared to the CNE attendance (increase of 10 per cent).
  - The successful PRESTO Perks program was revitalized with 75 Perk Partners and over 110,000 redemptions this year, including new offers such as a six-month pilot with Pumpkin Kart, a Toronto small business specializing in ethnic food and grocery delivery service catering to the South Asian and Middle Eastern communities.
  - Metrolinx had also partnered with Rocketman (Canada's free transit app) to offer GO Transit customers a buy-one get-one offer on the popular \$10 GO Weekend Day Pass.
- **Making transit more accessible and affordable by exploring fare and service integration initiatives to support ridership recovery, enhance customer experience, and improve transit affordability**
  - On July 5, the enhanced Weekday Group Pass was launched. Starting at \$30 for two people and with options for up to five people, the Weekday Group Pass gives customers unlimited

GO trips on any weekday and an easy, convenient and affordable way for tourists and families to use the GO network. It is especially useful for tourists or adult families looking to save. Since the launch, these e-ticket passes have outsold prior paper tickets passes by six-to-one on weekdays. In the last few months of the fiscal year, that has increased to 11-to-one.

- On March 14, GO and UP fares for youth and post-secondary students who pay with PRESTO were lowered helping to make it more attractive to choose transit first. PRESTO discounts for youth and post-secondary students increased to 40 per cent off the full adult fare, almost double the previous discount. Eligibility for the student fare on GO and UP was expanded to include a broader youth fare via a discount between ages 13 and 19. A multi-faceted, targeted, GO Gen Z campaign, supported growing awareness and adoption of this fare throughout the year, resulting in increased brand familiarity (up 10 points) amongst this cohort and strongest ridership recovery of all concessions (70 per cent).
- **Putting in place the first customer life cycle marketing plan to build loyalty and increase ridership retention and growth and satisfaction**
  - Using various Customer Digital Transformation initiatives, changes have been implemented to the way marketing messaging is delivered to customer audiences. For GO Transit specifically, multichannel lifecycle marketing plans now offer an 'always-on' approach. By considering our customers' entire journey, across all devices and channels, Metrolinx is able to optimize promotional messaging to align with the various touch points along that journey.
  - Email communications are now frequently delivered and aimed at supporting, rewarding, reminding and recognizing customers, in conjunction with promotional messaging delivered on other channels.
  - Automated welcome and onboarding journeys now provide new email subscribers with information about key features, services and vital information they need to ensure a safe and enjoyable experience.
  - The GO Transit Email Marketing Database has grown by more than 250 per cent.
  - Email unsubscribe rates have been reduced to less than one per cent.
  - Rewarding subscribers by having built technology integrations to include electronic ticket discounts and promo codes into customer email communications.
  - Through these initiatives, the strategic and technological foundation are set for further growth while enabling subscribers to receive more relevant and personalized messaging.
- **Implementing the Customer Digital Transformation Strategy (CDTS) program**
  - This is a primary goal, consolidating Metrolinx websites under a single and unified technology platform.
  - The upgrade, optimization and consolidation of Metrolinx's Web presence brought the number of website domains down from 26 to four websites, powered by one content platform, allowing ease of communication and consistency across Metrolinx's channels, while ensuring brand alignment.
  - Improvements for Call Centre employee experience were rolled out with the delivery of a customer relationship management system to allow for more effectiveness and improve our customers' experience.
  - The customer registration process was streamlined, giving customers the option to interact with a virtual assistant.
  - These enhancements will also help to enable advanced analytics to help improve customer engagement.

## Delivering Non-Fare Revenue Initiatives to Maximize Revenue

Metrolinx continued to deliver non-fare revenue initiatives and actively explored innovative opportunities to maximize revenue. The non-fare revenue plans prioritize advertising revenue and pursuit of partnerships that enhance added value for customers. Non-fare revenue includes advertising and partnership revenue, commission collected from transit providers for PRESTO services, track usage fees from corridor ownership, interest on working capital, reserved parking fees, and commercial space rent.

In 2022-23, several non-fare initiatives were implemented while also delivering customer experience improvements.

- With continued expansion of the retail strategy, more than 60 vending machines were installed at various GO stations offering variety of beverages, snacks, and everyday essentials. Purolator lockers were installed at Bramalea GO. A partnership with a local ice cream vendor, Soft Dairy Ice Cream, began at Rouge Hill GO. The Tim Hortons store in Burlington GO was re-opened in December and construction has begun on a Second Cup outlet in Union Station Bus Terminal to be completed in 2023-24.
- The first naming rights agreement was announced in October with Durham College Oshawa GO, in support of non-fare revenue, while celebrating a community partner and integrating awareness campaign and support for students.
- The digital billboard expansion program was completed through municipal engagement strategies and expanded Metrolinx assets for additional revenue opportunities. At the close of 2022-23, development was underway of 47 digital billboard licenses and two new ones were installed at Unionville and Pickering GO Stations. Municipal permits were obtained for three new digital billboards to be fully constructed and operational in 2023 and a master contract was awarded to build digital signs on Metrolinx-owned and controlled bridges.
- The development of the transit advertising digital network via the installation of new digital advertising screens progressed in 2022-23. During the year, a key accomplishment was completing a privately funded investment program to install 300 new digital advertising screens across the GO and UP Express networks. It is expected that the majority of those screens will be in place by the end of the upcoming fiscal year.
- Surprise and delight activations for customers included the Hudson's Bay Company (HBC) and Toronto Raptors fan train in early December, with HBC giveaways on board and a drumline escort to Scotiabank Arena. Forty Creek and MADD partnered with GO Transit and UP Express to provide free service on New Years Eve for customers, complimenting the "Get Home Safe" campaign.
- Maximization of non-fare revenue potential continued through innovative PRESTO products and partnership opportunities at GO stations and parking lots. Some of the initiatives included a partnership with Warner Bros. to launch five limited edition DC Collectible PRESTO cards featuring Batman, Superman, and Wonder Woman, as well as partnerships with Visa, Moneris and AMEX to support the new contactless payment by PRESTO for GO Transit and UP Express. The AMEX partnership includes a cardholder incentive, deployed and managed by AMEX, offering a \$5 statement credit when customers spent \$25 on contactless payments through December 31, 2022.

## Operations and Safety

GO Transit and UP Express are trusted providers of safe and efficient bus and train services for millions of customers across the Greater Toronto and Hamilton Area (GTHA). Metrolinx's transportation network features over 2,902 kilometres of bus routes with 52 stations, 33 terminals, and 13 post-secondary institutions served by buses. With almost 1,000 bus stops and 72 GO and UP train stations, Metrolinx's services are easily accessible to customers across the province. The GO Rail network spans nearly 400 km of track and offers approximately 78,000 train trips per year, providing customers with reliable, efficient, and safe transportation options. As the network expands, Metrolinx remains committed to offering high-quality transit services that meet the needs our customers and communities.

### Growth in ridership

Over the past year, ridership increased from 13 million in 2021 to 41.1 million, reflecting the reliability and convenience of the transit system. The reinstatement of trips across our network continued throughout the year and included the return of express services for GO Transit riders on the Lakeshore West and Kitchener lines and the reintroduction of 15-minute UP Express service, seven days a week. Peak services were reinstated, and capacity levels on our trains and buses were regularly increased on trips carrying passengers to and from events across the operating area.

### Increasing Customer Satisfaction

Metrolinx is committed to supporting ridership recovery through enhanced customer service, while providing a seamless, easy-to-use, comfortable customer journey that is relevant to customer needs and meets customer expectations. To meet this commitment, Metrolinx is focusing on increasing customer confidence and improving customer experience as people return to public transit. Some key customer enhancements delivered within the year include:

- Making it easier for customers to access our services through improvements such as the new parking garage at Rutherford, improved passenger pick-up and drop-off areas and new pedestrian bridges or tunnels to second platforms, as well as offering customers enhanced amenities in new, larger station buildings.
- Customizing customer communications, including the On-The-GO customer alert system upgraded with the ability to use real-time data to provide automated and customized messages based on customer preferences.
- Launching a virtual and live webchat system for GO and UP Express customers, as well as a 24/7 interactive voice response system that allows customers to get the information they need through a self-serve channel.
- Implementing new operational improvements for customers, including new customer communications functionality that can automate trip status to enable timely information for customers, as well as speech analytics improvements to analyze customer calls and improve future customer interactions.

Delivering dependable and timely transit services customers, while also ensuring high levels of customer satisfaction remained critical priorities for Metrolinx in 2022-23. Metrolinx continued to monitor and evaluate performance metrics to identify areas for improvement and took appropriate measures to address any issues affecting on-time performance or customer satisfaction. This included implementing action plans, collaborating with industry partners, and actively engaging with customers and stakeholders to gather feedback and insights. GO Transit experienced increases in customer satisfaction scores (CSAT) over the past year. This increase has been observed across different quarters, with CSAT rising to a fiscal year-end recovery of 84 per cent. Plans for improving scores focused on enhancing customer communication, increasing the frequency of bus services, and improving station maintenance. Throughout 2023, the correlation between on-

time performance and customer satisfaction for GO Transit remained evident, with customers who experience service delays consistently scoring their satisfaction at 78 per cent or lower, while those who had not experienced any delays scoring at 92 per cent or higher. As Metrolinx worked to increase on-time performance scores throughout the year, there was a corresponding increase in CSAT results for both rail and bus.

UP Express achieved a CSAT score of 89 per cent. Although the UP Express CSAT remained in the mid-to-high 80s throughout the year, it was below the target of 91 per cent. In February 2023, there were major service disruptions that caused a significant drop in CSAT to 81 per cent. The reintroduction of 15-minute service in mid-February helped to improve CSAT, resulting in a 5 per cent point increase in March 2023.

### **Improved On-time Performance**

Overall, Metrolinx's On-Time Performance (OTP) improved significantly throughout the year, achieving a score of 96.6 per cent in Q4. The OTP score gradually increased from 94.6 per cent in the second quarter to 95.5 per cent in the third quarter, despite facing challenges such as crew shortages, increasing ridership, and shifting transit demand.

From April to August 2022, OTP declined across GO Rail, GO Bus, and UP Express due to various factors including the gradual return of customers to transit, traffic returning to roads, crew shortages, and equipment issues. These factors resulted in service frequencies and schedules not matching demand, leading to punctuality challenges. Since September, the punctuality and reliability of the network have been improving gradually, and this trend continued into the close of the fiscal year.

GO Rail demonstrated the greatest improvement in its performance, achieving an improvement of 11.9 per cent from August 2022 to March 2023. In the fourth quarter, GO Rail scored 94 per cent, which was only one point below the target. In second quarter, the score decreased due to several factors including increased ridership for people attending large events, priority alarm delays, and trespasser and police activity in the rail corridor, which led to unplanned service disruptions.

Improvements began to take place in September, as more focus went into issues-specific deep dives, practical problem-solving and risk assessments on delay codes. Improvements were also made by increasing crew availability, reducing crew absenteeism, providing customers with alternative means of customer support, and optimizing staffing for events and incident control on rail corridors. Additionally, a shift towards centralized command and control played a role in improving performance. Overall, these efforts led to significant improvements in GO Rail's performance.

GO Bus achieved above its target of 96.8 per cent OTP by March 2023. In the second quarter, GO Bus was below the target at 94.9 per cent but saw a gradual increase by the third. To improve OTP, weekly meetings were held between Bus Operations, Bus Service Design, and Network Operations Control to develop service plan improvements. Work plans were also confirmed to target tune-ups and after-treatment maintenance to address the top breakdown categories. Overall, the implementation of these measures helped GO Bus to exceed its OTP target.

UP Express demonstrated strong reliability and punctuality over the year, achieving a fiscal year-to-date OTP of 98.2 per cent, exceeding the target of 97 per cent. There were only two months where OTP fell below the target: July at 95.5 per cent due to crew shortages, and February at 93.4 per cent due to brake disc issues. Rail Operations collaborated efficiently with Alstom to develop solutions for both crew shortages and brake disc issues, ensuring that staff availability increased without impacting service and the diesel multiple units were back in service within a week.

## Providing a Safe Transit System for Customers and Staff

Safety remains a top priority. The organization continues to track and monitor the rate of lost-time injuries across its workforce, which includes Metrolinx employees and contractors performing work on its behalf, such as train operators, track maintenance workers, and construction contractors. At the close of 2022-23, the Lost-time Injury Frequency Rate (LTIFR) for all parties was 0.59, which exceeds the corporate target of 0.75. Metrolinx also saw a decline in the number of in-service bus collisions per million kilometres travelled, decreasing from 2.29 at the start of the fiscal year to 1.64 in March 2023, exceeding the corporate target of 1.95.

To further reduce the risk of accidents and injuries on our network, a new serious injury and fatality exposure (SIFe) program and a train accident risk precursor program were introduced. The Trespass Task Force has been established to tackle trespass risk through a combination of engineering, enforcement, and education.

The enhanced Workplace Violence Prevention Program also launched this past year, providing employees with enhanced tools, training, and reporting mechanisms, supported by an external, customer-facing campaign communication Metrolinx's zero tolerance policy for violence and harassment against staff.

Safety engagement tour (SET) program participation rates grew to 100 per cent at the close of the fiscal year. A SET is a visit and walk around of a work location to observe working practices and learn directly from staff how to improve and create a safer, more positive working environment. To further embed across all levels of our organization a progressive and inclusive culture of safety excellence, Metrolinx engaged the Railway Association of Canada to conduct an independent assessment of its safety culture. Based on the results of the perception survey, as well as focus groups and interviews, Metrolinx is developing a focused action plan to leverage its strengths and address opportunities for improvement.

To ensure that any proposed significant change to transportation infrastructure or operations that may affect the safety of operations is designed, constructed, commissioned, and operated safely, a new Metrolinx's system safety assurance (SSA) program has been developed and implemented. The program includes the development of a safety risk model and easy-to-use, online significance assessment tool to inform risk-based decision making. To provide greater levels of assurance, the program is supported by the Canadian Independent Safety Assessor program for Railway Systems. It was developed jointly by the Standards Council of Canada (SCC) and Metrolinx, in line with global best practices in safety and system assurance. The program is based on a third-party independent inspection model where Independent Safety Assessors (ISAs), who have earned accreditation by SCC, will undertake independent safety assessments of the risk management process to ensure all potential hazards are identified and well managed. Accredited ISAs can play a vital role not only in assuring safety during the design, build and commissioning phases of a project, but also for ongoing inspection of the rail network once in operation. This best-in-class system safety assurance program is fundamental to the safe delivery of North America's largest transit expansion program.

This past year, Metrolinx's Customer Protective Services (CPS) division rolled out a new customer-centric officer deployment model to provide better coverage of the network and distribution of resources, with eight dedicated teams responsible for the safety, security, and revenue protection of a dedicated rail corridor and surrounding area. This model is helping to build and strengthen ties with neighbouring communities and local social service providers, while ensuring a safe and reliable transit experience for customers. Coupled with the launch of this model was the introduction of a new graduated fee structure for fare related offences and onboard fee payment options to better protect and retain fare revenue and ensure the equitable treatment of customers.

The new "Text-For-Help" service was launched for GO Transit and UP Express in January. By simply texting "HELP" to 77777, customers who feel unsafe or require assistance can now communicate in real-time with a Customer Protective Services dispatcher from anywhere on the network. This provides a discreet, fast, and effective way to request assistance while on board or at stations, without drawing attention in moments when one may feel vulnerable.

To drive greater accountability and transparency in the review of all arrests and use of force incidents, an Independent Use of Force Oversight Committee and Arrest Review Committee were established, supported by conflict and de-escalation training for all officers and frontline staff.

## **Fare Compliance**

As part of a strategy to protect revenue and improve interactions between customers and the revenue protection team, a new graduated fee structure was approved by the Metrolinx Board of Directors in September 2022. Previously, passengers found travelling without a valid ticket on Metrolinx network could be subject to a fine of \$100.00 or be issued an educational notice without an attached fine. Under the new structure approved by the Board in September 2022, first time offenders are issued a \$35.00 penalty fare. For second offences, a \$50.00 penalty fare applies. A \$100.00 fine is issued for third offences. Passengers with four or more offences are automatically served a Provincial Offence Notice with a set fine of \$200.00. For the fiscal year, over 19,000 Notices of Violation (NOVs) were issued, 86 per cent to first time offenders, generating a total of over \$823,000.00 in non-fare revenue potential of which 69 per cent has been paid to date. This new approach is proving to be a more effective and expeditious method for issuing administrative fees for fare related offences. It is helping to improve customer service, as staff are reporting fewer negative interactions with customers who view the process as fairer and more equitable.

## **Building Operational Readiness for Rapid Transit Operations**

Metrolinx currently manages approximately \$25 billion in its asset base which includes: 747 track kilometres, 470 bridges, 794 culverts, 49 tunnels, 144 crossings, over 13,800 signalling assets, over 31,000 radio and communication assets, 69 GO/UP facilities, 30 park and rides, 14 bus terminals, four station maintenance facilities and 10 administrative sites.

The Metrolinx rail fleet asset base is comprised of 923 bi-level passenger coaches, 91 locomotives, 18 diesel multiple units, two rail maintenance facilities and 15 layovers to provide the required maintenance. The Metrolinx bus fleet asset base includes 445 buses, nine maintenance facilities, and over 300 on-road stops.

Metrolinx also partners with municipalities with respect to regional transit, and through those partnership Metrolinx-owned assets related to VivaNext include 36 lane kilometres of pavement, six bridge structures, three stations facilities (MiWay), as well as 68 lane kilometres of pavement and 76 station facilities (VivaNext). To service customers effectively, these systems rely heavily on I&IT which comprises countless applications and infrastructure and safety support assets, including CCTV, and over 20,000 fare devices across the network (including PRESTO).

With expected increase in Metrolinx's asset base to approximately \$60 billion by 2030 across GO Expansion, LRT, BRT, and Subway programs, Metrolinx is establishing a strong focus on asset and commercial management for all long-term, public-private-partnership (P3), and maintenance contracts. This includes the growth of the Metrolinx asset base around the LRT portfolio to support the anticipated infrastructure required to deliver the Rapid Transit Program.

Preparation for operations and maintenance is underway in advance of the transition to revenue service of our in-flight LRT and Subways projects. As Metrolinx moves forward on these transit projects, operational

readiness will track progress, manage change and risk through the readiness system across all applicable work streams.

In terms of engineering and asset management, Metrolinx progressed maturity of the program from 35 per cent to 42 per cent in 2022-23. Various asset classes successfully documented their asset register, enhanced condition assessment programs, monitored asset failures, proactively identified corrective actions to address root causes of failures, and established longer term risk-based plans to maintain assets in a state of good repair.

Engineering Standards continue to be developed and updated to reflect Metrolinx's technical requirements for GO Expansion, LRT, BRT and Subway programs, and manage a robust, transparent and repeatable deviation from standard procedure so that technical changes to our infrastructure do not impose unacceptable risk to customers, staff and operations.

## PRESTO

PRESTO is Metrolinx's fare payment system. It processed \$1.1 billion in fares in 2022-23 and was used by more than 4.6 million customers across 11 transit agencies. The goal is to make transit better for all through a trusted and integrated fare payment experience.

The focus over the past fiscal year was to:

- Rollout new and innovative ways to pay transit fares for customers
- Advance the PRESTO Procurement Program which will result in new PRESTO systems and services
- Continuously improve the customer experience by leveraging customer insights to deliver enhancements that solve pain points in the customer journey
- Maintain exceptional PRESTO system performance to ensure reliability for our customer and transit agency clients
- Uplift the relationship with local transit agencies by delivering on client priorities to improve the PRESTO offering to shared customers

### PRESTO Customer Strategy

Metrolinx has ensured an excellent PRESTO customer experience by continuing to invest in innovative customer products and service improvements that support transit ridership recovery impacted by COVID-19. For the 2022-23 fiscal year, key to the customer experience was ensuring the PRESTO system and devices continued to perform with exceedingly high reliability for customers and launching new payment methods including PRESTO Contactless credit.

Offering new payment methods is just one of the ways that Metrolinx is leading innovation in the transit payments space. PRESTO Contactless is one of the most leading-edge implementations of open payments globally. It is the world's first real-time Mass Transit Transactions (MTT) open payment solution. An MTT framework enables a superior customer experience, providing support for complex transit business rules while delivering operational efficiencies by protecting revenue and mitigating against fraud.

The focus on continuous improvement resulted in a PRESTO customer satisfaction score of 81 per cent for the 2022-23 fiscal year. In alignment with its customer strategy, Metrolinx:

- Extended the launch of PRESTO Contactless credit card payments to all 905 PRESTO participating transit agencies, including GO Transit, Brampton Transit, MiWay, Oakville Transit, Burlington Transit, Durham Region Transit, Hamilton Street Railway and York Region Transit – allowing customers to pay for transit by credit card
- Focused on continuous improvements in customer-facing physical and digital channels with more than 500 customer-facing changes
- Developed a new Commercial/Bulk PRESTO Tickets webpage to create awareness and provide information about partnership opportunities with PRESTO
- Improved transaction history views on the app and website by updating customer activity – making the platform intuitive and clear for customers
- Enhanced PRESTO devices (ticket vending and fare payment machines) to improve the user experience and maintain consistency throughout the network
- Updated the PRESTO e-Tickets app by adding a QR code function, allowing customers to scan an e-ticket with a fare payment machine
- Expanded the PRESTO Perks program, which provides cardholders with discounts on attractions and events – partnering with more than 74 organizations
- Renamed the “student” concession to “youth” to make the fare type more accessible and inclusive as some customers may fall into the age bracket but are not attending school

- Enhanced the balance transfer process for registered PRESTO customers from a lost, damaged or stolen card
- Improved the PRESTO Contact Centre's interactive voice response system so customers can resolve their issues sooner whether it be through a self-serve model or by speaking to a live agent
- Provided an alternative channel for customers who were uncomfortable with technology by allowing them to register their PRESTO card through the phone with a live agent

### **Strengthening Partnerships with PRESTO Clients**

Metrolinx continued to work with its PRESTO transit agency partners to implement customer and client initiatives that are delivering an excellent fare payment experience and value across the region. Specifically, Metrolinx:

- Enabled free co-fares with PRESTO between GO Transit and the 905 transit agencies, meaning customers no longer pay for transfers when taking local transit and GO Transit for the same trip
- Exceeded PRESTO payment equipment availability targets - reaching 99.84 per cent for payment readers and 99.73 per cent for load machines
- Completed the TTC Device Refresh program, which included the installation of 5000, new PRESTO fare payment devices on 200 streetcars and 1,990 buses - equipping the TTC to launch new options including contactless payment with credit and debit and PRESTO in Mobile Wallet
- Provided 87,000 PRESTO pass products for students in Durham (Durham Region Transit) and Hamilton (Hamilton Street Railway) - with future plans to expand the program to include MiWay and the 18,000 full-time students attending the University of Toronto (Mississauga Campus)
- Extended the PRESTO distribution network by launching TTC Bulk Tickets to more than 200 organizations and expanded the retail network to 27 additional locations
- Enabled customers to pay with PRESTO regardless of the vehicle type - conventional, specialized and contracted taxis - by installing mobile fare transaction processors
- Supported transit agency clients in ridership recovery by working collaboratively on PRESTO campaigns that prepare customers to get ready to ride transit
- Prepared for the launch of contactless debit card payment on GO Transit and all 905 transit agencies in spring 2023

### **Ensuring PRESTO Sustainability**

The PRESTO Procurement Program is underway to replace the current PRESTO platform and core vendor agreement that expires late 2025. It will shift PRESTO from the existing closed loop, card-based system to an account-based ticketing infrastructure with an open architecture, allowing increased flexibility, innovation and a better customer experience. Through this program Metrolinx will increase adaptability, reduce complexity, and ensure customer access and equity, while also reducing the total cost of ownership for the PRESTO system.

