Ontario Northland

An Agency of the Government of Ontario

2023-2024 Annual Report

Ontario

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Land Acknowledgement

Ontario Northland acknowledges the importance and significance of the land it operates on, which was originally under the care of Indigenous peoples and communities.

Ontario Northland reaffirms its commitment and responsibility to improve relationships between Ontario Northland and Indigenous people and communities to improve our understanding of Indigenous peoples and their cultures. We are dedicated to honouring the treaties and other commitments that have been made by moving towards reconciliation and collaboration.

Message from the Chair & CEO

We are pleased to present Ontario Northland's Annual Report for the 2023-24 fiscal year, highlighting a year of growth and momentum. This report examines the agency's operational and financial performance, describes activities over the fiscal year, and highlights achievements made while fulfilling expectations set out in the 2023-24 Annual Letter of Direction. Throughout the year, we have made significant strides in advancing transportation services and delivering on our mandate.

One of our key achievements has been the progress made on design and planning work for the Northlander passenger train service. Our efforts to reinstate passenger rail service between Toronto and Timmins remains our priority, and Ontario Northland is dedicated to realizing this vision.

In addition, we have invested in our rail fleet to enhance reliability and strengthen relationships with our partners. By pursuing new business opportunities and engaging in strategic planning, we are positioning our rail freight operations for sustainable growth and success.

Health and safety have also remained a priority. We made progress internally by delivering training, communicating frequently, recognizing safety leaders, and conducting safety audits across all our operations to ensure the well-being of employees, customers, and passengers. Our commitment to agency modernization has driven our team to develop and implement comprehensive plans that include technology upgrades, enhanced performance measures, and process improvements. These initiatives are integral to achieving greater sustainability and operational efficiency.

Talent acquisition and retention are critical priorities as we look to the future. We are dedicated to fostering a diverse, equitable, and inclusive work culture that promotes continuous learning and growth for all employees.

We recognize the efforts made by our team, customers, stakeholders, and community partners and thank them for their contributions and commitment to our agency's success.

Chad Evans, Chief Executive Officer

Ontario Northland Transportation Commission

Alan Spacek, Chair

Ontario Northland Transportation Commission

Mandate, Vision, Mission & Values

Mandate

Ontario Northland was established in 1902 by the Ontario government to provide transportation services in Northern Ontario. As an agency of the Province reporting to the Ontario Ministry of Transportation (MTO), Ontario Northland operates under the authority of the *Ontario Northland Transportation Commission* Act, and is mandated to deliver efficient, safe, affordable, and reliable transportation services throughout Northern Ontario.

Vision

The world needs what Northern Ontario has to offer – and Ontario Northland will be the modern, future-ready transportation system to deliver it.

Mission

Ontario Northland improves connectivity between Northern Ontario and other parts of the province to bolster economic development, foster job creation and community sustainability. Collaborating with municipal stakeholders, including Indigenous communities, and partners at MTO, Ontario Northland will align priorities, focus on fulfilling commitments, and serve as a trusted partner to deliver high quality services.

Values

Ontario Northland believes in the following values:

Safety. Full Stop.

Safety is core to everything we do. We do not settle for less, for our people or our customers.

Go Beyond

We take pride in serving our customers and communities. We seize every opportunity to exceed their expectations and to challenge the status quo, to meet their evolving needs.

Never Stop Caring

We care about each other, our customers, the work we do, and how we do it. We create a respectful environment where we can be ourselves, feel valued, and perform at our best.

Focus on the Path Ahead

We grow and innovate with intention. We align with government and MTO priorities and fulfil our commitments.

Lead the Way We can all be leaders. We take responsibility, trust each other to do the right thing, and speak up to make things better.

Governance

The Ontario Northland Commissioners are responsible for ensuring the agency maintains its commitment to delivering high-quality services to Ontarians while fulfilling its mandate. The Board is composed of provincially appointed representatives from communities throughout Ontario Northland's service area. The Board meets a minimum of four times each year to be informed of and provide direction on the agency's key projects, performance, and strategic direction.

Appointee	Appointment Start	Appointment End	Remuneration
Alan Spacek, Chair	28-Jan-22	27-Jan-25	$10,650
Robert Joseph Falconi, Vice Chair	28-Jan-22	27-Jan-25	$2,400
Randolph William Nickle, Director	16-Dec-21	15-Dec-24	$ 1,700
Lynne Innes, Director	06-Jan-22	05-Jan-24	$700
Roberta Sawchyn, Director	29-Jul-21	28-Jul-24	$1,200
Fred Gibbons, Director	19-Jan-23	18-Jan-26	$2,600
William Ferguson, Director	13-Jul-23	12-Jul-26	$3,000
Chad Evans, CEO	09-Feb-24	08-Feb-25	Chad Evans receives an annual salary as ONTC's CEO but does not receive remuneration as a member of the Board.

Note: As indicated in the table above, Lynne Innes' term serving on the Ontario Northland Transportation Commission ended January 2024.

Business Context

Ontario Northland has made significant strides in several major projects. The Northlander program has achieved notable progress and milestones, driven by extensive public and stakeholder engagements. Additionally, Ontario Northland advanced key initiatives in safety promotion, asset management, resource planning, and technology upgrades showcasing a dedication to operational excellence and strategic growth.

Northlander Passenger Rail Service

In FY 2023-24, Ontario Northland held 15 public engagement events, comprised of 13 in-person sessions and two virtual sessions. These events presented project updates and collected public feedback to guide future decision making. These events, along with Indigenous and municipal engagements, underscored Ontario Northland's commitment to collaborate and strengthen relationships.

Other key highlights included the completion of market sounding to improve project planning and procurement strategies. Geotechnical survey work was initiated, and preparation for the Transit and Rail Project Assessment Process (TRPAP) began for the construction of the future Timmins-Porcupine Station. The first Public Information Centre was completed in March 2024.

Safety Promotion

Ontario Northland enhanced internal safety communications by providing employees with regular updates on topics such as respiratory protection, compliance concerns, and avoiding high-risk activities. These messages were distributed through a variety of channels including emails, videos, and newsletters. Ontario Northland's health and safety team continued to implement and monitor new and ongoing safety processes, procedures and policies This work included an increased focus on observations and audits and resulted in an increase in the number of on-site observations from 4,162 in FY 2022-23 to 5,124 in FY 2023-24.

Ontario Northland was able to leverage new technology to measure other Key Performance Indicators (KPI), to monitor the compliance of its health and safety responsibilities. For example, Ontario Northland's lost time injury frequency rate was 2.93 in FY 2023-24, down from 3.56 FY 2022-23. This represents a significant improvement and highlights the agency's continued focus on Health and Safety.

