



Expenditure Estimates 2019-20

Ministry of Transportation

fAO

Financial
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Office of Ontario

Selections for 2019-20

The Standing Committee on Estimates (SCE) has selected the following ministries' Estimates for review:

- Health and Long-Term Care
- Education
- **Transportation (MTO)**
- Infrastructure
- Children, Community and Social Services
- Environment, Conservation and Parks
- Agriculture, Food and Rural Affairs

Purpose and Structure of FAO's Report

Purpose: to support the SCE's review of MTO's 2019-20 Expenditure Estimates.

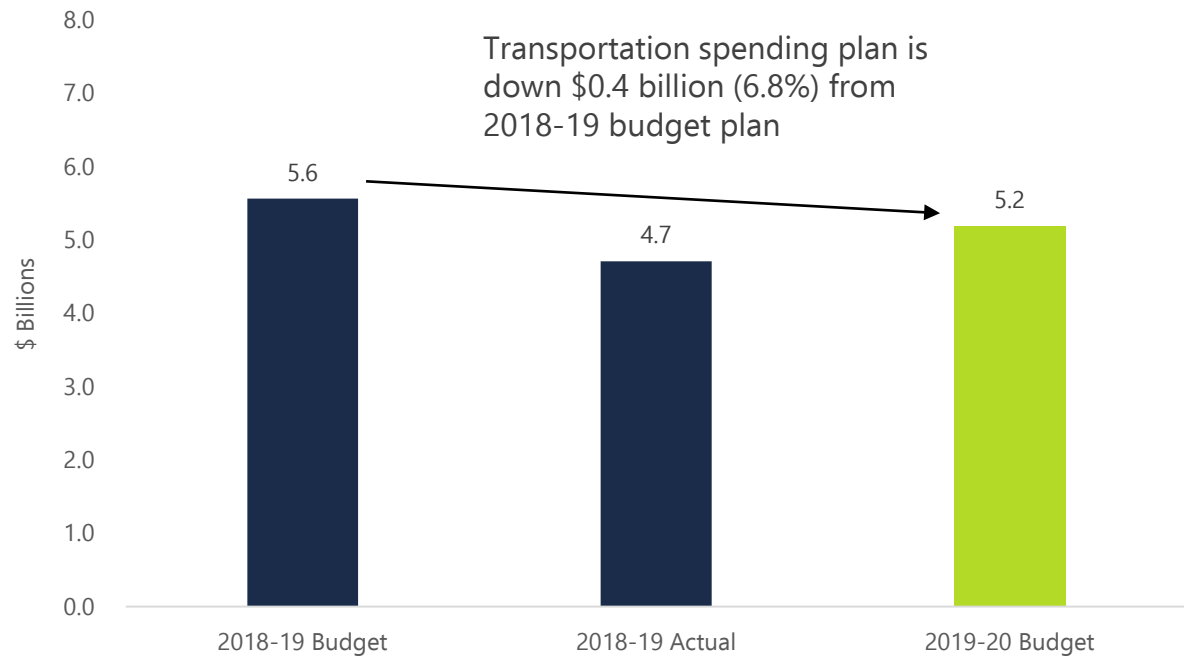
The report has three major sections:

1. **Financial overview** of the ministry
2. **Identifies key financial issues**
3. **Program review** by Estimates categories

1. Financial Overview

MTO Spending for 2019-20

Projected spending of \$5.2 billion in 2019-20



Source: FAO analysis of the 2018 and 2019 Ontario Budgets and the 2018-19 Public Accounts of Ontario.