In 2022, three Request for Proposals were released for the Automated Fare Collection System, System Integration Services, and Service Integration and Management components of the PRESTO system. Evaluations of these procurements are now underway.

Metrolinx also worked with its transit agency partners to clarify the requirements and specifications for the remaining PRESTO system components that will go to market, Digital Channels and Contact Centre, in advance of releasing the Request for Proposals for in the 2023-24 fiscal year.

# Capital Projects

## GO Expansion

2022-23 was a significant year for Metrolinx's ongoing program to transform the GO network into a comprehensive regional rapid transit network offering significantly faster and more frequent electric service in all directions at all times of day. The GO Expansion program involves dozens of projects whose planning, design and construction must be carefully aligned and coordinated with one another and with operating GO services. Following the successful completion of several major procurements this year, the vast majority of GO Expansion projects have chosen contractor partners. A growing number of early works projects have now entered service, providing benefits to the travelling public ahead of the more significant service improvements to come.

## Early Works

Significant progress was made on grade separations that will enable the safe, fast, and efficient operation of GO rail service.

- As of early 2023, the Rutherford GO Station improvements project, including an underpass for Rutherford Road, was completed and is delivering benefits to customers.
- The Davenport Diamond Grade Separation reached the final stages of construction with trains running on the guideway within three days of the end of 2022-23, with substantial completion on schedule for 2023-24.
- Construction of the project to improve three Stouffville line stations and construct a road underpass at Steeles Avenue advanced into its final stages, with completion expected in 2023-24.
- Procurement of the Lakeshore West Infrastructure Improvements Project, including the Burloak Drive Grade Separation, reached financial close in early 2022 and design advanced through the year, with construction expected to begin in 2023-24.

In 2022-23, several significant station upgrades along the Kitchener line reached substantial completion, including the Bramalea GO Station Multi-level Parking Structure, upgrades at Malton Station and an additional platform for future use at Weston Station.

The program of Early Station Improvements at over 20 stations reached substantial completion, with improvements to platforms, elevators, and other accessibility upgrades now in service.

The Union Station Enhancement Project reached a major project delivery milestone with the closure of several tracks in the Union Station Rail Corridor to enable construction of new and expanded platforms, canopies, and tracks. Subsequently, in late 2022, bulk excavation began for the new south concourse at Union Station, which will connect the Bay and York Concourses. Further excavation, including utility relocation and bridge expansion work outside the blockade zone, will continue into 2023-24.

## Off-Corridor Works

Early procurement progressed for renovations at existing stations on the GO network, including upgrades to station buildings, platforms, signage, bus loops, parking, bike parking, accessibility, and passenger pick-up and drop-off facilities. Progress for 2023-24 is expected to include detailed design activity, with projects anticipated to enter construction procurement.

## On-Corridor Works

After a multi-year procurement process, on April 19, 2022, Metrolinx executed an agreement with ONxpress Transportation Partners to enter the Development Phase for the On-Corridor Works package, the largest and most complex element of GO Expansion. The ongoing Development Phase is a multi-stage process to finalize

scope, designs, schedules, risk allocation, and pricing of project elements, with construction on some initial works expected.

Throughout 2022-23, Metrolinx and ONxpress worked together to mobilize a co-located team structure to ensure effective collaboration continues within this progressive model.

### **GO Expansion Complementary Works**

Design and procurement progressed on works complementary to the GO Expansion program, which will improve access to regional rail service in new markets.

### **GO Extensions**

- Procurement of the Bowmanville Extension is now in the final stages and planned to be awarded under a progressive Construction Manager at Risk model in early 2023-24.
- The Kitchener Extension Package 1 contract was awarded. Initial works are well underway and will continue over 2023-24.
- Work on the Niagara Extension proceeded, with design proceeding on the Niagara Falls Layover, and construction including grading works for the Confederation GO Station beginning in Fall 2022.

### **SmartTrack Stations Program**

- Procurement was initiated for stations within the SmartTrack Stations Program that will see infill stations added to inner portions of the GO Rail network in the City of Toronto, leveraging the frequency and capacity improvements of GO Expansion to bring new transit options to more communities.
- Three stations (King-Liberty, Finch-Kennedy, and St Clair-Old Weston) have been procured under a Construction Management at Risk model, while procurement for fourth, Bloor-Lansdowne, is underway.
- On November 22, 2022, Rail Connect Partners was selected as the successful Alliance partner for the East Harbour Transit Hub. The collaborative development of budgets and a comprehensive workplan with plans for early works construction will occur in 2023-24.

### **Rapid Transit**

2022-23 saw significant advancement across Metrolinx light rail transit and subway projects. The first three LRT projects have made progress towards completing construction and working toward reaching revenue service. In parallel, a newer wave of projects announced in 2019 achieved critical milestones in both construction and procurement.

### **Light Rail Transit**

- The Eglinton Crosstown LRT moved into the final stages of construction in 2022-23, with the focus beginning to shift to testing and commissioning. By the end of the fiscal year, above-ground construction had largely retracted to the station entrance buildings over 18 kilometres of the 19 kilometres alignment, with turning restrictions lifted from all major intersections along Eglinton except Yonge and Avenue.
- The light rail vehicle fleet for the Finch West LRT came together over the course of 2022-23, with most of them delivered to the Maintenance and Storage Facility and completing 600 km of "burn-in" testing along a completed section of the line. Works including track installation, utility and concrete works, and shelter canopy installation progressed in 2022-23. The final stages of construction are planned to occur in 2023-24.

- The Hazel McCallion Line saw significant guideway construction in preparation for future track installation in 2023-24. Over a single weekend in November 2022, a push box was installed to create a new permanent underpass for northbound Hurontario Street traffic under the Queen Elizabeth Way. A second push box has been installed under the Lakeshore West GO line to create a passageway for the future LRT to enter Port Credit GO Station below grade. Push box works will continue at Port Credit Station in 2023-24.
- Hamilton LRT preparatory works progressed with property acquisition and demolition of vacant buildings on the corridor. Due diligence continuing into 2023-24 includes subsurface investigations, species-at-risk and heritage studies on Metrolinx-owned buildings, and development of a tree inventory and replacement strategy. Metrolinx also developed an updated project contracting strategy.

## Subways

- In November 2022, the two largest contract packages for the Ontario Line were awarded. The South Civils contract was awarded to Ontario Transit Group and the Rolling Stock, Systems, Operating and Maintenance (RSSOM) contract was awarded to Connect 6ix.
- In January 2023, "Diggy Scardust", the largest-ever tunnel boring machine to work on a Canadian transit project, began digging a 6.9 km portion of the advance tunnel contract on the Scarborough Subway extension.
- In May 2023, a Request for Qualifications was initiated for the Yonge North Subway Extension's tunnelling contract.
- Tunnelling on the Eglinton Crosstown West Extension project exceeded the halfway point in Winter 2023. Two tunnel boring machines in parallel tunnels are expected to complete the rest of their journey to Scarlett Road in 2023-24.

## Project Risks and Mitigation

The following are some risks and mitigation activities that Metrolinx identified across the capital program:

### Supply Chain Challenges

Under fixed price contracts, issues in the supply chain as well as increased costs due to inflation can be challenging to manage. There has been increased uncertainty and risk, which may be reflected in higher bid prices from proponents, as unexpected supply chain challenges are entirely borne by the party. The ongoing shift to using an increased number of progressive contracts allows for more collaborative relationships to jointly address challenges.

### Need for a Shift to Progressive Contracting

Metrolinx has observed contractors becoming more selective and taking more risk averse positions in tenders. To address this market condition, Metrolinx anticipates progressive contracting models will be increasingly selected for transit projects across its portfolio. These progressive models (including Construction Manager at Risk, Progressive Design-Build and Alliance) are characterized by the following key features:

- Selection of proponent on the basis of their team's capabilities rather than a firm project proposal they have already developed backed by a fixed bid price
- Use of a Development Phase to collaboratively advance design, project schedule and cost, and iteratively mitigate risk, prior to finalizing a proposal and committing to deliver with that contractor
- During the Implementation Phase, the use of a pricing regime that enables gainshare and/or painshare with the contractor

## Market Saturation

Metrolinx has observed capacity challenges for the market to consistently respond to the growing number of procurement opportunities across the construction industry. To ensure that the best players are participating in its procurement processes and therefore delivering projects to the highest degree of quality, Metrolinx has continued efforts to strategically time procurement releases to market capacity, and engages with the market through quarterly vendor forums to understand emerging issues. This will enable active participation from the market and avoid saturation while ensuring that essential progress on critical projects proceeds.

## Labour Disruption

In the third quarter of 2022-23, the Ontario Railroad Contractors Association's (ORCA) collective bargaining agreement with the union representing track protection personnel expired, with a labour disruption eventually occurring before a replacement agreement could be negotiated. ORCA represents the various vendors providing track protection services, which allow for construction and maintenance works to safely occur on the GO Rail network without requiring major impacts to service. This includes both GO Expansion and Rapid Transit projects with work occurring in the GO rail corridors.

Metrolinx proactively worked to put in place additional track protection and redistribute resources to protect projects with critical path impacts. Throughout the approximately two-week long closures, work occurring in the rail corridor was successfully managed by prioritizing the roughly 10 per cent of projects with key impacts.

While some productivity was lost during the labour disruption, safety and critical path cost and schedule impacts were largely avoided. The lessons learned have already led to improved rail access planning that will improve productivity across the capital program going forward.

In addition, work to pursue alternate means of track protection was accelerated, including working behind barriers. These methods are being scaled up and new measures of increasing workblock productivity are being rolled out.

## Transit Oriented Communities: GO Heavy Rail/Rapid Transit

In delivering major capital infrastructure projects, including Ontario's Subway Transit Plan for the Greater Toronto Area, Metrolinx is working together with the Ministry of Transportation (MTO), Ministry of Infrastructure, Infrastructure Ontario (IO) and third parties to deliver high density, mixed-use, integrated development at stations through the Transit Oriented Communities (TOC) program.

Through the TOC program's market driven approach, Metrolinx is able to leverage benefits from third-party investments and to reduce public funding for transit expansion. It is also able to offer new opportunities to deliver more transit services faster and at a lower cost to taxpayers, while also encouraging transit ridership, access to housing and jobs, and catalyzing complete communities based on good planning principles that will stimulate the economy through major projects for years to come.

In 2022-23, Metrolinx continued to advance its plan to evolve property portfolio strategies towards sustainable, long-term revenue sources by exploring ground leasing opportunities.

For the 2022-23 financial year, Metrolinx's Development & Real Estate Management programs:

- Achieved \$69.4 million in revenue through the sale and lease of land
- Grew recurring revenue (e.g. income from lease agreements) from \$4.5 million (2021-22) to \$9.3 million (2022-23)
- Secured binding agreements for development opportunities with the private sector resulting in \$123.7 million in cost avoidances to the taxpayer
- Continued with the demolition of Metrolinx-owned properties (35 in total) to avoid costs, ensure community safety, and enable future development opportunities
- Ensured safety and safeguarded rail corridor integrity by reviewing 432 adjacent development applications.

Through closed, in-negotiation, or in-discussion transactions, the Development team is on track to facilitate the creation of up to 73,648 housing units as part of the Province's commitment to deliver 1.5 million housing units by 2031.

## Regional Transit Planning

Metrolinx is mandated to provide leadership in the coordination, planning, financing, development, and implementation of an integrated transit network in the regional transportation area. The transit related components of the 2041 Regional Transportation Plan (RTP), which was published in March 2018, serve as Metrolinx's guiding document and blueprint to achieving this wide-reaching regional mandate. Through guidance from the *Connecting the GGH: A Transportation Plan for the Greater Golden Horseshoe* and the 2041 RTP, Metrolinx is:

- Advancing implementation of 2041 RTP key transit goals
- Simplifying fares and integrating service in the region
- Making transit more sustainable
- Improving customer access to stations

Through the implementation of the 2041 RTP, Metrolinx is committed to improving the quality of life, environment, and economy of the GGH by providing even more people with easier access to fast, frequent, and reliable transit.

### Advancing Implementation of the 2041 RTP

To advance the 2041 RTP, Metrolinx has been working with MTO to determine the appropriate timing and scope of a RTP update that would bring it into alignment with the *Connecting the GGH: A Transportation Plan for the Greater Golden Horseshoe*. This includes reviewing priority actions and preparing projects for Metrolinx's annual review of the frequent rapid transit network. As well, the annual review phase of the Metrolinx Prioritization Framework was completed. This included additional projects in the expanded GGH mandate area and the GGH Transportation Plan.

### Fare Strategy and Service Integration

Metrolinx supported MTO policy work related to fare and service integration, including advancing the analysis of fare and service integration in the GGH, through the development of an Initial Business Case. This work has also included monitoring and gaining customer insights from the launch of the following short-term fare actions that enhanced transit affordability, starting in March 2022:

- 100 per cent GO co-fare, which made it free for transit riders on select transit systems to use local transit outside of Toronto when transferring to/from GO Transit
- GO Affordability Pilot provides a 50 per cent discount on GO Transit for riders belonging to low-income households that already qualify for the Peel Affordable Transit Program on MiWay and Brampton Transit in Peel Region
- PRESTO discount increased to 40 per cent off the full single adult fare for youth and post-secondary students on GO Transit and UP Express

In June 2022, Metrolinx and the Canadian Urban Transit Association (CUTA) partnered to published the CUTA/Metrolinx On-Demand Transit Toolkit which summarized Metrolinx' insights and work in the area of on-demand transit and micro-transit. Through its New Mobility Pilot program, Metrolinx supported the launch of three municipal on-demand services in 2022 – Grand River Transit service in Breslau (July 2022); York Region Transit (YRT) in Vaughan, connecting to Maple and Rutherford Stations (May 2022); and in Northumberland County, connecting to Oshawa GO (September 2022). Metrolinx will continue to work with the provincial government and other partners to enhance intercommunity bus connections. Further engagement on transit needs, opportunities and solutions will take place over the coming year as part of the RTP Refresh.

Analysis on the post-COVID impacts to ridership was also completed. This included examining changing rider behaviours, considering how upcoming business cases will account for the post-COVID “new normal,” and identifying important initiatives and structural changes that will be critical to the region’s transit network in the long-term.

### **Improving Customer Access to Stations**

In line with the 2041 RTP Metrolinx is committed to providing multimodal options for the first and last mile of every passenger trip. The 2016 GO Rail Station Access Plan was developed with a focus on improving access to public transit by providing options for customers to get to GO stations, such as by walking, using local transit, cycling, passenger pick-up and drop-off (PUDO) and carpooling, ultimately reducing dependency on single-occupancy vehicles.

In February 2023, Metrolinx published the updated GO Rail Station Access document, which is an update to previous plans and explores improvements to GO station access for customers, increasing the capacity of GO stations to accommodate ridership growth in a way that is sustainable, financially efficient and will enable the benefits of GO Expansion. This is an important step toward achieving the Metrolinx mission of “Connecting Our Communities.”

Metrolinx measures customer satisfaction by journey segment, constantly tracking how customers perceive getting to their stations. The proportion of customers who drive to their station is tracked on a monthly basis, in order to understand trends in station access.

### **Adjusting Service Levels to Better Serve the Region and Grow Ridership Base**

Metrolinx has taken action to adjust service levels to better serve the region and growing ridership base:

- Established Configuration State 5 Train Service Plan for two-way all-day electrified service on the Barrie Corridor up to Allandale Waterfront GO
- Approaching agreement with CN on advancing the design of the Halton Subdivision works, as well as agreement on the consultation requirements
- Established requirements for freight mitigation on the Guelph Subdivision to achieve future service levels
- Coordinated the reviews and approvals of eight major GO/UP Express service changes over FY22-23, focusing on adapting service levels to meet growing customer demand and economic recovery in a cost-effective manner
- Delivered the 2022 Three-Year GO Bus Service Plan, which lays the foundation for post-COVID service reinstatements and implementation of the Regional Express Bus network within available operating resources
- Introduced an Initial Business Case (IBC) for expansion of service along the Milton corridor to better serve passengers with off peak and counter-peak rail service and is expecting to be delivered in with the 2023-24 fiscal year by Fall 2023
  - While originally expected to be completed in 2022-2023, additional options are being investigated to deliver better ridership and value for money along this corridor to be incorporated into the IBC
- Publishing the Updated Business Case for northeastern passenger rail service, in collaboration with the Ontario Northland Transportation Commission to support the next stage of feasibility work for the reintroduction of trains between Toronto, North Bay and Timmins

## Introducing Regional Express Bus Service

GO Bus provides a critical network of routes that cover the region, connecting regions and municipalities. Through transit connections at more than 1 100 stops, 28 terminals and 30 park and ride sites, GO Bus customers are able to connect with other transit modes and providers to meet their travel needs.

Through the GO Bus Strategy, Metrolinx has established a new direction for GO Bus service in the next 10 years with the primary goal to grow ridership, while increasing the cost-effectiveness of delivering bus services. One of the key directions of the GO Bus Strategy is to redeploy resources from previously train supporting services towards higher-demand corridors and create a high-frequency (15 minutes or better) Regional Express Bus Network, linking major employment and education centres with direct service, connecting to and expanding the broader regional rapid transit network.

Significant planning work took place over 2022-23 to redesign the GO Bus network and implement the first phase of Regional Express Bus service. Starting April 2023, select GO Bus services were streamlined and consolidated to improve reliability, simplify the bus network, provide customers with faster and more consistent service patterns, and reduce service duplication with local transit and GO rail services.

Planning for future Regional Express Bus infrastructure needs has advanced, identifying and prioritizing the key locations where capacity constraints will need to be resolved to deliver future service improvements. Several business cases and capacity studies are underway (e.g., Yorkdale terminal, Line 1/Highway 401 terminal, Square One) to identify solutions and develop the next phases of the bus infrastructure capital program.

## Community Benefits and Supports

Metrolinx has a Community Benefits & Supports (CBS) framework that is implemented across our priority transit projects. The purpose of the CBS is to mitigate impacts to local communities and businesses during construction to ensure that environmental, social inclusion, employment and local economic benefits are achieved.

The CBS Strategy responds to the federal funding requirements and conditions that form part of the Agreement in Principle (AIP) to fund the priority subway projects and Hamilton LRT.

Implementation is underway across the priority transit projects.

## Rapid Transit Projects Planning

Planning work for delivery of rapid transit planning continued throughout 2022-23:

- The Transit Project Assessment Process (TPAP) for the Durham-Scarborough Bus Rapid Transit (BRT) project.
- Work continued to progress on the Dundas BRT project in 2022/2023 with 30 per cent design and the TPAP completed for the 7-kilometres Mississauga East segment.
- For the Brampton Queen Street/Highway 7 West Extension BRT the TPAP and Preliminary Design Business Case commenced in 2022-23.
  - A consultant for the Preliminary Design, TPAP and Preliminary Design Business Case was procured, and the 10 per cent design kicked off.
  - The initial Public Information Centre (PIC) for this stage of work was held in January 2023.
- The business case for the Zero Emissions Bus Program - to evaluate alternative propulsion technologies for the GO bus fleet to meet service requirements while reducing operations and

maintenance costs, reducing greenhouse gas emissions, and optimizing capital investments – significantly advanced, nearing completion.

## Metrolinx Corporate

Metrolinx continued to ensure that the capacity and capability of its workforce is consistent with the organization's vision, mission, and strategic priorities. Over the last year, Metrolinx implemented initiatives and programs to support overall strategic priorities, including:

- Developing and engaging employees, attracting and retaining talent, and building strong, diverse, and inclusive teams.
- Supporting employees through increased well-being offerings, including the rollout of a mental health strategy that aligns with strategic priorities of engaging employees and keeping everyone safe
- Expanding employee project management training to be tailored for specific project management processes and procedures to improve project management maturity within the organization
- Continuously improving all parts of the organization through LEAN thinking competencies that enable and empower employees to identify and remove waste

### Building a Strong, Capable and Inclusive Workforce

As of March 31, 2023, the total headcount of active unionized and non-unionized employees was 6,027 including:

- 5,725 regular full-time employees
- 120 regular part-time employees
- 109 long-term contract employees
- 73 short-term contract employees

Metrolinx has modernized its functions and organizational structures to maximize the capacity of existing resources to continue delivering on its mandate. This includes streamlining functions to allow employees to focus on more value-add work across the organization while also implementing an innovative redeployment model allowing Metrolinx to maximize the capacity and usage of existing labour resources working on capital projects.

This year, Metrolinx negotiated a new collective agreement with the Amalgamated Transit Union (ATU) and was able to minimize the impact to customers during a four-day labour strike. Metrolinx is also preparing for upcoming collective bargaining negotiations with the International Association of Machinists and Aerospace Workers ahead of the expiration of the collective agreement in 2023.

An essential part of building a strong and capable workforce is a focus on equity, diversity, and inclusion (EDI) and building a culture of belonging. Understanding the importance of this work, in 2022, Metrolinx established the standalone Inclusion & Engagement Office dedicated to informing, influencing, and promoting EDI-related efforts. This office reports into the newly established role of Chief Inclusion Officer to ensure EDI is represented at the senior leadership level. The establishment of this office demonstrates Metrolinx's commitment to further build on its EDI journey in driving awareness, building competency, and identifying and addressing barriers in policies, programs and initiatives that work to build a more equitable, diverse, and inclusive organization.

Metrolinx has set a very ambitious set of strategic objectives for the organization. Each year specific targets are set, and these targets are reported on each month within the divisions and to the Senior Management Team.

In 2022-23, Metrolinx's dedicated diversity and inclusion strategic objective was to continue to build an inclusive culture and achieve an inclusion index score of 78 per cent while achieving gender balance for senior managers and above to a minimum of 40 per cent and 38 per cent across the organization. Metrolinx exceeded this strategic objective by achieving an inclusion index score of 80 per cent - its highest in the last five years.

Metrolinx met its gender balance targets and anticipates maintaining these targets through the next fiscal year. Although there will be continued challenges in recruiting women in certain areas of the organization, progress has been made in achieving gender balance targets due to a variety of ongoing initiatives to enhance the employee and prospective employee experience. This includes recruitment and retention initiatives such as gender balance policies, such as updated Maternity & Parental Leave Top-Up Policy and new Menopause Policy, as well as recognition of pregnancy loss in existing policies.

Another Metrolinx strategic objective was to achieve an employee engagement score of 80 per cent. Engagement is an important indicator of Metrolinx's commitment to ensuring every employee feels welcome and included in the workplace. Metrolinx exceeded its goal in 2022-23 achieving a score of 81 per cent, an increase of 9 per cent from the 2022 survey.

Initiatives in 2022-23 included:

- Increasing EDI awareness competency in the workforce by building on foundational training (Unconscious Bias introduced in 2019 and How to be an Ally and Responding to Microaggressions in 2021) with a new unconscious bias e-learning module, the Call it Out module on racism and discrimination, and anti-Black racism training in Customer Protective Services
- Developing Indigenous Awareness Training for all employees, set for launch on June 21, 2023
- Introducing inclusion as a leadership competency
- Expanding supports for Dates of Significance including the recognition of 48 Dates of Significance events
- Enhancing data to gain a better understanding of the employee experience with the launch of Metrolinx's first EDI Climate Survey and by incorporating demographic data into the annual engagement surveys
- Supporting 10 Employee Resource Groups (ERGs) in providing a sense of community within the larger organization and offering a chance for employees and allies to network, share and provide expertise around how to build a more equitable and inclusive workplace
  - Currently there are groups providing support to Black and Muslim employees, women, persons with diverse abilities, 2SLGBTQ+ persons, Indigenous persons, and emerging leaders. Work commenced on establishing an ERG for South Asian employees, and the Healthy Minds ERG which aims to foster a community that promotes positive mental wellbeing and provides support and advocacy for employees who are directly or indirectly impacted by mental strains.

