Metrolinx Annual Report 2011-2012

METROLINX
An agency of the Government of Ontario

Cover photo: Glass panel installation at Union Station as part of the Revitalization project, April 2012.

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Letter from the Chair

The 2011-12 fiscal year was another transformative one for Metrolinx and the organization made significant progress towards reshaping transportation in this region.

Metrolinx is committed to the three cornerstones of strategic focus: planning, investing and delivering. Over the past year, the continued work on building our infrastructure projects, planning for the future connectivity of the region and ensuring we're investing in the communities we serve are directly aligned to these areas.

Demonstrating our commitment to building major regional rapid transit projects, we started construction on the Eglinton Crosstown LRT; a project that is one of the most transformative transit projects in Toronto's history, and one of great focus over the next decade. Our work continued with our partners on rapid transit in York Region and dedicated bus lanes in Mississauga.

Our continued commitment to the GO Transit passenger experience was exemplified with more service to new regions, providing more riders with different transit options. Customer satisfaction continues to climb and we remain dedicated to meeting and reporting on the promises in GO's Passenger Charter.

The PRESTO fare card is now available to even more users across the Greater Toronto and Hamilton Area, including the entire GO Transit network, connecting more people seamlessly.

Finally, work to connect Union Station with Toronto Pearson Airport continued as planning for the exciting Air Rail Link took shape.

True regional transportation transformation doesn't happen overnight. Our work over the last year – and our plans for the years ahead – provide a bright outlook of the true transportation success this region will realize.

Sincerely,
Robert Prichard
Chair, Metrolinx

Message from the CEO

Once again this year, I'm proud to look back on a long list of accomplishments and milestones that the Metrolinx organization has achieved, bringing sound, fact-based ideas, along with solid planning and delivery skills to life for this region.

I continue to focus on the success our people have made to bring *The Big Move* to reality.

Improving the customer experience continues to be a primary focus for us and is enhanced by the feedback we receive from customers and the delivery on that feedback by our employees. Our continued focus on setting targets and benchmarks ensures we're openly and expertly moving ideas from concept to reality.

Metrolinx employees continue to impress me with their innovative projects and dedicated work efforts. As an organization with three distinct operating divisions and a number of programs, the need to work together towards common goals is not only paramount to our success, but skillfully handled across the organization.

Over the past year, we continued our work to bring world-class transit to the region – rolling out PRESTO to even more transit users, constructing the future Air Rail Link service, continuing the immense Union Station revitalization, and beginning major construction work on the Eglinton Crosstown LRT.

One theme that has not changed in the past year is our continued effort to choose the right projects, in the right locations, at the right time: on time and on budget continues to be a leading driver in our success planning.

Working together as a strong and determined organization in 2011-12 has established our unity to move forward and change the face of transportation in this region.

Bruce McCuaig
President & CEO, Metrolinx

Governance Structure – 2011/12 Annual Report

Metrolinx is a corporation established by the Province of Ontario under the Metrolinx Act, 2006. Metrolinx's Board of Directors and CEO are appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Transportation.

The Board of Directors governs the Corporation and provides strategic direction and oversight for Metrolinx's activities and operations. The Board convenes at least six times a year, including four meetings that have sessions open to the public.

Metrolinx Board of Directors

- J. Robert S. Prichard, Chair; appointed May 14, 2009 with a term expiring September 3, 2013, is the current Chair of Torys LLP.
- Peter R. Smith, Vice-Chair; appointed May 14, 2009 with a term expiring January 13, 2013, is the President and Co-Founder of Andrin Limited.
- Bruce McCuaig, President and CEO of Metrolinx is also a member of the Board, appointed September 4, 2010 with a term expiring on September 3, 2013.
- Jennifer E. Babe, appointed May 14, 2009 is a Partner, Miller Thomson LLP. Ms. Babe's directorship expired on January 12, 2012.
- Paul Bedford, appointed May 14, 2009 is the Urban Mentor and Chief Planner Emeritus, City of Toronto. Mr. Bedford's directorship expired on January 12, 2012.
- Rahul Bhardwaj, appointed May 14, 2009 with a term expiring on January 12, 2014, is the President and CEO of the Toronto Community Foundation
- Tony Gagliano, appointed May 14, 2009 is the Executive Chairman and Chief Executive Officer of St. Joseph Communications. Mr. Gagliano resigned from the Metrolinx Board on September 15, 2011.
- Joseph A.G. Halstead, appointed May 14, 2009 with a term expiring on February 12, 2014, is the Former Commissioner of Economic Development, Culture and Tourism, in the City of Toronto.
- Richard Koroscil, appointed May 14, 2009 with a term expiring on February 12, 2014, is the former President and CEO of John C Munro Hamilton International Airport.
- Nicholas Mutton, appointed May 14, 2009 with a term expiring on January 12, 2013, is the Executive Vice-President, Human Resources and Administration for the Four Seasons Hotels and Resorts.
- Lee Parsons, appointed May 14, 2009 with a term expiring on February 12, 2014, is a Founding Partner of Malone Given Parsons Ltd.
- Rose M. Patten, appointed May 14, 2009 with a term expiring on January 12, 2013, is the Senior Executive Vice-President, Head of Human Resources and Senior Leadership Advisor of BMO Financial Group.
- Stephen Smith, appointed May 14, 2009 with a term expiring on January 12, 2013, is the co-founder, Chair and President of First National Financial LP.
- Douglas Turnbull, appointed May 14, 2009 with a term expiring on February 12, 2014, is the Deputy Chairman of TD Securities.

The Metrolinx Board of Director's are paid a per diem allowance for their preparation and participation in Metrolinx's Board Meetings in accordance with the Management Board Secretariat's directive for Government Appointees. For the Board's regular meetings this amount, which includes preparation for and attendance at Committee and Board Meetings over two business days, is approximately $600.00.

Our Vision, Mission and Values

Metrolinx

Vision: Working together to transform the way the region moves

Mission: To champion and deliver mobility solutions for the Greater Toronto and Hamilton Area (GTHA)

Values: Working together

Innovation

Commitment

Service

Transforming Transportation

This has been another transformative year for Metrolinx – one that continued to lay the foundation for the success we see for ourselves in the years to come.

This year, we have continued to make steady progress towards the goals of *The Big Move*. We are moving into the realm where inspiration meets execution. Where long-term planning and idea building meets delivery.

We're at a stage now where the implementation of our plan – and the investment in our future – is starting to be seen by people living all across the Greater Toronto and Hamilton Area, and we've only just begun. The new Eglinton Crosstown LRT, the continued rollout of the PRESTO fare card, and the Air Rail Link connecting downtown Toronto to Pearson Airport are just some of the ways we're transforming the transportation landscape across our region.

GO Transit is making significant progress in its transformation from a commuter service to a regional rapid transit system. Delivering on close to $2 billion of improvements along the Kitchener (Georgetown) corridor to accommodate the future Air Rail Link, building a new, state-of-the-art GO Transit Communication Centre, increasing our capacity at Union Station, and continuing to keep the systems in a state of good repair, all support this transformation providing a complete service offering in ways that directly benefit our customers. GO Transit, PRESTO and the Air Rail Link (ARL) will build on their customer-first focus and continue to improve all aspects of the regional trip experience.

Metrolinx's Five Year Strategy identified three cornerstones to strategically focus our actions – planning – delivering – investing. These cornerstones frame the work needed to achieve a more seamless network, as outlined in the 2011-12 Business Plan. Within the last year, with the synergy between our three operating divisions and a consolidation of shared corporate services, it is more important than ever for Metrolinx and its divisions to be aligned at various scales and increasing levels of detail.

Our continued success in delivering programs and services, and demonstrated progress in building major regional rapid transit projects, will help us develop an exceptional reputation. This will form the foundation for our emerging Investment Strategy.

Key Achievements

Deliver quality projects on time and on budget

To date, the Province has committed over $14 billion towards the expansion of rapid transit and *The Big Move*, including Quick Win projects, a major expansion of GO Transit and advancing priority projects in Toronto, Mississauga, Brampton and York Region. All of these new projects will be completed within the next ten years, meaning people will have easier, more connected travel options across the GTHA. Metrolinx is in the process of developing an Investment Strategy that will help to secure financing for the next wave of priority projects, as identified in *The Big Move.*

Rapid Transit Implementation

We have made significant progress in the delivery of regional rapid transit projects.

The Eglinton Crosstown is one of the priority projects set out in *The Big Move* and Metrolinx is on track to deliver results to the public. Consistent with the regional needs identified in *The Big Move*, the Toronto transit projects link regional urban growth centres; provide new east west connections; connect communities of social need and centre of high population and employment; and minimizes the impacts to traffic across the city. Over the past year, significant progress has been made on the implementation of the Eglinton Crosstown LRT. The launch shaft for the tunnel boring machines will be completed in summer 2012 and tunneling will begin in the fall. As well, underpass construction for the Sheppard LRT line is nearing completion at the Agincourt GO Station. This will enhance the traffic flow as well as enhance the safety and reliability of GO Transit.

In York Region, the $790 million investment in the 15 kilometres of the York Viva Rapidway project is on track for completion by 2016. Rapidways, often referred to as transitways or bus rapid transit (BRT), offer transit riders faster travel. Rapidways are dedicated lanes in the centre of the road that allow Viva vehicles to avoid congestion and maintain faster, more consistent travel times. New Viva stations will also be built, specially designed for comfort, safety and convenience. From a regional growth perspective, the rapidways will also help to create new destinations to live, work, shop and play while enabling the region to manage future projected growth.

The Mississauga 403 BRT continues to be on track for completion by 2015 with the first section set to open in 2013.The BRT will provide a dedicated right-of-way for transit vehicles on an 18-kilometre, two-lane, grade-separated road from Winston Churchill Boulevard to Renforth Drive, with 12 dedicated station stops with connections to other routes and transit systems. Mississauga MiWay and GO Transit will service the BRT. The BRT system will improve local and inter-regional bus operations across the City of Mississauga and the Greater Toronto Area by connecting with local bus services, inter-regional transit and subway systems, making it easier and faster for people to travel to and from home, work and school.

Air Rail Link

By 2015, the Air Rail Link (ARL) will provide a new premium rail service between Union Station and Toronto Pearson Airport, expanding the range of transportation options available to residents and visitors to the GTHA.

Identified in *The Big Move* as one of the Top Transit Priorities Within the First 15 Years, the Air Rail Link will connect the busiest airport in Canada with the busiest rail and transit hub.

This past year saw significant progress towards the building and delivery of the service, including an agreement with the Greater Toronto Airport Authority on construction and operations within the airport precinct; the award of a Design-Build-Finance contract to AirLinx for the construction of the three km airport spur line into Terminal One and the ARL passenger station at Terminal One; exercising an option with Nippon Sharyo to add the c-car to the ARL train consist; developing a business strategy and plan to launch, including an ARL financial model and governance structure.

As well, the concept design work was completed and design is underway for ARL stations at Pearson Airport Terminal One, Union, Bloor and Weston Stations; and ARL vehicle design work is now complete, with major component manufacturing ongoing.

GO Transit Infrastructure

We celebrated receiving our 500th Bi-Level coach from Bombardier as work continued on lengthening our platforms to accommodate longer 12-car trains. To alleviate some of the parking congestion at stations, we added over 4500 spaces, launched a carpool pilot project at four stations offering registered carpoolers preferred parking spots, and opened two new carpool lots.

Several projects already well underway continued to show great progress this past year. Other projects showing significant progress over the past year, include the completion of the GO Transit Control Centre (GTCC), scheduled for completion by 2016. work to replace over 100 track switches in the Union Station Rail Corridor will help to maintain on-time performance

Union Station

One of the most anticipated transformation projects in the city of Toronto, the revitalization of Union Station continues, with some of the visible work now underway.

Behind the temporary walls, there has also been significant progress made on the lower level retail concourse by the City of Toronto and on the reconstruction of the west wing of Union Station. Ongoing track and signal upgrades continue to be carried out alongside platform work and the installation of the glass roof atrium, perhaps the most visible and transformative piece of the train shed restoration. And while GO Transit continues its refurbishment work above ground, the City of Toronto is rebuilding Union Station below. Construction has to progress carefully to avoid customer disruption, and will take another four years to complete.