Spending by Estimates Category - Expense

85% of voted spending is through the Policy and Planning program (vote 2702)

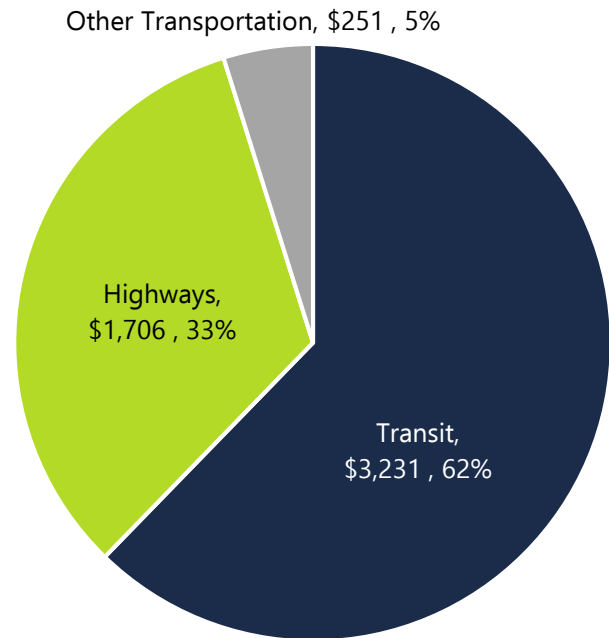
Vote	Program Name	2019-20 Estimates (\$ millions)	Share of Total Supply Expense (%)
2702	Policy and Planning	5,103	85
2704	Provincial Highways Management Program	670	11
2703	Road User Safety Program	117	2
2705	Labour and Transportation Cluster	59	1
2701	Ministry Administration Program	53	1
Total Supply Bill (Voted) Expense		6,003	100
	Standalone legislation (statutory) expense - highway amortization	1,035	
	Standalone legislation (statutory) expense - other	23	
Total Standalone Legislation (Statutory) Expense		1,058	
	Other expense – Ontario Gas Tax Program	338	
	Other expense - Metrolinx	-2,211	
Total Other Expense		-1,873	
Total Ministry of Transportation Expense		5,187	

Source: FAO analysis of the 2019-20 Expenditure Estimates.

Spending by Program - Expense

\$5.2 billion in spending for three major programs:

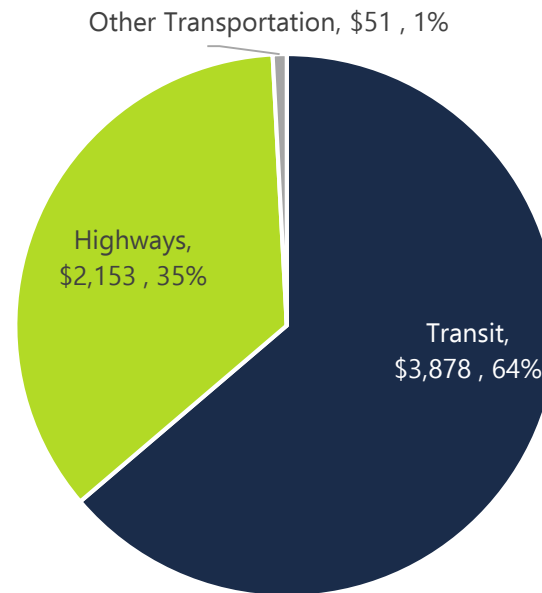
1. Transit (\$3.2 billion)
 - Operations
 - Amortization
 - Transfers to municipalities
2. Highways (\$1.7 billion)
 - Operations
 - Amortization
3. Other transportation (\$0.3 billion)
 - Licensing and safety standards



Source: FAO analysis of 2019-20 Expenditure Estimates and information provided by the Province.

Investment in Assets - \$6.1 billion

- Expense of \$5.2 billion does not include \$6.1 billion investment in assets
- Investments include \$3.9 billion in transit and \$2.2 billion in highways



Source: FAO analysis of 2019-20 Expenditure Estimates and information provided by the Province.