Further details of Metrolinx's EDI activities will be included in the Metrolinx Environment, Social and Governance (ESG) Report.

Talent remains an enterprise-level risk for the organization. Given the significant scope of the mandate and upcoming deliverables, it is critical that Metrolinx be able to attract, retain, develop, and engage highly qualified talent over the next several years.

Strategies are in place and are continually being developed to mitigate challenges in the broader labour market, including the impact of broader economic outlooks, that may impact the availability of the required

talent. For example, Metrolinx has launched channels and strategies that are effective at creatively sourcing talent for difficult-to-fill roles and support hiring managers in finding diverse talent to fill their recruitment needs. Significant work has also been undertaken to transform our new talent programs to attract, develop and retain a talent pipeline for our most needed skills – both now and in the future.

Metrolinx has also developed a retention strategy and implemented new programs, such as the Leadership Development Framework and Leadership Academy, to ensure existing employees are retained and appropriately developed to address future talent and skills needs.

Metrolinx continues to respect and value the role of bargaining agents as representatives of its employees, meeting with them frequently to build collaborative relationships, share information, proactively address issues and resolve disputes. Throughout the year, Metrolinx partnered with the ATU to implement continuous improvement initiatives that eliminate waste and contribute to building a sustainable future for the transit agency.

### **Realty Strategy and Portfolio**

The Workplace Strategy team continued to play a leading role in welcoming employees back to the office in a hybrid environment. The implementation of the shared workspace in the downtown locations enabled the optimization of overall real estate office portfolio based on usage.

Metrolinx continued to work on a strategy to enable new and collaborative ways of working. Ongoing plans include decentralization by moving training outside of the downtown core where feasible, optimization of existing space by increasing desk sharing, and creation of new group and collaboration spaces.

### **Innovation and Information Technology (I&IT)**

Metrolinx's vision is that I&IT will be the technology partner for everyone while continuing to work in collaboration with the broader organization to advise, deliver and operate high value, high-quality, cost-effective solutions to serve the diverse and evolving needs of Metrolinx and its customers.

Metrolinx utilizes advanced information systems and technology to deliver transit services to its customers. Many different sized projects are deployed to deliver value-added service for internal groups of the organization in support of the commuters who use Metrolinx services daily.

Building on the progress achieved over previous years, some of Metrolinx's key business technology accomplishments in 2022-23 include:

- An enhanced cybersecurity stance with a focus on increasing resilience, lowering risk, future proofing security risks and addressing related Ontario Auditor General recommendations
- Cost-effective acquisition of best of breed technologies and services through leveraging a vendor of record approach to improve cycle times, quality and overall business satisfaction
- A focus on maturing Metrolinx's data journey by demonstrating business value and opportunities by connecting data sources to provide insights that enable more informed decision making
- Completion of the first release of the Digital Transformation which includes the new Metrolinx.com website, a customer relationship management system, marketing automation and real-time alerts to GO and UP customers
- Significant progress in setting up a second data centre in Barrie as an enabler to building systems resiliency

### **Business Improvement Plans**

Metrolinx built momentum from the success of its business improvement plan implementation over the last two years. There is now an embedded a culture of LEAN and continuous improvement to transform the

business and achieve better outcomes at a lower cost base. Through the year-round process, Metrolinx has implemented business improvement plans in 2022-23, including service level refinements, contract streamlining, automation of tasks and processes, as well as initiatives to support higher ridership. The implementation of these business improvement plans has helped generate savings and additional revenue to help manage emerging operating financial pressures, as well as identify other operational efficiencies across the organization.

### **Transit Procurement Initiative (TPI)**

TPI has been delivering procurement services to municipal partners by aggregating quantities, collaborating to standardize technical specifications, and eliminating duplicate procurement processes. The joint procurements lower unit costs and increase the quality of goods for transit systems and have generated savings of \$46.5 million across 54 transit agency partners. Despite the challenges the public transportation sector has endured because of the pandemic and ongoing impacts to the supply chain, TPI surpassed the \$1 billion contract purchases mark and is developing its first battery electric bus joint procurement.

### **Sustainable Procurement Program**

Implementation of the new Sustainable Procurement Program is underway and is expected to launch in 2023-24 fiscal year. The new program is intended to ensure Metrolinx procurement opportunities consider of social, environmental, and economic concerns. It will be centered around the inclusion of diverse and Indigenous-owned vendors in the Metrolinx supply chain, providing increased access to do business with Metrolinx and introduce more sustainable procurement practices.

### **Environmental, Social and Governance (ESG)**

Metrolinx has established a Strategy and Transformation Office responsible for advancing the development of an integrated and enterprise-wide ESG strategy. This is currently under development and will inform the 2024-25 annual business plan. A stand-alone 2022-23 ESG report is being prepared. The ESG report will highlight accomplishments, impacts and plans going forward, and be posted on the Metrolinx website.

### **Communications & Community Engagement**

Metrolinx is building positive partnerships with communities, customer-residents, elected officials, businesses, media and other stakeholders, by demonstrating how Metrolinx is improving lives through transit and by helping communities navigate through the disruption of construction.

As the pipeline of active construction and construction-ready projects continued to grow in 2022-23, Community Engagement teams remained embedded in communities across the Greater Golden Horseshoe area to increase trust and support for our programs and services.

Metrolinx engaged with over 8.18 million customer-residents, more than 630 elected officials and at least 1,500 stakeholder groups across more than 50 municipalities, through the “We Are Here For You” campaign. Community Engagement teams also remain focused on helping communities navigate the disruption due to construction. This included providing meaningful mitigation options to local businesses and stakeholders impacted by transit builds near schools, daycare centres and recreation centres.

Over the last fiscal year, community outreach and engagement activities were increased across communities to keep customer-residents informed about project updates, champion good news, showcase progress being made and build excitement around benefits being brought to communities. With in-person engagements resuming, there were 90,000 customer-resident interactions this year – a 161 per cent increase compared to the previous year. In addition, the Community Engagement teams found more ways to share updates with communities. The number of e-newsletters distributed grew by 152 per cent, and construction notices delivered by hand and e-mail grew by 146 per cent compared to the last fiscal year.

To extend Metrolinx's reach and elevate the messaging, a digital-first and data-driven approach to storytelling and content delivery was adopted. This included launching the new Metrolinx.com with 500 simple-to-use and interactive webpages and user-friendly tools, building the Communications Department's first-ever digital and social unit, launching six new social media channels in both English and French and launching the Metrolinx LinkedIn Newsletter. The Subways, GO and Rapid Transit social media channels maintained better-than-average engagement rates of seven to nine per cent, and its follower bases grew two to three times from their size at the start of the fiscal year.

EDI was also a key focus throughout the past fiscal year. To ensure there was a diverse representation of voices, a robust engagement process was used to inform policies and decision-making. In addition, Community Engagement teams targeted outreach to several groups, including seniors, students, youth, newcomers and Indigenous communities. The teams also engaged multicultural populations in more than 19 languages, including Farsi, Korean, Mandarin Chinese and Urdu.

Through the Metrolinx Community Benefits Program, more than 665 employment opportunities were also created for people from diverse and equity deserving backgrounds, including apprentices and journeypersons. In addition, community investments totaling nearly \$144.4 million were made for local and small businesses and social enterprises along project alignments in 2022-23.

These communications and community engagement activities support all teams across Metrolinx in maintaining and improving the organization's reputation as a trusted business partner and a good neighbour.

The table below provides an overview of the Community Engagement activities for 2022-23.

| Summary of Metrolinx Engagement Activities for 2022-23 |           |
|--------------------------------------------------------|-----------|
| Public Meetings                                        | 27        |
| Public Meetings Attendees                              | 6,515     |
| Pop-ups                                                | 830       |
| Pop-ups Interactions                                   | 38,355    |
| Community canvasses                                    | 288       |
| Elected officials & stakeholder meetings               | 926       |
| Correspondence, e-mails and phone calls                | 9,469     |
| E-blast circulation                                    | 1,058,182 |
| Construction notices delivered                         | 2,092,911 |

## Indigenous Relations

On the principles of trust, collaboration, and respect, Metrolinx strengthened its processes and project consultations with Indigenous communities and Nations to deliver on the commitment of meaningful engagement. To accomplish this, several structural changes were carried out within Metrolinx in 2022-23. The

changes included:

- Building capacity within the Indigenous Relations Office to strengthen and augment relationships with Indigenous communities and Nations
- Building capacity with Environmental Programs and Assessments to improve restoration plans based on Indigenous communities and Nations consultation
- Realigning internal business operations to focus on Indigenous communities and Nations engagement and consultation (KPIs, project planning, consultation docs, etc.)
- Where needed, seeking third-party counsel and resources to augment existing capacity and activity
- Improving organizational awareness and knowledge of Indigenous communities and Nations
- Developing template capacity agreements

Several MOU-like framework agreements were also drafted. Negotiating framework agreements with all willing Indigenous communities and Nations supports fulfillment of Metrolinx's constitutional Duty to Consult and continues to be a key organizational goal.

While no framework agreements were executed in 2022-23, considerable progress was made in building positive relations with Indigenous communities and Nations and engaging on the agreements. Once finalized, these framework agreements will provide both Metrolinx and the Indigenous communities and Nations with a tool to guide engagement and consultation practices. Several agreements are expected to be completed within the first quarter of 2023-24, with others tracking throughout the year.

# Governance

Metrolinx is an agency of the Government of Ontario and is guided by a mandate from the Minister of Transportation, on behalf of the Premier of Ontario.

The Board of Directors is responsible for setting Metrolinx's strategic direction, identifying, managing and monitoring key risks, as well as providing oversight to operations. The Chair of the Board is accountable to the Minister of Transportation as described in Metrolinx's Memorandum of Understanding.

The Metrolinx Board of Directors includes up to 15 members, including members from several communities in the Greater Golden Horseshoe. They are appointed through Order in Council under the *Metrolinx Act, 2006*. The table below provides an overview of the Board members, their period of service and annual remuneration.

| Director                           | Period of Appointment                   | Remuneration for 2022 |
|------------------------------------|-----------------------------------------|-----------------------|
| Don Wright, <i>Chair</i>           | August 13, 2018 to August 15, 2025.     | \$146,699.80          |
| Rick Byers                         | December 12, 2019 to June 2, 2022.      | \$1,800.00            |
| Bryan P. Davies, <i>Vice Chair</i> | September 8, 2015 to November 14, 2023. | \$11,500.00           |
| James Dodds                        | March 4, 2022 to March 3, 2024.         | \$4,900.00            |
| Janet Ecker                        | October 31, 2012 to October 30, 2025.   | \$5,500.00            |
| Luigi Ferrara                      | January 17, 2019 to January 16, 2025.   | \$6,800.00            |
| Diana Fletcher                     | September 17, 2020 to March 4, 2022.    | \$1,400.00            |
| Deb Hutton                         | February 24, 2022 to February 23, 2025. | \$3,200.00            |
| Michael Kraljevic                  | January 17, 2019 to December 8, 2022    | \$4,700.00            |
| Tony Marquis                       | December 6, 2019 to December 14, 2025.  | \$5,700.00            |
| Emily Moore                        | January 17, 2019 to January 16, 2024.   | \$5,000.00            |
| Reg Pearson                        | February 14, 2019 to February 13, 2025. | \$7,200.00            |
| Robert Poirier                     | January 17, 2019 to January 16, 2025.   | \$11,000.00           |
| Sylvie Tessier                     | September 3, 2020 to September 2, 2023. | \$6,200.00            |
| Paul Tsaparis                      | January 17, 2019 to January 16, 2024.   | \$9,300.00            |

|                                          |                                     |                                                                                                                             |
|------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Phil Verster, <i>President &amp; CEO</i> | October 2, 2017 to October 1, 2023. | Phil Verster receives an annual salary as President & CEO of Metrolinx but does not receive remuneration as a Board member. |
|------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

# Management Discussion and Analysis

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## Corporate Performance

The 2022-23 fiscal year was an exciting time for Metrolinx as it continued a steady path to recovery. While ridership recovered considerably in the past year, Metrolinx encountered challenges and managed the remaining impact of the pandemic and the continuously changing transit landscape. During this time of change and uncertainty, Metrolinx has continued to deliver on its legislative mandate by providing leadership in the coordination, planning, financing, development, and implementation of an integrated transit network. Ridership and revenue recovery over the past year have been reflective of the shift in the public transit landscape, largely driven by changing customer needs, and an evolving commuter travel behaviour. Despite this challenging business environment Metrolinx has continued to provide critical regional transit services, connecting communities, and ensuring customer safety. Metrolinx also remained focused on the continued implementation and delivery of the extensive transportation investments and to ensure operational readiness for the light rail transit projects coming into service over the next few years. These investments require years of major constructions with increasing legal and commercial complexity as well as contractual, stakeholder, safety, and asset management implications.

The 2022-23 budget was prepared prior to the onset of the Omicron variant with an optimistic projection that with the easing of health and safety restrictions, public transit ridership would recover quickly, and customers would return daily to workplaces and recreational outings. Over the first two quarters of 2022-23, ridership did recover faster than any prior COVID-impacted periods. However, ridership recovery softened over the rest of the year with community illnesses suppressing mobility, coupled with the adoption of the hybrid work environment throughout the region and especially in Toronto's downtown core. These two factors continued to weigh on recovery efforts and resulted in downward pressures on revenue performance versus budget.

By optimizing our fleet and schedules to better align with customer needs, Metrolinx attracted new riders to new destinations. Over the past year, Metrolinx also introduced various initiatives to attract the next generation of riders, including an increased youth and student discount, weekend/group passes, co-fare discounts, as well as open payment and e-tickets. These contributed to making transit more accessible and affordable and helped support ridership growth.

To support post-pandemic economic recovery, Metrolinx continued to provide proactive service reinstatements in advance of customer demand, to ensure service availability to all those who need it. Maintaining optimum fleet and service levels coupled with higher fuel prices resulting from geopolitical conflict, one-time project delivery costs, higher bid fees associated with a growing capital project procurement, as well as preparing for operational readiness of GO Expansion, have resulted in higher operating expenses as compared to the budget. To address some of these operating pressures, Metrolinx continued to implement business improvement plans which are designed to leverage LEAN principles throughout the organization. They helped to generate operational and financial savings and efficiencies across the organization, and to identify new revenue opportunities.

Metrolinx has also worked closely with the government to continue implementing its operating and capital plan, deliver on its mandate and continued to provide access to safe and reliable transit services across the region. As the province continues to protect the health and safety of Ontarians, while focusing on rebuilding

the economy, Metrolinx has played a critical role in supporting government efforts to improve services, ensuring taxpayer dollars are invested responsibly and providing value-for-money to Ontarians.

The following management discussion and analysis for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal year ended March 31, 2023, included within this 2022-23 Annual Report.

The following table summarizes the consolidated revenue, expense, subsidy, and ridership for Metrolinx for 2021-22 and 2022-23.

**Summary of Corporate Performance (\$M)**

|                                                                     | 2022-23<br>Actual | 2022-23<br>Budget | 2021-22<br>Actual | Actual vs. Budget<br>2022-23 |                | Year over Year<br>2022-23 vs. 2021-22 Actual |               |
|---------------------------------------------------------------------|-------------------|-------------------|-------------------|------------------------------|----------------|----------------------------------------------|---------------|
|                                                                     |                   |                   |                   | Change                       | %              | Change                                       | %             |
| Total Revenue (incl. Third-party Construction Revenue) <sup>1</sup> | 474.9             | 608.1             | 226.5             | (133.2)                      | (21.9%)        | 248.4                                        | 109.7%        |
| Total Expense (incl. Third-party Construction Expense) <sup>2</sup> | 1,532.9           | 1,455.5           | 1,280.6           | 77.4                         | 5.3%           | 252.3                                        | 19.7%         |
| Total Operating Subsidy                                             | 1,001.9           | 797.3             | 946.2             | 204.6                        | 25.7%          | 55.7                                         | 5.9%          |
| Amortization of deferred capital contributions                      | 1,030.1           | 1,079.0           | 963.7             | (48.9)                       | (4.5%)         | 66.4                                         | 6.9%          |
| Amortization of capital assets                                      | 1,004.7           | 1,085.2           | 935.5             | (80.5)                       | (7.4%)         | 69.2                                         | 7.4%          |
| Amortization of long-term leases                                    | 0.3               | 0.3               | 0.3               | 0.0                          | n/a            | 0.0                                          | 0.0%          |
| Loss / (Gain) on disposal and write-down of capital assets          | (9.0)             | -                 | (69.0)            | (9.0)                        | n/a            | 59.9                                         | (86.9%)       |
| <b>Net Income / (Loss)</b>                                          | <b>(22.0)</b>     | <b>(56.6)</b>     | <b>(11.1)</b>     | <b>34.6</b>                  | <b>(61.1%)</b> | <b>(10.9)</b>                                | <b>98.2%</b>  |
|                                                                     |                   |                   |                   |                              |                |                                              |               |
| <b>Total Ridership (in millions)</b>                                | <b>41.1</b>       | <b>58.9</b>       | <b>15.2</b>       | <b>(17.8)</b>                | <b>(30.2%)</b> | <b>25.9</b>                                  | <b>170.3%</b> |

Notes:

1. Total Revenue includes operating revenue, interest income, and third-party construction revenue.
2. Total Expense includes supplies and services, equipment maintenance, facilities and track, labour and benefits, rail and bus operations, and third-party construction expense.

The following table provides the breakdown of revenue and expense for fiscal years 2021-22 and 2022-23.

### 2022-23 Operating Results (\$M)

|                                                               | 2022-23<br>Actual | 2022-23<br>Budget <sup>1</sup> | 2021-22<br>Actual | Actual vs. Budget<br>2022-23 |                | Year over Year<br>2022-23 vs. 2021-22 Actual |               |
|---------------------------------------------------------------|-------------------|--------------------------------|-------------------|------------------------------|----------------|----------------------------------------------|---------------|
|                                                               |                   |                                |                   | Change                       | %              | Change                                       | %             |
| Fare Revenue                                                  | 308.5             | 436.6                          | 120.5             | (128.1)                      | (29.3%)        | 188.0                                        | 156.1%        |
| PRESTO Non-Fare Revenue                                       | 76.4              | 105.8                          | 44.8              | (29.4)                       | (27.8%)        | 31.6                                         | 70.5%         |
| Other Non-Fare Revenue                                        | 68.3              | 65.7                           | 35.7              | 2.7                          | 4.0%           | 32.6                                         | 91.2%         |
| <b>Total Revenue</b>                                          | <b>453.2</b>      | <b>608.1</b>                   | <b>201.0</b>      | <b>(154.8)</b>               | <b>(25.5%)</b> | <b>252.2</b>                                 | <b>125.5%</b> |
| Third-party Construction Revenue <sup>2</sup>                 | 21.7              | -                              | 25.5              | 21.7                         | n/a            | (3.8)                                        | (14.9%)       |
| <b>Total Revenue (incl. Third-party Construction Revenue)</b> | <b>474.9</b>      | <b>608.1</b>                   | <b>226.5</b>      | <b>(133.2)</b>               | <b>(21.9%)</b> | <b>248.4</b>                                 | <b>109.7%</b> |
| Operations                                                    | 436.0             | 475.8                          | 336.0             | (39.8)                       | (8.4%)         | 100.0                                        | 29.8%         |
| Operating Labour & Benefits                                   | 498.6             | 459.6                          | 410.1             | 39.0                         | 8.5%           | 88.5                                         | 21.6%         |
| Facilities & Track                                            | 173.4             | 185.5                          | 156.8             | (12.2)                       | (6.6%)         | 16.5                                         | 10.5%         |
| Equipment Maintenance                                         | 140.0             | 137.7                          | 117.3             | 2.3                          | 1.7%           | 22.7                                         | 19.4%         |
| Supplies & Services                                           | 263.2             | 196.9                          | 234.1             | 66.3                         | 33.7%          | 29.0                                         | 12.4%         |
| Bid Fees                                                      | 72.3              | 47.9                           | 85.7              | 24.4                         | 51.0%          | (13.4)                                       | (15.7%)       |
| <b>Total Operating Expense</b>                                | <b>1,511.2</b>    | <b>1,455.5</b>                 | <b>1,254.4</b>    | <b>55.7</b>                  | <b>3.8%</b>    | <b>256.8</b>                                 | <b>20.5%</b>  |
| Third-party Construction Expense <sup>2</sup>                 | 21.7              | -                              | 26.3              | 21.7                         | n/a            | (4.6)                                        | (17.4%)       |
| <b>Total Expense (incl. Third Party Construction Expense)</b> | <b>1,532.9</b>    | <b>1,455.5</b>                 | <b>1,280.6</b>    | <b>77.4</b>                  | <b>5.3%</b>    | <b>252.3</b>                                 | <b>19.7%</b>  |
| Proceeds from Sale of Assets                                  | 59.5              | 50.1                           | 104.1             | 9.4                          | 18.8%          | (44.6)                                       | (42.8%)       |
| <b>Total Operating Subsidy <sup>3</sup></b>                   | <b>1,001.9</b>    | <b>797.3</b>                   | <b>946.2</b>      | <b>204.6</b>                 | <b>25.7%</b>   | <b>55.7</b>                                  | <b>5.9%</b>   |

Notes:

1. 2022-23 Budget Total Revenue and Total Operating Expense subtotals are as published in the 2022-23 Business Plan.
2. Third-party Construction Revenue and Expenses are included as part of Total Revenues (incl. Third-party Construction Revenue) and Total Operating Expenses (incl. Third-party Construction Expense) respectively to recognize third-party reimbursements for capital assets constructed on the third-party's behalf.
3. Operating subsidy excludes long-term accrual for post-employment benefits of \$3.9M and (\$3.4M) for 2021-22 and 2022-23 respectively.

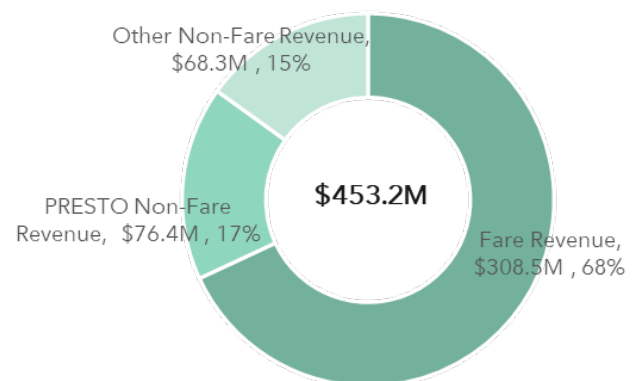
## Operating Subsidy

The Province of Ontario provides Metrolinx with an operating subsidy to cover operating expenses less revenue and proceeds from sale of assets to ensure Metrolinx has sufficient funds to operate its transit services, implement commitments made under Metrolinx's 2041 Regional Transportation Plan and to support the delivery of its mandate.

At year-end, Metrolinx's total operating subsidy requirement was \$1,001.9 million, an increase of \$204.6 million compared to the 2022-23 Budget of \$797.3 million. This increase in requirement was primarily driven by lower fare revenue resulting from slower ridership recovery especially in the second half of the fiscal year with community illnesses and a disproportionate return in commuters to their downtown offices, as well as impact of higher fuel costs and operational readiness costs supporting the deployment of various capital programs. In response, Metrolinx acted quickly and strategically through the implementation of business improvement plans and working with MTO to adjust service offerings to help minimize the impact to financials. Metrolinx also received higher-than-budgeted proceeds from sale of assets driven by increased property value due to favourable market conditions, which helped to partially offset Metrolinx's operating subsidy requirement.