Enterprise Asset Management

Phase one of the Enterprise Asset Management (EAM) program was successfully implemented, which resulted in overall work improvements within the motor coach division. A set of robust guiding principles and standard templates were enhanced throughout the year to streamline work execution management and supply chain management processes. Ontario Northland has been focused on achieving strategic alignment across all workstreams and enhancing implementation planning and benefits tracking with the goal of implementing rail maintenance equipment within fiscal 2025.

Enterprise Resource Planning

Ontario Northland has successfully completed the readiness assessment phase for the Enterprise Resource Planning (ERP) program and substantial input was gathered from employees regarding operational requirements and business processes. The procurement process has already commenced and is in its early stages as we aim to identify a solution that will meet our need to modernize our enterprise resource planning systems. This multi-year strategic initiative will facilitate the integration of several systems, leading to various process efficiencies through a reduction in manual and system integration processes, as well as inherent benefits associated with the move to a single core database that will improve workflows, reporting and decision making.

Technology Upgrades

Ontario Northland's Information Technology Service department completed year two of its five-year roadmap. Key achievements included continued migrations of core collaborative tools to cloud solutions, improved consumer digital connectivity for the Passenger Services division through enhanced mobile Wi-Fi services on motor coaches, began installing Wi-Fi services on the Polar Bear Express, continued improving data reporting and analytics, and further strengthened the agency's cyber security posture.

Key Business Activities

Ontario Northland continued to demonstrate overall progress across operational divisions with a consistent and focused approach to fulfilling specific targets and responsibilities.

Passenger Services

Operating in an expansive network, Ontario Northland's motor coach fleet travelled 4.5 million kilometres. This past fiscal year 314,332 passenger trips were provided and 30,356 parcels were handled. Additionally, in partnership with a Toronto shipping company, Ontario Northland added 17 new parcel pick-up and drop off locations across the Greater Golden Horseshoe area. As detailed in the 2023-24 Business Plan, a covered bus shelter with solar panels at the motor coach facility in North Bay was successfully constructed.

In February 2024, Ontario Northland showcased its commitment to a more inclusive and accessible future by hosting its first virtual public meeting about accessibility. This event highlighted the unveiling of the 2023-27 Multi-year Accessibility Plan and provided an opportunity for the public to provide feedback

Ontario Northland also held four meetings with the Accessibility Advisory Committee throughout this fiscal focused on the public meeting and the completion of the Multi-year Accessibility Plan.

The Polar Bear Express passenger train provided 52,758 passenger trips between Cochrane and Moosonee. There were six additional service dates added to the existing Polar Bear Express schedule as a response to transportation needs identified by community members in Moosonee and Moose Cree First Nation. Additionally, in June of 2023, supplemental train services were operated to aid in the evacuation of community members due to forest fires.

Remanufacturing and Rail Mechanical

Ontario Northland operates a Remanufacturing and Repair Centre to offer rail repair services for Ontario Northland's railway requirements, and to external customers. Rail Mechanical repairs and maintains Ontario Northland's passenger and locomotive fleet and provides mechanical services for external customers. These two groups have seen significant progress in finding efficiencies, standardizing best practices, and recruiting talent. This enabled the division to focus on revenue-generating operations, successfully taking on new external repair work and further offsetting the overall subsidy requirements for the agency. Remanufacturing bi-level coaches and cab cars for another provincial agency remained a priority with a 15-cab car project reaching completion, and the initiation of a 56-coach car project.

Rail Services

The Rail Services division is Ontario Northland's primary revenue-generator. The purchase of new grain-hopper railcars in the previous fiscal year allowed Ontario Northland to meet growing agricultural demands in the northeast region.

The rail infrastructure team engaged in ongoing track improvement projects and invested in the maintenance of bridges, culverts, and upgrades to rail infrastructure. The team improved operations and found efficiencies to maximize human resource capital for these operations.

The Rail Services division explored new technology and partnerships to enhance rail safety. This included the purchase of an automated track inspection vehicle to assist with regular rail evaluation, maintenance, and repair.

Corporate Services

The Corporate Services division implemented strategies that enhanced reporting, demonstrated compliance, encouraged agility, and mitigated risk. As outlined in the 2023-24 Business Plan, talent acquisition was a key priority. The Human Resources department successfully recruited 196 employees, into both new and existing roles, which enhanced the agency's capacity to meet the demands of organizational growth.

Ontario Northland has also made progress on its long-term building renewal program which aligns with building condition assessment activities across the organization. The team has continued to identify cost-saving opportunities and is overseeing a number of facility expansion and renewal projects in support of our growth in services.

Ontario Northland refined its marketing and communications strategies to align with the agency's goals and growing needs. This team focused on developing successful campaigns to increase ticket sales in targeted markets, enhance recruitment efforts and establish non-fare revenue streams. Ontario Northland continued to expand its community outreach activities and stakeholder relations capacity. This was demonstrated by the completion of Northlander public engagement events and Indigenous roundtables.

Supporting Government Priorities

A requirement of the Agencies and Appointments Directive is that the Minister of Transportation issues an Annual Letter of Direction (ALOD) to Ontario Northland that sets out the expectations for the upcoming fiscal year. The 2023-24 ALOD was issued on November 3, 2022. Highlights of Ontario Northland's key actions taken to fulfil those expectations include:

1. **Operational Excellence in the Delivery of Efficient, Safe and Reliable Transportation Services in Northern Ontario**

    - In FY 2023-24, Ontario Northland provided reliable transportation services, demonstrated by the on-time performance of the Polar Bear Express (93%) and motor coach service (69%).
    - Ontario Northland provided essential rail freight services by moving 37,957 carloads in FY 2023-24. The transportation of Northern Ontario's freight was advanced by investments to the agency's rail car fleet, including the purchase of three temperature-controlled box cars. Railcars from the fleet were also modified to accommodate customer needs, including enhancements to nine centre post cars and six flat cars.
    - Safety remained Ontario Northland's highest priority. The agency continued to utilize its health and safety tracking system to monitor workplace accidents and injuries. Safety observations and risks were brought to the management team at regular meetings that reviewed trends and ensured investigations progressed.
    - The agency enhanced improving recruiting initiatives to attract, develop and retain talent, which increased the headcount from 839 to 924 by the end of FY 2023-24.
    - To further its efforts in building a strong, diverse, and inclusive workforce, Ontario Northland established a Diversity, Equity, and Inclusion Committee. Ontario Northland also conducted a workforce training needs assessment that informed strategies, increased performance and helped foster a positive corporate culture.
    - Ontario Northland worked with the Ontario Motor Coach Association (OMCA) on a draft charter agreement to specify when public transportation carriers offer and provide charter services, to enhance collaboration opportunities, among private and public sector transportation providers, across the Province. MTO has been involved in the process in the early drafts of the agreement. This effort established the foundation for future partnerships between Ontario Northland and the private sector to enhance service coordination for intercommunity bus service delivery.
    - Anti-human trafficking training for frontline employees continued during FY 2023-24. A phantom rider program was also implemented whereby Ontario Northland employees travel on motor coach services to observe passengers and report suspected human trafficking activities. The agency continued to work with Ontario Provincial Police (OPP) and "Busing on the Lookout" to promote anti-human trafficking efforts in Ontario. Decals promoting the National Human Trafficking Hotline were placed on all Ontario Northland motorcoaches, Polar Bear Express train, as well as in stations. Approximately 82 decals and 22 posters were translated into French as well as the three most common Indigenous languages in Ontario (Cree, Ojibway, and Oji-Cree) for greater reach.