Planned Asset Investments in 2019-20

Project	Amount (\$ millions)
Eglinton Crosstown Light Rail Transit	1,317
GO Transit Expansion (e.g., electrification, new stations and higher frequency of service)	755
Rehabilitation of GO Transit and UP Express assets	701
PRESTO implementation and state of good repair	100
Planning for GTHA subway projects	65
Kitchener GO Transit Expansion	27
Niagara GO Transit Expansion	22
Bowmanville GO Transit Expansion	7
Other (e.g., Finch West, Hamilton, and Hurontario LRTs, vivaNext BRT)	884
Total Transit	3,878
Southern Highways Rehabilitation and Expansion Projects	2,153
Total Highways	2,153
Road User Safety Program	34
Ministry Administration Program	17
Total Other Transportation	51

Source: FAO analysis of the 2019-20 Expenditure Estimates.

2. Key Financial Issues

FAO Reviewed the Province's 5-Year Transit and Highways Capital Plans

- Transit capital plan totals \$29.2 billion in spending over the next five years
- Highways capital plan totals \$12.9 billion in spending over the next five years

Issue 1: Transit Capital Plan

Components of the Transit Plan

Component	Five-year cost (\$ billions)
GO Transit expansion	14.0
Light rail transit and bus rapid transit expansion	8.3
New subway expansion plan	6.1
Ontario Gas Tax Program	1.7
Other*	8.6
Total cost of programs and projects	38.7
Assumed underspending (e.g., construction delays)	(9.4)
Total transit spending plan	29.2

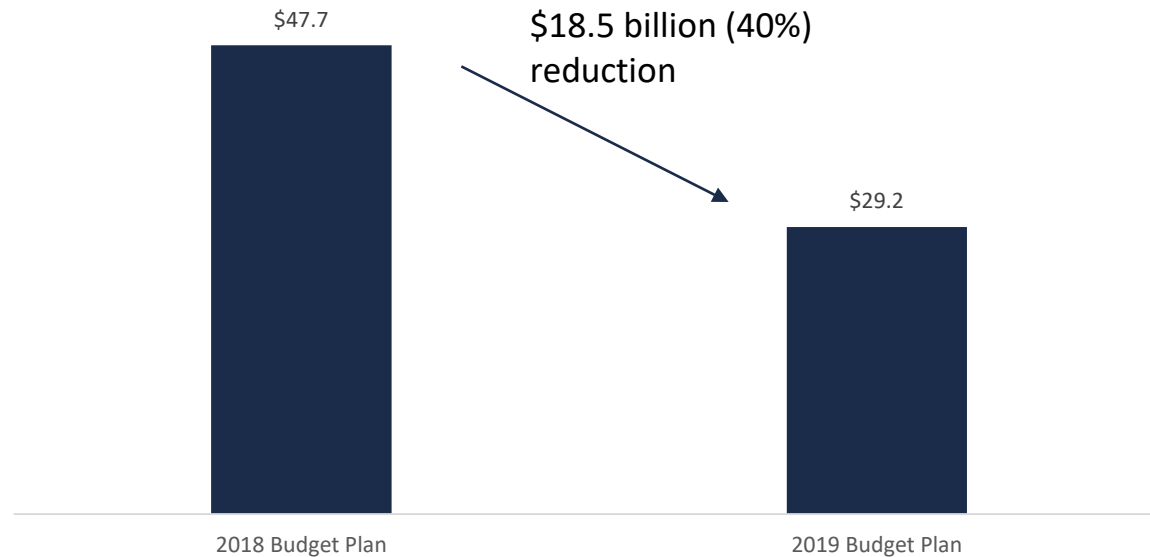
*Other spending includes GO transit rehabilitation, PRESTO, interest capitalization and other projects.

Source: FAO analysis of 2019-20 Expenditure Estimates and information provided by the Province.