Full installation of the glass atrium, as well as the new green roof will mark significant milestones in the Union Station project in the year ahead.

Acquiring Rail Corridors – More Ownership, Greater Control

Owning rail corridors is key to better control of operations, planning future growth and, ultimately, to improving GO Transit rail service for our customers.

With the purchase of sections of CN's Bala Subdivision rail line on GO's Richmond Hill line, as well as a section of CN's Oakville Subdivision on the Lakeshore West line, Metrolinx gained ownership of important segments of GO Transit's service lines.

Metrolinx now owns 65 per cent of the rail corridors on which GO Transit operate.

Sustainability

We continue to make progress on reducing our carbon footprint. Halton Hills and Brampton bus facilities have been constructed to LEED Silver standards and the Pickering GO Station and East Maintenance Bus Facility are expected to achieve LEED Gold, resulting in reduced energy consumption and improved accessibility features. All new GO Buses include the latest technology to reduce emissions, while our locomotive fleet is the only fully-Tier 2 fleet in North America. We've purchased four electric vehicles for day-to-day business use by staff to understand the benefits these vehicles can bring to our fleet.

Deliver GO Transit as an even more customer-focused public transit service

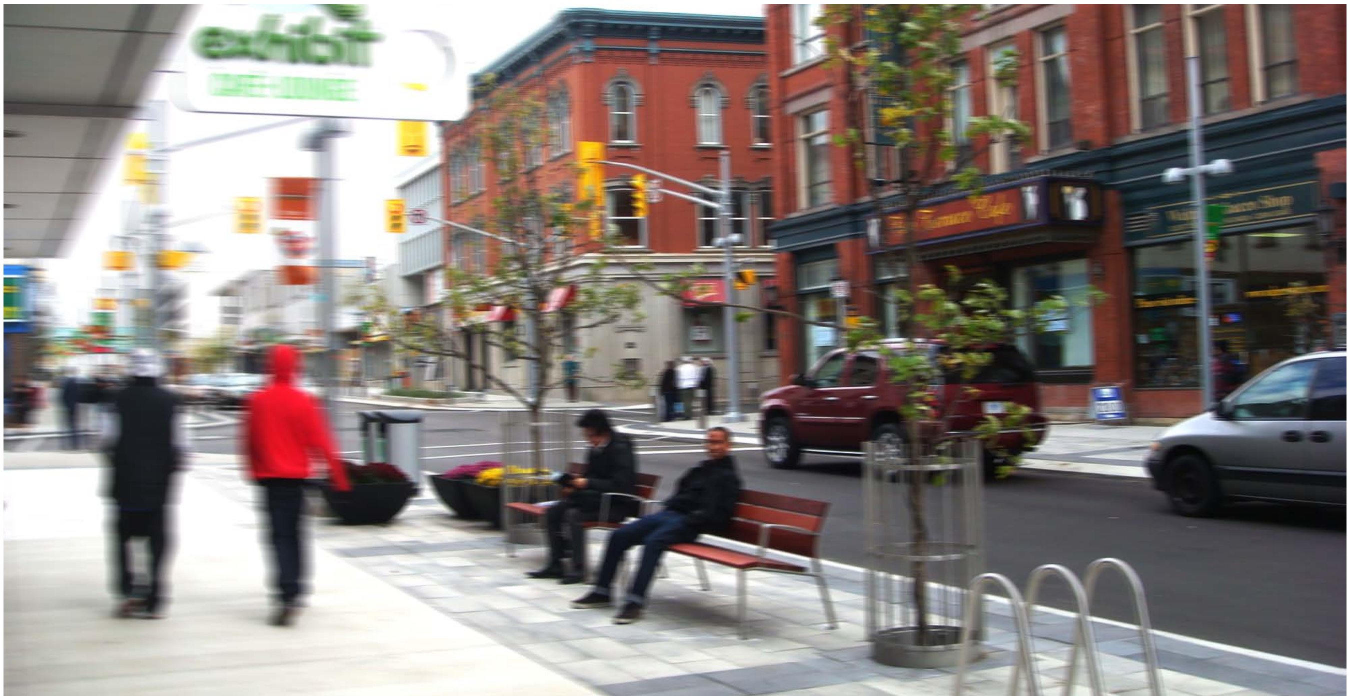
Service Expansion

Delivering on *The Big Move's* objective of improving connections and service within the GTHA, we are leading an unprecedented level of GO transit expansion in the GTHA, expanding our service delivery and connectivity. We are reaching new communities such as downtown Barrie, Guelph and Kitchener; improving our current operations; and partnering with transit agencies to seamlessly connect people throughout the region.

In the past year, we added well over 200 new GO bus trips, opened new stations with rail and bus service at Allandale (Barrie), Kitchener and Guelph, and added new train trips on the Barrie and Lakeshore lines.

Continuing our commitment to providing relevant service for our customers, we provided additional special service to a variety of events and destinations this past year, including Niagara Falls, the Toronto Santa Claus Parade, Nuit Blanche and the Toronto Caribbean Carnival.

New fare integration agreements – allowing GO users to connect to regional transit systems as a discounted fare – were reached this year with Barrie Transit, Grand River Transit and Guelph Transit, as well as the introduction of bus-to-bus fare integration across the entire GO Bus system. As well, new rail service to Kitchener and Guelph provides new transit options to growing communities.



Customer Satisfaction

GO's Passenger Charter: One year later

GO Transit is an operating division of Metrolinx and at the centre of GO Transit operations are our customers. We believe in making their ride better in every way possible, in fact we promise it.

GO customer satisfaction rates have climbed impressively over the years to reach 74.9% in the calendar year 2011, alongside annual ridership increases of 8.1% for bus and 7.8% for rail in fiscal year 2011-12. This tremendous improvement is evidence of our continued commitment to meeting the promises we laid out in GO's Passenger Charter last year.

In November 2011, we marked the one year anniversary of the introduction of GO's Passenger Charter – a set of five promises we've made to our customers and by which our performance is measured. We've improved on the original targets we set and continue to update on our progress through our report card on our website.

"We will do our best to be on time."

On time performance for rush hour trains in 11/12 exceeded 95%, well over the target of 92%. The new fleet of locomotives, improvements to track, and improved operating procedures all contributed to the service reliability.

"We will always take your safety seriously."

This past year we added more safety officers to increase officer visibility and security for customers during off peak and late hours, and improved our Priority Seating signs on our accessible railcars, making safety features and exits more visible. Combined with rehabilitation at seven road crossings and a proactive "Practice Safe Parking campaign" at GO lots, we continued our work towards protecting the public and providing a safe environment for our customers.

"We will keep you in the know."

Both providing and receiving information from customers is critical to our improvements process. To date, over 5,500 participants now contribute to our e-panel; we successfully implemented our GO Mobile App with over 121,000 downloads to date; and On the GO, our new and improved e-news service was launched. Improved electronic signage at several stations, as well as simplified printed schedules make trip planning and real-time updates easier to understand and more readily available for customers.

"We will make your experience comfortable."

"We will help you quickly and courteously."

Alongside the introduction of Senior, Student and Child PRESTO fares, we enhanced our service levels with the PRESTO card and set up a permanent PRESTO information booth at Union Station.

Provide Transit Users across the GTHA with a seamless and integrated fare collection system

The Big Move identifies the need to implement a region-wide integrated transit fare system that allows users to pay a seamless, integrated fare for all transit systems across the region. That fare system is PRESTO, and this past year saw an unprecedented surge in the adoption of PRESTO across the region. Providing a seamless payment option, the PRESTO card is now in use by 220, 000 cardholders across nine transit systems throughout the GTHA, including select TTC stations.

Planning and delivery is now well underway for delivering an integrated regional fare collection system with full implementation of PRESTO. The number of cards in circulation in the GTHA increased by over 8% during the month of January 2012, a growth rate that is projected to be sustained through 2012. Over 100,000 cards have been issued by GO Transit alone and work on expansion to the entire TTC system will begin in 2012 with substantial completion by 2015. In early 2013, Ottawa's OC Transpo will go live with PRESTO, providing more than 200,000 customers with an easy, seamless fare payment solution. Expansion to more TTC stations and into Ottawa will see PRESTO's reach provide even more transit users with more options.

As PRESTO evolves and embraces rapidly developing new technologies, the system will be enhanced to become an open payment system. This will transition the system from its current agency-issued fare media to an open payment system where customers can use their existing credit or debit cards and eventually mobile device payments. During the past year the PRESTO team has initiated the developments to move towards the next generation open payments system.

Plan

Maintaining the Relevance of *The Big Move*

Stakeholder engagement for *The Big Move* first progress report and technical update is underway and will be completed in late 2012. This technical report will collect together the results of many recent studies and put them in the context of *The Big Move.* It will also include a progress reporting framework, updates to technical backgrounders on Express Rail services and transit forecasts, and merging GO Transit's GO 2020 plan into the framework of *The Big Move*.

Urban Goods Movement

Commissioned a GTHA Urban Freight data managment framework and established the GTHA Urban Freight Forum of publie and private stakeholders.

Continuing to Plan for Integrated Transit Services

Regional integration is at the forefront of the Metrolinx mandate, and this past year saw a continued emphasis on the priority projects that will connect communities and enhance the quality of life for residents.

Regional Planning

Meeting and responding to our passengers' needs is just one part of our organization's mandate. Just as important is the trust and support we maintain with the communities in which we operate.

This past year, we launched the Community Partnerships Program, designed to support local community-based initiatives across the GTHA in areas where transportation improvement projects funded by Metrolinx are underway. Similarly, the Strategic Partnership Program periodically seeks expressions of interest from potential partner organizations that are interested in initiating projects to increase a dialogue about issues relating to transit and transportation in the region.

We also continued our long-standing outreach program that regularly provides informational sessions to schools and youth groups about rail and bus safety and GO Transit operations.

A continued focus in the community this past year was the ongoing construction along the Georgetown South corridor. Our GTS Community Relations Team, located at three different community offices, has undertaken several initiatives to communicate with people living in neighbourhoods along the rail corridor.

Public meetings, informal 'meet and greets', regular communications (through quarterly mailings, email updates and website visits) and participation in community events are just some of the ways this team keeps the community informed about the project and builds trust in the work we're doing.

We're not just providing the outlet for questions – we're also continuing to incorporate their feedback into our plans.

GO Planning

GO service will be transformed to a much more flexible service under plans to provide two-way all day service on all GO Rail corridors.

In a public pledge to addressing on time performance, the Premier of Ontario made a commitment in August that GO Transit will offer a guarantee to arrive within 15 minutes of the scheduled time or the trip would be free. This guarantee is expected to launch later in 2012.

Mobility Hubs

Consistent with our long-term plans to deliver on plans that enhance community development, improve access to the regional transit network, and support opportunities for active transportation, work continued this year on the development of our Mobility Hubs strategy to transform and revitalizing communities.

The Big Move identifies 51 Mobility Hubs, 26 of which will include GO Transit facilities. Mobility Hubs are places of connectivity where different modes of transportation – from walking to riding transit – come together seamlessly, and where there is a concentration of working, living, shopping and playing.

In 2011, Metrolinx published guidelines to direct the planning and development of Mobility Hubs in the GTHA. In partnership with municipalities, transit agencies, the Province and private stakeholders, we're providing guidance to inform future development, and leveraging our own investments to help achieve the hub concept.

This past year, we took these guidelines out to municipalities and key stakeholders, successfully informing and engaging residents and stakeholders across the region about Mobility Hubs. Staff conducted extensive consultation to secure community and stakeholder buy-in towards the implementation of mobility hubs at Midtown Oakville, Dundas West, Cooksville and Weston station.

Innovation

Smart Commute

Smart Commute now works with over 200 employers across the region, including the Ontario Public Service, to help make commuting options like carpooling, cycling and transit more attractive for their employees.

Transit Procurement Initiative (TPI)

The Transit Procurement Initiative continued its work towards becoming a broad platform for Ontario-wide transit procurement. Using a collaborative approach, it continues to demand higher quality and best value across an expanding range of goods and services.