- Increased engagement with Indigenous communities was a priority with a resource dedicated to lead Indigenous engagement for the Northlander project. The agency also attended culturally significant events including Creefest and the Gathering of Our People in Moose Factory.
- Investments in infrastructure equipment included the refurbishment of rock cars used for track maintenance and the purchase of a used geometry car.
- Ontario Northland's locomotive fleet expanded and now consists of 22 operational refurbished units and 13 units undergoing more extensive refurbishments.
- Ticketing data continued to support transportation planning. This data enhanced the evaluation of agency locations, service performance, and opportunities to connect with municipal transit providers.
- Ontario Northland met with the Mushkegowuk Drug Task Force in January 2024 to continue discussions with the task force team to develop strategies to help address the illegal flow of drugs into the James Bay Coast communities.
- The Polar Bear Express team continuously monitors menu items for the dining car food service and maintained a food cost target of 35% (the agency's internal benchmark in line with industry), which represents the ratio of expenditure on food ingredients in the menu items, expressed as a percentage against the revenue.

2. **Excellence in Governance and Accountability**

- Ontario Northland worked closely with the MTO to assess and develop initiatives for modernizing the agency, resulting in the development of Ontario Northland's Modernization Action Plan (MAP). The plan outlines a strategic approach to modernize the agency's capabilities, technology, processes and governance.
- The MAP identifies key requirements, roles and system improvements needed to enhance Ontario Northland's performance measurement program. A business intelligence role and recruitment framework were initiated in February 2024.
- Ontario Northland and MTO successfully established an updated Memorandum of Understanding (MOU) this fiscal year. The MOU establishes the accountability relationships between MTO and Ontario Northland, sets out roles and responsibilities, and clarifies the operational, administrative, financial, staffing, auditing and reporting requirements.
- Ontario Northland continued to work with MTO on the repeal and replacement of the ONTC *Act.*
- Ontario Northland substantially complied applicable government directives and policies and ensured transparency and accountability in reporting. Ontario Northland adhered to all established approval and review processes in alignment to the requirements of the Agencies and Appointments Directive (AAD), accounting standards and practices, the *Public Service of Ontario Act* ethical framework, and audit findings, where applicable.
- Ontario Northland continued to keep the MTO informed about planned and current initiatives through quarterly reports, monthly agency update meetings, and weekly corporate communications reports.

- Ontario Northland completed the annual update of its Board of Directors skills matrix to identify gaps and opportunities in skills, knowledge, and experience.
- The Board Mandate and Delegation of Authority Policy was reviewed and updated. Ontario Northland reviewed its decision-making processes for both the executive and the Board.
- Ontario Northland updated communications protocols and initiated the development of a relationship management framework.

3. **Advancement of Key Transportation Initiatives**

- Ontario Northland expanded its connections with the GO Transit Network at the King City and Highway 407 Station.
- In February 2024, a pilot program was launched in partnership with Orillia Transit to allow passengers to connect seamlessly to Orillia's transit system.
- The Polar Bear Express passenger train improved its coach utilization from 47% in FY 2022-23 to 61% this fiscal year. This represents the number of seats utilized in coaches during a trip. The difference represents 561 fewer coaches needed to move the proportionate number of passengers.
- Collaboration took place between the Moose River Heritage and Hospitality Association, the Town of Moosonee, and Ontario Northland, to display artifacts at the ONTC Moosonee Station which were once housed in the Revillon Frères Museum. This initiative enhanced the tourist experience and became a local source of pride with community members sharing stories with employees and passengers about the tools and artifacts on display.
- Wi-Fi was enhanced on the agency's motor coach fleet. The upgrade offered passengers enhanced internet connection services and a suite of premium entertainment options.

4. **Implementation of the Capital Asset Management Plan**

- Ontario Northland continued work in capital asset management and reporting of asset management data to support sustainability, reduce maintenance and improve safety. The Rail Services division's capital rehabilitation work included three bridges; 18 culverts and six deep dig culverts; six crossing signal system upgrades; 74 miles of track surfaced and lined, 119 miles of rail grinding, 68,662 ties replaced; and 19.6 miles of rail upgraded.
- The Enterprise Asset Management (EAM) team continued its efforts in developing business capabilities and processes related to asset management. Following the successful implementation of EAM software and processes in motor coach operations, planning is underway to introduce additional system enhancements and further expand to other areas of operation such as rail services.
- Work began on a new maintenance building in Englehart for rail infrastructure. This facility will provide indoor space for track maintenance equipment, increasing the lifecycles for parts and machines.

- A bus shelter was constructed at the North Bay Motor Coach Maintenance Facility between October 2023 and March 2024. Equipped with solar panels on the roof, this structure provides a covered space to store motor coaches when not in operation and contributed to operational efficiencies and cost savings by using the reserve energy to help offset the hydro costs on the neighboring Motor Coach Maintenance Facility

Also included in the ALOD were government wide commitments. Ontario Northland highlighted ways in which the agency helped further this work in these key areas.

Competitiveness, Sustainability, and Expenditure Management

- Ontario Northland repaired and maintained locomotives owned by mining companies and leased locomotives to customers to ensure they can maintain their rail bound traffic volumes.
- In FY 2023-24, Ontario Northland completed 48 Open Competitive Procurements (RFP and RFQ), one Advance Procurement Notice (APN) and one Notice of Intent (NOI). The agency also expanded the procurement team to build a more robust and transparent department.