## Revenue

Metrolinx's revenue includes fare revenue, PRESTO non-fare revenue, and other non-fare revenue. In 2022-23, Metrolinx reported total revenue of \$453.2 million, which was \$154.8 million (25.5 per cent) below Budget. The lower-than-budgeted revenue was primarily due to lower fare revenue and PRESTO non-fare revenue resulting from impact of the Omicron variant in early 2022 carrying over into 2022-23 and softened ridership due to community illnesses suppressing mobility and slower returns to downtown Toronto offices. Total revenue of \$453.2 million also represented an increase of \$252.2 million (125.5 per cent) compared to the prior year, demonstrating strong year-over-year growth as Metrolinx continued to promote ridership recovery and maximize revenue opportunities.

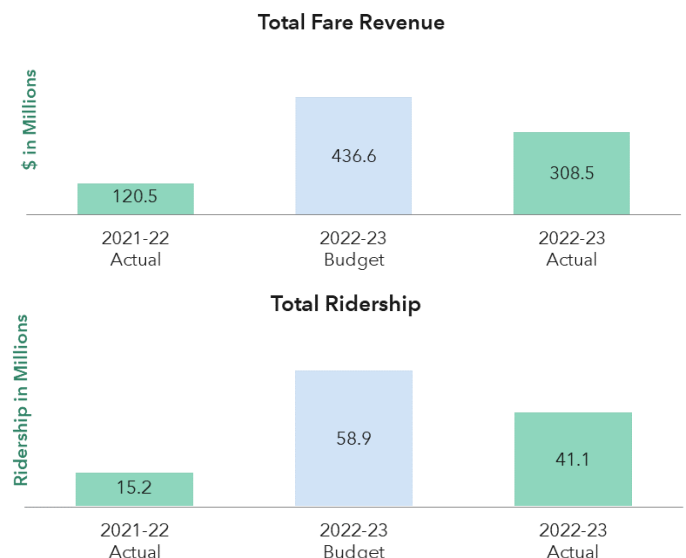


## Fare Revenue

Metrolinx's fare revenue is directly tied to ridership and includes revenue related to fares from transit operations including GO Transit and UP Express services. Ridership reflects the use of GO and UP trains and GO buses across the region and is calculated as rail boardings plus bus boardings less transfers across both train and bus routes. In the past year, Metrolinx has taken proactive steps to support continued ridership growth that re-build customer confidence, enhance customer experience, and attract new customers to public transit. Ridership increased to 41.1 million in 2022-23, with resulting fare revenue of \$308.5 million.

### Change from Budget (Year-ended March 31, 2023, vs. Budget)

The 2022-23 fiscal year started with the tail end impact of the Omicron variant, followed by reopening of the economy post-pandemic and rise of community illnesses in fall. Metrolinx reported fare revenue of \$308.5 million in 2022-23, which was \$128.1 million (29.3 per cent) below Budget. The fare revenue decline was primarily driven by the lasting impact of the Omicron variant in early 2022 carrying over into 2022-23, followed by rapid ridership recovery in spring to summer that quickly softened in fall due to community illnesses suppressing mobility and slower returns to downtown Toronto offices as customers adopt hybrid work arrangements. Total Metrolinx ridership was 41.1 million in 2022-23, which was 17.8 million (30.2 per cent) below Budget. Fare revenue and ridership were both lower than anticipated in the Budget but showed continuous growth from April to September 2022 until the rise of community illnesses in fall, followed by gradual ridership and fare revenue recovery from January to March 2023 as new and returning customers turn to transit. Fare revenue and ridership remain more challenging to project as the post-pandemic transit patterns for the region continues to unfold.



#### Change from Prior Year (Year-ended March 31, 2023, vs. March 31, 2022)

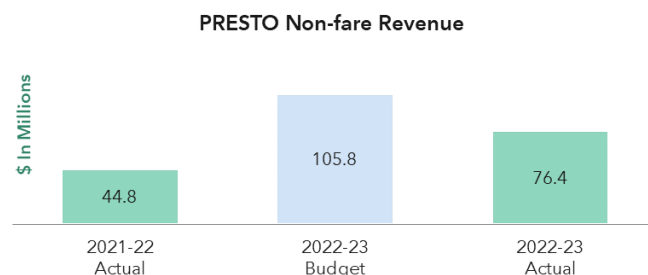
Metrolinx's fare revenue and ridership continued to grow in 2022-23 as commuters and new customers look for transit options post-pandemic. Fare revenue was \$308.5 million in 2022-23, \$188.0 million (156.1 per cent) higher than the prior year primarily due to continued ridership growth momentum as Metrolinx promotes continued ridership recovery through improved customer experience and demand-driven services to meet customer post-pandemic needs. In 2022-23, total Metrolinx ridership of 41.1 million was over two-fold of the 2021-22 ridership levels. Over the last year, Metrolinx implemented targeted growth strategies to continue growing ridership and fare revenue in areas of greatest demand. Some of the initiatives include:

- Marketing, service, and pricing strategies based on data-driven insights, including new fare passes to lift ridership and meet customer needs, as well as new destinations to promote leisure travel
- Amenities to enhance customer experience such as launch of mobile cafés and more vending machines at stations to offer a variety of food and beverage options to customers
- Return of partnerships with community events and festivals through combo tickets and adjusted service to grow ridership
- Continuation of fare and service integration initiatives to make transit more convenient and affordable to support ridership growth, enhance customer experience, and improve transit affordability

Metrolinx continued to focus on driving results through new and innovative partnerships with business and leisure programs, which stimulate transit demand and strongly support ridership growth in a post-pandemic environment.

#### **PRESTO Non-Fare Revenue**

PRESTO non-fare revenue includes fees collected from transit providers for the use of the PRESTO system and is heavily influenced by the fare revenue and ridership of transit providers in the region. PRESTO non-fare revenue reached \$76.4 million in 2022-23.



#### Change from Budget (Year-ended March 31, 2023, vs. Budget)

Metrolinx reported PRESTO non-fare revenue of \$76.4 million in 2022-23, which was \$29.4 million (27.8 per cent) below Budget. The decrease in revenue was primarily driven by lower ridership recovery across multiple transit agencies in the region and slower return to office, contributing to the lower PRESTO commission revenue, partially offset by higher PRESTO e-purse interest due to interest rate increase throughout 2023, as well as higher-than-budgeted farecard sales.

#### Change from Prior Year (Year-ended March 31, 2023, vs. March 31, 2022)

PRESTO non-fare revenue grew from \$44.8 million in 2021-22 to \$76.4 million in 2022-23, an increase of \$31.6 million (70.5 per cent), mainly driven by increase in fare card sales and commission revenue across transit agencies from continuous ridership recovery over the past year.

In 2022-23, Metrolinx focused on advancing the PRESTO Modernization Program through continued rollout of new ways to pay transit fares, continuous improvement of the customer experience by building on past successes, leveraging customer insights to deliver enhancements in the PRESTO customer journey and delivering new projects and features for customers. Some of the achievements in 2022-23 include:

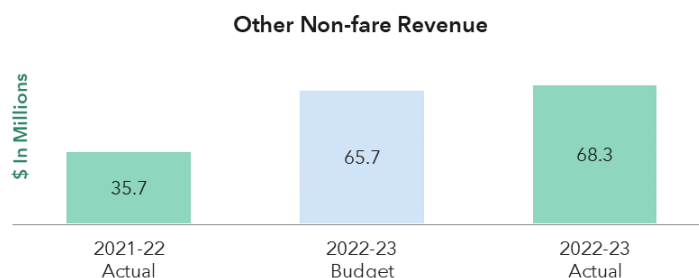
- Extending the launch of PRESTO Contactless credit payment on all 905 transit agencies to provide customers with more fare payment options and support PRESTO adoption

- Continuously enhancing PRESTO products and services for customers to drive adoption, including introduction of a call-back feature at the PRESTO Contact Centre, new PRESTO Perks program partners, and updates to the PRESTO customer website to provide customers with proactive communication and education

PRESTO non-fare revenue continues to grow as transit ridership recovers across the region, supported by new ways to pay and enhanced PRESTO products and services to continuously drive PRESTO adoption.

### Other Non-Fare Revenue

Other non-fare revenue primarily includes revenue from advertising and partnership, charges for track usage, interest income, reserved parking fees, and commercial space rent. Other non-fare revenue continued to grow and reached \$68.3 million in 2022-23.



#### Change from Budget (Year-ended March 31, 2023, vs. Budget)

Metrolinx reported non-fare revenue of \$68.3 million in 2022-23, which was \$2.7 million (4.0 per cent) higher than Budget. Non-fare revenue in 2022-23 aligned closely with budget, with higher bank interest resulting from unanticipated prime rate increases during the year and additional commercial space rent from optimizing asset revenue, partially offset by lower revenue from advertising, partnerships, and reserved parking as revenue levels continue to adjust post-pandemic. Metrolinx continued to prioritize high return non-fare revenue initiatives that enhance customer added value, while adapting to the impact from the changing transit landscape. Tremendous effort has been put in to maximize non-fare revenue since the pandemic. In 2022-23, non-fare revenue fully recovered and is now 22.3 per cent higher than the pre-pandemic 2019-20 levels.

#### Change from Prior Year (Year-ended March 31, 2023, vs. March 31, 2022)

Other non-fare revenue grew from \$35.7 million in 2021-22 to \$68.3 million in 2022-23, an increase of \$32.6 million (91.2 per cent), mainly driven by growth in interest revenue, commercial space rent, and track usage fees versus the prior year.

Advertising and partnership revenues are derived from partnerships with several companies in the private sector representing the financial services, information and technology, consumer electronics and retail food services sectors. Over the past year, Metrolinx implemented various initiatives and programs, including:

- Continuing to enhance customer experience and amenities by installing over 60 vending machines throughout various GO stations offering variety of beverages, snacks, and drug store products
- Delivering a promotional partnership with the Canadian National Exhibition that included five digital billboards along major highway corridors, a wrapped GO bus and an on-site booth and customer engagement with over 40,000 PRESTO perk redemptions
- Renewing the agreement with Purolator to keep their current retail locations at GO stations and accompanying advertising assets on Metrolinx property to generate non-fare revenue while enhancing customer experience
- Continuing to innovate and forge new partnerships by growing the PRESTO Perks program, collaborating at community events, offering collectible PRESTO cards, and partnering with

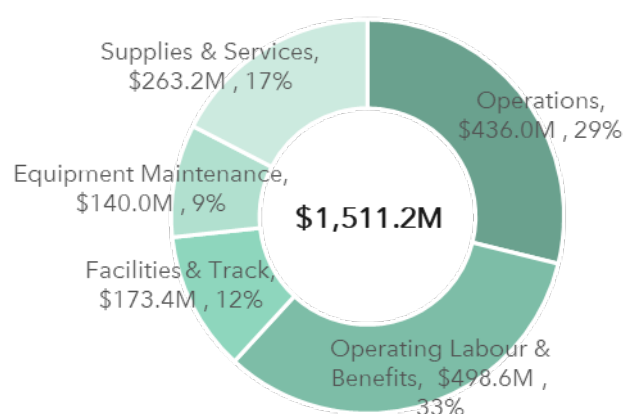
businesses to support their return to the office

Metrolinx owns most of its transit railway corridors and shares its corridors with its partners including Canadian National Railway (CN), Canadian Pacific Railway (CP) and VIA Rail. Railway partners pay access corridor fees on Metrolinx-owned corridors that cover signaling, dispatch, and communications costs. Increase in track usage fees in 2022-23 versus prior year is primarily due to economic recovery as partners work towards resuming pre-pandemic service levels, as well as renegotiated trackage usage rates.

Metrolinx earns interest on bank balances on funds drawn from the province based on the capital and operating planned requirements. During 2022-23, higher interest rates due to a steady increase of the Canadian Bank rate resulted in an increase in interest income for the year.

## Operating Expense

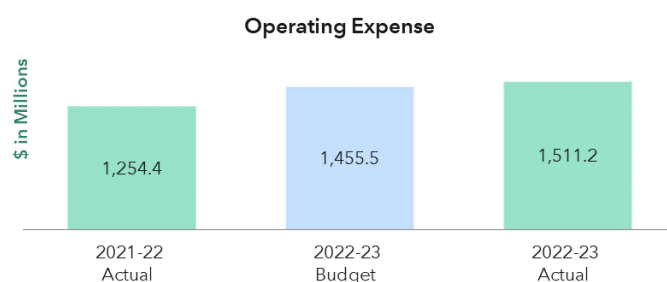
Metrolinx's operating expense is allocated into five main expense categories. In 2022-23, operating labour and benefits expense is the largest allocation and accounts for 33 per cent of the total operating expense and includes salaries and benefits for Metrolinx employees. Operations expense accounts for 29 per cent of the total operating expense. This expense category includes items such as support train crew wages, train control dispatch, diesel fuel and PRESTO operations. Facilities and tracks account for 12 per cent of the total operating expense and includes rent, property taxes, hydro, winter maintenance and other facility repairs. Equipment maintenance accounts for 9 per cent of the total operating expense, covering support services, inventory, inspections, and yard operations. Finally, supplies and services represent 17 per cent of the total operating expense, which includes bid fees, capital expenses funded through operating, and all types of professional services, bank fees, staff development and advertising. Metrolinx reported operating expense of \$1,511.2 million in 2022-23.



## Change from Budget (Year-ended March 31, 2023, vs. Budget)

Operating expenses, before amortization and third-party construction expenses, for the year were \$1,511.2 million or \$55.7 million (or 3.8 per cent) higher than the Budget of \$1,455.5 million. The increase in operating expense compared to Budget was primarily due to:

- Higher than budgeted bid fees largely driven by higher-than-expected bid fees for the Ontario Line project as well as a reprofiling of bid fees from prior year for GO Expansion OnCorr and Lakeshore West station works
- One-time costs for project delivery related to PRESTO modernization projects
- Higher expenses due to the increased capacity and expertise of enterprise engineering and asset management teams to support the operations readiness phase of new LRTs, GO Expansion and Subway program



- Higher than budgeted expenses due to GO Expansion OnCorr activities to support operational readiness, increase in diesel fuel price, as well as maintenance work to increase operational efficiency and ensure bus availability; offset by combined savings through successful implementation of business improvement plans that include service adjustments to better meet ridership demands

Change from Prior Year (Year-ended March 31, 2023, vs. March 31, 2022)

Metrolinx's 2022-23 operating expenses is higher by \$256.8 million (or 20.5 per cent) than 2021-22 Actuals of \$1,254.4 million, largely due to:

- Higher expenses due to reintroduction of transit services that were paused in 2020-21 and 2021-22 due to the pandemic, as well as new services introduced during the year, resulting in increased equipment maintenance, rail crew & diesel fuel costs
- Higher expenses for GO Expansion OnCorr activities to support operational readiness
- Costs related to Procurement Program, ongoing support cost for modernized payment methods, as well as one-time costs for project delivery related to PRESTO modernization projects
- Higher expenses due to the increased capacity and expertise of enterprise engineering and asset management teams to support the operations readiness phase of new LRTs, GO Expansion and Subway program

Year-end actuals are inclusive of savings from the implementation of business improvement plans to achieve better value-for-money and improved efficiencies. Metrolinx is committed to continuing implementing business improvement plans to help transform our business to find efficiencies and achieve better outcomes at a lower cost base.

# Capital Funding and Expenditure

## Capital Funding

Metrolinx received capital funding from different levels of government to help fund its capital projects and programs. The majority of the capital funding received in recent years is from the province.

**Capital Funding**



\*For active federal agreements for GO Expansion and Finch West LRT, the province provides the full project funding to Metrolinx. Federal funding is then flowed as a reimbursement to the Province. The same mechanics are expected to apply to future federally funded projects as agreements are signed.

\*\*Includes capital adjustments such as advance payments

Funding from the Government of Ontario totaled \$5,227.5 million for 2022-23. Metrolinx also received capital funding of \$14.8 million from municipal governments and \$5.0 million from other organizations. The 2022-23 investments were due to the construction of light rail and GO Expansion Early Works projects being well underway, and significant progress on preliminary construction and property purchases within the Subway program.

Municipalities contribute towards the GO Growth program. Municipal capital contributions increased to \$14.8 million from \$13.0 million last year due to a larger scope of eligible work being delivered.

Funding from other organizations was \$5.0 million in 2022-23 relating to third party reimbursements of capital assets owned by Metrolinx as part of Metrolinx's existing capital projects. These reimbursements are beneficial for Metrolinx projects and demonstrate positive relations with the development community.

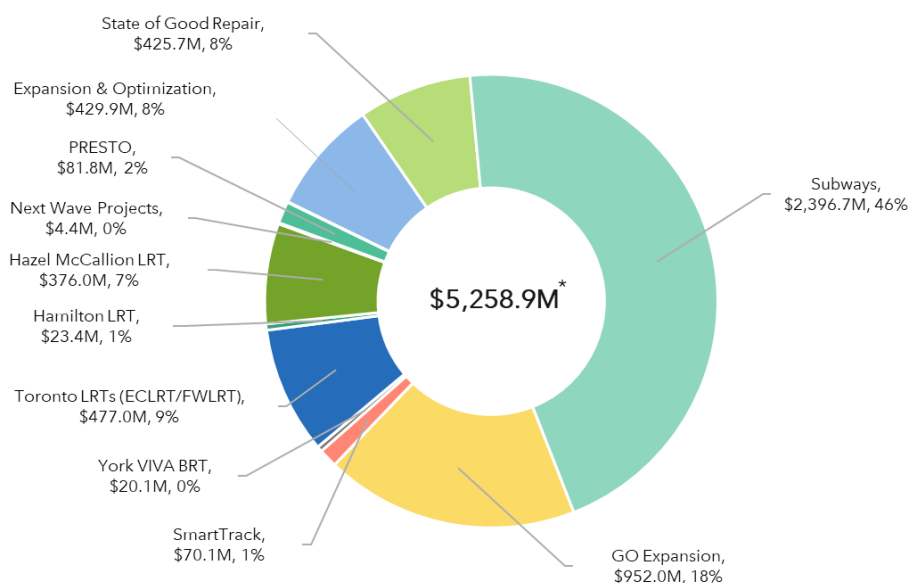
Amortization expense for the year was \$1,004.7 million or \$69.2 million over the prior year of \$935.5 million as a result of Metrolinx's ongoing investments in capital initiatives.

## Capital Investments

In 2022-23, Metrolinx continued working towards the province's priority to significantly increase investment in public transit infrastructure. Key milestones were achieved throughout the year on major capital projects such as the implementation of GO Expansion Early Works and procurement activities for On-Corridor works; procurement, planning and design advancement for the priority subway projects; and further progression into the implementation phase for the Eglinton Crosstown Light Rail Transit, Hazel McCallion Light Rail Transit and the Finch West Light Rail Transit projects. Significant investments were also made towards the State of Good Repair (SOGR) program for existing infrastructure to maintain and improve safety and reliability. Capital expenditure in 2022-23 was \$5,258.9 million, which excludes adjustments such as write-offs and advance pre-payments.

In 2022-23, progress continued on the advance tunneling scope on both Eglinton Crosstown West Extension (ECWE), Scarborough Subway Extension (SSE). Ontario Line work continued with construction at Exhibition Station as well as completion of many utility relocation advance works and acquisition of properties to support advance work along the entire corridor.

### 2022-23 Capital Expenditures by Category



\*Excludes capital adjustments such as advance payments

Metrolinx is advancing a large and growing program, including signature projects like the GO Expansion program, Eglinton Crosstown LRT, Finch West LRT and the Hazel McCallion LRT. In addition, there was significant progress on the procurement, planning, design and advanced construction works for the priority subway projects - Ontario Line, Eglinton Crosstown West Extension (ECWE), Scarborough Subway Extension (SSE) and Yonge North Subway Extension (YNSE).

The 2022-23 capital results are mainly driven by milestone achievements. Starting with the priority subway projects, there has been progression of the tunnelling scope of SSE and ECWE. For SSE, the stations, rail and systems (SRS) contract was awarded in November 2022. For ECWE, the Request for Qualification (RFQ) for Advanced Tunnel 2 procurement package closed and the SRS Preliminary Design Business Case was published. The ECWE elevated guideway work also progressed significantly through the procurement process. The Ontario Line Delivery Partner joined the project. Ontario Line packages for RSSOM and Southern Civil have been awarded, Stations and Tunnel procurement packages, and procurement for Pape Tunnels and Stations and Elevated Guideways and Stations in the North is scheduled to start in Q4 of 2023-24. For YNSE, work continues on planning and design. The Finch Early Works contract was awarded in September 2022 and construction began in February 2023.

GO Expansion delivers on the province's commitment to transform the GO Transit rail network into a comprehensive, all-day rapid transit network. The GO Expansion program achieved significant progress this year, reaching substantial completion on the Stouffville Stations (Unionville, Milliken and Agincourt), Steeles Grade Separation, Rutherford Station, Weston Station, Malton Station, Bramalea Station, as well as various early station improvements across the GO network. Construction progressed on the series of enabling grading or track contracts along the Barrie, Kitchener and Lakeshore corridors, and similar contracts on the Stouffville corridor were advanced into late construction. Finally, the OnCorr Development Phase contract was successfully awarded to ONxpress, and design and scoping work has progressed throughout the year.

The Rapid Transit program, which is well under construction, will deliver Light Rail Transit (LRT) and Bus Rapid Transit (BRT) to the GTHA. The Eglinton Crosstown LRT continued to advance through the implementation phase and has started systems testing and commissioning. Over the course of 2022-23, the Finch West LRT project made significant progress on implementation, including testing of the light rail vehicles at the Maintenance and Storage Facility and the manufacturing facility in Kingston. The consortium delivering the Hazel McCallion LRT, Mobilinx, continued to make significant progress on design and preliminary construction in 2022-23. Major achievements for construction include completion of utility works and storm sewer work, the Mary Fix West Bridge approach slab and a portion of the elevated guideway piers was completed.

State of Good Repair (SOGR) includes Metrolinx infrastructure and technology assets that are regularly scheduled for repairs, maintenance and rehabilitation. More robust condition assessments and asset management planning have been developed and will continue to ensure SOGR projects are delivered within budgeted spending targets. Focused efforts are also being made to improve data quality and to provide reporting on contracts and detailed cost positions.

Over the course of 2022-23, PRESTO's modernization was well underway with a number of enhancements to better serve GO Transit, UP Express and transit agencies across the region. These include the delivery and installation of new second-generation self-serve reload machines with faster load times, new PRESTO devices and enhancements to the customer web chat feature. Using these to enable technology, Metrolinx will be able to introduce new payment options by credit card, debit card and mobile wallet.