TPI now has 24 transit partners across Ontario to jointly procure and deliver over 496 transit buses to date, saving an estimated $9 million in purchasing and administrative costs. Eight systems participated in TPI's new award-winning Transit Inventory Management Service this past year.

Invest

Developing a Sustainable and Dedicated Funding Program

As the champion for innovative, integrated transportation in the GTHA, Metrolinx is transforming public transportation – transforming infrastructure, quality of service and public attitude – in a way that optimizes public investment and enhances the quality of life for residents across our region.

This past year, major third party endorsements for an Investment Strategy were established by the Toronto Board of Trade and the Toronto Region Civic Action Alliance, as well as with other organizations; and work continues to meet the legislative deadline of June 2013.

Playing our part

Metrolinx staff volunteered more of their time and resources this past year to various efforts, raising funds at Union Station for Africa drought relief efforts, as well as providing free transportation for police, fire and emergency services personnel traveling to pay their respects to fallen York Region police officer, Constable Garrett Styles.

Management Discussion and Analysis

Corporate Performance

The following table summarizes the consolidated revenues, operating costs, and ridership for all Metrolinx operating divisions (GO Transit Services, PRESTO, Air Rail Link) for fiscal year 2011-12, the two prior fiscal years (2009-10 and 2010-11) and the 2012-13 budget. The forward looking targets and budget reflect management's expectations and current internal projections and are based on information currently available to management. Certain assumptions have been formulated based on market conditions, consultation with external consultants, and factors such as planned new services, ridership trends, diesel fuel prices, utilities prices, labour costs, property tax, and maintenance contracts. Although management believes that the forward looking targets and budget are based on assumptions that are reasonable, changing factors and market conditions could cause actual results to differ materially from the forward looking targets and budget presented herein.

Summary	**2009-10**	**2010-11**	**2011-12**	**2011-12**	**2012-13**
(rounded to '000)	**Actual**	**Actual**	**Actual**	**Budget**	**Budget**
Operating Costs	384,689,000	434,953,000	474,552,000	455,231,000	521,647,000
Commuter Revenue	283,232,000	313,085,000	338,359,000	320,774,000	366,414,000
Non-fare Revenue	11,527,000	14,642,000	17,349,000	17,843,000	21,216,000
PRESTO Revenue	-	16,000	832,000	430,000	2,500,000
Ridership	55,574,000	57,863,000	62,429,000	59,800,000	64,998,000

Note:

1) Fare integration amounts are offset against commuter revenue commencing in fiscal 2012, and prior years' figures and budget amounts have been adjusted for consistent presentation. As a result, commuter revenue and rail and bus operations have been adjusted accordingly for fiscal years 2009-10, 2010-11, 2011-12, and the 2012-13 budget.

Financial Report

The following discussion and analysis of the financial condition and results for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal years ended March 31, 2010 (fiscal 2009-10), March 31, 2011 (fiscal 2010-11) and March 31, 2012 (fiscal 2011-12).

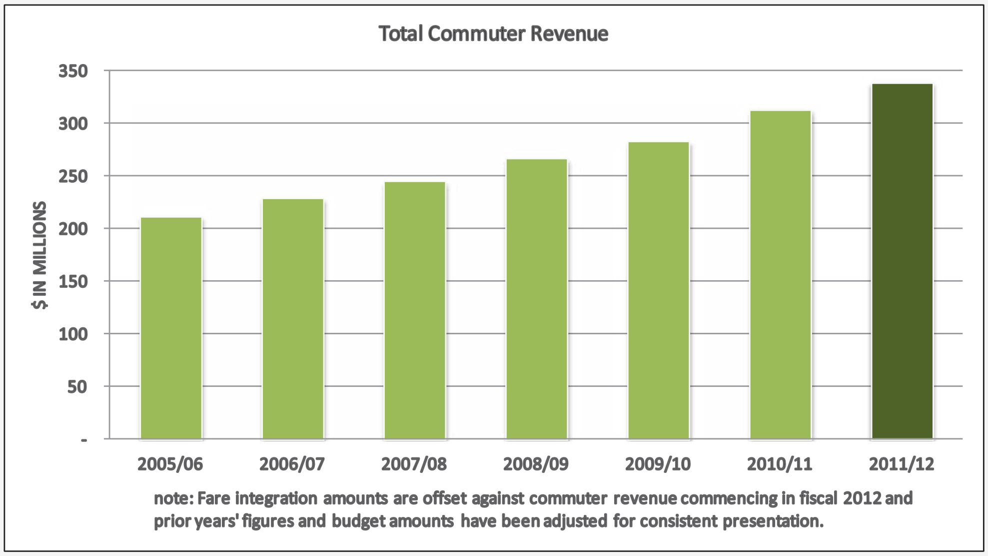
Financial Report *(rounded to '000)*	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Budget	Variance
Revenue					
Commuter revenue	283,232,000	313,085,000	338,359,000	320,774,000	17,585,000
Non-fare revenue	11,527,000	14,642,000	17,349,000	17,843,000	(494,000)
PRESTO revenue	-	16,000	832,000	430,000	402,000
Provincial contributions	68,427,000	97,137,000	99,678,000	114,184,000	(14,506,000)
Federal contributions	77,000	177,000	151,000	-	151,000
Amortization of deferred capital contributions	171,712,000	220,607,000	245,770,000	245,770,000	-
Gain (loss) on disposal of capital assets	7,220,000	(781,000)	1,130,000	2,000,000	(870,000)
Total Revenues	542,195,000	644,883,000	703,269,000	701,001,000	2,268,000
Expenses					
Supplies and services	15,180,000	33,153,000	25,570,000	23,987,000	1,583,000
Equipment and maintenance	51,296,000	55,043,000	60,511,000	55,705,000	4,806,000
Facilities and track	53,110,000	58,475,000	69,197,000	66,421,000	2,776,000
Labour and benefits	137,346,000	149,576,000	169,913,000	161,193,000	8,720,000
Rail and bus operations	123,793,000	125,717,000	129,387,000	124,311,000	5,076,000
PRESTO operating division	3,964,000	12,989,000	19,588,000	23,614,000	(4,026,000)
Airport Rail Link operating division	-	-	386,000	-	386,000
Amortization of capital assets	169,528,000	220,823,000	253,024,000	253,024,000	-
Amortization of long term leases	327,000	327,000	327,000	327,000	-
Total Expenses	554,544,000	656,103,000	727,903,000	708,582,000	19,321,000
Excess of expenses over revenue	(12,349,000)	(11,220,000)	(24,634,000)	(7,581,000)	(17,053,000)

Note:
1) Fare integration amounts are offset against commuter revenue commencing in fiscal 2012, and prior years' figures and budget amounts have been adjusted for consistent presentation. As a result, commuter revenue and rail and bus operations have been adjusted accordingly for fiscal years 2009-10, 2010-11, 2011-12, and the 2012-13 budget.

Revenues

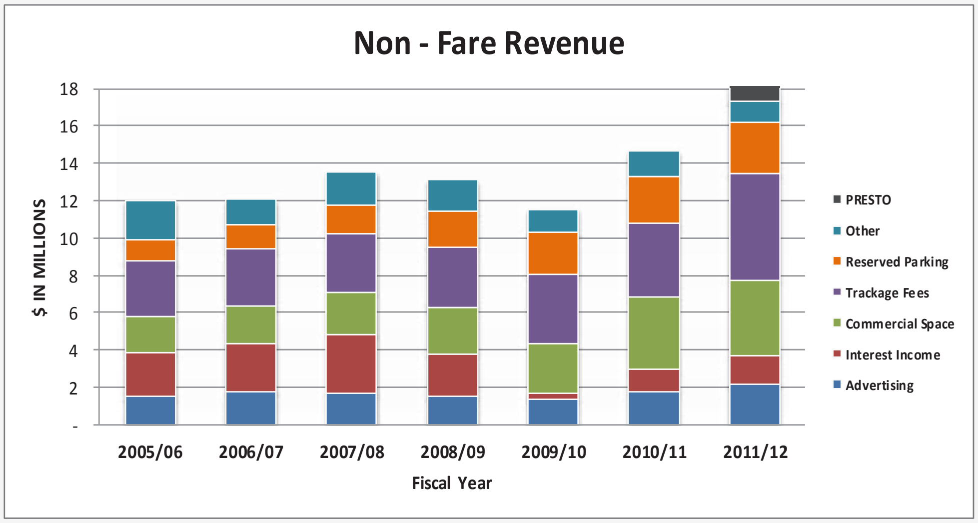
Commuter revenues

Metrolinx commuter revenue continued making strong gains in 2011-12, increasing to $338M compared to prior year's $313M. The 8.1% increase in commuter revenue was driven almost entirely by increases in ridership levels. In the seven year period from fiscal 2005-06 to 2011-12, commuter revenue has increased at a compounded annual growth rate of 6.6%.



Non-fare revenues

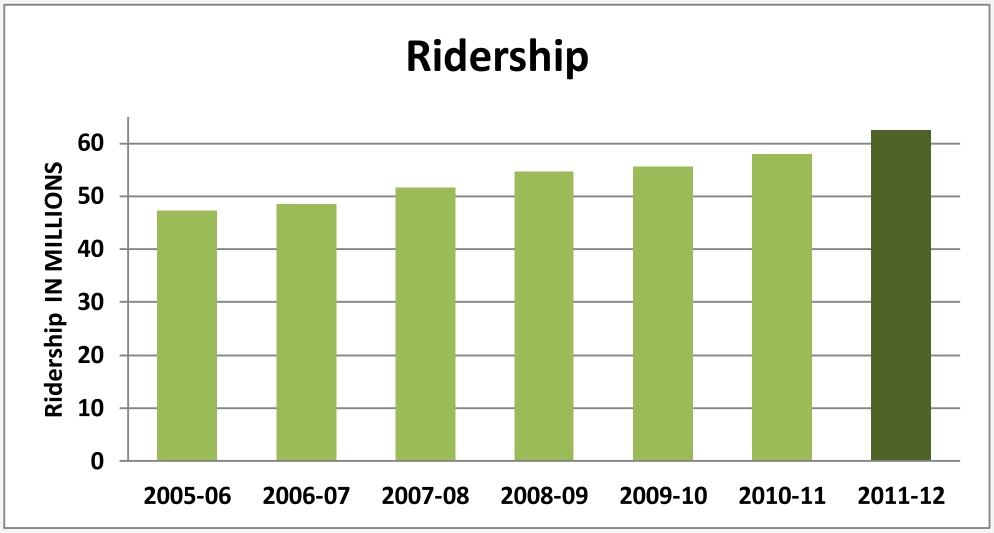
Non-fare revenues increased to $18.2M in 2011-12 from the $14.7M (excluding gain/loss on sale of capital assets) reported in 2010-11. PRESTO contributed approximately $830,000 in revenue from the PRESTO fare card system coming into service on most of the participating municipal transit systems. The 24.1% increase over the previous year was driven by growth in trackage fee revenues (48% growth) from new rail corridor acquisitions, interest income (37% growth), advertising revenue (19% growth), and reserved parking revenue (7% growth). Non-fare revenue is projected to increase significantly as Metrolinx continues to leverage its assets to realize non-fare revenue opportunities.