Transparency and Accountability

- Three regular board meetings were conducted in FY 2023-24 to maintain overall accountability of the agency and the board. In addition, several special meetings were hosted to address emerging priorities.
- Ontario Northland continued enhancements of its approval process for requested change orders to ensure requests are compliant with Ontario Northland's procurement policy to improve transparency and efficiency in procurement practices at the agency.
- To allow for a more transparent procurement process, Ontario began developing a methodology to pre-qualify vendors and suppliers.
- Ontario Northland updated its procurement policy to better audit policy compliance. This brings the agency closer towards accommodating invitational competitive procurements that are below international trade agreement thresholds and above domestic trade agreement thresholds, which will improve transparency.

Risk Management

- In FY 2023-24, Ontario Northland completed a comprehensive Web Content Accessibility Guidelines 2.0 audit.
- Ontario Northland worked to ensure new and ongoing safety processes, procedures and policies were implemented. This work included an increased focus on observations and audits.
- Ontario Northland engaged with consultants on talent acquisition work processes. Consultation identified bottlenecks and potential areas for growth to reduce risks and to attract and retain talent.

Workforce Management

- In alignment with Ontario Public Service directives, Ontario Northland continued to leverage hybrid work environments to achieve organizational needs.
- An Employee Wellness Committee was established. The group launched an employee survey that informed wellness programs and initiatives.
- Ontario Northland hired a Talent Acquisition Specialist for the Recruitment Team, to support its workforce development.

Diversity and Inclusion

- Ontario Northland hired an Inclusion, Diversity, Equity, and Accessibility (IDEA) Specialist to expand the agency's focus on agency-wide diversity and inclusion initiatives. This role also completed the agency's Multi-Year Accessibility Plan, and presented it to members of the public at Ontario Northland's inaugural Annual Public Accessibility Meeting held in February 2024
- Ontario Northland staff working on the Northlander project received Indigenous cultural awareness training in January 2024.
- In February 2024, Ontario Northland staff participated in three job fair events in the communities of Moosonee and Moose Factory. These events bolstered recruitment efforts and further demonstrated the agency's commitment to foster positive relationships with communities in the service territory.
- Ontario Northland employees attended information sessions to better support new or incoming immigrants to Canada with employment.
- Ontario Northland partnered with the Canadian Centre of Diversity and Inclusion to provide Ontario Northland employees with access to live webinars on diverse topics, as well as a repository with past recorded webinars, resource documents, and more.
- Ontario Northland provided voluntary training sessions for employees on a variety of diversity and inclusion topics such as unconscious bias, working towards reconciliation and leadership development.

Data Collection

- Ontario Northland initiated a framework for a set of policies and best practices for data management and retention.
- Developed a roadmap to achieve compliance with Information Management legislation, directives and policies.
- The agency finalized a centralized video surveillance solution to install 265 cameras across 27 locations to enhance safety for employees and passengers as well as equipment and property.
- As part of ongoing cybersecurity efforts, Ontario Northland introduced Multi-Factor Authentication across the agency.
- Distributed communication to employees to raise awareness about the importance of protecting personal information, records and information management and how to remain cyber-safe online.

Digital Delivery and Customer Service

- Ontario Northland continued to make progress on making Wi-Fi and entertainment options available on the Polar Bear Express.
- The agency hired two business data analysts to assist with data collection and analysis to support business decisions.
- Social media and the chat function on the website remained successful strategies for assisting customers with questions or concerns.
- Enterprise Asset Management implementation and Enterprise Resource Planning readiness programs continued as part of Ontario Northland's modernization efforts and digital services improvements.

Operational Performance

Ontario Northland advanced key projects aimed at modernizing its operations and enhancing services for passengers and customers. These included multi-year projects such as the new era of the Northlander, Enterprise Asset Management, and Enterprise Resource Planning. In addition, the agency developed a comprehensive modernization action plan to strategically guide future efforts and strengthen capacity.

In March 2024, Ontario Northland successfully reached an agreement with Unifor Local 103, providing stability for the agency's largest union.

Rail Services division's Revenue Ton Miles (RTM) surpassed targets by 10%, driven by increased demand for freight services from the forestry and mining sectors. As outlined in the 2023-24 Business Plan, the agency expanded its transload capabilities with new or expanded transloads sites in New Liskeard, Englehart, and Earlton.

Ontario Northland ended the year with 924 employees, a 10% increase from the previous year driven by strong operational performance and the need for additional resources for major projects. A mid-year restructuring of the leadership team strengthened capacity to support the agency in future growth.

Environmental factors, including increases in gas prices, inflation, a competitive labour market, and shortages in skilled trades, have impacted operations this past fiscal year. These challenges highlight the importance of implementing adaptive strategies to sustain operational excellence amidst evolving economic conditions.

Ridership on Ontario Northland's motor coach services surpassed targets by 37%, and Polar Bear Express ridership was 19% higher than targeted for FY 2023-24. These figures indicate a steady recovery from the impacts of COVID-19. The agency has made dedicated efforts to improve its operational performance while achieving government and transportation specific initiatives as outlined. Details of the key operational measures are mentioned below:

Key Performance Indicators:

Motor Coach Fleet Uptime			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
80%	By the end of December 2023, uptime was 91%	94%	91%
Details: This measure represents the percentage of motor coaches that are available for routes or charters, including motor coaches that are sitting idle ready for active service. Motor coach operations continued to show improvement in fleet uptime over the past two fiscal periods, ensuring motor coaches are available to respond to charter requests and substitute in for coaches that may have mechanical issues enroute.			

Note: The data for Motor Coach fleet uptime is available only until the end of December 2023, as the measurement of the KPI is transitioning through HXGN system implemented under the EAM program. Revised targets, methodology and definition will be provided in the future reports.

Polar Bear Express Ridership			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
44,324	52,758	46,201	26,299
Details: Polar Bear Express Passenger Train ridership refers to the total number of passenger tickets for which revenue was realized in the given fiscal year. Ridership in Q4 increased an average of 41% compared to the previous year's ridership during the same period. This increase was a result of the sporadic opening and closing of Wetum Road, an ice road maintained between Moose Factory and Smooth Rock Falls. Ridership also grew in early FY 2024 leading up to summer, as there were community events being held for the celebration of the 350th anniversary of Moose Factory (More Than 350).			

Motor Coach Ridership			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
229,545	314,332	281,790	167,676
Details: Motor coach ridership refers to the total number of motor coach passenger tickets for which revenue was realized in the given fiscal year. Ridership has recovered to pre-pandemic levels over the past two years. The growth in the Motor Coach ridership was attributed to the increased ridership over the Thunder Bay-Winnipeg corridor and Sudbury-Ottawa corridor. Other routes witnessed slight growth or steady ticket counts, which contributed to greater than expected ridership numbers in the fiscal period.			