### Capital Expenditures (\$M)

| Capital Expenditures by Category<br>(\$ in millions) | 2022-23<br>Actual** | 2022-23<br>Budget | 2021-22<br>Actual | Actual vs. Budget<br>2022-23 |                | Year over Year<br>2022-23 vs. 2021-22 Actual |               |
|------------------------------------------------------|---------------------|-------------------|-------------------|------------------------------|----------------|----------------------------------------------|---------------|
|                                                      |                     |                   |                   | Change                       | %              | Change                                       | %             |
| Expansion & Optimization                             | 429.9               | 862.9             | 267.0             | (433.0)                      | (50.2%)        | 162.9                                        | 61.0%         |
| State of Good Repair                                 | 425.7               | 597.5             | 387.0             | (171.8)                      | (28.8%)        | 38.7                                         | 10.0%         |
| Subways                                              | 2,396.7             | 2,961.1           | 1,797.8           | (564.4)                      | (19.1%)        | 598.9                                        | 33.3%         |
| GO Expansion                                         | 952.0               | 1,443.7           | 800.2             | (491.7)                      | (34.1%)        | 151.8                                        | 19.0%         |
| SmartTrack                                           | 70.1                | 274.1             | 42.4              | (204.0)                      | (74.4%)        | 27.7                                         | 65.4%         |
| York VIVA BRT                                        | 20.1                | 57.9              | 37.2              | (37.8)                       | (65.2%)        | (17.1)                                       | (45.9%)       |
| Toronto LRTs (ECLRT/FWLRT)                           | 477.0               | 613.5             | 1,317.0           | (136.5)                      | (22.2%)        | (840.0)                                      | (63.8%)       |
| Hamilton LRT                                         | 23.4                | 125.0             | 4.2               | (101.6)                      | (81.3%)        | 19.2                                         | 456.4%        |
| Hazel McCallion LRT                                  | 376.0               | 682.6             | 484.2             | (306.6)                      | (44.9%)        | (108.2)                                      | (22.3%)       |
| Next Wave Projects                                   | 4.4                 | 9.8               | 4.4               | (5.4)                        | (55.4%)        | (0.0)                                        | (0.3%)        |
| PRESTO                                               | 81.8                | 74.0              | 51.1              | 7.9                          | 10.6%          | 30.7                                         | 60.1%         |
| Other*                                               | 1.6                 | (1,202.0)         | -                 | 1,203.6                      | (100.1%)       | 1.6                                          | N/A           |
| <b>Total</b>                                         | <b>5,258.9</b>      | <b>6,500.1</b>    | <b>5,192.5</b>    | <b>(1,241.3)</b>             | <b>(19.1%)</b> | <b>66.3</b>                                  | <b>1.3%</b>   |
| Capital Adjustments and Prepayment**                 | (11.6)              |                   | 155.9             | (11.6)                       |                |                                              |               |
| <b>Total Funding</b>                                 | <b>5,247.3</b>      | <b>6,500.1</b>    | <b>5,348.4</b>    | <b>(1,252.8)</b>             | <b>(19.3%)</b> | <b>(101.1)</b>                               | <b>(1.9%)</b> |

\* In fiscal year 2022-23, the government's plan continued to reflect more sustainable levels of infrastructure investment through applying a capital lever of \$1,203.3M. The intention is to reflect a more realistic forecast of construction timelines for major projects planned or underway, in keeping with actual expenditure patterns. Other category includes EMRF, GTS and UP Express and capital lever.

\*\*Includes capital adjustments such as advance payments

#### Change from Budget (Year-ended March 31, 2023, vs. Budget)

In 2022-23, the actual spend was \$1,241.3 million under the original budget for the year. This variance is largely due to delivery model changes and value engineering in GO Stations capital delivery, delays in property acquisitions due to timing and values, and contractor performance issues in RT program.

#### Change from Prior Year (Year-ended March 31, 2023, vs. March 31, 2022)

Compared to 2021-22, Metrolinx's 2022-23 capital expenditure increased by \$66.3 million. This increase was mainly a result of the following:

- The Rapid Transit program being fully under construction for Eglinton Crosstown LRT, Finch West LRT and Hazel McCallion LRT, as well as the payout of claims for Eglinton Crosstown LRT and Finch West LRT in 2022-23
- Subways program work continuing with advanced construction on tunneling on Eglinton Crosstown West and Scarborough Subways Expansion starting, and with significant property acquisitions occurring across the Subways program in the year
- Several construction contracts being awarded for the GO Expansion program in 2022-23 and construction work has picking up

## Enterprise Risk Management

In 2022-23, Metrolinx continued to enhance its Enterprise Risk Management (ERM) Program and Framework to help guide the organization's risk management activities and support risk-informed decision-making. It further assessed opportunities and ensured that the organization complies with the Government of Ontario Enterprise Risk Management Directive, which requires all provincial agencies to use a risk-informed approach in managing their business. The identification, assessment, management, monitoring and reporting of risks is vital to the successful ongoing achievement of the organization's transformational and strategic objectives.

Metrolinx continues to undertake the most extensive transportation investment in Ontario's history while also operating GO Transit, UP Express and PRESTO. While exploring the opportunity to plan, build, operate and connect transportation in the Greater Golden Horseshoe, agile and focused identification and mitigation of risk is at the forefront of what Metrolinx does. This year saw the appointment and build out of the Office of the Chief Risk Officer. Its teams focused in on further elevating the risk conversation across the organization, driving discussions at the enterprise, program and project levels, including but not limited to on-time performance, customer service, ridership, safety, talent, the environment and capital projects.

Metrolinx reviews emerging and significant risks regularly through multiple forums, including through divisional, senior management team, committee and Board of Directors meetings. These discussions support active management of these risks by ensuring appropriate visibility, integration, collaboration, and mitigation plans are established and in place. Reported risks typically fall within the following categories:

- **Financial:** risks relating to and/or impacting funding of projects and operations, financial reporting and movements in price
- **Operational:** risks relating to ongoing operations
- **Project:** risks relating to a project being completed on time and on budget
- **Safety:** risks to the safety of Metrolinx's customers, staff, contractors and communities within which it operates and builds
- **Strategic:** risks that threaten to disrupt the assumptions at the core of Metrolinx's strategy, resulting in potential for financial loss or reputational damage

Metrolinx will also continue to focus on enhancing its ERM framework and program, and delivering on its ERM transformation plan. These enhancements include reviewing and revising risk scoring methodologies, improving risk reporting functionalities and enhancing organizational risk intelligence. The ERM function will continue to identify, assess and report on current and emerging risks, and ensure ongoing discussion of risks at all levels of the organization.

### Metrolinx Key Risks

| Risk                                                                                                                                                 | High Level Overview of Mitigation Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial</b>                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>Achieving a sustainable operating subsidy for 2022-23 and beyond to deliver on Metrolinx's strategic objectives and government commitments</p>    | <ul style="list-style-type: none"> <li>• Metrolinx has continued to proactively mitigate the operating subsidy risk, including through the implementation of a service reintroduction plan and identification of additional savings and revenue opportunities as part of business improvement plans.</li> <li>• Metrolinx has managed diesel fuel price volatility for 2022-23 by hedging a portion of its diesel fuel volume, which has provided cost certainty and generated savings against market price.</li> <li>• Metrolinx continues to execute against its ridership recovery plans, incorporating the latest customer research, provincial policies, business and educational sentiment, as it balances providing the right level of services to meet customer needs, while recognizing that the ability to adapt quickly to a changing landscape is necessary to manage customer and while applying both a fiscal and safety mindset.</li> <li>• Metrolinx has worked closely with MTO to provide regular updates on the financial impact resulting from the COVID-19 Omicron variant, other emerging pressures, and its financial position throughout the year.</li> <li>• Metrolinx worked closely with MTO to request additional operating subsidy, which it received mainly to mitigate for revenue decreases resulting from the COVID-19 Omicron variant and associated decreases in ridership relative to Metrolinx's original assumptions.</li> </ul> |
| <b>Operational</b>                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>Technological risks within the following areas: cyber security, disaster recovery, end of life hardware/hardware refresh and project delivery</p> | <ul style="list-style-type: none"> <li>• Increased security controls have been implemented and are regularly tested.</li> <li>• RFPs to support increased cyber controls in IT and Operational Technology will be awarded in 2023. Additionally, in 2023, RFPs to support operational support of cyber security will be awarded. Three additional RFPs are in progress to engage third party support for Cyber Security Managed Services.</li> <li>• The Disaster Recovery Project is well underway, critical applications have been identified and will be tested for failover in 2023-2024.</li> <li>• A project to upgrade aging IT Infrastructure is running in parallel to the Disaster Recovery Plan that will modernize Metrolinx's IT Infrastructure to next generation data centre server, network, storage and foundational cloud technologies.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Risk                                                                             | High Level Overview of Mitigation Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Talent risks associated with: acquisition, retention and engagement of employees | <ul style="list-style-type: none"> <li>• A strategy was developed to identify and action priority areas of focus to retain talent.</li> <li>• The Leadership framework, including leadership development programs and leader core competencies, was launched to strengthen leadership capabilities to improve employee experience and build high performing teams.</li> <li>• An enhanced employee onboarding program was launched to better integrate new employees into the organization and establish a stronger connection to Metrolinx.</li> <li>• A specialized recruitment channel was launched to improve successful attraction of candidates for high priority and difficult to fill roles.</li> <li>• Mental health coverage was enhanced and wellness spending accounts were introduced to modernize benefits plan and strengthen the overall employee value proposition to compete for talent. Programs that support employee wellbeing are considered a driver of employee retention and help future-proof Metrolinx against labour market challenges.</li> </ul> |
| Project                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| PRESTO Procurement Program – transitioning to proposed new operating model       | <ul style="list-style-type: none"> <li>• Metrolinx continues to exercise appropriate governance for the delivery of the PRESTO Procurement Program to ensure organizational alignment and executive sponsorship on its program strategy/objective, commercial direction, procurement approach and associated risk management.</li> <li>• To ensure a competitive strategy for procurement, Metrolinx has addressed resourcing needs, established streamlined communications practices, and created a committee to manage any potential conflict of interest.</li> <li>• Ongoing engagement continues to be facilitated with all key stakeholders (including transit agencies) to achieve alignment for all key deliverables.</li> </ul>                                                                                                                                                                                                                                                                                                                                        |

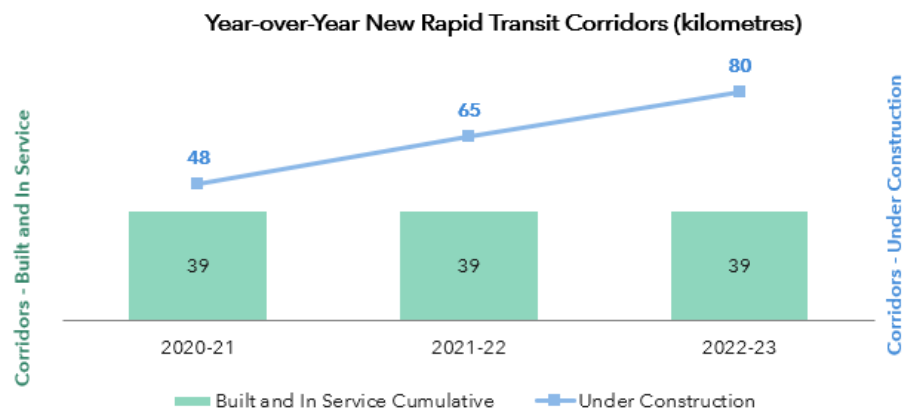
| Risk                                                                                     | High Level Overview of Mitigation Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Safety</b>                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Damage to assets, service disruption and threats to safety due to extreme weather events | <ul style="list-style-type: none"> <li>• A targeted risk assessment for Metrolinx network of assets to identify vulnerable assets and asset geographies is currently in progress.</li> <li>• An asset management plan and a corresponding state of good repair plan have been completed.</li> <li>• The Metrolinx Climate Adaptation Strategy and reporting of key actions are now in place.</li> <li>• Climate resiliency requirements have been embedded into GO Expansion.</li> <li>• Sustainable design standards, and development of a climate data standard, which specifies the sources and climate scenarios that infrastructure must be designed to withstand, have been adapted.</li> <li>• Methods were developed to incorporate climate resiliency benefits in business cases.</li> <li>• Seasonal operating plans (the Winter Readiness Plan, and the Summer Readiness Plan) were developed. They set out operating procedures in the event of climate-related disruptions to service.</li> </ul>                                                                                                                                                                                                                                                                                                                                   |
| Employee and Public Safety                                                               | <ul style="list-style-type: none"> <li>• A new community-based officer deployment model now provides better coverage of the network. Eight teams are now responsible for the safety, security and revenue protection of a dedicated rail corridor. Customer Protection Officers now report out of 18 locations across the network, up from five, providing greater area familiarization and increased opportunities for customer engagement and community partnership.</li> <li>• To reduce the risk of accidents and injuries on our network, a new Serious Injury &amp; Fatality exposure (SIFe) program and Train Accident Risk Precursor program were introduced.</li> <li>• A Trespass Task Force has been established to tackle trespass risk through a combination of engineering, enforcement, and education.</li> <li>• The new "Text-For-Help" service was launched on GO Transit and UP Express. By simply texting "HELP" to 77777, customers travelling on the network can communicate with a Customer Protective Services dispatcher in real-time for assistance or if they feel unsafe.</li> <li>• The enhanced Workplace Violence Prevention Program was launched. It is supported by an external, customer-facing campaign communicating Metrolinx's zero tolerance policy for violence and harassment against staff.</li> </ul> |

## Key Performance Indicators

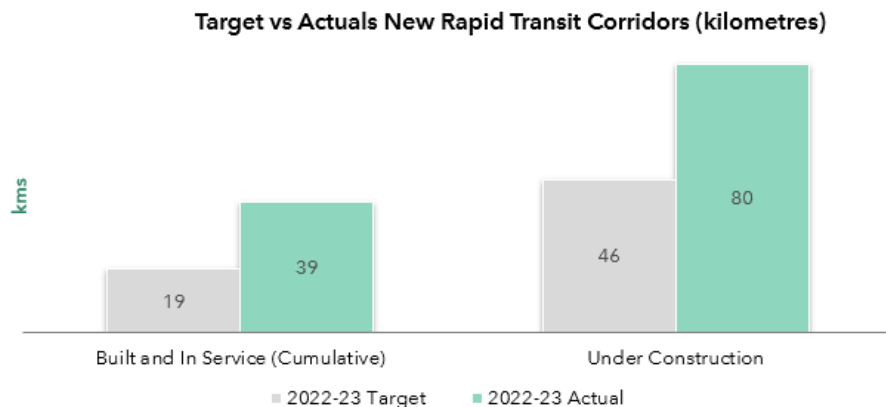
Metrolinx's corporate key performance indicators (KPIs) measure and report the organization's performance to its stakeholders, including the general public. These KPIs, which measure performance in delivering both service and capital infrastructure, are reported against targets set as part of the annual business planning process. A more detailed set of KPIs is used internally to manage day-to-day business operations.

### New Rapid Transit Corridors

The KPI for new rapid transit corridors measures the number of kilometres of rapid transit (subways, light rail transit and bus) corridors that are under construction, built and in-service. Metrolinx has built and placed in service approximately 39 km of rapid transit since 2013-14. Metrolinx progressed construction on approximately 80 km of rapid transit corridor in 2022-23, as planned. This includes 18 km on the Hurontario corridor, 19



In 2022-23, the priority subway projects continued to advance through the design phase into procurement and construction as planned. Construction on components of the Ontario Line project (approximately 15.6 km) began, and on both the Scarborough Subway Extension (approximately 8 km) and the Eglinton Crosstown West Extension (approximately 9 km) projects continued as planned in 2022-23.

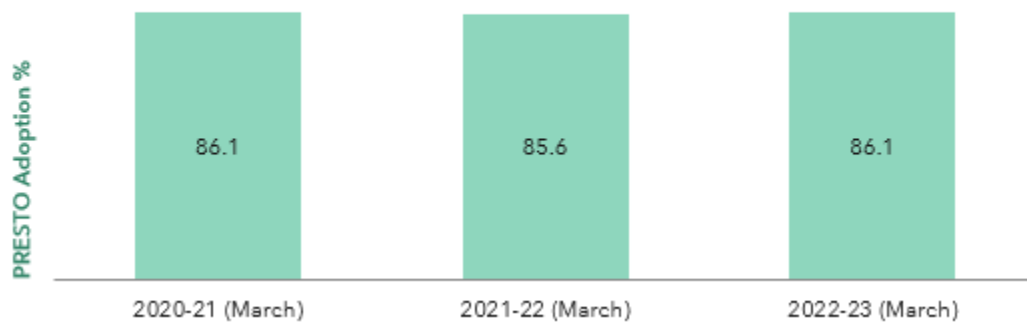


## PRESTO Adoption

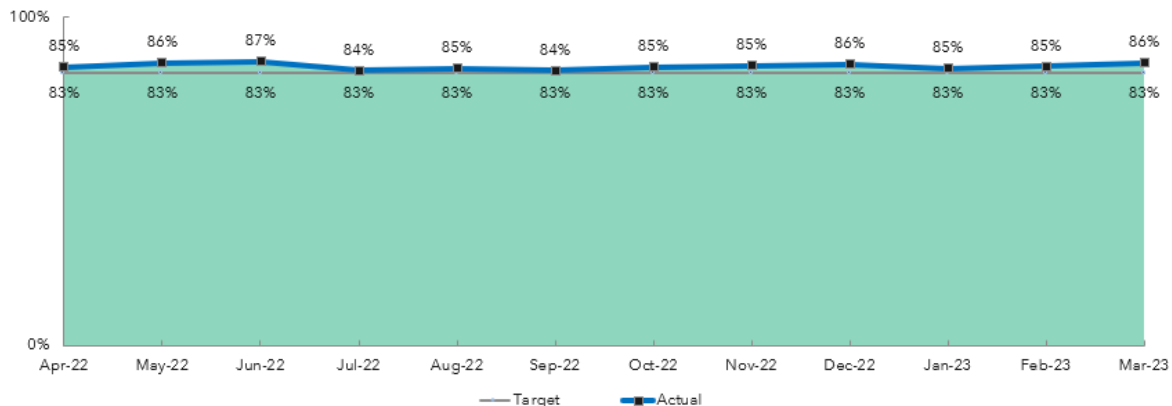
PRESTO Adoption measures the percentage of ridership with fares processed by the PRESTO system. PRESTO Adoption across transit agency partners reached 86.1 per cent for the month of March, to bring the 2022-23 score to 85.2 per cent, surpassing the target of 83 per cent established at the outset of the year. This performance represents a marginal decline of 0.2 points versus the previous fiscal year. Of participating transit agencies, Durham Region Transit saw the largest growth this year, followed by the Hamilton Street Railway.

PRESTO Adoption continues to be supported by the delivery of new fare payment methods. In the past year, these efforts included the expansion of PRESTO contactless payment for credit beyond UP Express to GO Transit and 905 transit agencies and increased ridership for PRESTO e-tickets.

**PRESTO Adoption Rate by Year (in percentage)**



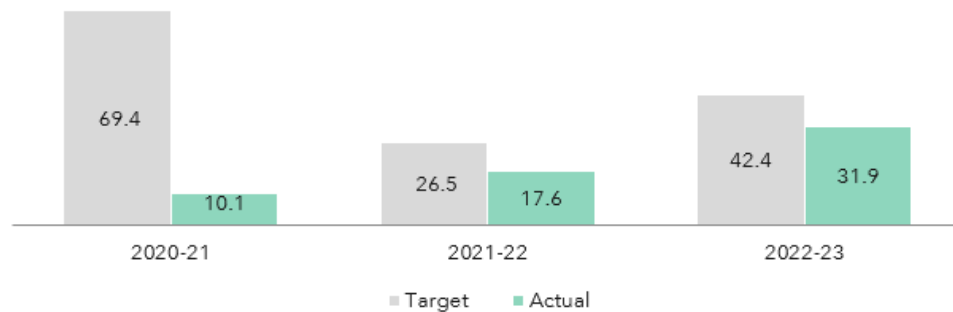
**PRESTO Adoption Trend in 2022-23 (in percentage)**



## Cost Recovery Ratio

The cost recovery ratio (CRR), measured as total revenues to total operating costs (excluding items such as capital adjustments, bid fees, and CTS claims for COVID direct costs), represents the extent to which the organization's operations are self-funded. Metrolinx compares its cost recovery ratios to historical results and to industry benchmarks. Taking into account the impact of COVID-19, Metrolinx's cost recovery ratio is comparable among its North American peers. The CRR in 2022-23 was 31.9 per cent compared to 17.6 per cent in 2021-22 as ridership and revenue continued to recover from COVID-19.

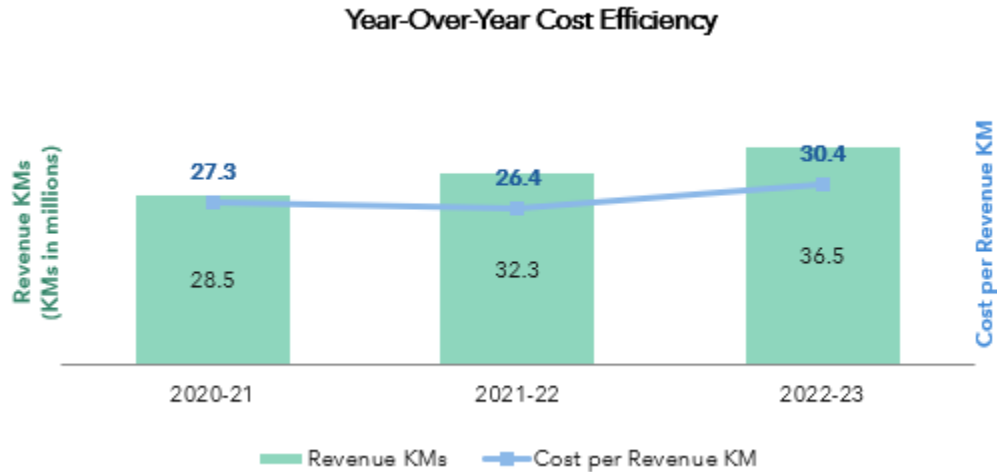
**Cost Recovery Ratio (in percentage)**



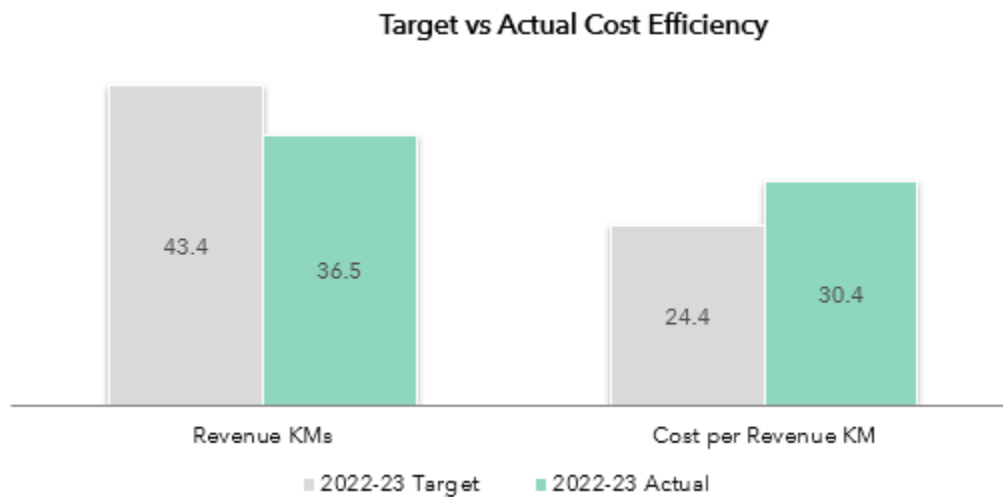
The CRR of 31.9 per cent was lower than the target of 42.4 per cent mainly due to the ongoing presence of COVID-19 and its impact on ridership and revenue. The Omicron variant, provincial public health restrictions, and delays in the region's return-to-office plans were not anticipated when targets were established and have hindered recovery plans. To help mitigate the continued pressure on revenue, Metrolinx strategically modified service levels and length of trains. In addition, Metrolinx has had undiminished focus on business improvement plans to find efficiencies and cost savings while continuing to provide essential public transit service to support post-COVID-19 economic recovery.

## Operations Cost Efficiency

Cost per revenue kilometres is a measure of cost-effective service delivery across all services (GO Rail, GO Bus and UP Express) and factors in direct costs applied to rail and bus against total revenue kilometres delivered. Cost per revenue kilometres is an indicator of the effectiveness of business improvement plans and service adjustments implemented across operations throughout the last year.