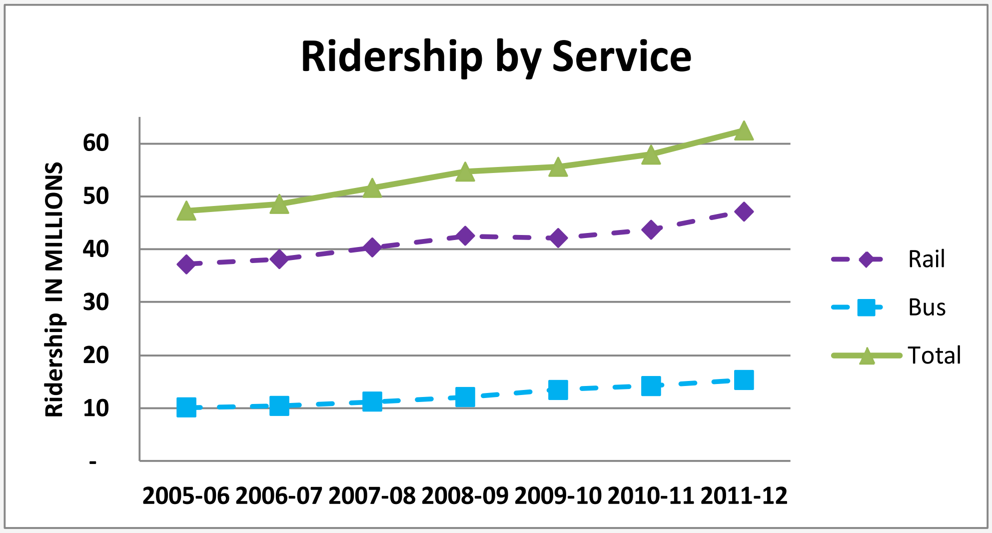
Ridership

Ridership

Metrolinx ridership increased to 62.4M in 2011-12 from the 57.9M reported in 2010-11. The 7.9% ridership growth was comprised of 8.1% bus growth and 7.8% rail growth. In the seven year period from fiscal 2005-06 to 2011-12, ridership increased at a compounded annual growth rate of 4.0%.



In the seven year period from fiscal 2005-06 to 2011-12, rail ridership increased at a compounded annual growth rate of 3.4% while bus ridership increased 6.1%. A combination of factors such as expanded service levels, continual customer service improvements, as well as various economic factors such as increasing gasoline prices and automobile maintenance costs have driven ridership growth for both rail and bus services.



Operating Costs

Supplies & Services

Supplies and services were approximately $1.6M over budget (unfavourable) due primarily to the writing-off of professional service fees (design costs) for capital projects that were cancelled or deferred, increased printing costs, and increased supplies of uniforms and footwear costs for front-line customer service staff.

Equipment & Maintenance

Equipment and maintenance costs were approximately $4.8M over budget (unfavourable) driven by increased costs in repairs, inventory, and maintenance. This included two change orders with Bombardier maintenance for increased charges of yard operations at Willowbrook due to increased fleet size and the addition of Service Recovery Specialists to help troubleshoot equipment problems to reduce delays due to equipment failure.

Facilities & Track

Facilities and track costs were approximately $2.8M over budget (unfavourable) due to increased utility rates, rental costs and property taxes relating to new property acquisitions and additional rented space.

Labour & Benefits

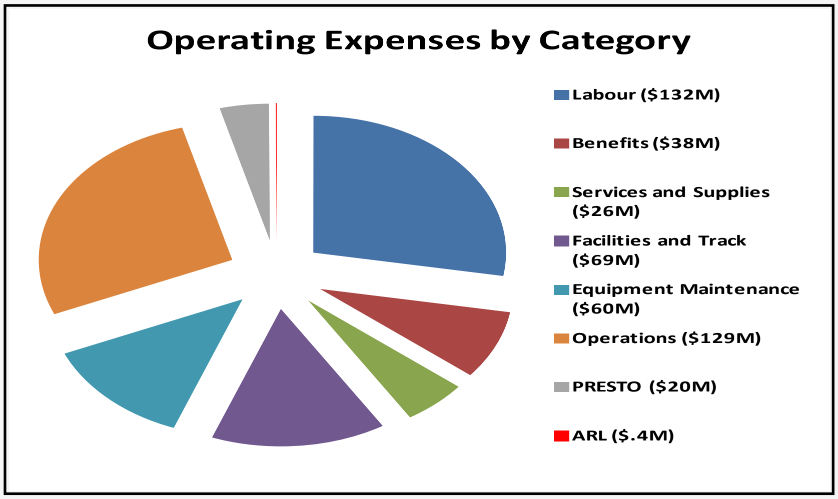
Labour and benefits were approximately $500,000 (excludes unfunded accruals) under budget (favourable). Labour costs were approximately $2.5M over budget (unfavourable) due primarily to wage awards from the new collective bargaining agreement with ATU while benefits costs were approximately $3M under budget due to the budgeting of expected increases in contributions such as CPP which did not materialize.

PRESTO Operations

PRESTO operations were approximately $4.0M under budget (favourable).

Air Rail Link Operations

The Air Rail Link program was formally initiated in 2011-12 as it began its business and capital planning to be in-service for the 2015 Pan Am Games. Operating expenses incurred during the fiscal year were approximately $400,000 primarily for in-year staffing up of positions and for engaging consulting firms.



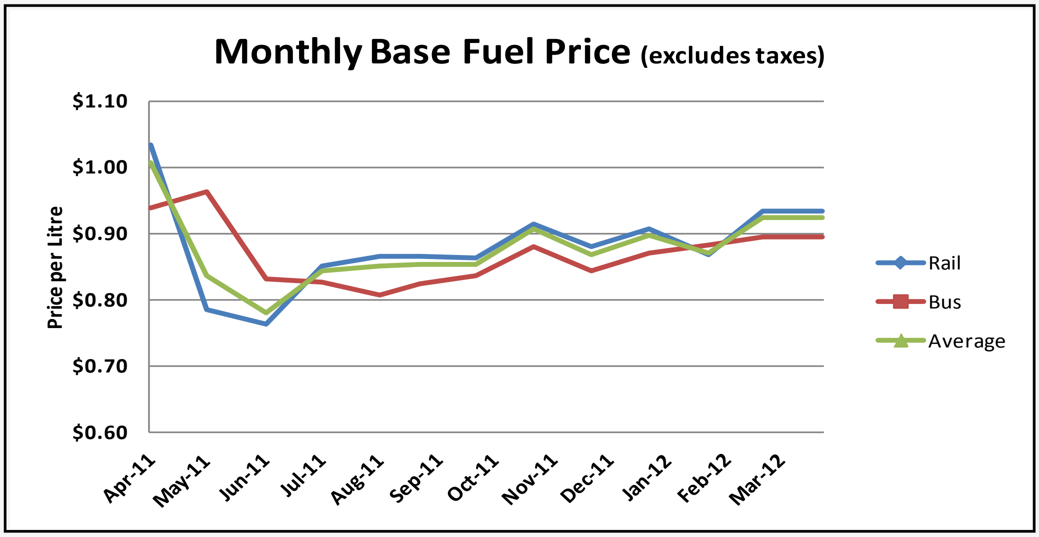
Operating Costs

Rail & Bus Operations

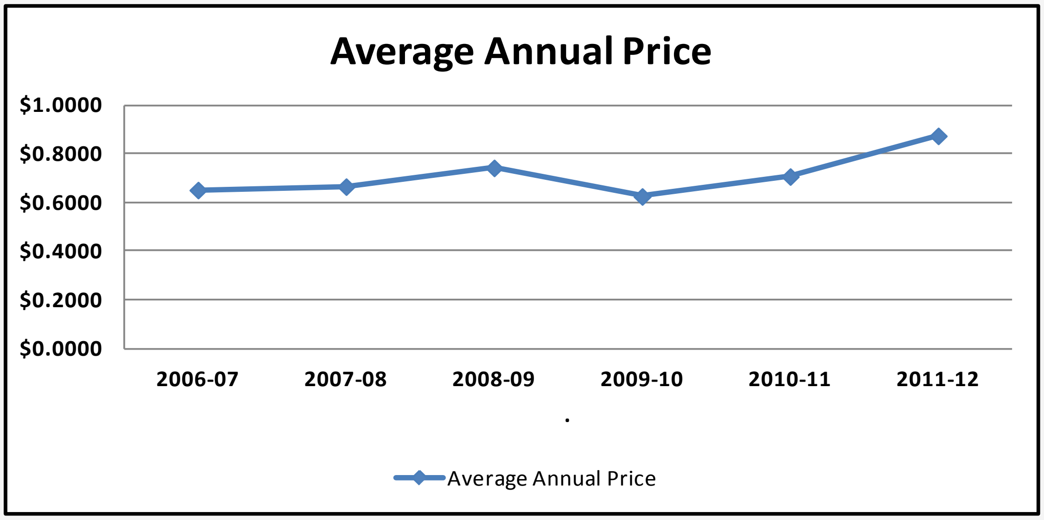
Rail and bus operations' actual operating expenses were approximately $5.1M over budget attributed primarily to diesel fuel and wayside power costs. These were offset by savings in operations such as insurance, liability claims, and extra train costs.

Diesel Fuel

Metrolinx's 2011-12 diesel fuel costs increased by $7.1M over 2010-11, of which approximately $6.4M was due to increased fuel prices and $700,000 was due to increased fuel consumption. In 2011-12, diesel fuel costs represented approximately 11.3% of total operating costs.

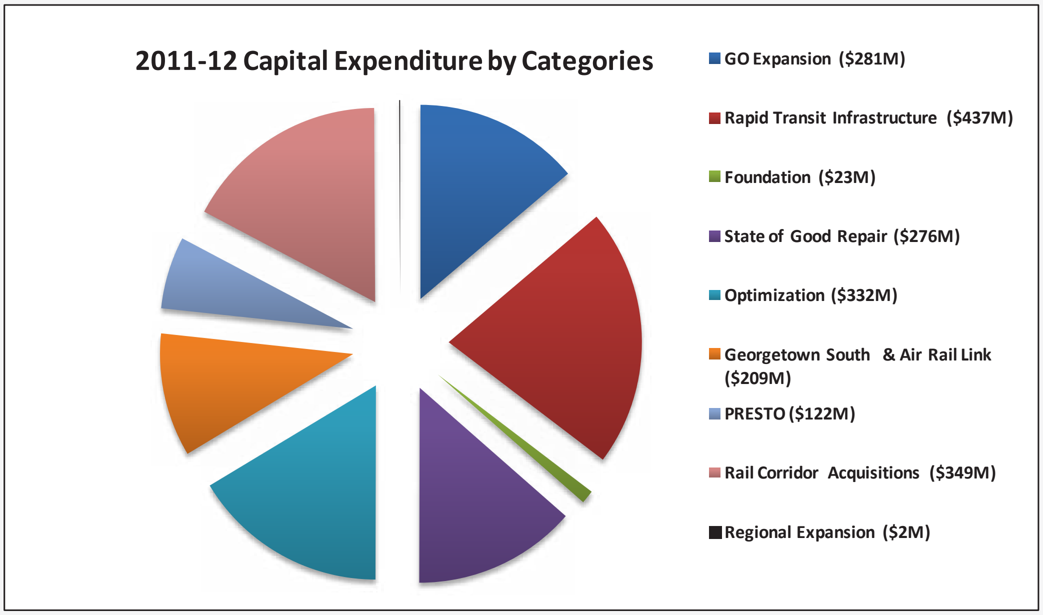


Diesel fuel price has increased steadily since 2009-10 but is expected to stabilize in fiscal 2012-13. Geopolitical factors will play a key role in determining whether fuel prices will actually stabilize. Metrolinx uses diesel fuel consultants, fixed-price contracts and is planning to implement financial hedging instruments to help increase greater price certainty in its diesel fuel costs.



Capital Investments

In 2011-12, Metrolinx continued working towards the Province's mandate to significantly increase its investment in public transit infrastructure. Major capital projects such as the Georgetown South corridor, Air Rail Link, implementation of PRESTO fare system on TTC and OC Transpo, upgrading PRESTO software to next generation, Viva Bus Rapid Transit and Toronto Light Rail Transit projects were either commenced, had achieved key milestones, or were completed during the fiscal year. Significant investments were also made towards the state of good repair of existing infrastructure in order to maintain and improve safety and reliability. Capital expenditure in 2011-12 was approximately $2.03B.