Rail Division Slow Order Penalty Minutes			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
800	322	374	474

Details: The Rail Services division tracks the impact of slow orders on performance by determining slow order penalty minutes. Speed limits are developed, dependent on the grade and curvature of tracks. If the condition of the track deteriorates then a slow order is issued for that section of track until it can be repaired. This performance measure tracks the amount of additional time or 'penalty' time that it takes a train to complete its journey as the result of a slow order.

These are tracked monthly for every subdivision across the railway. Slow orders are a good measure of the condition of the track infrastructure and the success of capital investment. This measure helps determine where capital investments should be made in the track infrastructure. The lower the penalty minutes, the better the state of good repair is for the infrastructure. A reinvestment in capital infrastructure began in FY 2018-19 and this performance measure shows the progress in this area.

Rail Services Division Revenue Ton Mile (RTM)			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
408,803	453,612	409,624	374,863

Details: Revenue Ton Mile (RTM) allows Ontario Northland to measure incremental performance. This measure tracks a load versus distance. It's a metric used in the rail industry to measure revenue gained by moving one ton of goods the distance of one mile. Freight revenue includes Carload freight revenue, Carload freight USD, Haulage revenue, switching and CN switching in North Bay in order to remain consistent with the cars handled measure.

RTM is tracked by region to inform productivity differences and improvement needs such as adjustment to train frequency and horsepower. This measures the productivity and indicates where adjustments may be required. Seasonality of traffic and changes in customers or their shipping patterns may contribute to those results. Adjustment of horsepower required, or train frequency should be viewed when large changes occur.

Percentage of Capital Budget Spent			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
100%	83%	90%	98%

Details: Ontario Northland has increased investment in its Capital Asset Management Plan to address a large backlog of state-of-good repair work. Capital investment increased by 9% since FY 2022-23 with additional contributions provided to support the development and design of the Northlander service. Disruptions in the global supply chain has caused delays in receiving items within the Capital Program. In response, Ontario Northland reprofiled some funding to FY 2024-25 to ensure the capital work continues and is therefore below target.

Cost Recovery Ratio			
Target FY 2023-24	FY 2023-24 Achievement	FY 2022-23	FY 2021-22
71%	69%	69%	63%
79% excluding Polar Bear Express	76% excluding Polar Bear Express	75% excluding Polar Bear Express	71% excluding Polar Bear Express

Details: Cost recovery ratio is the ratio of total revenues (excluding operating subsidies, grants, and sale of assets) to total operating costs including corporate allocation (excluding amortization, future employee benefits, accretion, and derailment expenses).

Cost recovery ratio is used as a key indicator of financial performance and provides an indicative measure of how efficient and how effective the agency operates. This ratio also represents the extent to which the organization's operations are self-funded. Ontario Northland compares its cost recovery ratio to historical results and its North American peers. The cost recovery in FY 2023-2024 did come in close to the target of 71%. Although there were some additional cost pressures due to increased investments in technology and work associated with meeting mandates, as well as inflationary impacts, many of these cost pressures were offset through increased revenue. Ontario Northland's cost recovery ratio continues to exceed that of others in the industry.

Ontario Northland is continually working on improving its cost recovery ratio through business efficiency initiatives, optimizing its use of provincial assets, and increasing revenue. As Ontario Northland continues its efforts with modernizing its processes, technologies and services it will generate significant one-time costs, which are most notable for the Enterprise Asset Management, Enterprise Resource Planning and Northlander passenger rail programs.

Enterprise Risk Management

Ontario Northland continued to enhance its Enterprise Risk Management program to support the organization's decision making. The identification, assessment, management, monitoring and reporting of emerging risks is vital to the company's success.

The following represents the key risks that impacted the company's overall performance this past fiscal year.

Risk Assessment	Mitigation Strategy
The risk that Ontario Northland will be negatively impacted due to increased fuel rates stemming from lack of contingency funding to support fuel inflation.	*This risk was mentioned in the 2023-24 Business Plan and moved from MEDIUM-HIGH RISK TO LOW RISK throughout the fiscal year.* The Finance Department continued to analyze costs and work with MTO on strategies to address pressures. For the fiscal year any over budget expenses resulting from the increase in fuel prices have been outpaced by increases in revenues from the Rail Services division. This offset means Ontario Northland's financial position has not been negatively affected by the net impact.
The risk that Ontario Northland's ability to deliver on its key priorities due to challenges to attract and retain top talent and tradespeople, stemming from increased competition for top talent, shortage of skilled trades, compensation considerations and difficulties attracting skilled professionals to Northern Ontario. This risk to the delivery of key priorities is further aggravated by the implementation of Bill C-3, which mandates 10 fully paid sick days and has had a notable impact on our organization's productivity.	*This risk was mentioned in the 2023-24 Business Plan and moved from MEDIUM-HIGH RISK TO HIGH RISK throughout the fiscal year.* A Talent Acquisition Specialist was hired this fiscal year to assist in the company's recruitment efforts. Numerous job fairs were attended in key areas, including Cochrane and Englehart, where there are increased pressures from vacancies. The labour agreement reached with Unifor Local 103 is expected to assist with recruitment in the coming year as it provided more competitive wages for skilled trades workers. The agency's recruitment campaign, "The Company You Keep", continued.
The risk of negative health and safety to the public and Ontario Northland employees due to potential exposure to hazards at the former Cobalt mine sites stemming from proximity of these sites to Ontario Northland real estate assets.	*This risk was mentioned in the 2023-24 Business Plan and remained a HIGH RISK throughout the fiscal year.* Phase one environmental and mining studies have been completed. The results recommend the need for phase two detailed engineering work to address issues. A funding request has been approved for FY 2025-26. Ontario Northland will be managing the upcoming phase two components of this work.

Financial Performance

Ontario Northland responsibly delivered on its mandate to deliver essential regional transportation services while managing its operating and capital funding in FY 2023-24. The following discussion and analysis of the financial condition and results should be read in conjunction with the audited financial statements and related notes.

Ontario Northland earned total operating revenues of $108.5 million compared to $94.9 million in the previous year, representing an increase of 14%. This growth was driven by increased revenues across all business lines, higher ridership, more external contract work at our shops and an increase in freight revenues. Additionally, the Province of Ontario and the Transport Canada provided approximately $59.8 million in contributions towards operations, bringing total revenue for Ontario Northland to $168.3 million.

Ontario Northland's expenditures totaled $152.2 million compared to $132.8 million in the previous year, representing an increase of 15%, mainly due to an increase in labour, benefits, materials, and parts. These rising costs are attributed to an increase in annual union rates, and a larger workforce driven by expansion in remanufacturing and repair services, as well as the need for more materials to support contract work. Higher fuel costs impacted the operational budgets for each division.