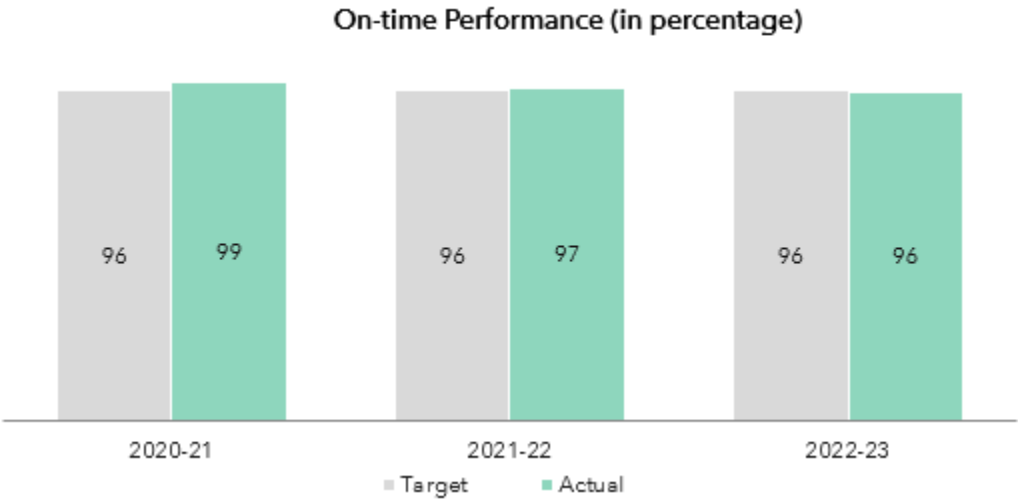


Cost per revenue kilometres in 2022-23 has increased compared to 2021-22. While service increased in 2022-23, fuel prices and inflation have led to higher expenses. These have driven costs higher to a higher cost per revenue kilometre. Looking ahead to 2023-24, fuel prices and inflation appear to be easing. Close adherence to cost controls as well as an increase in revenue kilometres will be key to meeting this target.



**On-Time Performance**

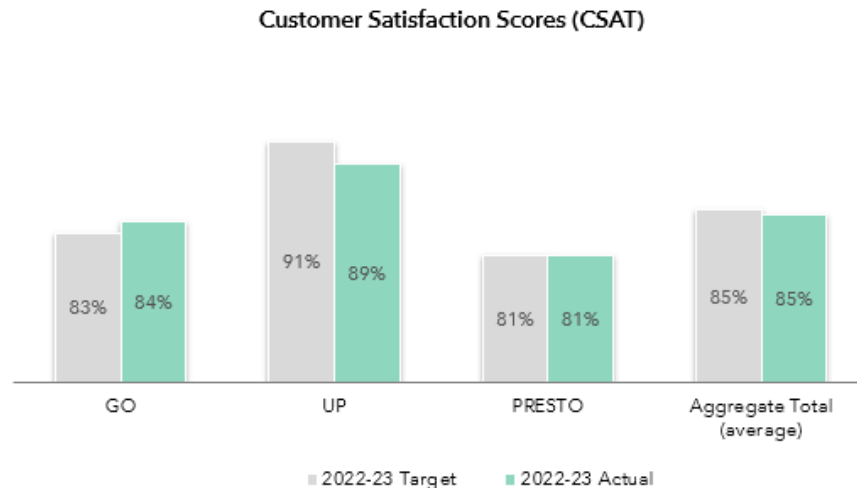
The on-time performance (OTP) key performance indicator measures the number of scheduled trips arriving at their destination on time for the period being measured. The OTP measure for GO Rail is defined as within five minutes of scheduled arrival time and for GO Bus as being within 15 minutes. The OTP measure for UP Express is defined as within five minutes of targeted journey time.



OTP achieved an annual average of 96 per cent based on the combined performance of GO Rail (94 per cent), GO Bus (96 per cent), and UP Express (98 per cent). Compared to last year, the UP Express customer service score dropped by one point. OTP steadily declined from April to September for several reasons: crew shortages, changing demand for transit, and the gradual return of transit and traffic to roads which introduced causes of delay that had not been present for close to two years. Since September, network punctuality and reliability have been increasing gradually, achieving 97 per cent in March 2023. They are on an upward trajectory entering the 2023-24 fiscal year.

## Customer Satisfaction

The Customer Satisfaction (CSAT) annual aggregate score was 85 per cent for Metrolinx's three brands (GO, UP Express and PRESTO), meeting the overall target of 85 per cent.



Metrolinx is committed to providing reliable and punctual transit services to its customers on GO Rail, GO Bus, and UP Express, while also ensuring that customer satisfaction remains high.

GO Transit achieved an annual average of 84 per cent CSAT result for 2022-23, slightly above the target for 2022-23. Delivering dependable and timely transit services customers, while also ensuring high levels of customer satisfaction remained critical priorities in 2022-23. Metrolinx continued to monitor and evaluate performance metrics to identify areas for improvement and took appropriate measures to address any issues affecting on-time performance or customer satisfaction. This included implementing action plans, collaborating with industry partners, and actively engaging with customers and stakeholders to gather feedback and insights.

The correlation between on-time performance and customer satisfaction remained evident throughout the year, with customers who experienced service delays consistently scoring lower satisfaction compared to those who had not experienced any delays. GO Transit recognized the importance of this correlation and worked to improve on-time performance, resulting in higher CSAT results for both rail and bus.

GO Transit focused on improving communication, safety, increasing rail and bus service frequency and reliability, and station maintenance to drive up customer satisfaction. As ridership increased, GO Transit took proactive measures to address customer concerns surrounding COVID-19, which had a positive impact on customer satisfaction.

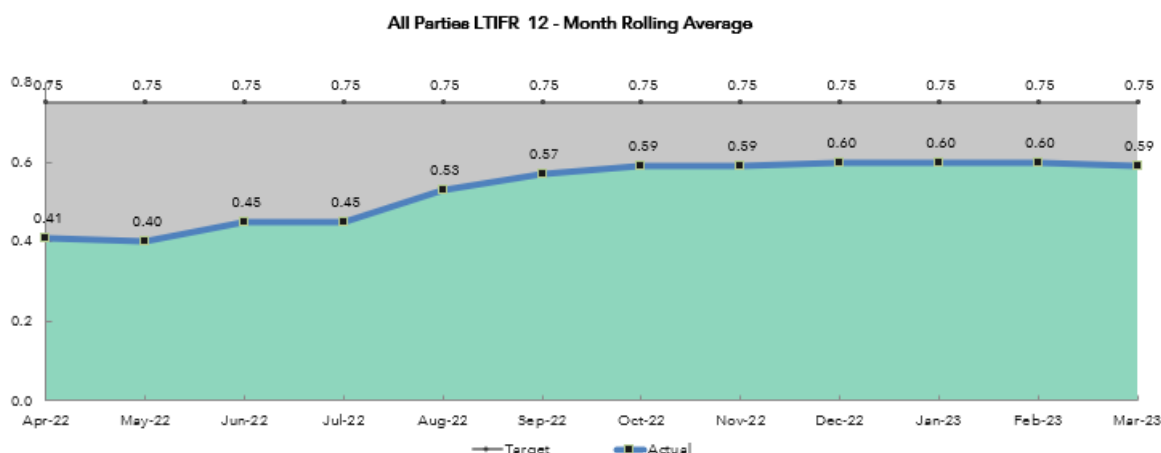
UP Express achieved an annual average of 89 per cent CSAT result, below the 91 per cent target for 2022-23. The reintroduction of 15-minute service in mid-February helped to improve CSAT and was well received by customers. Throughout the year, customers of UP Express also highlighted the convenience of the cleaning stations, the cleanliness of the trains, and overall dependability of the service as evidenced by their positive feedback in the CSAT surveys.

For 2022-23 the focus on continuous improvement resulted in an average PRESTO Customer Satisfaction score of 81 per cent, meeting the target set at the beginning of the year. Throughout the year and in alignment with the customer strategy, Metrolinx:

- Extended the launch of PRESTO Contactless credit card payments to all 905 PRESTO participating transit agencies allowing customers to pay for transit by credit card
- Ensured the PRESTO system and devices operated with exceedingly high reliability for customers
- Focused on continuous improvements of our customer-facing physical and digital channels, with more than 500 customer-facing changes, small and large, implemented throughout the year, including content updates and improvements to web and app performance
- Expanded the PRESTO Perks program, which provides cardholders with discounts on attractions and events, partnering with more than 74 organizations

## Safety - Lost Time Injury Frequency Rate

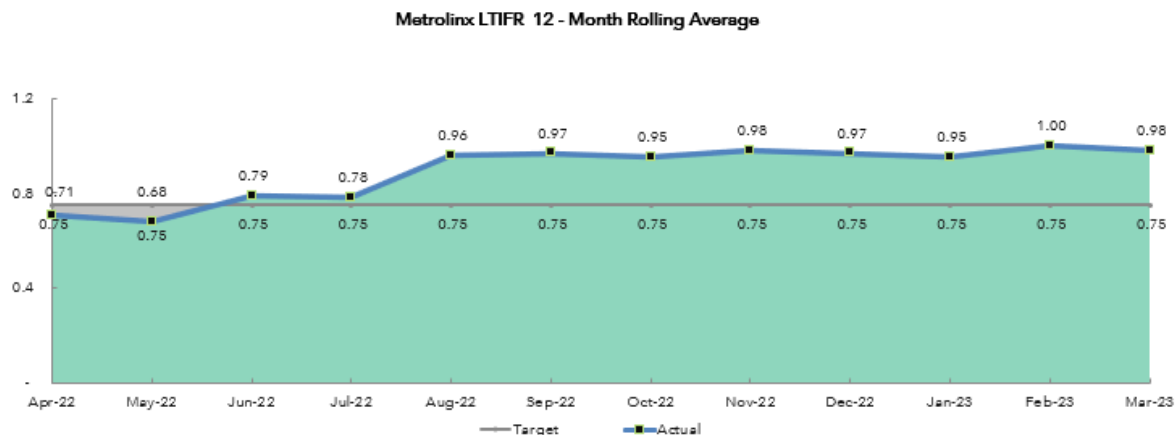
The Lost Time Injury Frequency Rate (LTIFR) is measured as the number of lost time injuries (an injured worker who is unable to come back to work the next day), reported on a 12-month rolling average. The calculation also includes the loss of wages or a permanent disability/impairment per 200,000 hours worked.



In 2022-23, Metrolinx adjusted its target LTIFR from 1.00 to 0.75 to further drive improvements in its injury rate. The all-parties consolidated rate includes Metrolinx employees, construction contractors, and engineering and maintenance contractors.

With the return to service of most of the network, and subsequent increase in service, workers, and passengers, Metrolinx experienced an increase in LTIFR, which plateaued in October 2022 and has remained at similar levels since then. Lost-time injuries (LTIs) may be affected by several factors, including exertion, environmental conditions (rain, snow, ice), human error, and job duties (e.g., arrest or apprehension of individuals, lifting, repetitive motions).

In March 2023, Metrolinx achieved a Lost Time Injury Frequency Rate for All Parties of 0.59/200,000 hours worked, against a target of 0.75. Since 2017, LTIFR has seen a decline year-over-year in the number of lost-time injuries reported. Given progress to date, the target was lowered to 0.5 for 2023-24.

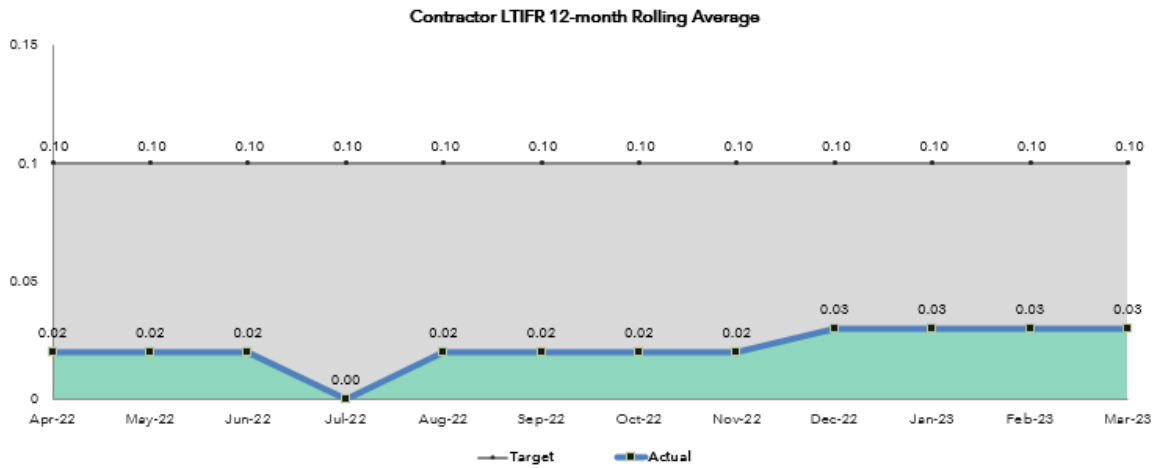


Metrolinx continued to measure our employee (individuals employed directly by Metrolinx) LTIFR as a component of the All-Parties LTIFR. In 2022-23, the agency closed the employee LTIFR at 0.98, which has remained relatively consistent from August 2022 onwards.

In 2021, the MySafety safety incident management system was launched, which resulted in a dramatic increase of reporting of safety incidents across the organization and improved the ability of the agency to investigate incidents. Investigations feed into targeted actions to mitigate and/or correct the root causes of incidents.

To improve the employee LTIFR, Metrolinx reviewed the make up of all incidents to understand where the highest frequency of injuries is occurring. Data from 2022-23 data shows the majority of Metrolinx employee LTIs were from Bus Services (52 per cent). A deep dive analysis of all LTIs within Bus Services was initiated by the new Director of Bus Safety and 276 LTIs, from between 2018 and 2020, were reviewed. The most frequently reported incidents were identified as overexertion; slips, trips, and falls; and struck against.

Bus Services has initiated a comprehensive Lost Time Injury Reduction Plan. As part of this plan, actions include assessment of paved surfaces at targeted sites, with temporary and long-term corrective actions; roll-out of slips, trips and falls training; and installation of foam protectors on targeted buses to prevent struck against injuries. This plan is designed to help drive down the current Bus LTIFR from 2.6 to 2.0 by March 2024.



The Metrolinx Construction Contractor LTIFR at the close of the 2022-23 fiscal stands at 0.03 – consistent since January 2023. The current rate falls well below the target of 0.10, the Ontario construction rate group average target of 1.12 and the Ontario General Contractors Association Members target average of 0.36.

A new audit approach is being rolled out to improve construction safety assurance through auditing of contractors’ site-specific safety plans and associated programs. The audit program will cover contractor compliance with contractor safety management systems, corrective action plans from incidents, contractual obligations, regulatory requirements and Metrolinx standards.

# Metrolinx

Financial Statements

**March 31, 2023**



## Independent auditor's report

To the Board of Directors of Metrolinx

---

### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Metrolinx (the Organization) as at March 31, 2023 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2023;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of remeasurement gains and losses for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

---

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the Annual Report.

PricewaterhouseCoopers LLP  
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2  
T: +1 416 863 1133, F: +1 416 365 8215, ca\_toronto\_18\_york\_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

---

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting



a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
June 29, 2023

# Metrolinx

## Statement of Financial Position As at March 31, 2023

(in thousands of dollars)

|                                                                           | 2023<br>\$ | 2022<br>Restated<br>\$<br>(note 3) |
|---------------------------------------------------------------------------|------------|------------------------------------|
| <b>Assets</b>                                                             |            |                                    |
| <b>Current assets</b>                                                     |            |                                    |
| Cash and cash equivalents (note 5)                                        | 438,312    | 704,297                            |
| Accounts and other receivables (note 8)                                   | 239,170    | 260,753                            |
| Contributions receivable (note 9)                                         | 2,623,130  | 1,843,122                          |
| Spare parts and supplies                                                  | 26,907     | 24,894                             |
| Prepaid expenses                                                          | 62,615     | 29,760                             |
|                                                                           | 3,390,134  | 2,862,826                          |
| <b>Contributions due from Province of Ontario - long-term</b> (note 12)   | 3,182,580  | 2,768,328                          |
| <b>Other assets</b> (note 6)                                              | 90,368     | 97,403                             |
| <b>Capital assets</b> (note 7)                                            | 36,590,079 | 32,283,920                         |
| <b>Deposits on land</b> (note 10)                                         | 176,634    | 255,164                            |
| <b>Advances on capital projects</b> (note 10)                             | 169,456    | 198,298                            |
| <b>Long-term lease</b> (note 11)                                          | 25,264     | 25,591                             |
|                                                                           | 43,624,515 | 38,491,530                         |
| <b>Liabilities</b>                                                        |            |                                    |
| <b>Current liabilities</b>                                                |            |                                    |
| Accounts payable and accrued liabilities (notes 17)                       | 3,316,153  | 2,800,752                          |
| PRESTO Farecard E-Purse (note 5)                                          | 122,591    | 111,655                            |
| Liabilities for asset retirement obligations - current (note 25)          | 6,182      | 12,786                             |
| Derivatives (note 24)                                                     | 2,351      | -                                  |
|                                                                           | 3,447,277  | 2,925,193                          |
| <b>Long-term payable</b> (note 12)                                        | 3,182,580  | 2,768,328                          |
| <b>Liabilities for asset retirement obligations - long-term</b> (note 25) | 219,837    | 212,654                            |
| <b>Deferred capital contributions</b> (note 13)                           | 31,822,854 | 28,200,702                         |
| <b>Pension plan top-up benefits payable</b> (note 15)                     | 66,111     | 70,007                             |
| <b>Other employee future benefits payable</b> (note 16)                   | 167,174    | 166,702                            |
|                                                                           | 38,905,833 | 34,343,586                         |
| <b>Net Assets</b>                                                         |            |                                    |
| <b>Invested in capital assets</b> (note 18)                               | 4,881,233  | 4,311,240                          |
| <b>Invested in long-term lease</b> (note 11)                              | 25,264     | 25,591                             |
| <b>Internally restricted</b> (note 19)                                    | 26,332     | 26,332                             |
| <b>Deficiency of net unrestricted assets</b>                              | (211,796)  | (215,219)                          |
|                                                                           | 4,721,033  | 4,147,944                          |
| <b>Accumulated remeasurement gains and losses</b> (note 24)               | (2,351)    | -                                  |
|                                                                           | 43,624,515 | 38,491,530                         |
| <b>Economic dependence</b> (note 2)                                       |            |                                    |
| <b>Commitments</b> (note 20)                                              |            |                                    |
| <b>Contingencies</b> (note 21)                                            |            |                                    |

### Approved by the Board of Directors

*Donald A. Wright*

Director

*B. Davis*

Director

The accompanying notes are an integral part of these financial statements.

# Metrolinx

## Statement of Operations

For the year ended March 31, 2023

(in thousands of dollars)

|                                                          | 2023<br>\$       | 2022<br>\$       |
|----------------------------------------------------------|------------------|------------------|
| <b>Revenues</b>                                          |                  |                  |
| Operating                                                | 424,502          | 193,090          |
| Third party construction revenue                         | 21,650           | 25,453           |
| Contribution from the Province of Ontario                | 1,001,887        | 946,172          |
| Interest income                                          | 28,745           | 7,948            |
| Amortization of deferred capital contributions (note 13) | 1,030,054        | 963,687          |
|                                                          | <u>2,506,838</u> | <u>2,136,350</u> |
| <b>Expenses</b>                                          |                  |                  |
| Supplies and services                                    | 263,157          | 234,149          |
| Equipment maintenance                                    | 140,046          | 117,319          |
| Facilities and track                                     | 173,352          | 156,818          |
| Labour and benefits                                      | 498,614          | 410,095          |
| Rail and bus operations                                  | 436,029          | 335,983          |
| Third party construction expense                         | 21,677           | 26,259           |
| Amortization of capital assets                           | 1,004,680        | 935,460          |
| Amortization of long-term lease                          | 327              | 327              |
| Gain on disposal and write-down of capital assets        | (9,041)          | (68,957)         |
|                                                          | <u>2,528,841</u> | <u>2,147,453</u> |
| <b>Excess of expenses over revenues</b>                  | <u>(22,003)</u>  | <u>(11,103)</u>  |

The accompanying notes are an integral part of these financial statements.

# Metrolinx

## Statement of Changes in Net Assets

For the year ended March 31, 2023

(in thousands of dollars)

|                                                                                                  | 2023                                                |                                                          |                                                              |                                  |                  | 2022<br>Restated<br>(note 3) |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|----------------------------------|------------------|------------------------------|
|                                                                                                  | Invested<br>in capital<br>assets<br>\$<br>(note 18) | Invested<br>in long-<br>term<br>lease<br>\$<br>(note 11) | Internally<br>restricted<br>net<br>assets<br>\$<br>(note 19) | Unrestricted<br>deficiency<br>\$ | Total<br>\$      | Total<br>\$<br>(note 3)      |
| <b>Balance – Beginning of year</b>                                                               | 4,311,240                                           | 25,591                                                   | 26,332                                                       | (215,219)                        | 4,147,944        | 3,520,557                    |
| Excess of expenses over revenues                                                                 | -                                                   | -                                                        | -                                                            | (22,003)                         | (22,003)         | (11,103)                     |
| Amortization – net of amortization<br>to revenue                                                 | (9,076)                                             | (327)                                                    | -                                                            | 9,403                            | -                | -                            |
| Land acquisitions including<br>deposits                                                          | 595,092                                             | -                                                        | -                                                            | -                                | 595,092          | 709,164                      |
| Disposal of land                                                                                 | (16,023)                                            | -                                                        | -                                                            | 16,023                           | -                | -                            |
| Public Sector Accounting Board<br>adjustment for liabilities for<br>asset retirement obligations | -                                                   | -                                                        | -                                                            | -                                | -                | (70,674)                     |
| <b>Balance – End of year</b>                                                                     | <b>4,881,233</b>                                    | <b>25,264</b>                                            | <b>26,332</b>                                                | <b>(211,796)</b>                 | <b>4,721,033</b> | <b>4,147,944</b>             |

The accompanying notes are an integral part of these financial statements.

# Metrolinx

## Statement of Cash Flows

For the year ended March 31, 2023

(in thousands of dollars)

|                                                                               | 2023<br>\$  | 2022<br>Restated<br>\$<br>(note 3) |
|-------------------------------------------------------------------------------|-------------|------------------------------------|
| <b>Cash provided by (used in)</b>                                             |             |                                    |
| <b>Operating activities</b>                                                   |             |                                    |
| Excess of expenses over revenues                                              | (22,003)    | (11,103)                           |
| Amortization of capital assets and long-term lease                            | 1,005,007   | 935,787                            |
| Gain on disposal and write-down of capital assets                             | (9,041)     | (68,957)                           |
| Amortization of deferred capital contributions                                | (1,030,054) | (963,687)                          |
| Employee future benefits – net of payments                                    | (3,424)     | 3,890                              |
|                                                                               | (59,515)    | (104,070)                          |
| Change in non-cash working capital                                            |             |                                    |
| Investments                                                                   | -           | 3,589                              |
| Accounts and other receivables                                                | 21,583      | 58,899                             |
| Spare parts and supplies                                                      | (2,013)     | (3,679)                            |
| Prepaid expenses                                                              | (32,855)    | 15,585                             |
| Accounts payable and accrued liabilities                                      | 8,793       | (1,609)                            |
| PRESTO Farecard E-Purse                                                       | 10,936      | 6,430                              |
| Other assets                                                                  | 7,035       | (21,259)                           |
|                                                                               | (46,036)    | (46,114)                           |
| <b>Capital activities</b>                                                     |             |                                    |
| Purchase of capital assets                                                    | (3,986,410) | (4,043,405)                        |
| Proceeds from sale of capital assets                                          | 59,515      | 104,071                            |
| Deposits on land (note 18)                                                    | (176,634)   | (255,164)                          |
| Advances on capital projects (note 10)                                        | (169,456)   | (198,298)                          |
|                                                                               | (4,272,985) | (4,392,796)                        |
| <b>Financing activities</b>                                                   |             |                                    |
| Grants received for purchase of land                                          | 595,092     | 709,164                            |
| Capital contributions                                                         | 3,457,944   | 3,922,372                          |
|                                                                               | 4,053,036   | 4,631,536                          |
| <b>Net change in cash, cash equivalents and restricted cash</b>               | (265,985)   | 192,626                            |
| <b>Cash and cash equivalents – Beginning of year</b>                          | 704,297     | 511,671                            |
| <b>Cash and cash equivalents – End of year</b>                                | 438,312     | 704,297                            |
| <b>Supplemental cash flow information</b>                                     |             |                                    |
| Non-cash capital activities                                                   |             |                                    |
| Change in accounts payable and accrued liabilities relating to capital assets | 506,608     | 1,197,785                          |
| Change in liabilities for asset retirement obligations                        | 579         | 225,440                            |
| Change in long-term capital payable                                           | 414,252     | (346,301)                          |
| Non-cash financing activities                                                 |             |                                    |
| Change in capital contributions receivable                                    | (780,008)   | (1,063,115)                        |
| Change in contribution due from Province                                      | (414,252)   | 346,301                            |

The accompanying notes are an integral part of these financial statements.