Service Levels and Infrastructure as at March 2012

TRAIN SERVICE:	TOTALS
Lines	7
Stations	62
Route kilometres	450
Weekday train trips	187
Weekday trainsets in use	44
Locomotives	65
Bi-level passenger railcars	530

ACROSS OUR SYSTEM:	TOTALS
Parking spaces	64,000
Parking structures	4
Wind turbines	1
Stations/terminals with bike shelters	53
Stations with bike lockers	3
Stations with reserved bike parking	2

BUS SERVICE:	TOTALS
Terminals (plus numerous stops & ticket agencies)	16
Route kilometres	2,784
Weekday bus trips, total system	2,186
Weekday bus trips, to/from Union Station	579
Single-level buses	404
Double decker buses	22

Major 2011-12 Capital Expenditures

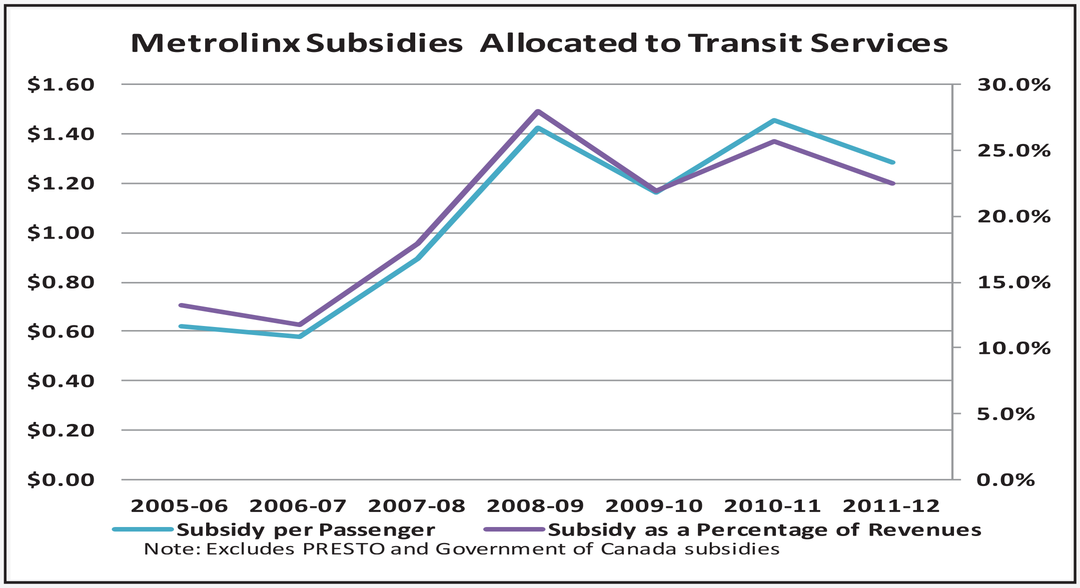
Major projects that moved forward or were completed during the year included:

- $264M was invested in the Georgetown South, West Toronto Diamond, and other projects to accommodate more train service for the Pan Am Games and Air Rail Link
- $109M was invested towards work in progress of the revitalization of Union Station including signals, replacement of the train shed, and the building of a new concourse
- $148M was invested in maintaining the state of good repair for existing infrastructure including, stations, bus and rail fleet, parking facilities, and maintenance facilities
- $96M was invested in new parking facilities that were either completed or that were under construction at the Centennial, Oakville, Ajax, and Erindale rail stations adding an additional 3,500 parking spaces to the system. A construction contract was also awarded to build an additional 1,200 parking spaces at Pickering station
- $111M was invested in railway corridors for tracks, signals, and bridges. (excludes the Georgetown South corridor)
- $23M was invested in 47 MCI D4500 Highway Coaches for bus services
- $347M was invested in the acquisition of the Bala subdivision (Richmond Hill line), portion of the Oakville subdivision (Lakeshore West line), and the GO subdivision (Oshawa) which will allow for greater control of rail routes and traffic, as well as decrease trackage fee costs while increasing trackage fee revenue
- $79M in progress payments was made for the purchase of 75 rail coaches
- $94M in progress payments was made for the purchase of 60 Crash Energy Management rail bi-level cab cars
- $425M was invested in the Toronto LRT and York Viva BRT projects including:
    - making progress payments towards purchasing properties for the Maintenance and Storage Facilities
    - initiating the tunnel construction and station design for the Eglinton Crosstown project
    - design work for the Scarborough RT
    - Agincourt grade separation at Sheppard Avenue and GO Stouffville rail line
    - In progress payments on York Viva BRT construction
- $11M in progress payments for the purchase of Light Rail Vehicles for the Toronto LRT projects

Government Funding

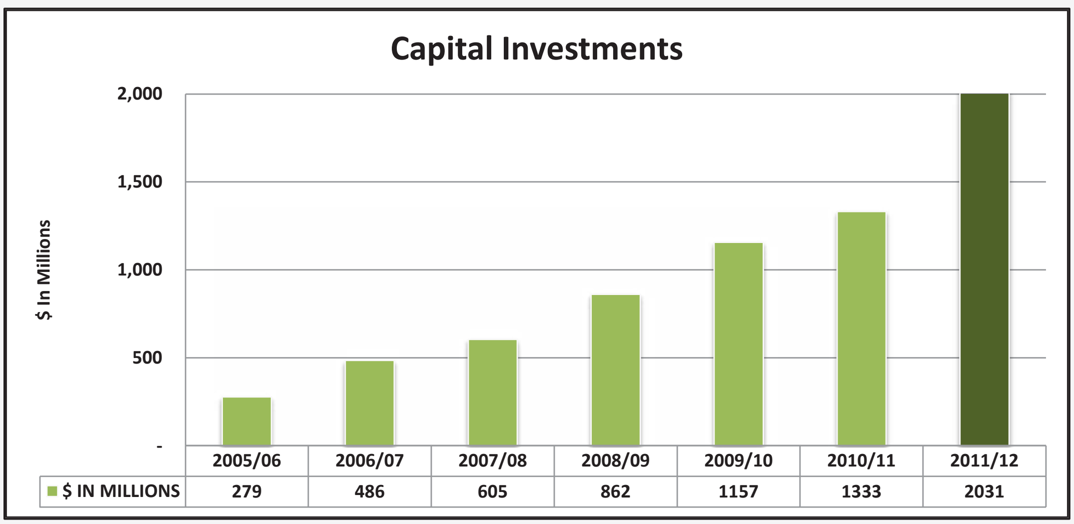
Operating Subsidy

Metrolinx received approximately $99.7M in operating subsidies from the Province of Ontario, of which $19.6M was allocated to PRESTO operations. 2011-12 subsidy requirements dedicated to delivering transit services (excludes PRESTO subsidies) was $1.28 per passenger. This is a decrease of 12% from 2010-11 subsidies per passenger of $1.45. Subsidies (excluding PRESTO), measured as a percentage of revenues, decreased to 22.5% compared to 25.7% in 2010-11. The improved subsidy ratios were driven by significant gains in ridership and revenues while improving operating efficiencies.



Capital Grants

Capital grants from the Province of Ontario increased to $1.99B for 2011-12. To date, this is the largest capital grant ever received by Metrolinx and it is the seventh consecutive year in which Metrolinx received an increase. Metrolinx also received capital grants from the federal government ($11M) and from municipalities ($30M).



Enterprise Risk Management

Risk Assessment and Management

Under the direction of the President and Chief Executive Officer, and the Chief Financial Officer, Metrolinx continues to implement a robust Enterprise Risk Management (ERM) program to ensure that Metrolinx complies with the Government of Ontario requirement for all classified agencies to use a risk-based approach in managing their businesses.

An ERM Program Office has been set up to work with the Senior Management Team to move Metrolinx's ERM program from a focus on a Top-down approach in risk management by Senior Management and Board to a Bottom-Up approach involving prioritization, integration and communication of risks to all management levels.

From informal management of individual risks at the business unit level, the enhanced approach starts by identifying high profile projects, programs and processes for risk-reporting focus and follows this by building on the formalization, standardization & continuous management of individual risks at the business unit level with the emphasis of prioritization, integration and communication as follows:

Prioritization

The integration and communication of risks and the plans to mitigate such risks is essential in assisting Senior Management and the Board in prioritizing resource allocations and support to ensure the achievement of corporate objectives.

Integration

While recognizing the use of existing risk management processes, all management levels need to define risk ownership and identify and address interdependencies among projects, programs and processes in developing a concerted effort in managing risks that may impact corporate objectives.

Communication

Ongoing communication with a common approach in assessing and mitigating risks between and across all management levels and functions is important for the clear and timely understanding of the risks that require attention by different management levels and may be escalated, if necessary, to Senior Management and the Board.

Enterprise Risk Management

During the 2011-2012 year we:

- Established an ERM Office to implement the ERM program throughout Metrolinx.
- Developed a formalized ERM framework that is in compliance with the Agency Establishment and Accountability Directive.
- Developed risk registers for all business units and worked with Risk Owners to identify and update business risks for reporting to Senior Management and the Board on a quarterly basis.
- Communicated with Internal Audit for them to develop risk-based audit plans.
- Included a risk management practice component in the 2012-2013 Business Plan integrated in all business plan elements.
- Developed and designed a training program on ERM implementation and on the risk management process which is to be rolled out in 2012 for all Presidents, Vice Presidents, Directors, Managers and Assistant Managers within Metrolinx. Two pilot runs of the training session were carried out in January and March of 2012.

In 2012-2013, we are committed to the following:

- The ERM group will roll out an in-class ERM training program for the leadership team at Metrolinx. Formal training sessions will commence in April 2012 and be completed in June 2012.
- The training program will focus on the use of a case study to reinforce and enhance participant's knowledge in managing risks against corporate objectives by adopting the concepts of prioritization, integration and communication.
- An online ERM e-Learning program will also be developed for all Metrolinx employees. This will be available after the completion of the training program in June.
- ERM templates and toolkits will be developed to support the specific needs of each business unit.
- An ERM website will be developed as a portal for all ERM-related information, i.e. policies, procedures, plans, presentations, templates and tools.
- The ERM group will work with the Project Management Programs and Systems group to develop a project risk assessment report for tracking capital projects status.

Enterprise Risk Management

Business Plan • 2012-2013

Senior Management has identified key risks that may impact Metrolinx's corporative objectives. On a quarterly basis, reports of these key risks with mitigation actions are provided to the Board.

Some of the key risks are as follows:

Sustained Funding – Metrolinx requires continued and sufficient funding to support its operations and future capital programs.

Stakeholder Management and Governance – Corporate governance processes with clearly defined stakeholder roles and accountabilities are required to meet Metrolinx's objectives.

Corporate Reputation – Build and maintain the corporation's credibility and reputation, and the resulting impact.

Government Relations/Regulatory – Changes to government regulations under which the corporation operates or significant change in policy direction could impact Metrolinx's mandate.

Scope Control – Announcement – Government announcements made prior to a project's cost certainty could lead to a gap in public expectations on the project budget and schedule.

Scope Control – Eglinton Crosstown – Changes to Eglinton Crosstown scope requirements could impact coordination of the various project participants.

PRESTO Implementation – Project governance is required to effectively manage the supplier of the PRESTO fare card system, deliver on budget and meet publicly announced deadlines.

Recruitment, Retention, Succession Planning, Skills and Capabilities – Recruiting and retention strategies for qualified personnel and developing sufficient in-house expertise to effectively implement and manage Metrolinx's vision/plan.

Processing Capacity – Resource and capacity management is required to handle volume of work and processing capacity.

IT Project Prioritization – IT governance process is required for effective prioritization of IT systems projects.

Employee Morale – Managing employee morale is required to foster a healthy working environment and have an impact on Metrolinx's vision/plan.

Privacy – Corporate privacy program is required to ensure compliance with legislation and regulations.

Performance Management and KPIs

Metrolinx measures the effectiveness of its programs from a number of different perspectives.

- At a region-wide scale, Metrolinx measures the effectiveness of its programs through patterns of travel and transit mode share, and economic and transportation benefits of transit investments in the GTHA.
- Metrolinx measures its corporate effectiveness against its vision, mandate and key objectives through a series of performance measures and targets against stated goals.