MTO continues to support Ontario Northland in upgrading technology and processes, which included an operational investment of $4.8 million compared to $5.3 million in the prior year. This relates to the costs associated with incorporating the Enterprise Asset Management practices, to begin Enterprise Resource Planning work and to support upgrades related to cloud-based technology.

Ontario Northland had an excess of $6.7 million of revenues over expenses during the year, as compared to an excess of $9.1 million in the prior year.

Revenues

Ontario Northland saw an increase over the prior year in operational revenues by 14.3%, however, Ontario Northland came in below budget by 11%, from $121.6 million budgeted to $108.5 million in actual revenues. Revenues by years (2021-2022 to 2023-2024) are shown below.

Financial Report	FY 21-22	FY21-22 (restated)	FY 23-24	FY 23-24	FY 23-24	FY 23-24	FY 23-24	FY 23-24
($000's)	**Actual**	**Actual**	**Actual**	**Budget**	**$ variance over budget**	**% variance over Budget**	**$ variance over prior year**	**% variance over prior year**
Rail Services	44,502	53,732	59,041	46,551	12,490	27%	5,309	10%
PBX	5,867	8,666	8,975	7,747	1,228	16%	309	4%
Motor Coach	9,427	15,666	17,387	15,256	2,131	14%	1,721	11%
Remanufacturing & Repair Service	11,698	15,588	21,546	51,800	(30,254)	-58%	5,958	38%
Other revenues	179	1,245	1,535	213	1,322	621%	290	23%
Total Revenues	**71,673**	**94,897**	**108,484**	**121,567**	**(13,083)**	**-11%**	**13,587**	**14%**

Rail continued to be Ontario Northland's primary revenue generator, contributing $59 million in revenues to the organization. The majority of rail revenue is derived from four major customers in the mining and lumber industry. In FY 2023-24, rail revenues saw a $5.3 million (10%) increase over the previous year and a $12.5 million (27%) increase over budget. This increase is attributed to a higher cost for fuel surcharge revenue along with an increase in storage and demurrage revenues.

The Polar Bear Express passenger train contributed $9 million in revenue for Ontario Northland, which was an increase of $0.3 million (4%) from the previous year and above budget by $1.2 million (16%). This increase is attributed to a 13% increase in ridership levels.

The scheduled and chartered motor coach services contributed $17.4 million in revenue to the organization, which was an increase of $1.7 million (11%) from the previous year and above budget by $2.1 million (14%). This increase is attributed to a 11% increase in ridership levels.

The Remanufacturing and Repair Centre contributed $21.5 million in revenue, an increase of $6 million (38%) from the previous year. This was below target by $30.3 million (58%), due to supply chain and schedule delays in external contract work within the Passenger Car Shop on a large external contract.

Other revenues included leasing revenues and interest earned.

Expenses

Operating costs (before other items such as amortization, inventory write-offs, employee future benefits, etc.) for the year were $152.2 million or $18.8 million (11%) lower than budget and $19.4 million (15%) more than the prior year. Expenses by year (2021-2022 to 2023-2024) are shown below.

Financial Report	FY 21-22	FY 22-23	FY 23-24	FY 23-24	FY 23-24	FY 23-24	FY 23-24	FY 23-24
($000's)	Actual	Actual	Actual	Budget	$ variance over budget	% variance over budget	$ variance over prior year	% variance over prior year
Labour and benefits	62,766	70,723	82,851	96,594	(12,743)	-13%	12,128	17%
Materials and parts	22,146	32,973	35,980	46,257	(10,277)	-22%	3,007	9%
Services	10,520	13,897	18,463	10,285	8,178	80%	4,566	33%
Supplies and equipment	5,202	5,346	5,393	5,181	212	4%	47	1%
Administration and other	9,475	9,884	9,549	13,719	(4,170)	30%	(335)	-3%
Total Expenses	**110,109**	**132,823**	**152,236**	**171,036**	**(18,800)**	**-11%**	**19,413**	**15%**

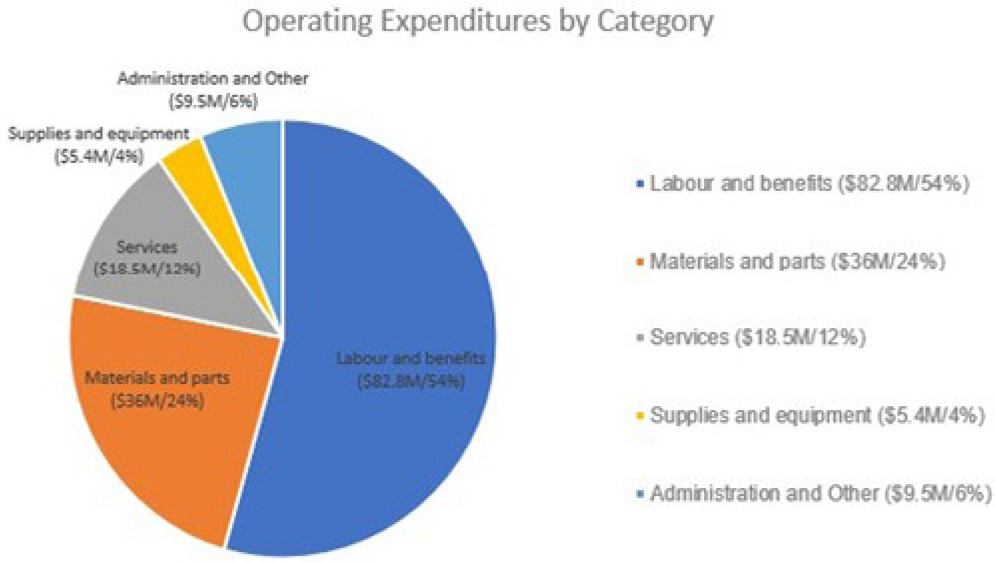
The large variances can be explained as follows:

- Labour and benefits were the agency's largest expenses, accounting for 55% of Ontario Northland total expenditures in FY 2023-24. Those expenses increased by $12.1 million (17%) to $82.9 million from the prior year, due to annual cost of living adjustment, and additional employees to support external contracts and corporate initiatives. Despite these increases, labour and benefits were $12.7 million (13%) below budget partly due to the agency not being able to fill positions due to the competitive labour market.

- Materials and parts, which made up 24% of agency expenses in 2023-24, increased by $3 million (9%) to $36 million year over year and came in $10.3 million (22%) under budget. An increase in costs of materials for locomotive parts as well as an increase in usage of material in parts for external contract work within the Remanufacturing and Repair Centre led to the increase in expenses.