## Metrolinx

### Statement of Remeasurement Gains and Losses

For the year ended March 31, 2023

(in thousands of dollars)

|                                                                                               | 2023<br>\$ | 2022<br>\$ |
|-----------------------------------------------------------------------------------------------|------------|------------|
| <b>Balance – Beginning of year</b>                                                            | -          | -          |
| <b>Unrealized gains (losses) attributable to</b><br>Forward fuel purchase contracts (note 24) | (2,351)    | -          |
| <b>Balance – End of year</b>                                                                  | (2,351)    | -          |

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

## 1 Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario (MTO). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006, which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area (GTHA), to transform mobility and connect communities across the Greater Golden Horseshoe (GGH). Taking a regional approach, Metrolinx brings together the Province of Ontario (the Province), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a business unit of Metrolinx that operates an inter-regional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the GTHA, including the cities of Toronto and Hamilton. GO Transit also serves the regions of Halton, Peel, York, Durham, Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener, London and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson (UP) Express provides high quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. The UP Express began operations on June 6, 2015.

PRESTO is a business unit that operates the PRESTO fare system. In its current state, PRESTO uses smart card technology to replace the need for tickets, tokens, passes or cash, and also offers payment with Debit and Credit cards on almost all Transit Agencies, providing transit users with seamless travel across boundaries.

## 2 Economic dependence

Metrolinx currently generates revenues primarily from the provision of transportation services provided by GO Transit, UP Express and PRESTO card services.

In addition, Metrolinx receives government grants:

- from all three levels of government to support its investment in capital infrastructure to be used in the delivery of current and future transportation services; and
- through an annual operating subsidy from the Province of Ontario to further support the delivery of transportation services.

The ability of Metrolinx to continue to offer and grow its services and meet its obligations is dependent on the ongoing government grants it receives as outlined above. As a Crown agency of the Government of Ontario, Metrolinx receives subsidy funding every year from the Province to cover for the shortfall between operating revenues and expenses, and capital funding for infrastructure renewal and expansion.

(in thousands of dollars)

**3 Summary of significant accounting policies**

**Financial statement presentation**

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) for government, including not-for-profit organizations, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

**Financial instruments**

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

Financial instruments reported on the statement of financial position of Metrolinx are measured as follows:

|                                                        |                |
|--------------------------------------------------------|----------------|
| Cash and cash equivalents                              | amortized cost |
| Investments                                            | amortized cost |
| Accounts and other receivables                         | amortized cost |
| Contributions receivable                               | amortized cost |
| Contributions due from Province of Ontario – long-term | amortized cost |
| Derivatives                                            | fair value     |
| Accounts payable and accrued liabilities               | amortized cost |
| PRESTO Farecard E-Purse                                | amortized cost |
| Long-term payable                                      | amortized cost |

The fair value of Metrolinx’s cash and cash equivalents, investments, accounts and other receivables, contributions receivable, accounts payable and accrued liabilities and PRESTO Farecard E-Purse approximate their carrying values due to the short-term nature of these financial instruments. Fair value represents the amount that would be exchanged in an arm’s length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx’s fair values are management’s estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

From time to time, Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments’ fair value are recognized in the statement of remeasurement gains and losses.

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and highly liquid short-term investments with maturities of three months or less at the time of purchase.

(in thousands of dollars)

**Investments**

Investments include highly liquid short-term investments with maturities of more than three months, but not exceeding a year at the time of purchase.

**Spare parts and supplies**

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method.

**Capital assets**

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Capital assets derived through an Alternate Financing Procurement (AFP) contract for design, build, finance, maintain and operate will contain a portion of the capital design and construction costs that will be paid on substantial completion of the construction of the capital asset and the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. Annual service payments and lifecycle payments will be paid annually over the term of the contract.

**Amortization**

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

|                                                  |               |
|--------------------------------------------------|---------------|
| Buildings (including shelters and ticket booths) | 5 – 40 years  |
| Leasehold improvements                           | lease life    |
| Locomotives and other railway rolling stock      | 20 – 30 years |
| Improvements to railway right-of-way plant       | 20 years      |
| Track work and installation                      | 20 years      |
| Buses (including double decker buses)            | 10 years      |
| Parking lots                                     | 20 years      |
| Computer equipment and software                  | 5 – 10 years  |
| Grade separations                                | 50 years      |
| Other (including furniture and equipment)        | 3 – 12 years  |

(in thousands of dollars)

Construction-in-progress comprises direct construction and development costs. No amortization is recorded until the assets are in service.

**Long-term lease**

Long-term lease represents the pre-payment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, which is the term of the lease plus one renewal period.

**Pension plan top-up benefits and other employee future benefits**

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System (OMERS) Pension Plan. The expense for the period equals the required contribution for the period.

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method, which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method, which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

**Operating revenues**

Operating revenues comprise fare revenues from transit operations, including bus and rail services and non-fare revenues from various services including partnership, parking, advertising, farecard sales, commercial space rent and other ancillary services. Revenue from commuter services is recognized when the transportation service is provided. Other revenues are recognized when the transaction or event has occurred, Metrolinx expects to obtain future economic benefits and the performance obligation related to the underlying services or goods has been met.

**Third party construction revenue and expense**

Third party construction revenue comprises revenues from third party reimbursements of capital assets ultimately owned by third parties. Revenue is recognized when a transaction or event has occurred and Metrolinx expects to obtain future economic benefits. Third party construction expense comprises expenditures incurred on capital assets ultimately owned by third parties. Expenses are recognized on an accrual basis.

**Contributions**

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants, are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets other than land. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

(in thousands of dollars)

Contributions received for the acquisition of land, including deposits for land, are recognized as direct increases in net assets.

**Internally restricted net assets**

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties that may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

**Liabilities for contaminated sites**

Metrolinx reports environmental liabilities related to the management and remediation of contaminated sites where Metrolinx is directly responsible or accepts responsibility to incur such costs. Metrolinx assessed and developed a complete inventory of all contaminated sites, as defined under PSAS and environmental regulations. The remediation cost is calculated based on the best available information, and is reviewed on an annual basis.

**Liabilities for asset retirement obligations**

Metrolinx reports liabilities related to legal obligations where Metrolinx is obligated to incur costs to retire a tangible capital asset. An asset retirement obligation (ARO) liability has been recorded for activities to fulfill the retirement of obligations identified based on estimations for the extent and cost of activities to fulfill the requirements of the obligations.

A significant part of the ARO liability results from the removal and disposal of designated substances such as asbestos from Metrolinx's buildings and bridges, and retirement activities legally required related to tanks and leases. The measurement of AROs is also impacted by the activities that occurred to settle all or part of the obligation in the year, or any changes in the legal obligation. On initial recognition of an ARO the cost of the associated asset in productive use is increased by the amount recognized and amortized over the remaining useful life of that asset. Subsequently, revisions to the estimated cost of the obligation will result in changes to the carrying amount of the associated assets that are in productive use and amortized over the remaining useful life of that asset.

To estimate the liabilities for large portfolios of similar buildings with asbestos and other designated substances and retirement activities legally required related to tanks, Metrolinx uses experts' assessments on the extent and nature of the retirement activities for the asset to measure the liability, and this information is extrapolated to a group of similar assets. To estimate the liabilities for bridges with designated substances, Metrolinx uses historical costs to measure the ARO liability and extrapolates the findings.

To estimate the liabilities for the removal of leasehold improvements, Metrolinx uses historical costs or an expert's assessment of an appropriate rate to measure the ARO liability and extrapolates the findings. As more information becomes available on specific assets, the liability is revised to be asset-specific.

Metrolinx discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate would be reflective of the risks specific to the asset retirement liability. As at March 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

### *Prior Period Adjustment*

On April 1, 2022, Metrolinx implemented the Accounting Standard PS 3280 Asset Retirement Obligations. The adjustment has been accounted for on a modified retroactive basis with prior period restatements as follows:

|                                                                                               | March 31,<br>2022<br>Previously<br>Reported<br>\$ | Prior Period<br>Adjustment<br>\$ | March 31,<br>2022<br>Restated<br>\$ |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------|-------------------------------------|
| <b>Statement of financial position</b>                                                        |                                                   |                                  |                                     |
| Capital assets                                                                                | 32,129,154                                        | 154,766                          | 32,283,920                          |
| Liabilities for asset retirement obligations –<br>current                                     | -                                                 | 12,786                           | 12,786                              |
| Liabilities for asset retirement obligations –<br>long-term                                   | -                                                 | 212,654                          | 212,654                             |
| Net assets – invested in capital assets                                                       | 4,381,914                                         | (70,674)                         | 4,311,240                           |
| <b>Statement of changes in net assets</b>                                                     |                                                   |                                  |                                     |
| Public Sector Accounting Board adjustment for<br>liabilities for asset retirement obligations | -                                                 | (70,674)                         | -                                   |
| Net assets – End of the year                                                                  | 4,218,618                                         | (70,674)                         | 4,147,944                           |
| <b>Statement of cash flows</b>                                                                |                                                   |                                  |                                     |
| <i>Non-cash capital activities</i>                                                            |                                                   |                                  |                                     |
| Change in liabilities for asset retirement<br>obligations                                     | -                                                 | 225,440                          | 225,440                             |

### **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are capital assets valuation, impairment and amortization, certain accrued liabilities, liabilities for asset retirement obligations, pension plan top-up benefits payable and other employee future benefits payable.

## **4 Financial instruments and risk management**

Metrolinx's financial assets and liabilities have exposure to the following risks:

### **Credit risk**

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal, as most of the receivables are from federal, provincial and municipal governments and other organizations under common control of the Province of Ontario.

(in thousands of dollars)

**Interest rate risk**

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities, as they are primarily with related parties and are non-interest bearing or as a result of AFP contractual agreements.

**Other price risk**

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption. There are three outstanding diesel purchase contracts as at March 31, 2023.

**5 PRESTO Farecard E-Purse balances**

The balance of funds held in PRESTO Farecard E-Purse in the amount of \$122,591 (2022 – \$111,655) has been included in cash and cash equivalents. The E-Purse balance is held on behalf of the farecard owner and, therefore, a liability is recorded on the statement of financial position.

**6 Other assets**

Included in other assets is an amount of \$65,042 (2022 – \$66,144) relating to enhanced quality warranties for a period of 30 years. As at March 31, 2023, the underlying assets that the warranties relate to have not been put into service.

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

### 7 Capital assets

|                                                 | 2023       |                                   | 2022       |            | ARO<br>Adjustment<br>(note 3) | 2022<br>Restated |
|-------------------------------------------------|------------|-----------------------------------|------------|------------|-------------------------------|------------------|
|                                                 | Cost<br>\$ | Accumulated<br>amortization<br>\$ | Net<br>\$  | Net<br>\$  | Net<br>\$                     | Net<br>\$        |
| Land                                            | 4,265,863  | -                                 | 4,265,863  | 3,559,599  | 9,596                         | 3,569,195        |
| Buildings                                       | 2,618,116  | 928,257                           | 1,689,859  | 1,629,938  | 8,436                         | 1,638,374        |
| Leasehold improvements                          | 115,027    | 69,799                            | 45,228     | 47,275     | 3,588                         | 50,863           |
| Locomotives and other railway rolling stock     | 3,778,143  | 1,607,964                         | 2,170,179  | 2,298,766  | -                             | 2,298,766        |
| Improvements to railway right-of-way plant      | 1,731,830  | 1,062,823                         | 669,007    | 665,251    | 21,480                        | 686,731          |
| Grade separations, track work and installations | 4,794,693  | 1,474,573                         | 3,320,120  | 3,196,916  | 97,126                        | 3,294,042        |
| Construction-in-progress                        | 21,310,334 | -                                 | 21,310,334 | 17,435,835 | 12,046                        | 17,447,881       |
| Buses                                           | 437,216    | 245,579                           | 191,637    | 236,166    | -                             | 236,166          |
| Parking lots                                    | 1,342,198  | 520,917                           | 821,281    | 727,964    | 228                           | 728,192          |
| Computer equipment and software                 | 2,454,898  | 1,659,898                         | 795,000    | 968,181    | -                             | 968,181          |
| Other                                           | 1,780,732  | 469,161                           | 1,311,571  | 1,363,263  | 2,266                         | 1,365,529        |
|                                                 | 44,629,050 | 8,038,971                         | 36,590,079 | 32,129,154 | 154,766                       | 32,283,920       |

Construction-in-progress includes the following:

|                                          | 2023<br>\$ | 2022<br>\$ | ARO<br>Adjustment<br>\$<br>(note 3) | 2022<br>Restated<br>\$ |
|------------------------------------------|------------|------------|-------------------------------------|------------------------|
| Rail corridor expansion                  | 2,486,094  | 1,904,722  | -                                   | 1,904,722              |
| Union Station                            | 555,330    | 637,679    | -                                   | 637,679                |
| Rail fleet                               | 64,296     | 48,414     | -                                   | 48,414                 |
| PRESTO system                            | 102,410    | 45,563     | -                                   | 45,563                 |
| Light Rail Transit and Bus Rapid Transit | 11,942,386 | 10,953,910 | -                                   | 10,953,910             |
| Subways                                  | 3,366,113  | 1,635,830  | -                                   | 1,635,830              |
| Other                                    | 2,793,705  | 2,209,717  | 12,046                              | 2,221,763              |
|                                          | 21,310,334 | 17,435,835 | 12,046                              | 17,447,881             |

#### Subway projects

Regulations under the Metrolinx Act, 2006 were passed in July 2019 to formalize the Province taking control of the planning, design and construction of the Scarborough Subway Extension, Yonge North Subway Extension and Relief Line (replaced by the Ontario Line) from the City of Toronto (the City) and the Toronto Transit Commission (TTC). As a result, these subway projects became the sole responsibility of Metrolinx. In August 2019, the subway contracts were transferred from the TTC to Metrolinx, which provided Metrolinx with the ability to procure and manage the design and development activities.

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

In February 2020, the City and the Province signed a preliminary agreement (Ontario-Toronto Transit Partnership) that noted, amongst other items, that the Province will undertake a financial review and reconciliation exercise with the City, related to the investments made by the TTC to fund the planning, design and engineering work for these subway projects. Subject to the outcome of the exercise, the Province commits to reimburse the City for reasonable costs incurred for these projects.

The Province and the City are currently working to finalize the partnership through a governance structure and agreements framework that will codify roles and responsibilities of the respective parties regarding the delivery of the rapid transit projects, capital funding contributions, operations and maintenance requirements and other governance parameters. In addition, the aforementioned financial review and reconciliation exercise between the Province and the City is not yet completed. Accordingly, Metrolinx has not recognized any amounts in the financial statements for the year ended March 31, 2023 pertaining to amounts incurred by the TTC prior to September 1, 2019.

### 8 Accounts and other receivables

Accounts and other receivables comprise the following:

|                                                     | 2023<br>\$ | 2022<br>\$ |
|-----------------------------------------------------|------------|------------|
| Recoverable harmonized sales tax                    | 70,526     | 86,144     |
| Third party reimbursements                          | 50,012     | 55,690     |
| Other receivables                                   | 43,845     | 44,132     |
|                                                     | <hr/>      | <hr/>      |
|                                                     | 164,383    | 185,966    |
| Sunk project costs recoverable from City of Toronto | 74,787     | 74,787     |
|                                                     | <hr/>      | <hr/>      |
|                                                     | 239,170    | 260,753    |

Included in accounts and other receivables is \$74,787 (2022 – \$74,787) related to the design of the Light Rail Transit (LRT) Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2016 and does not include costs related to any contract amendments or cancellations with third party vendors. On October 8, 2013, the City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough subway. The City of Toronto has agreed to reimburse Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from construction-in-progress to non-interest bearing accounts receivable. The receivable is expected to be settled in connection with the negotiations related to the subway upload transaction with the City (note 7).

### 9 Contributions receivable

Contributions receivable comprise the following:

|                                                 | 2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------|------------|------------|
| Contributions due from Province of Ontario      | 2,511,563  | 1,735,760  |
| Contributions due from Municipalities (note 13) | 95,656     | 95,461     |
| Contributions due from Government of Canada     | 11,839     | 11,839     |
| Contributions due from other organizations      | 4,072      | 62         |
|                                                 | <hr/>      | <hr/>      |
|                                                 | 2,623,130  | 1,843,122  |

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

### 10 Deposits on land and advances on capital projects

Deposits on land and advances on capital projects comprise the following:

|                                                 | 2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------|------------|------------|
| York Region                                     | 135,053    | 243,896    |
| TTC                                             | 3,368      | 3,368      |
| Other land deposits                             | 38,213     | 7,900      |
| Total deposits on land                          | 176,634    | 255,164    |
|                                                 | 2023<br>\$ | 2022<br>\$ |
| York Region                                     | 13,726     | 14,512     |
| Alstom Transport Canada Inc.                    | 77,432     | 116,265    |
| Ontario Northland Transportation Commission     | 37,283     | 39,025     |
| Crosslinx Transit Solutions General Partnership | 10,319     | 10,020     |
| Kiewit Alberici Union General Partnership       | 8,775      | -          |
| Other advances on capital projects              | 21,921     | 18,476     |
| Total advances on capital projects              | 169,456    | 198,298    |

Metrolinx has entered into Memorandum of Agreements (MOAs) with York Region Rapid Transit Corporation (YRRTC), The Regional Municipality of York (York Region), City of Toronto and the TTC. The MOAs outline the projects, expected costs and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with the TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT. The Master Agreement also covers project governance and costs related to the East Rail Maintenance Facility AFP.

Pursuant to these agreements, advances were paid to York Region and to the TTC to provide working capital for deposits on land totalling \$138,421 (2022 – \$247,264) and advances on capital projects totalling \$13,726 (2022 – \$14,512) to fund projects being developed by York Region and TTC on behalf of Metrolinx. The deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

Other advances on capital projects include: \$77,432 (2022 – \$116,265) paid to Alstom Transport Canada Inc., of which \$38,763 (2022 – \$45,033) was for the refurbishment of 150 bi-level rail cars for GO Expansion and \$38,669 (2022 – \$71,232) for signaling changes for the Ontario Line; \$37,283 (2022 – \$39,025) paid to Ontario Northland Transportation Commission for the refurbishment of 150 bi-level rail cars for GO Expansion ; \$10,319 (2022 – \$10,020) paid to Crosslinx Transit Solutions General Partnership for the ECLRT project in support of community and developer relations; \$8,775 (2022 – \$nil) paid to Kiewit Alberici Union General Partnership (KAGP) for the construction of utilities, platforms and tracks for GO Expansion; \$21,921 (2022 – \$18,476) in various other advances.

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

### 11 Long-term lease

|                           | 2023       |                                   | 2022      |
|---------------------------|------------|-----------------------------------|-----------|
|                           | Cost<br>\$ | Accumulated<br>amortization<br>\$ | Net<br>\$ |
| Leasehold – Union Station | 32,704     | 7,440                             | 25,264    |
|                           |            |                                   | 25,591    |

### 12 Contributions due from Province of Ontario – long-term and long-term payable

Since 2015, Metrolinx and Infrastructure Ontario have entered into various AFP agreements with contractors. Costs incurred on these contracts as at March 31, 2023 are as follows and are included in construction-in-progress.

|                                                   | Hurontario<br>LRT<br>\$ | Whitby<br>\$ | Eglinton<br>Crosstown<br>LRT<br>\$ | Finch West<br>LRT<br>\$ | Ontario<br>Line<br>\$ | Lakeshore<br>West<br>\$ | Eglinton<br>Crosstown<br>West<br>Extension<br>\$ | Scarborough<br>Subway<br>Extension<br>\$ | 2023<br>\$ | 2022<br>\$ |
|---------------------------------------------------|-------------------------|--------------|------------------------------------|-------------------------|-----------------------|-------------------------|--------------------------------------------------|------------------------------------------|------------|------------|
| Cost incurred to date                             | 1,244,124               | 518,570      | 6,266,990                          | 1,303,133               | 251,090               | 106,467                 | 563,583                                          | 368,637                                  | 10,622,594 | 9,204,376  |
| Less: Amount paid or amount payable within 1 year | 497,582                 | 338,984      | 5,420,826                          | 407,613                 | -                     | 82,433                  | 413,749                                          | 278,827                                  | 7,440,014  | 6,436,048  |
| Long-term payable                                 | 746,542                 | 179,586      | 846,164                            | 895,520                 | 251,090               | 24,034                  | 149,834                                          | 89,810                                   | 3,182,580  | 2,768,328  |

A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

### 13 Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

|                                                                             | 2023<br>\$  | 2022<br>\$ |
|-----------------------------------------------------------------------------|-------------|------------|
| Balance – Beginning of year                                                 | 28,200,702  | 24,484,501 |
| Contributions received or receivable in the period for capital acquisitions |             |            |
| Province of Ontario                                                         | 4,632,434   | 4,666,346  |
| Municipalities                                                              | 14,770      | 13,042     |
| Other organizations                                                         | 5,002       | 500        |
| Amortization of deferred capital contributions                              | (1,030,054) | (963,687)  |
| Balance – End of year                                                       | 31,822,854  | 28,200,702 |

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of \$14,714 (2022 – \$4,374) and the cumulative amount is \$1,435,830 (2022 – \$1,421,116). The Province will work with its municipal partners to address the funding shortfalls.

(in thousands of dollars)

The City of Toronto has agreed to contribute \$95,461 related to grade separation and utility relocation work performed by Metrolinx on the Georgetown South (GTS) corridor. An Agreement in Principle signed in January 2018 between the Province and the City of Toronto allows Metrolinx to recover eligible costs that it incurred on behalf of the City. The receivable is expected to be settled in connection with the negotiations related to the subway transaction with the City (note 7). Accordingly, the receivable has been classified as a short-term asset as at March 31, 2023.

**14 Pension contributions**

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS multi-employer defined benefit pension plan. The amount expensed in pension contributions for the year ended March 31, 2023 is \$59,583 (2022 – \$48,046).

Because OMERS is a multi-employer plan, Metrolinx does not recognize any share of the pension deficit of \$6.7 billion as at December 31, 2022.