- \$9.4 billion in assumed underspending has not been applied to specific projects

2019 Budget Transit Capital Plan Compared to 2018 Budget Plan

2019 budget transit plan is \$18.5 billion lower over five years compared to 2018 budget transit plan

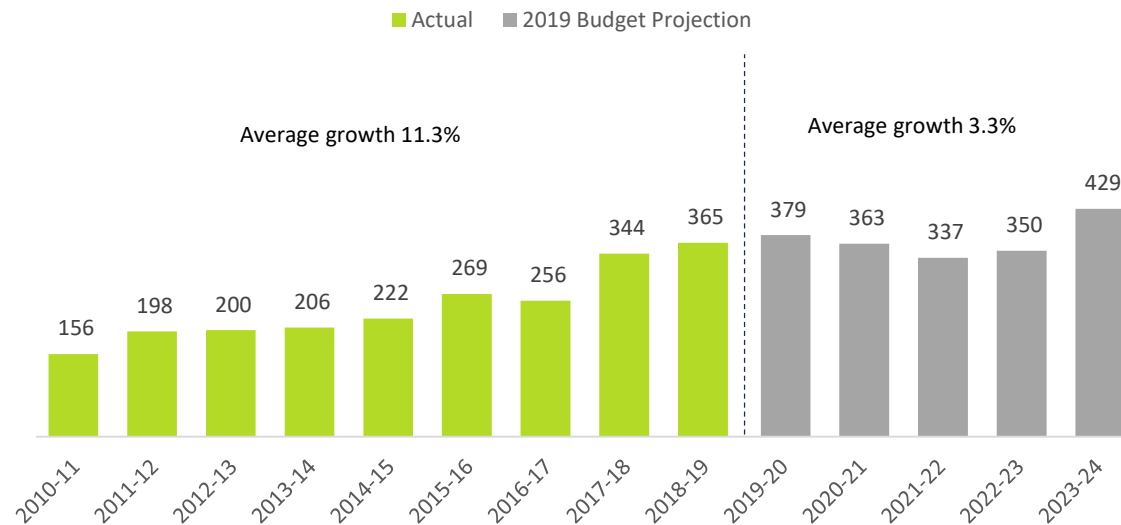


Source: FAO analysis of the 2019 Ontario Budget and information provided by the Province.

Transit Capital Spending Trends

- On a real per person basis (adjusting for population growth and inflation), growth in transit capital spending to slow over next five years
- However, transit spending expected to be at historically high levels

Transit capital spending per person, adjusted for inflation (\$)



Source: FAO analysis of the Public Accounts of Ontario and the 2019 Ontario Budget.

Transit Performance Measures and Targets

- The FAO requested information on the performance measures used by the ministry to evaluate the transit system
- The ministry identified three performance measures and targets

Performance Measure	2014	2015	2016	2017	2019
	Results				Target
Total Ontario transit ridership (millions)	922	922	928	931	973
Number of transit trips taken per person per year	84.0	83.0	81.9	80.5	82.4
Average travel speed of commercial vehicles (% of speed limit)	94.3	94.3	94.1	93.2	90.0

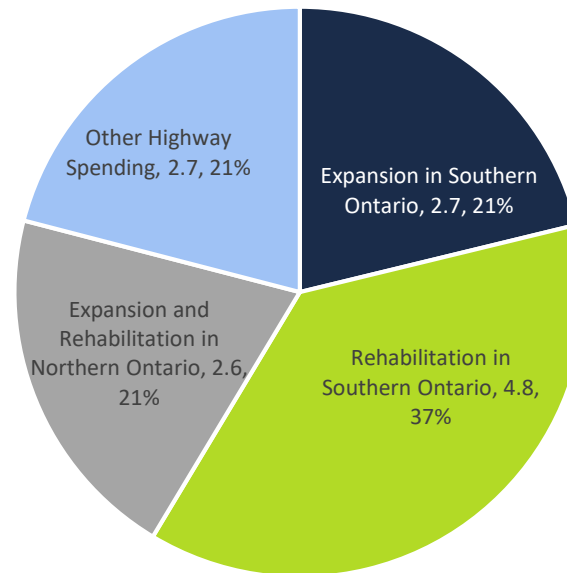
Source: FAO analysis of information provided by the Ministry of Transportation.