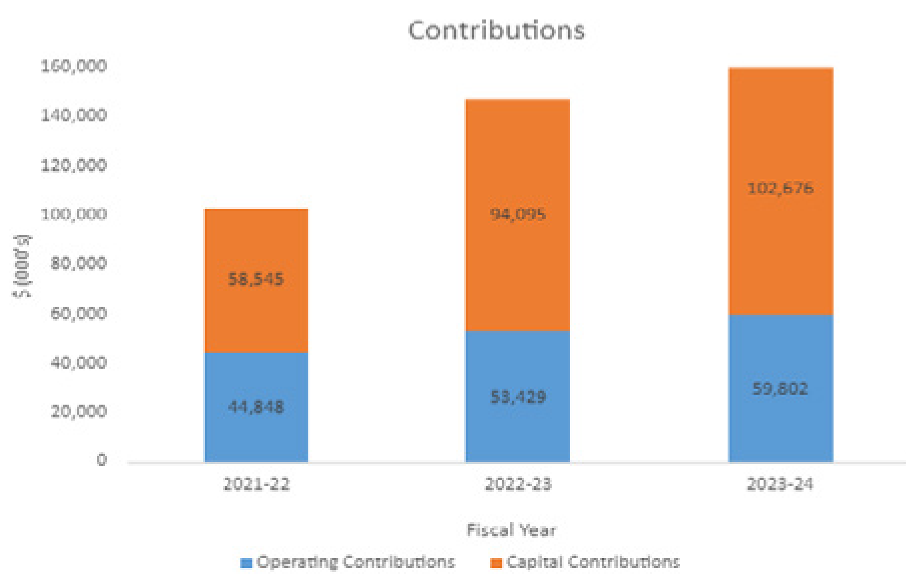
- Services are made up of 12% of agency expenses in 2023-24, increased by $4.6 million (33%) to $18.5 million year over year and came in $8.2 million (80%) over budget due to realigning freight car rental, transloading and loading charges from other expense to services.

- Administration and other expenses included insurance, property taxes, rail freight car rental, leasing, marketing, travel, and training. These expenses decreased by $0.3 million (3%) to $9.5 million, which was under budget by $4.2 million (30%). This was due to a contaminated sited provision adjustment in FY2022-2023.



Operating Contributions

The Province of Ontario provides Ontario Northland with an operating subsidy to cover operating expenses less revenue, employee future benefits, proceeds from sale of assets and principal payments made on a loan to ensure Ontario Northland has sufficient funds to operate, to fulfil its mandate. Ontario Northland received approximately $59.8 million in operating contributions from the Province of Ontario and Transport Canada in 2023-24, which is an increase of 12% over prior year however just slightly under budget of $64.3 million by 7%. This increase over prior year is a result of an increase in inflation/consumer price index costs for material items such as fuel, an increase in labour and benefit costs as well as the Province investing in technology for the agency, such as the Enterprise Asset Management Program.



Capital Funding and Investments

Ontario Northland's capital expenditures totaled $102.7 million from the Province of Ontario, an increase of 9% over the prior year. Ontario Northland came 17% below the budget of $124.3 million due to the need to reprofile funding to the 2024-25 fiscal year as many items were delayed.

Rail Services capital expenditure totaled $83.4 million. These funds were utilized to continue Ontario Northland's aggressive infrastructure maintenance schedule. Total investment in rail infrastructure was $40.3 million, along with an investment of $43 million in buildings and equipment. Below is a list of some of the capital work completed:

- Capital rehabilitation work included: three bridges; 18 culverts and six deep dig culverts; six crossing signal system upgrades; 74.18 miles of track surfaced and lined, 118.98 miles of rail grinding, 68,662 ties replaced; and 19.6 miles of rail upgraded.
- Upgrades to multiple buildings, including head office, various shop complexes, motor coach facilities, as well as the Kirkland Lake's Shop, and Cochrane yard. Furthermore, the expansion of the Englehart Shop was also initiated in FY 2023-2024 and scheduled to be completed at the end of the summer in 2024-2025.
- Major equipment upgrades were completed including axle lathes, backhoes, a loader, rail lorries, a ballast car, a forklift, end of life vehicle replacements and five locomotive overhauls.

Capital expenditure related to motor coach operations totaled $4.9 million. Below is a list of some of the capital work primarily completed:

- Construction started on the shelter for motor coaches in North Bay.
- Addition of two new full-size wheelchair accessible motor coaches to the fleet.
- Completion of five bus repowers.

Polar Bear Express capital expenditure totaled $14.4 million. Below is a list of some of the capital work primarily completed during the current fiscal year:

- Six bridge deck replacements.
- Major equipment purchases include skid-steer, three refer cars, and one operations vehicle.

Appendix: Audited Financial Statements

Ontario Northland Transportation Commission
Consolidated Financial Statements
For the year ended March 31, 2024

Ontario Northland Transportation Commission
Consolidated Financial Statements
For the year ended March 31, 2024

Contents

Management's Responsibility

The Ontario Northland Transportation Commission's management is responsible for the integrity and fair presentation of the consolidated financial statements and other information included in the annual report. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The preparation of consolidated financial statements necessarily involves the use of management's judgment and best estimates, particularly when transactions affecting the current accounting period cannot be determined with certainty until future periods. All financial information in the annual report is consistent with the consolidated financial statements.

The Commission maintains systems of internal accounting controls designed to provide reasonable assurance that the financial information is accurate and reliable and that the Commission's assets and liabilities are adequately accounted for and assets safeguarded.

The Commission is responsible for ensuring that management fulfils its responsibilities for internal control and financial reporting. The Commission meets with management and external auditors to satisfy itself that each group has met its responsibilities. These consolidated financial statements have been reviewed and approved by the Commission.

These consolidated financial statements have been audited by the Auditor General of Ontario, whose responsibility is to express an opinion on whether they are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report which follows, outlines the scope of the Auditor's examination and opinion.