**15 Pension plan top-up benefits liability**

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the provincial plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as at March 31, 2023. The pension expense recognized during the year is \$604 (2022 – \$3,530).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

Information about Metrolinx's pension plan top-up is as follows:

|                                | 2023<br>\$ | 2022<br>\$ |
|--------------------------------|------------|------------|
| Accrued benefit obligation     | 59,544     | 66,552     |
| Fair value of plan assets      | (5,527)    | (4,134)    |
| Funded status – plan deficit   | 54,017     | 62,418     |
| Unamortized net actuarial gain | 12,094     | 7,589      |
| Accrued benefit liability      | 66,111     | 70,007     |

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

Details of the accrued benefit obligation are as follows:

|                                                | 2023<br>\$ | 2022<br>\$ |
|------------------------------------------------|------------|------------|
| Accrued benefit obligation – Beginning of year | 66,552     | 74,800     |
| Current service cost                           | 213        | 650        |
| Interest cost on accrued benefit obligation    | 2,119      | 1,961      |
| Benefit payments                               | (3,152)    | (2,921)    |
| Actuarial gain on accrued benefit obligation   | (6,188)    | (7,938)    |
| Accrued benefit obligation – End of year       | 59,544     | 66,552     |

Details of the pension expense are as follows:

|                                                     | 2023<br>\$ | 2022<br>\$ |
|-----------------------------------------------------|------------|------------|
| Current service cost                                | 213        | 650        |
| Interest cost on accrued benefit obligation         | 2,119      | 1,961      |
| Actual return on plan assets                        | (45)       | (7)        |
| Expected return versus actual return on plan assets | 45         | 7          |
| Amortization of actuarial (gain) loss               | (1,728)    | 919        |
|                                                     | 604        | 3,530      |

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

|                                         | 2023    | 2022    |
|-----------------------------------------|---------|---------|
| Discount rate                           | 4%      | 3.25%   |
| Rate of compensation increase           | 3%      | 2.5%    |
| Inflation per annum                     | 2.25%   | 2%      |
| Expected average remaining service life | 3 years | 3 years |

### 16 Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety and Insurance Board (WSIB) liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full-time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as at March 31, 2023. The post-retirement non-pension benefits recognized during the year were \$4,921 (2022 – \$6,886).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred. Information about Metrolinx's post-retirement non-pension benefits is as follows:

|                                | 2023<br>\$ | 2022<br>\$ |
|--------------------------------|------------|------------|
| Accrued benefit obligation     | 108,529    | 119,003    |
| Funded status – plan deficit   | 108,529    | 119,003    |
| Unamortized net actuarial gain | 58,645     | 47,699     |
| Accrued benefit liability      | 167,174    | 166,702    |

Details of the accrued benefit obligation are as follows:

|                                                | 2023<br>\$ | 2022<br>\$ |
|------------------------------------------------|------------|------------|
| Accrued benefit obligation – Beginning of year | 119,003    | 142,874    |
| Current service cost                           | 3,414      | 4,573      |
| Interest cost on accrued benefit obligation    | 3,950      | 3,888      |
| Benefit payments                               | (4,449)    | (3,526)    |
| Actuarial gain on accrued benefit obligation   | (13,389)   | (28,806)   |
| Accrued benefit obligation – End of year       | 108,529    | 119,003    |

Details on the post-retirement non-pension benefits expense are as follows:

|                                             | 2023<br>\$ | 2022<br>\$ |
|---------------------------------------------|------------|------------|
| Current service cost                        | 3,414      | 4,573      |
| Interest cost on accrued benefit obligation | 3,950      | 3,888      |
| Amortization of actuarial gain              | (2,443)    | (1,575)    |
|                                             | 4,921      | 6,886      |

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

|                                                                                 | 2023       | 2022       |
|---------------------------------------------------------------------------------|------------|------------|
| Discount rate for post-retirement non-pension benefit                           | 4.0%       | 3.3%       |
| Discount rate for WSIB liabilities                                              | 3.9%       | 3.2%       |
| Discount rate for retiree severance benefits                                    | 3.8%       | 3.1%       |
| Expected average remaining service life for post-retirement non-pension benefit | 13 years   | 13 years   |
| Expected average remaining service life for WSIB liabilities                    | 10.5 years | 10.5 years |
| Expected average remaining service life for retiree severance benefits          | 5 years    | 5 years    |
| Rate of compensation increase                                                   | 2.75%      | 3%         |
| Inflation per annum                                                             | 2%         | 2%         |
| Initial Weighted Average Health Care Trend Rate                                 | 4.69%      | 4.69%      |
| Ultimate Weighted Average Health Care Trend Rate                                | 3.18%      | 3.18%      |
| Dental care benefits increase                                                   | 2.75%      | 2.75%      |

## 17 Accounts payable and accrued liabilities

### Accrued liabilities

Within accrued liabilities, Metrolinx has included a reserve related to claims related to the Finch West LRT project.

### Liabilities for contaminated sites

Metrolinx reports environmental liabilities related to the management and remediation of contaminated sites where it is obligated or likely obligated to incur such costs. A contaminated sites liability of \$7,137 (2022 – \$3,957) has been recorded based on environmental assessments or estimations for those sites where an assessment has not been conducted.

## 18 Net assets invested in capital assets

|                                                                | 2023<br>\$   | 2022<br>\$   | ARO<br>Adjustment<br>\$<br>(note 3) | 2022<br>Restated<br>\$ |
|----------------------------------------------------------------|--------------|--------------|-------------------------------------|------------------------|
| Capital assets                                                 | 36,590,079   | 32,129,154   | 154,766                             | 32,283,920             |
| Deposits on land                                               | 176,634      | 255,164      | -                                   | 255,164                |
| Advances on capital projects                                   | 169,456      | 198,298      | -                                   | 198,298                |
| Unfunded capital asset additions                               |              |              |                                     |                        |
| Asset retirement obligation                                    | (226,019)    | -            | (225,440)                           | (225,440)              |
| Other                                                          | (6,063)      | -            | -                                   | -                      |
| Deferred capital contributions used to purchase capital assets | (31,822,854) | (28,200,702) |                                     | (28,200,702)           |
|                                                                | 4,881,233    | 4,381,914    | (70,674)                            | 4,311,240              |

# Metrolinx

## Notes to Financial Statements

March 31, 2023

(in thousands of dollars)

### 19 Internally restricted net assets

The internally restricted net assets are as follows:

|                        | 2023<br>\$    | 2022<br>\$    |
|------------------------|---------------|---------------|
| MCOR                   | 21,051        | 21,051        |
| Employment obligation  | 889           | 889           |
| Self-insured retention | 2,013         | 2,013         |
| Stabilization          | 2,379         | 2,379         |
|                        | <u>26,332</u> | <u>26,332</u> |

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The employment obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The self-insured retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

### 20 Commitments

a) The minimum operating lease payments for property in each of the next five years and thereafter are as follows:

|                     | \$             |
|---------------------|----------------|
| 2024                | 40,131         |
| 2025                | 35,408         |
| 2026                | 32,829         |
| 2027                | 32,679         |
| 2028                | 25,730         |
| 2029 and thereafter | <u>460,027</u> |
|                     | <u>626,804</u> |

b) A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company (CN), Canadian Pacific Railway Company (CP), Alstom, PNR Rail Works Inc. (PNR), Toronto Terminals Railway Ltd. (TTR) and by a number of minor service agreements. Metrolinx has entered into the following major agreements with payments of approximately \$383,000 per year:

- Master Operating Agreement with CN terminating on July 31, 2023;
- Commuter Agreement with CP terminating on December 31, 2024;
- Equipment Maintenance contract with Alstom terminating on December 31, 2024;

# Metrolinx

## Notes to Financial Statements

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(in thousands of dollars)

- Rail Crew contract with Alstom terminating on December 31, 2024;
- Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2022; PNR contract negotiations are ongoing and will be extended to June 30, 2024 for East and Central region; and
- Rail Corridor Management Service Agreement with TTR terminating on June 30, 2024.

c) Metrolinx has also committed approximately \$7,570,000 for various capital asset additions/projects.

The remaining annual capital and/or service payments relating to AFP contracts in nominal dollars, as at March 31, 2023, are as follows:

|                     | Contract amount<br>\$ | Amount disbursed<br>\$ | Outstanding obligation<br>\$ | Outstanding obligations to be disbursed by March 31 |            |            |            |            |                           |
|---------------------|-----------------------|------------------------|------------------------------|-----------------------------------------------------|------------|------------|------------|------------|---------------------------|
|                     |                       |                        |                              | 2024<br>\$                                          | 2025<br>\$ | 2026<br>\$ | 2027<br>\$ | 2028<br>\$ | 2029 and thereafter<br>\$ |
| Lakeshore West      | 443,874               | -                      | 443,874                      | 81,011                                              | 44,554     | -          | 121,511    | 196,798    | -                         |
| Whitby              | 921,794               | 395,651                | 526,143                      | 17,809                                              | 17,980     | 18,454     | 18,668     | 19,046     | 434,186                   |
| #401/409 Tunnel     | 132,965               | 130,315                | 2,650                        | 2,650                                               | -          | -          | -          | -          | -                         |
| Stouffville Station | 261,033               | 104,133                | 156,900                      | 156,900                                             | -          | -          | -          | -          | -                         |
| Rutherford Station  | 244,957               | 240,154                | 4,803                        | 4,803                                               | -          | -          | -          | -          | -                         |
| Davenport Diamond   | 178,318               | 64,267                 | 114,051                      | 114,051                                             | -          | -          | -          | -          | -                         |
| Eglinton West       |                       |                        |                              |                                                     |            |            |            |            |                           |
| Extension           | 771,042               | 273,528                | 497,514                      | 134,233                                             | -          | 363,281    | -          | -          | -                         |
| Scarborough         |                       |                        |                              |                                                     |            |            |            |            |                           |
| Extension           | 788,961               | 132,590                | 656,371                      | 141,414                                             | 136,762    | 378,195    | -          | -          | -                         |
| Hurontario          | 4,600,276             | 468,474                | 4,131,802                    | 939,358                                             | 758,546    | 63,613     | 63,613     | 63,613     | 2,243,059                 |
| Eglinton            | 9,835,791             | 4,557,533              | 5,278,258                    | 886,584                                             | 65,422     | 118,659    | 120,513    | 110,407    | 3,976,673                 |
| Finch               | 2,487,233             | 395,269                | 2,091,964                    | 192,504                                             | 829,813    | 32,284     | 32,284     | 32,284     | 972,795                   |
| Ontario Line        | 14,975,350            | -                      | 14,975,350                   | 870,617                                             | 870,617    | 870,617    | 870,617    | 899,049    | 10,593,833                |
| Total               | 35,641,594            | 6,761,914              | 28,879,680                   | 3,541,934                                           | 2,723,694  | 1,845,103  | 1,227,206  | 1,321,197  | 18,220,546                |

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. Metrolinx has contractual rights because of agreements entered into with various transit agencies for the use of the PRESTO fare system. The agreements allow for a commission fee paid to Metrolinx based on the percentage of revenue collected via PRESTO. The terms of the agreements vary in length for periods between 9 and 15 years from inception.

As at March 31, 2023, Metrolinx had outstanding letters of credit totalling \$53 (2022 – \$53).

## 21 Contingencies

Various lawsuits have been filed against Metrolinx for incidents that arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

## 22 Related party disclosures and transactions and balances

Metrolinx receives government grants from the Province to support its investment in capital infrastructure to be used in the delivery of current and future transportation services and an annual operating subsidy to further support the delivery of transportation services. Balances due from/to the Province are separately disclosed on the statement of financial position. In addition, Metrolinx had the following transactions with related parties during the year for the provision of services provided by/to these organizations.

(in thousands of dollars)

- a) Infrastructure Ontario: \$39,146 (2022 – \$78,843) for AFP procurement and transaction advisory services; Ministry of Transportation: \$3,671 (2022 – \$2,938) for project services; Ontario Northland Transportation Commission: \$9,337 (2022 – \$47,491) for refurbishment services. As at March 31, 2023, accounts payable and accrued liabilities included \$29,864 (2022 – \$32,822) owing to Infrastructure Ontario, \$659 (2022 – \$5,350) owing to Ministry of Transportation and \$558 (2022 – \$32,100) owing to Ontario Northland Transportation Commission.
- b) Metrolinx provided GO VAXX services to the Solicitor General Office for \$3,544. As at March 31, 2023, accounts and other receivables included \$3,449 (2022 – \$nil) owed by the Solicitor General Office.

The transactions above are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 23 Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

- a) Metrolinx has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisers and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the maximum amount of any potential reimbursement cannot be reasonably estimated.
- b) Indemnity has been provided to all directors and/or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been recorded with respect to these agreements.

## 24 Diesel fuel forward contracts

As at March 31, 2023, Metrolinx has entered into three future contracts for 27.7 million litres of diesel fuel at prices ranging from \$0.9738 to \$0.997 per litre, which mature in fiscal 2023/2024. The change in fair value of the derivative instruments of \$2,351 for the year ended March 31, 2023 is recorded as an unrealized loss in the statement of remeasurement gains and losses.

# Metrolinx

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(in thousands of dollars)

### 25 Liabilities for asset retirement obligations

|                                                                  | 2023<br>\$ | 2022<br>Restated<br>\$<br>(note 3) |
|------------------------------------------------------------------|------------|------------------------------------|
| Liabilities for asset retirement obligations – Beginning of year | 225,440    | 219,615                            |
| Liabilities incurred during the year                             | 579        | 5,825                              |
| Liabilities for asset retirement obligations – End of year       | 226,019    | 225,440                            |

As at March 31, 2023, approximately 49% of liabilities for asset retirement obligations pertained to the removal and disposal of designated substances from Metrolinx's buildings and bridges, and approximately 47% pertained to retirement activities legally required for tanks and leases. The asset retirement obligations will be settled between January 31, 2024 and May 30, 2071.

# Appendix

## 2022-23 Strategic Objectives & Status Report

| Everyone Safe                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic Objective (SO)                                                                                                                                                         | Status at end of FY2022-23 and commentary on results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| SO 1. Achieve a Lost-time Injury Frequency Rate (LTIFR) for all parties of 0.75/200,000 hours worked and implement a Serious Injury and Fatality exposure (SIFe) KPI and program | The 12-month rolling average ended the fiscal year at 0.59; the All-Parties LTIFR remained below the 0.75 target for the entire fiscal year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| SO 2. Implement a program to measure and reduce the risk of train accident precursor events for GO and UP and achieve a Bus Collision Rate of 1.95/million bus kilometres.       | <p>In 2022-23, the train accident precursor KPI had an 11% targeted reduction of precursor indicator occurrences formally established in July 2022. In the previous nine months, the organization has successfully achieved a reduction of 8% and is projected to achieve the target of 11% by July 2023.</p> <p>The reduction target represents an 11% decrease in the rate of train accident precursor incidents or 10.47 precursor incidents per 1,000 train movements.</p> <p>The Bus Collision Rate, as of the close of March 2023, was 1.64. This is below the target and has remained so since August 2022. Bus Operations have implemented actionable initiatives that have had a significant impact on the rate. A focus on maintaining clearances, safe reversing, anonymous checks, and yearly on-board follow-ups have all mitigated key areas that were contributing to collisions. In addition, newer drivers are receiving increased support to build confidence and driving skill; all drivers also receive daily calls from the NOC to advise of operational changes or issue and include safety messages.</p> <p>To support drivers with less experience, Bus Operations has implemented a driver-supervisor mentorship system and routing familiarization.</p> |
| SO 3. Achieve a minimum of one Safety Engagement Tour (SET) per director and above, per quarter.                                                                                 | Metrolinx closed Q4 with 100% engagement in Safety Engagement Tours. The organization has made great strides in ensuring that senior people leaders attend and engage with a variety of tours covering many aspects of the business. These initiatives develop and maintain a strong sense of the unique safety considerations for business areas, across maintenance, train operations, and security.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Engaged Employees                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Strategic Objective                                                                                                                                                                                 | Status at end of FY2022-23                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| SO 4. Support our people during a year of transformation and significant change and achieve an employee engagement score of 80%.                                                                    | Exceeded target.<br>Achieved 81%.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| SO 5. Continue to build an inclusive culture and achieve an inclusion index score of 78% while achieving gender balance for senior managers and above to a minimum of 40% and 38% across Metrolinx. | Final scores on this objective were: <ul style="list-style-type: none"> <li>- Women overall = 38.6%</li> <li>- Women as senior manager and above = 40%</li> </ul> Metrolinx achieved both of gender balance targets in 2022-23. While continuing to focus on improving the shortlist target of 50% women talent, HR has implemented a number of initiatives to improve gender balance outcomes including the strategic sourcing channel, the new Menopause Policy, updates to the Pregnancy Leave policy, embedding inclusive language into job ads, conducting stay interviews with women at the Senior Manager level and above, and developing a retention strategy endorsed by the Senior Management Team.                                                                                                                                                                                                                       |
| SO 6. Improve competent and confident people who are satisfied with their training and development and information, tools and resources to 70%.                                                     | Metrolinx exceeded the Competent and Confident target for 2022-23 with a score of 72%. Some of the initiatives contributing to the advancement of our C&C objectives include: <ul style="list-style-type: none"> <li>- The introduction of a new onboarding program and process to ensure new hires are equipped with the information they need and are supported to deliver their priorities in a more timely manner.</li> <li>- The introduction of the Leadership Development Framework including the development of a new Leadership Academy course for supervisors and managers.</li> <li>- Advancing the Mandatory Education Strategy to ensure the entire Metrolinx population is knowledgeable in key areas that support our organizational priorities.</li> <li>- Offering mentorship opportunities for employees to expand their career opportunities and gain understanding about other areas of the business</li> </ul> |
| Trusted Business Partner                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Strategic Objective                                                                                                                                                                                 | Status at end of FY2022-23                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| SO 7. Deliver our capital infrastructure program to budget in line with the capital plan and within 5% of the Q1 forecast.                                                                          | The year-end actuals for 2022- 23 are \$5,258.9M, 10% less than the Q1 Forecast of \$5,853.3M. This underspend is principally the result of contractor performance, a shift in property acquisitions, and delayed and extended timelines. It also includes certain unforeseen events such as severe weather. Initiatives are underway to improve forecasting accuracy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| SO 8. Deliver the 40 critical milestones for capital programs to schedule across GO (15), Subway (15), and Rapid Transit (10) divisions.                                                            | For 2022-23, the Capital Projects Groups (GO & UP) Division achieved 13 of 15 (87%) of the Tier 1 milestones selected to be completed within the fiscal year. For 2022-23, the CPG (Rapid Transit) Division achieved 15 of 25 (60%) Tier 1 milestones selected to be completed within the fiscal year. Of the delayed milestones, two were due to proactive decisions, three were due to external approvals/factors and five were due to performance delays.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <p>SO 9. Achieve our P&amp;L total operating requirement target of \$954M, Operations (GO/UP) \$768M, Operations (RT) \$25M, Payments and PRESTO \$109M and a Transit Oriented Communities surplus of \$29M.</p>                            | <p>The total operating requirement for Metrolinx is \$1,002M, which is about \$48M unfavourable compared to the target of \$954M. The unfavourable variance is mainly due to higher operating expenses necessary to support ridership and fare revenue recovery, as well as higher bid fees for our capital projects.</p> <p>The total operating requirement for Operations (GO/UP) is \$777M, which is \$9M higher than the target of \$768M, or a 1% variance when compared to target. Significant operational efforts were initiated to reduce costs to more closely align with ridership and revenue levels. The implementation of Business Improvement Plans resulted in reduced crewing costs, savings from service design decisions to optimize consist length, further maximizing all OnCorr Operational Readiness capitalization opportunities, and a reduction in shared expenses with the TTC.</p> <p>The total operating requirement for PRESTO is \$125M, which is \$16M higher than the target of \$109M largely due to Project delivery one-time costs previously capitalized, Payments core and managed services, labour and professional services.</p> <p>The total operating requirement for Transit Oriented Communities is a surplus of \$52M, which is \$23M higher than the target of \$29M due to higher than anticipated proceeds from sale of assets and additional recurring revenue from commercial tenants.</p> |
| <p>SO 10. Implement at least one continuous improvement project per Director.</p>                                                                                                                                                           | <p>Deployment of LEAN training and integration of its principles, practices and tools continues to be imperative to our organization as LEAN fundamental competencies enable and empower employees to identify and remove waste and improve everything we do. Metrolinx continues to progress on its continuous improvement journey where LEAN is used as the engine to drive a culture of continuous improvement. Teams are progressing to a mature state and are analyzing processes through direct observation, practicing practical problem solving and root-cause analysis. People leaders are deploying the LEAN behaviours that are critical in sustaining their new LEAN environment and for creating a high-performing team. In July 2022, Metrolinx launched an annual objective for each Director to implement at least one continuous improvement project. At year end, 96% had identified their project and 76% had identified their project's action plan which is in the process of being implemented.</p>                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>SO 11. Achieve a 3% GO rail reduction of greenhouse gas emissions vs. 20/21, a 21.9 tonne target of carbon dioxide equivalent (tCO<sub>2</sub>e) per million revenue seat kilometres, and a 1% GO Bus reduction, a 22.3 tonne target</p> | <p>The year to date (YTD) greenhouse gas intensity achieved by Rail and Bus Operations as of March 2023 is 16.1 and 22.0 respectively, well below the fiscal year-end targets of 21.9 and 22.3 respectively.</p> <p>Compared to FY20/21, Rail and Bus Operations achieved a 28.8% and 2.2% reduction in greenhouse gas emissions in FY22/23 respectively.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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| SO 12. Implement framework agreements with interested Indigenous communities and Nations, and conduct quarterly project reviews with those Indigenous communities.  | <p>During 2022-23, the Indigenous Relations Office drafted several MOU-like framework agreements.</p> <p>These agreements provide a tool to guide and define consultation/engagement processes, communication protocols and potential opportunities to participate during the development and implementation of projects.</p> <p>While no framework agreements were executed in 2022-23, considerable efforts were made in building positive relations with Indigenous communities and Nations and engaging in this process. A number of agreements are expected to be completed by Q1 of 2023/24, with others tracking throughout the year.</p>                                                                                                     |
| <b>Customer Focused</b>                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Strategic Objective</b>                                                                                                                                          | <b>Status at end of FY2022-23</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| SO 13. Build our positive impression with customer residents to 65% and improve customer Metrolinx brand trust to 62%                                               | <p>Positive impression score - 52%</p> <p>Trustworthiness score - 52%</p> <p>(March 2023 survey)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| SO 14. Rebuild ridership to 37.5 million by March 2023 and achieve PRESTO adoption to 83%.                                                                          | PRESTO adoption (YTD) - 85.2%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| SO 15. Deliver On-Time Performance of moving annual average of 95% for GO Rail, 96% for GO Bus, 97% for UP, and payment equipment availability of 99.65% for PRESTO | <p>GO Rail OTP score - 94%</p> <p>GO Bus OTP score - 96%</p> <p>UP Express - 98.2%</p> <p>Payments Reader Availability (YTD) score - 99.82%</p> <p>Load Machines Availability (YTD) Score - <b>99.73%</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| SO 16. Deliver customer satisfaction of 83% for GO, 91% for UP, 81% for PRESTO to give an aggregate average of 85%.                                                 | <p>PRESTO CSAT score - 81%</p> <p>UP Express CSAT score - 89%</p> <p>GO CSAT score - 84%</p> <p>PRESTO focused on delivering over 500 customer facing changes throughout the year and also extended the launch of PRESTO Contactless credit card payments to all 905 PRESTO participating transit agencies.</p> <p>Although the UP Express CSAT remained in the mid-to-high 80s throughout the year, it was below the target of 91 per cent. Throughout the year reduced service frequency put pressure on performance until the return of 15-min frequency in Feb.</p> <p>Along with improved on-time performance, GO focused on enhancing customer communication, increasing the frequency of bus services, and improving station maintenance.</p> |