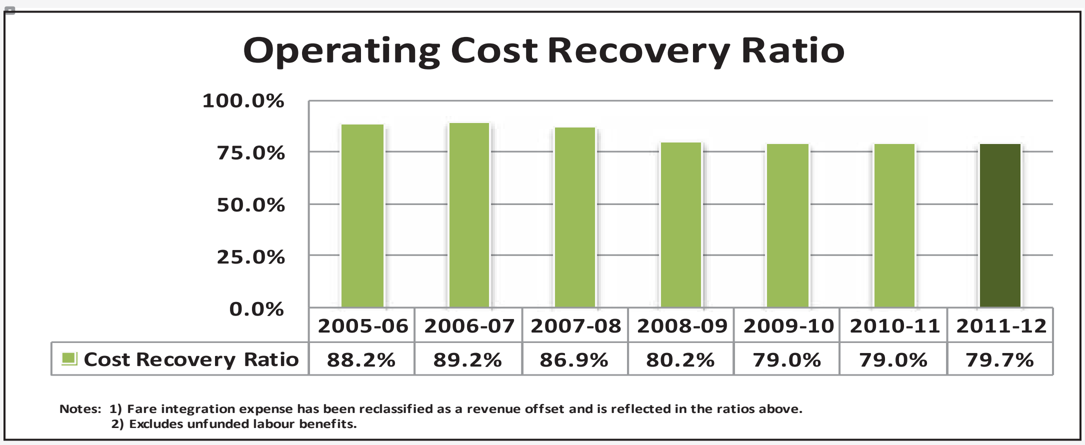
At the operational level, bus, rail, and customer services each have a robust set of performance metrics used to measure four dimensions.

- Customer satisfaction/service
- Cost effectiveness
- Service efficiency
- Service effectiveness

These measures are tracked against Metrolinx's historic results as well as are compared to industry peers in both Canada and the USA. In 2011-12, Metrolinx partnered with its Canadian peers, Agence Metropolitaine de Transport (AMT) and TransLink (British Columbia), to share information on performance measures and KPIs, and to develop a working relationship in which strategies would be developed to meet industry challenges.

Recovery Ratios

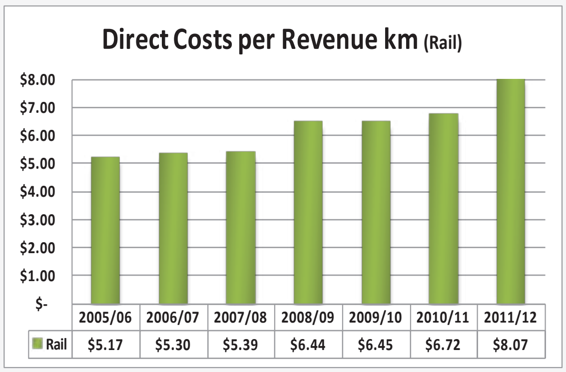
Metrolinx uses the ***operating cost recovery ratio*** and ***farebox recovery ratio*** (excludes PRESTO operations) as two key indicators of financial performance. Operating cost recovery ratio, measured as the ratio of total revenues (excluding operating subsidies and grants) to total operating costs provides an indicative measure of how efficient and how effective a transit agency operates. Metrolinx compares its recovery ratios to its historic results as well as compares it to industry benchmarks. Historically, Metrolinx has always had one of the best recovery ratios among North American peers. In 2011-12, Metrolinx's cost recovery ratio was 79.7%.

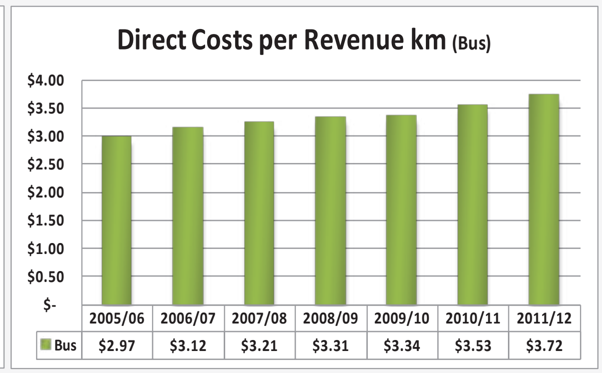


Performance Management and KPIs

Direct Costs per Revenue Kilometre

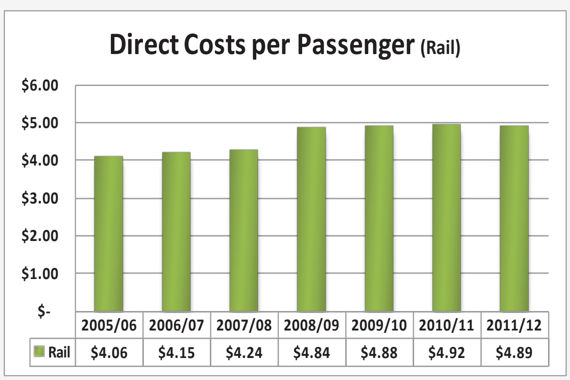
Metrolinx uses ***direct costs per revenue kilometre*** as one of its performance indicators to measure how efficient its rail and bus operations are in delivering services and is measured as the ratio of direct operating costs of rail or bus services to total rail or bus kilometers (km) put into service to generate fare revenue. In 2011-12, direct costs per revenue km for rail services increased to $8.07 while bus services increased to $3.72. Ratios for both services increased primarily due to increased diesel fuel costs.

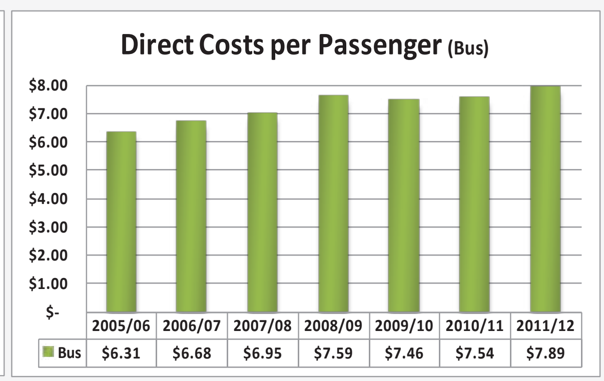




Direct Costs per Passenger

Metrolinx uses ***direct costs per passenger*** as one of its performance indicators to measure how efficient its rail and bus operations are in delivering services and is measured as the ratio of direct operating costs of rail or bus services to total rail or bus passengers. In 2011-12, direct costs per passenger for rail services decreased to $4.89 while bus services increased to $7.89.

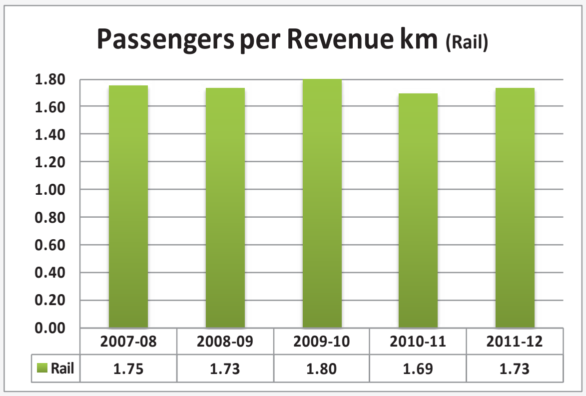


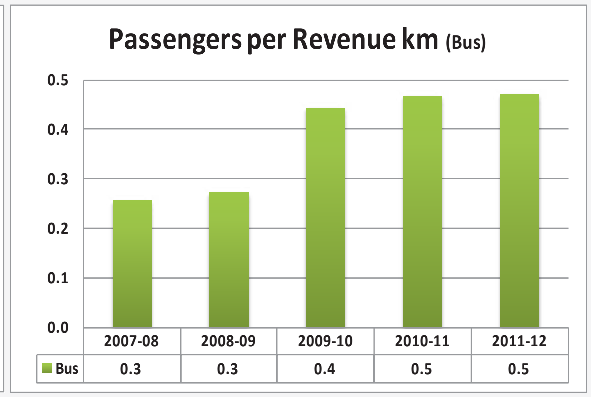


Performance Management and KPIs

Passenger per Revenue KM

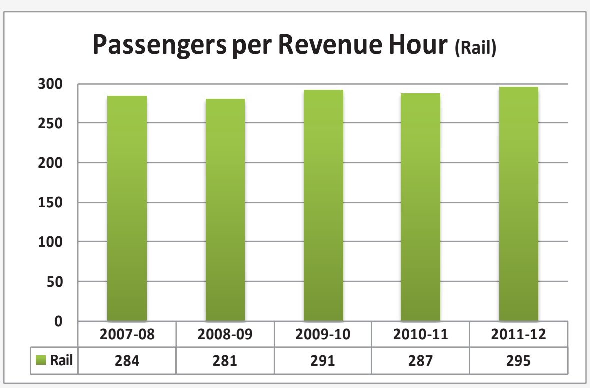
Metrolinx uses ***passengers per revenue kilometre*** as one of its performance indicators to measure how effective its rail and bus operations are in delivering services and is measured as the ratio of total rail or bus ridership to total rail or bus kilometers (km) put into service to generate fare revenue. In 2011-12, passengers per revenue km for rail services was1.73 passengers per revenue km while bus services was 0.5 passengers.

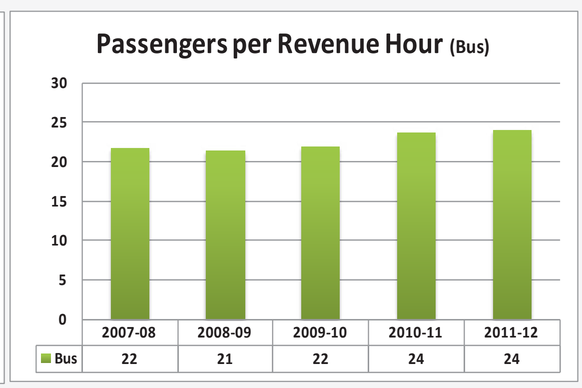




Passengers per Revenue Hour

Metrolinx uses ***passengers per revenue hour*** as one of its performance indicators to measure how effective its rail and bus operations are in delivering services and is measured as the ratio of total rail or bus ridership to total rail or bus hours put into service to generate fare revenue. In 2011-12, passengers per revenue hour for rail services was 295 passengers per revenue hour while bus services was 24.





Performance Management and KPIs

In 2011-12, Metrolinx expanded its core set of key indicators for financial performance to include the following:

Passenger revenue per available seat kilometre

Metrolinx uses ***passenger revenue per available seat kilometre*** as one of its performance indicators to measure how effective its rail and bus operations are in delivering services and is measured as the ratio of total system commuter revenue to total available seat-kilometres. In 2011-12, passenger revenue per available seat kilometre was $1.08 per available seat kilometre (based on seating capacity at March 31, 2012).

Direct Costs per available seat kilometre

Metrolinx uses ***direct costs per available seat kilometre*** as one of its performance indicators to measure how efficient its rail and bus operations are in delivering services and is measured as the ratio of total system direct costs to deliver rail and bus services to total available seat-kilometres. In 2011-12, direct costs per available seat kilometre were $1.12 (based on seating capacity at March 31, 2012).

Total Revenues per Employee (FTE)

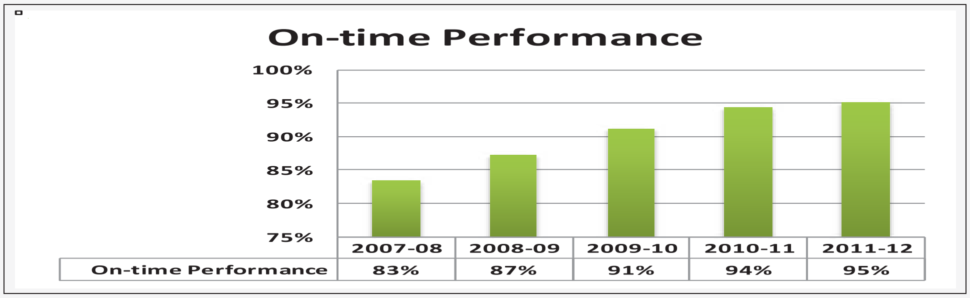
Metrolinx uses ***total revenues per employee*** as one of its performance indicators to measure how effective the organization is in creating more value. A productivity measure, this indicator is measured as the ratio of total revenue to total number of FTE. In this analysis, an FTE is counted as 1 full time employee or .5 part-time employees and excludes contracts workers and vacancies. In 2011-12, total revenues per employee (FTE) were $162,000. FTE count was based on count at March 31, 2012.