Issue 2: Highways Capital Plan

Components of Highways Capital Plan

\$12.9 billion spending plan over the next five years

Components of highways capital plan, \$ billions

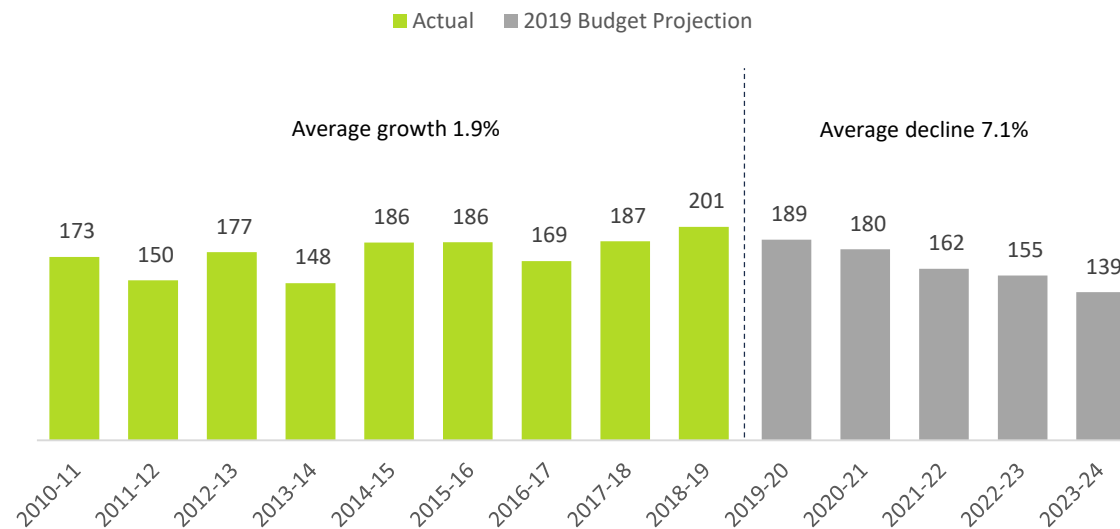


Source: FAO analysis of the 2019 Ontario Budget and information provided by the Province.

Decreasing Highways Investment

On a real per person basis (adjusting for population growth and inflation), highways spending will drop from \$201 in 2018-19 to \$139 in 2023-24

Highways capital spending per person, adjusted for inflation (\$)

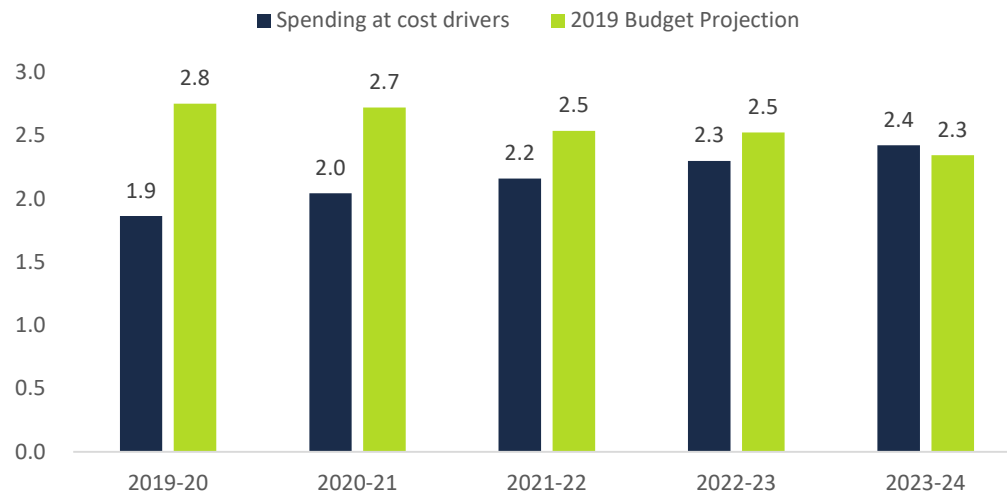


Source: FAO analysis of the Public Accounts of Ontario and the 2019 Ontario Budget.

