



Metrolinx Operations and Governance

2020 Value-for-Money Audit

Why We Did This Audit

- Metrolinx ridership for GO and UP trains and GO buses reached 76.3 million in 2019/20.
- Metrolinx also oversees transit capital projects, including light rail transit projects, and operates the PRESTO fare payment system.
- From 2015/16 to 2019/20, provincially funded operating subsidies increased by 80% or \$187 million.

Why It Matters

- Reliable, efficient and affordable public transit is important to the public and for regional economic development and growth.
- Metrolinx has been receiving significant operating subsidies from the province that have been increasing over the years. Efficient and cost-effective operations are key to managing subsidies.

What We Found

- Metrolinx's on-time performance for GO trains—its ability to keep the trains on schedule—has been between 92% and 95% during the last five years, and for buses approximately 95% consistently. We found that the delays and cancellations for trains were mainly related to the services provided by Canadian National Railway, Canadian Pacific Railway and Bombardier. Metrolinx also has limited data on bus delays and cancellations to understand how to further improve the reliability of bus services.
- Metrolinx has had a 14-year relationship with Accenture to deliver a GTHA-wide electronic fare system (PRESTO). The original contract signed by the Ministry of Transportation in 2006 was for \$232 million. As PRESTO services expanded after 2012, Metrolinx engaged Accenture for additional work worth over \$1.7 billion under the existing agreement without competitive procurements. Metrolinx plans to competitively procure the services Accenture currently provides in anticipation of the PRESTO contract expiration in 2022. However, engaging Accenture to deliver open payment pilot work now under its existing agreement could give Accenture a further competitive advantage over competing service providers in the future.
- GO train riders can claim a refund within specific parameters when trains are late or cancelled. However, customer satisfaction with the claim submission process has been low and Metrolinx received over 19,800 customer complaints during the last five years. They included complaints about denied claim disputes and the eligibility criteria, as well as suggestions for an automatic refund process.
- Metrolinx has a relatively new Board of Directors with expertise in relevant areas. However, Metrolinx needs to better stagger appointments to smooth turnover on the Board. Also, Metrolinx's Memorandum of Understanding with the Ministry does not reflect current accountability relationships and respective roles of Metrolinx and the Ministry regarding transportation planning.
- The \$5.5-billion cost estimate announced prior to the cancellation of the Hamilton LRT in December 2019 was reasonable for the costs it covered, but the two earlier cost estimates used to obtain Treasury Board approval in December 2016 and March 2018 were significantly understated. Also, the Ministry was aware as early as 2016 that the total cost estimate for the Hamilton LRT would be higher than the \$1 billion in capital costs that the province had publicly committed to funding in 2015, but it did not communicate this to the public or to the City of Hamilton after the original 2015 announcement until the fall of 2019.
- From 2015/16 to 2019/20, there was an 80% or \$187 million increase in operating subsidies funded by the government. While the increase was in part due to its expanded service mandate, the Ministry's February 2020 review of Metrolinx's operations found opportunities to reduce operating costs.

Conclusions

- Metrolinx's on-time rail service performance is comparable to that of transit agencies in other jurisdictions but it could further improve its on-time performance. Regarding bus service, Metrolinx needs to improve the quality and completeness of its data on bus delays and cancellations.
- Metrolinx's reliance on Accenture for over 14 years for all aspects of design, implementation and operation of the PRESTO electronic fare system has led to a high degree of dependency on this service provider.
- Metrolinx has had increasing operating expenses in the past five years, leading to higher operating deficits, and now faces further financial pressure as a result of the COVID-19 pandemic.
- Metrolinx's Board will need to continue to address the ongoing challenges facing Metrolinx, especially given the impact of COVID 19.

Read the report at www.auditor.on.ca