Customer Satisfaction

Metrolinx understands the importance of customer service and customer satisfaction, and the impact that they have on ridership levels and on financial performance. Metrolinx's Customer Service business unit implements a vast set of metrics to measure Metrolinx's performance in delivering customer service. Key performance indicators used by Customer Service include on-time performance, safety, keeping you in the know, comfortable experience, and helpfulness. These are posted on the GO website and are updated on a regular basis.

On-time Performance

Metrolinx uses ***on-time performance*** as one of its key indicators to measure service reliability and to measure its delivery of customer satisfaction.



	2007-08	2008-09	2009-10	2010-11	2011-12
On-time Performance	83%	87%	91%	94%	95%

Financial statements of

Metrolinx

March 31, 2012

Metrolinx
March 31, 2012

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Independent Auditor's Report

To the Members of Metrolinx

We have audited the accompanying financial statements of Metrolinx, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2012, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 26, 2012

Metrolinx

Statement of financial position
as at March 31, 2012
(In thousands of dollars)

	2012	2011 (Note 22)
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 5)	220,422	158,432
Accounts receivable (Note 8)	83,318	167,094
Contributions due from Province of Ontario	96,387	21,332
Contributions due from Municipalities	750	2,736
Contributions due from Government of Canada	27,625	49,153
Spare parts and supplies	3,198	3,699
Prepaid expenses	11,168	9,799
	442,868	412,245
Funds being held for Province of Ontario (Note 6)	46,667	46,667
Capital assets (Note 7)	6,533,278	4,913,254
Deposits on land (Note 9)	58,659	33,185
Advances on capital projects (Note 9)	197,054	72,843
Long-term lease (Note 10)	28,861	29,188
	7,307,387	5,507,382
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	399,450	365,118
Unearned revenue in respect of tickets sold and not used	5,588	9,299
	405,038	374,417
Advance from Province of Ontario (Note 6)	46,667	46,667
Deferred capital contributions (Note 11)	5,072,782	3,821,176
Pension plan top-up benefits liability (Note 13)	30,064	26,464
Other employee future benefits liability (Note 14)	50,610	45,631
	5,605,161	4,314,355
Commitments (Note 18)		
Contingencies (Note 19)		
Net assets		
Net assets invested in capital assets (Note 15)	1,716,211	1,198,107
Net assets invested in long-term lease	28,861	29,188
Net assets internally restricted (Note 16)	26,332	26,332
Deficiency of net assets	(69,178)	(60,600)
	1,702,226	1,193,027
	7,307,387	5,507,382

On behalf of the Board

Stephen Smith. Director

Director

Metrolinx

Statement of operations
year ended March 31, 2012

(In thousands of dollars)

	2012	2011 (Restated - Note 17)
	$	$
Revenue		
Operating revenue (Note 17)	**354,918**	326,593
Contribution from the Province of Ontario	**99,678**	97,137
Contribution from the Government of Canada	**151**	177
Investment income	**1,622**	1,150
Amortization of deferred capital contributions (Note 11)	**245,770**	220,607
Gain (loss) on disposal of capital assets	**1,130**	(781)
	703,269	644,883
Expenses		
Supplies and services (Note 7 (b))	**29,535**	34,123
Equipment maintenance	**60,511**	55,044
Facilities and track	**69,891**	58,865
Labour and benefits	**173,020**	150,411
Rail and bus operations (Note 17)	**141,595**	136,510
Amortization of capital assets	**253,024**	220,823
Amortization of long term lease	**327**	327
	727,903	656,103
Excess of expenses over revenue	**(24,634)**	(11,220)

Metrolinx

Statement of changes in net assets
year ended March 31, 2012

(In thousands of dollars)

					2012	2011 (Note 22)
	Invested in capital assets (Note 15)	Invested in long-term lease	Internally restricted net assets (Note 16)	Deficiency	Total	Total
	$	$	$	$	$	$
Balance, beginning of year	1,198,107	29,188	26,332	(60,600)	1,193,027	825,433
Excess of expenses over revenues				(24,634)	(24,634)	(11,220)
Amortization (net of amortization to revenue)	(8,501)	(327)	-	8,828	-	-
Assets contributed by the Province of Ontario (Note 20 (c))	-	-	-	-	-	2,006
Land acquisitions, net of deposits	505,793	-	-	-	505,793	343,793
Disposal of land	(6,250)	-	-	6,250	-	-
Disposal of TATOA assets	(978)	-	-	978	-	-
Deposits on land	28,040	-	-	-	28,040	33,015
Balance, end of year	1,716,211	28,861	26,332	(69,178)	1,702,226	1,193,027

Metrolinx

Statement of cash flows
year ended March 31, 2012
(In thousands of dollars)

	2012	2011 (Note 22)
	$	$
Operating activities		
Excess of expenses over revenues	**(24,634)**	(11,220)
Amortization of capital assets and long-term lease	**253,351**	221,150
(Gain) loss on disposal of capital assets	**(1,130)**	781
Amortization of deferred capital contributions	**(245,770)**	(220,607)
Employee future benefits, net of payments	**8,578**	7,037
	(9,605)	(2,859)
Change in non-cash working capital		
Accounts receivable	**83,776**	(125,906)
Contributions due from Province of Ontario	**(75,055)**	38,148
Contributions due from Municipalities	**1,986**	17,264
Contributions due from Government of Canada	**21,528**	(1,420)
Spare parts and supplies	**501**	678
Prepaid expenses	**(1,369)**	(4,365)
Accounts payables and accrued liabilities	**34,332**	113,204
Unearned revenue in respect of tickets sold and not used	**(3,711)**	(725)
	52,383	34,019
Investing activities		
Long-term receivable	**-**	800
Additions to capital assets	**(1,806,115)**	(1,228,996)
Proceeds from sale of capital assets	**9,605**	3,158
Deposits on land	**(28,040)**	(33,015)
Advances on capital projects	**(197,054)**	(72,843)
	(2,021,604)	(1,330,896)
Financing activities		
Grants received for purchase of land	**533,833**	376,808
Deferred capital contributions received or receivable	**1,497,378**	958,047
	2,031,211	1,334,855
Net increase in cash and cash equivalents	**61,990**	37,978
Cash and cash equivalents, beginning of year	**158,432**	120,454
Cash and cash equivalents, end of year	**220,422**	158,432
Non-cash transaction		
Assets contributed by the Province of Ontario (Note 20 (c))	**-**	2,006

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). Taking a regional approach, Metrolinx will bring together the province, municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a division of Metrolinx that operates an interregional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the Cities of Toronto and Hamilton, and Regions of Halton, Peel, York, Durham as well as Simcoe County, Dufferin County, Wellington County and the cities of Barrie and Guelph and the Town of Bradford-West Gwillimbury.

During 2011, Metrolinx assumed responsibility to construct and operate a rail service between Pearson International Airport and Union Station. A separate operating division has been created to support the delivery of the project as at April 1, 2011.

A separate operating division has also been created on June 30, 2011 to implement and operate the PRESTO fare system.

2. Summary of significant accounting policies

Basis of presentation

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles under the Canadian Institute of Chartered Accountants (CICA) Handbook - Part V.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less 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.

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

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)	5-20 years
Leasehold improvements	Lease life
Locomotives and other railway rolling stock	20-25 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

Work-in-progress is comprised of direct construction and development costs. No amortization is recorded until construction is substantially completed and the assets are ready for productive use.

Long-term lease

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

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer OMERS Pension Fund. 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 estimated average remaining service lives of the members.

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 estimated average remaining service lives of the members.

Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the statement of financial position as unearned revenue.

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. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

2. Summary of significant accounting policies (continued)

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 which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Classification of financial instruments

Cash and cash equivalents are classified as held for trading. Accounts receivable, contributions due from Province of Ontario, contributions due from municipalities, contributions due from Government of Canada and funds being held for Province of Ontario have been classified as loans and receivables. Accounts payable and accrued liabilities and advance from Province of Ontario have been classified as other financial liabilities.

Held for trading items are measured at fair value, with changes in their fair value recognized in the statement of operations in the current period. Loans and receivables are measured at amortized cost, using the effective interest method, net of any impairment. Other financial liabilities are measured at amortized cost, using the effective interest method.

Contracts to buy or sell a non-financial item

As permitted for Not-for-Profit organizations, Metrolinx has made an accounting policy choice not to apply Section 3855, Financial Instruments - Recognition and Measurement, to contracts to buy or sell a non-financial item including derivatives embedded therein. Contracts related to the diesel fuel purchases are therefore excluded from the application of Section 3855 and not recognized in the financial statements but disclosed in Note 3.

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 disclosure of contingent assets and liabilities 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 unearned revenue, amortization of capital assets, certain accrued liabilities, pension plan top-up benefits payable and other employee future benefits payable.

Future accounting policy

In December 2010, the Canadian Institute of Chartered Accountants ("CICA") issued a new accounting framework applicable to Not-for-Profit Organizations. Effective for fiscal years beginning on or after January 1, 2012, government Not-for-Profit Organizations must adopt Public Sector Accounting (PSA) Standards as their new underlying accounting framework and will have to choose between (a) the Not-for-Profit accounting standards which are incorporated into the CICA PSA Handbook; or (b) the CICA PSA Handbook without the Not-for-Profit accounting standards. Metrolinx will apply the Not-for-Profit accounting standards which are incorporated into the CICA PSA Handbook for its fiscal year beginning on April 1, 2012. The impact of transitioning to these new standards is currently being assessed.

3. Financial instruments

Fair values

The fair values of cash and cash equivalents, accounts receivable, contributions due from Province of Ontario, contributions due from municipalities, contributions due from Government of Canada, funds being held for Province of Ontario, accounts payable and accrued liabilities and advance from Province of Ontario approximate their carrying amounts because of their short term nature.

Other accounts noted on the statement of financial position, such as spare parts and supplies, prepaid expenses, capital assets, deposit on land, advances on capital projects, long term lease, unearned revenue, deferred capital contributions, pension plan top-up benefits payable and other employee future benefits payable are not financial instruments.

Metrolinx has elected to follow the disclosure requirements of Section 3861 "Financial Instruments - Disclosure and Presentation" of the CICA Handbook.

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 organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk.

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. As at March 31, 2012, Metrolinx does not have any forward purchase contracts in place.

4. Capital disclosures

The capital structure of Metrolinx consists of net assets and deferred capital contributions.

Metrolinx's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide the appropriate level of services to its stakeholders.

Metrolinx is subject to restrictions in how it is to utilize its externally restricted deferred capital contributions. Metrolinx employs internal control processes to ensure the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the period.

Metrolinx manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets.

5. PRESTO Farecard E-purse balances

The balance of funds held on PRESTO farecards E-purse in the amount of $5,669 (2011 - $1,634) has been included in Cash and cash equivalents. The E-purse balance is held on behalf of the farecard owner and therefore a liability has been included in Accounts payable and accrued liabilities.

6. Funds being held for Province of Ontario

In 2007, the former Greater Toronto Transit Authority (GO Transit) received $46,667 from the Province of Ontario for their contribution towards the Toronto Transit Commission ("TTC") participation in the GTA Farecard project. TTC has not yet met the requirements to receive this funding and consequently the cash held by Metrolinx and the obligation to the Province have been segregated on the statement of financial position.

(In thousands of dollars)

7. **Capital assets**

a)

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
	$	$	$	$
Land	**1,554,642**	**-**	**1,554,642**	1,104,078
Buildings	**529,098**	**271,844**	**257,254**	255,016
Leasehold improvements	**27,662**	**23,317**	**4,345**	4,585
Locomotives and other railway rolling stock	**1,276,714**	**331,464**	**945,250**	898,621
Improvements to railway right-of-way plant	**1,338,210**	**531,443**	**806,767**	740,542
Track work and installation	**533,279**	**132,162**	**401,117**	289,213
Work-in-progress	**1,949,021**	**-**	**1,949,021**	1,091,274
Buses	**290,961**	**152,030**	**138,931**	143,291
Parking lots	**321,880**	**109,358**	**212,522**	161,960
Computer equipment and software	**288,143**	**75,018**	**213,125**	170,099
Other	**144,149**	**93,845**	**50,304**	54,575
	8,253,759	**1,720,481**	**6,533,278**	4,913,254

Work-in-progress includes the following:

	2012	2011
	$	$
Rail corridor expansion	**549,689**	282,732
Union Station	**196,122**	139,177
Rail fleet	**250,584**	111,998
PRESTO System	**129,758**	61,086
Light Rapid Transit and Bus Rapid Transit	**466,879**	220,033
Various	**355,989**	276,248
	1,949,021	1,091,274

b) Included in supplies and services on the statement of operations in 2011 are costs related to design and development of tangible capital assets that were not completed as planned. In 2011, Metrolinx deferred the design and construction of the new signaling system in the Union Station Rail Corridor. A portion of the cost incurred for this project is for elements not usable in the future and has been written off from Work-in-progress.