Estimating Highways Investment Required to Maintain Service Levels

- The FAO estimated highway spending needed to maintain current service levels (i.e., spending required to meet cost drivers of driving-age population growth and inflation)
- Results: 5-year highways spending plan exceeds investment required to maintain status quo service levels

Highways capital spending compared to core cost drivers, \$ billions



Source: FAO analysis based on information from Statistics Canada, the Ministry of Finance and the Ministry of Transportation.

Highways Performance Measures and Targets

- The performance of Ontario's highways system currently exceeds all of the Province's targets

Performance Measures	2014	2015	2016	2017	2019
	Results				Target
Highway Safety:					
Fatalities per 100,000 licensed drivers	5.3	5.4	5.8	5.8	8.0
Pavements cleared after storms within a maximum time limit* (% cleared within time)	92	97	97	97	90
Highway Quality:					
Share of highway pavements in good condition (% of total)	81	81	69**	83	67
Share of bridges in good condition (% of total)	86	87	86	85	85
Highway Mobility & Congestion:					
Average travel speed of commercial vehicles (% of speed limit)	94.3	94.3	94.1	93.2	90.0

* The ministry sets different maximum time limits for regaining bare pavements for its 5 classes of highways after the end of a winter storm: 8 hours for class 1 highways, 16 hours for class 2 highways, and 24 hours for classes 3 to 5 highways.

** The ministry reports that the method for collecting data on the share of highway pavements in good condition was in transition for 2016, so the results on this performance measure for 2016 is not comparable to other years.

Source: Ministry of Transportation.

3. Program Review

Programs with the Largest Nominal Funding Increases in 2019-20

Vote	Program	Increase (\$ millions)	Change (%)
2704	Services - highways operations and maintenance	74	18.0
Statutory	Amortization - highways	71	7.3
Other	Ontario Gas Tax Program	17	5.3

Source: FAO analysis of the 2018-19 and 2019-20 Expenditure Estimates.

Cancelled Programs in 2019-20

- Connected to the cancellation of the cap and trade program and the repeal of the *Trillium Trust Act, 2014*

Vote	Program	Program Budget in 2018-19 (\$ millions)
Other	Trillium Trust Spending	-522
2702	Regional Express Rail	-435
2702	Electric Vehicle Incentive and Infrastructure Program	-103
2702	Electric Vehicle and Public Charging Infrastructure	-45
2702	Cycling Infrastructure	-41
2702	Green Commercial Vehicle Program	-25
2702	GGRA - Other - operating	-8
2702	Electric Vehicle Education and Awareness	-5
2702	GGRA - Other - capital	-2
2702	Transportation Demand Management Funding Program	-1

Source: FAO analysis of the 2018-19 and 2019-20 Expenditure Estimates.

Programs with the Largest Nominal Funding Decreases in 2019-20

Vote	Program	Decrease (\$ millions)	Change (%)
2702	Public Transit	-1,594	-25.2
2702	Metrolinx Operating Subsidies	-184	-36.4
2704	Transportation infrastructure - provincial highways	-60	-2.4
2704	Land - provincial highways	-58	-31.0
2704	Supplies and equipment - highways operations and maintenance	-19	-59.7
2703	Services - Road User Safety Program	-10	-19.9

Source: FAO analysis of the 2018-19 and 2019-20 Expenditure Estimates.

Thank you

fAO

Financial
Accountability
Office of Ontario

2 Bloor Street West
Suite 900
Toronto, Ontario
M4W 3E2
416.644.0702
fao-on.org
info@fao-on.org