(In thousands of dollars)

8. Accounts receivable

a) Accounts receivable is composed of the following:

	2012	2011
	$	$
Recoverable HST	**54,351**	80,355
Recoverable PRESTO costs	**14,430**	17,929
Sunk project costs recoverable from TTC	**-**	52,984
Other receivables	**14,537**	15,826
	83,318	167,094

b) Included in accounts receivable is $ Nil (2011- $52,984) related to the design of the Light Rapid Transit (LRT) corridors in the City of Toronto. Based on a memorandum of understanding (MOU) dated March 31, 2011 between the City of Toronto, Metrolinx and the Province of Ontario, these projects were deferred at that time. The MOU provides for the recovery from the City of Toronto of expenditures relating to the design of the surface portion of the Eglinton LRT, the Finch West LRT and Sheppard East LRT. Accordingly, these costs were reclassified from Work-in-progress to accounts receivable as at March 31, 2011. Some design costs related to changes in the Eglinton LRT design had also been written off from work-in-progress. During 2012, Metrolinx and the City of Toronto agreed to resume the projects subject to approval by the Metrolinx Board of Directors. The Metrolinx Board of Directors approved the resumption of the project on April 25, 2012 subject to approval by the Ministry of Transportation. The amount previously recorded in accounts receivable has been reclassified back to work-in-progress.

9. Advances on capital projects

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 Toronto Transit Commission (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. The original MOAs were for the period April 1 to December 31, 2009. The MOA with YRRTC and York Region was extended until March 31, 2011. 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.

Pursuant to these agreements, advances were paid to the Region of York and to the Toronto Transit Commission to provide working capital for Deposits on land totalling $47,509 (2011 - $30,520) and other project costs totalling $197,054 (2011 - $72,843) to fund projects being developed by the Region of York and Toronto Transit Commission 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 and the City of Toronto LRT corridors. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

(In thousands of dollars)

9. Advances on capital projects (continued)

As at March 31, 2012, Metrolinx has expended approximately $782.6 million (2011 - $346.3 million) in relation to these projects, including the following amounts which have been advanced for costs expected to be incurred to September 30, 2012 and deposits related to future perpetual easements.

	2012	2011
	$	$
Region of York	188,679	78,768
Toronto Transit Commission	55,884	24,595
	244,563	103,363

10. Long-term lease

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
	$	$	$	$
Leasehold, Union Station	32,704	3,843	28,861	29,188

11. Deferred capital contributions

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

	2012	2011
	$	$
Balance, beginning of year	3,821,176	3,083,736
Contributions received or receivable in the period for capital asset acquisitions		
Province of Ontario	1,456,546	904,263
Municipalities	30,223	29,179
Government of Canada	10,607	24,605
Amortization of deferred capital contributions	(245,770)	(220,607)
Balance, end of year	5,072,782	3,821,176

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 $181,845 (2011 - $25,155) and the cumulative amount is $381,801. The Province will work with its municipal partners to address the funding shortfalls.

12. Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the Ontario Municipal Employees Retirement System (OMERS) Pension Fund. The amount expensed in pension contributions for the year ended March 31, 2012 is $12,576 (2011 - $9,409).

(In thousands of dollars)

13. 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 of April 1, 2010. The expense for the year has been determined using the projected unit credit method pro-rated on service, applied in conformity with Section 3461 of the CICA Handbook. The pension expense recognized during the year is $4,001 (2011 - $3,485).

For the purpose of accounting for top-up benefits, Metrolinx has adopted the policy to recognize gains and losses in a year in excess of the minimum amortization (which is the portion of accumulated gains and losses which exceed 10% of the accrued benefit obligation, divided by the expected average remaining service life).

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

	2012	2011
	$	$
Accrued benefit obligation	48,423	36,345
Fair value of plan assets	732	734
Funded status - plan deficit	47,691	35,611
Unamortized net actuarial loss	(17,627)	(9,147)
Accrued benefit liability	30,064	26,464

Details of the accrued benefit obligation are as follows:

	2012	2011
	$	$
Accrued benefit obligation, beginning of year	36,345	30,998
Current service cost	1,165	1,009
Interest cost on accrued benefit obligation	2,145	1,991
Benefit payments	(405)	(315)
Actuarial loss on accrued benefit obligation	9,173	2,662
Accrued benefit obligation, end of year	48,423	36,345

Details of the pension expense are as follows:

	2012	2011
	$	$
Current service cost	1,165	1,009
Interest cost on accrued benefit obligation	2,145	1,991
Actual return on plan assets	(2)	(1)
Actuarial gain on obligation	9,173	2,662
Expected return vs. actual return on plan assets	2	1
Amortization of loss vs. actual loss in year on obligation	(8,482)	(2,177)
	4,001	3,485

(In thousands of dollars)

13. Pension plan top-up benefits liability (continued)

Plan assets by asset category are as follows:

	2012	2011
	%	%
Cash invested	**18**	25
Cash on deposit with Canada Revenue Agency	**82**	75
	100	100

Other information about Metrolinx's benefit plan is as follows:

	2012	2011
	$	$
Employer contributions	**400**	600
Benefits paid	**405**	315

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

Discount rate	4.4% (2011 - 5.75%)
Rate of compensation increase	3% (2011 - 3%)
Inflation per annum	2% (2011 - 2%)
Expected average remaining service life	8 years (2011 - 8 years)

14. Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & 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 of March 31, 2011. The valuation was performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation have been determined in accordance with Section 3461 of the CICA Handbook. The post-retirement non-pension benefits recognized during the period were $6,741 (2011 - $5,647).

For the purpose of accounting for post-retirement non-pension benefits, Metrolinx has adopted the policy to recognize gains and losses in a period in excess of the minimum amortization (which is the portion of accumulated gains and losses which exceed 10% of the accrued benefit obligation, divided by the expected average remaining service life).

Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2012	2011
	$	$
Accrued benefit obligation	**88,689**	62,622
Fair value of plan assets	**-**	-
Funded status - plan deficit	**88,689**	62,622
Unamortized net actuarial loss	**(38,079)**	(16,991)
Accrued benefit liability	**50,610**	45,631

(In thousands of dollars)

14. Other employee future benefits liability (continued)

Details of the accrued benefit obligation are as follows:

	2012	2011
	$	$
Accrued benefit obligation, beginning of year	**62,622**	49,391
Current service cost	**2,294**	2,601
Interest on accrued benefit obligation	**3,698**	2,924
Benefit payments	**(2,009)**	(1,781)
Actuarial loss on accrued benefit obligation	**22,084**	9,487
Accrued benefit obligation, end of year	**88,689**	62,622

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

	2012	2011
	$	$
Current service cost	**2,294**	2,601
Interest cost on accrued benefit obligation	**3,698**	2,924
Actuarial loss on obligation	**22,084**	9,487
Amortization of loss vs. actual loss in year on obligation	**(21,335)**	(9,365)
	6,741	5,647

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

Discount rate for post-retirement non-pension benefit	4.4% (2011 - 5.8%)
Discount rate for WSIB liabilities	4% (2011 - 5.5%)
Discount rate for retiree severance benefits	3.7% (2011 - 4.6%)
Expected average remaining service life for post-retirement non-pension benefit	14 years (2011 - 14 years)
Expected average remaining service life for WSIB liabilities	10 years (2011 - 10 years)
Expected average remaining service life for retiree severance benefits	8 years (2011 - 9 years)
Rate of compensation increase	3% (2011 - 3%)
Inflation per annum	2% (2011 - 2.25%)
Initial Weighted Average Health Care Trend Rate	6.7% (2011 - 6.7%)
Ultimate Weighted Average Health Care Trend Rate	4.3% (2011 - 4.2%)
Dental care benefits increase	4% (2011 - 4%)

(In thousands of dollars)

15. Net assets invested in capital assets

	2012	2011
	$	$
Capital assets	**6,533,278**	4,913,254
Deposits on land	**58,659**	33,185
Advances on capital projects	**197,056**	72,844
Less deferred capital contributions used to purchase capital assets	**(5,072,782)**	(3,821,176)
	1,716,211	1,198,107

16. Internally restricted net assets

The internally restricted net assets are as follows:

	2012	2011
	$	$
MCOR	**21,051**	21,051
Employment obligation	**889**	889
Self insured retention	**2,013**	2,013
Stabilization	**2,379**	2,379
	26,332	26,332

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.

17. Operating revenue

Commencing 2012, the operating revenue is being stated net of fare integration charges of $7,479 (2011 - $7,247). The fare integration charges were previously included in rail and bus operations expenses. Accordingly, the comparative figures for 2011 operating revenue and rail and bus operations expenses have been restated to conform to the current year's presentation.

(In thousands of dollars)

18. Commitments

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

	$
2013	15,567
2014	15,724
2015	13,600
2016	13,080
2017	12,833
Subsequent	12,304
	83,108

b) Metrolinx has also committed approximately $3.8 billion for various capital asset additions/projects.

c) 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") Bombardier Inc., PNR Rail Works Inc. ("PNR") and Toronto Terminals Railway Ltd. ("TTR") and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately $126,000 per year:

i) Master Operating Agreement with CN terminating on May 31, 2016.
ii) Commuter Agreement with CP terminating on December 31, 2014.
iii) Equipment Maintenance Contract with Bombardier terminating on May 31, 2013.
iv) Rail Crew Contract with Bombardier terminating on May 31, 2013.
v) Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2016.
vi) Rail Corridor management Service Agreement with TTR terminating on June 30, 2015.

d) As at year-end; Metrolinx had outstanding letters of credit totalling $309 (2011 - $338).

19. Contingencies

Various lawsuits have been filed against Metrolinx for incidents which 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.

20. Related party transactions and balances

Metrolinx had the following transactions with related parties during the year:

a) The Ontario Ministry of Transportation, Ontario Assessment Review Board, Infrastructure Ontario, Ontario Realty Corporation and Northland Ontario charged Metrolinx $1,794 (2011 - $1,639), $27 (2011 - $Nil), $2,771 (2011 - $Nil), $401 (2011 - $536) and $10,409 (2011 - $21,374) respectively during the year for the provision of services provided by these organizations. At March 31, 2012, accounts payable and accrued liabilities included $865 (2011 - $437) and $3,265 (2011 - $Nil) owing to the Ontario Ministry of Transportation and Infrastructure Ontario respectively.

b) During the year ended March 31, 2010, the Ontario Ministry of Transportation charged Metrolinx $1,188 for land sold by the Ontario Ministry of Transportation. During the year ended March 31, 2011 the amount had been adjusted to $3 to bring it down to the net book value of this asset maintained by the Ontario Ministry of Transportation at the time of sale. At March 31, 2012, accounts receivable included $Nil (2011 - $1,185) owing by the Ontario Ministry of Transportation in this respect.

20. Related party transactions and balances (continued)

c) During the year ended March 31, 2011, Metrolinx purchased land for two dollars from the Ontario Ministry of Transportation. The transfer was treated as a contribution from the Province equivalent to the net book value of this asset maintained by the Ministry that amounted to $2,006.

The transactions in 20 a) are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Contributions of capital assets from the Province are recorded at the carrying amount.

Balances due from/to the Province of Ontario are separately disclosed on the statement of financial position. Amounts are non-interest bearing with no specified terms of repayments.

21. Guarantees

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

(a) In the normal course of business, Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors 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 or 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.

22. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.