Chad Evans
Chief Executive Officer

Natalie Park
Director of Finance

North Bay, Ontario
June 28, 2024

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To the Ontario Northland Transportation Commission

Opinion

I have audited the consolidated financial statements of the Ontario Northland Transportation Commission (Commission), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, changes in net assets (deficit) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Commission as at March 31, 2024 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Toronto, Ontario
June 28, 2024

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

Ontario Northland Transportation Commission
Consolidated Statement of Financial Position
(dollars in thousands)

March 31	2024	2023 (restated- note 21)
Assets		
Current		
Cash	**$ 28,827**	$ 20,388
Accounts receivable	**33,691**	42,187
Inventory	**39,517**	25,089
Prepaid expenses	**2,062**	2,175
	104,097	89,839
Restricted cash (Notes 3 and 7)	**2,000**	2,000
Capital assets (Note 4)	**692,516**	620,422
	$ 798,613	$ 712,261

	2024	2023
Liabilities and Net Assets (Deficit)		
Current		
Payables and accrued liabilities	**$ 45,220**	$ 32,002
Deferred revenue	**33,576**	40,012
Current portion of long-term debt (Note 9)	**117**	111
	78,913	72,125
Deferred contributions (Note 7)	**2,000**	2,000
Deferred capital contributions (Note 8)	**626,002**	549,436
Long-term debt (Note 9)	**809**	926
Accrued non-pension benefit obligation (Note 5)	**82,292**	85,935
Asset Retirement Obligation (Note 10)	**2,890**	2,881
Liability for contaminated sites (Note 11)	**4,071**	4,071
	796,977	717,374
Net Assets (Deficit)		
Unrestricted	**1,636**	(5,113)
	$ 798,613	$ 712,261

Contingencies (Note 14)

Commitments (Note 15)

Approved on behalf of the Commission:

Alan Spacek
_______________ Chair _______________ Vice-Chair

Ontario Northland Transportation Commission
Consolidated Statement of Operations and Changes in Net Assets (Deficit)
(dollars in thousands)

For the year ended March 31	**2024**	2023 (restated- note 21)
Revenues		
Operating and other (Note 13)	**$ 108,484**	$ 94,897
Government contributions (Note 12)	**59,802**	53,429
	168,286	148,326
Expenses (Note 13)		
Labour and fringe benefits (Note 5)	**82,851**	70,723
Materials and parts	**35,980**	32,973
Services	**18,463**	13,897
Administration and Other (Note 17)	**9,032**	7,019
Supplies and equipment	**5,393**	5,346
Technology costs	**4,836**	5,268
Employee future benefits (Note 5)	**1,363**	863
Accretion expense (Note 10)	**112**	223
Interest on long-term debt (Note 9)	**48**	54
Gain on sale of capital assets	**(713)**	(1,020)
	157,365	135,346
Excess of revenue over expenses before amortization	**10,921**	12,980
Add: Amortization of deferred capital contributions (Note 8)	**25,303**	18,531
Deduct: Amortization of capital assets	**(29,475)**	(22,436)
	(4,172)	(3,905)
Excess of revenue over expenses for the year	**$ 6,749**	$ 9,075

Unrestricted net deficit, beginning of year	**$ (5,113)**	$ (14,188)
Excess of revenue over expenses for the year	**6,749**	9,075
Unrestricted net asset (deficit), end of year	**$ 1,636**	$ (5,113)

Ontario Northland Transportation Commission
Consolidated Statement of Cash Flows
(dollars in thousands)

Year ended March 31		**2024**		2023 (restated- note 21)
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenses for the year	**$**	**6,749**	$	9,075
Items not affecting cash				
Amortization of capital assets		**29,475**		22,436
Amortization of deferred capital contributions		**(25,303)**		(18,531)
Accretion expense		**112**		223
Change in estimate of asset retirement obligation		**(190)**		-
Liability for contaminated sites		**-**		(2,604)
Gain on disposal of capital assets		**(713)**		(1,020)
Employee future benefit expense (Note 5)		**1,363**		863
		11,493		10,442
Changes in non-cash working capital balances				
Accounts receivable		**8,496**		11,464
Inventory		**(14,428)**		(8,959)
Prepaid expenses		**113**		(480)
Payable and accrued liabilities		**13,218**		2,142
Deferred revenue		**(6,436)**		(2,745)
		12,456		11,864
Capital activities				
Purchase of capital assets		**(102,676)**		(94,095)
Proceeds from sale of capital assets		**1,100**		1,283
		(101,576)		(92,812)
Financing activities				
Principal repayment of long-term debt		**(111)**		(107)
Deferred capital contributions received		**102,676**		94,095
Non-pension benefits paid		**(5,006)**		(4,575)
		97,559		89,413
Increase in cash during the year		**8,439**		8,465
Cash, beginning of year		**22,388**		13,923
Cash, end of year	**$**	**30,827**	$	22,388
Represented by				
Cash	**$**	**28,827**	$	20,388
Restricted cash (Note 3)		**2,000**		2,000
	$	**30,827**	$	22,388

1. Nature of Organization

The Ontario Northland Transportation Commission (the “Commission”) is a Crown agency, reporting to the Minister of Transportation. The Commission delivers a variety of services, including rail freight, passenger rail, motor coach, and remanufacturing and repair in Northern Ontario.

The Commission generates revenues from the provision of transportation services. The Commission also receives an annual operational subsidy as well as capital subsidy from the Province of Ontario. The ability of the Commission to continue to offer its services and fulfill its mandate is dependent on the ongoing subsidies it receives from the Province.

The consolidated financial statements include the activities of the wholly owned subsidiary, Nipissing Central Railway Company, that leases all of its assets to the Commission.

As a not-for-profit Crown agency of the Province, the Commission is exempt from income taxes. This exemption extends to its wholly owned subsidiary, and accordingly no tax provision is recorded in these financial statements.

2. Significant Accounting Policies

These consolidated financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, which sets out generally accepted accounting principles for government not for-profit organizations in Canada. The Organization has elected to use the standards for not-for-profit organizations that include PS 4200 to PS 4270. The consolidated financial statements include the following significant accounting policies:

Basis of Consolidation

The consolidated financial statements include the assets, liabilities and activities of Nipissing Central Railway Company, the wholly owned subsidiary. Transactions and balances between the entities have been eliminated in arriving at the consolidated financial statements.

Receivables

Receivables are measured at amortized cost and shown net of allowance for doubtful accounts.

Prepaid Expenses

Insurance, municipal taxes and annual technology costs are included as prepaid expenses and stated at cost and are charged to expense over the periods expected to benefit from it.

(dollars in thousands)

2. Significant Accounting Policies (continued)

Inventory

Materials and supplies are valued at the lower of cost and net realizable value by using the weighted-average costing methodology. The Commission uses the same cost formulas for all inventories having a similar nature and use to the Commission. The Commission periodically reviews the value of items in inventory and records write-downs or write-offs based on its assessment of slow moving or obsolete inventory. When net realizable value is less than carrying cost, inventory is written down accordingly. When circumstances which previously caused inventories to be written down no longer exist, that previous impairment is reversed.

Capital Assets

Capital assets are stated at acquisition cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for principal categories of capital assets are as follows:

Land	No amortization
Track and roadway	20 to 100 years
Buildings	20 to 50 years
Equipment	3 to 40 years
Coaches	10 years

No amortization is provided on assets under construction until they are placed in use.

Impairment of Capital Assets

Capital assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the capital asset may not contribute to the Commission's ability to deliver services. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, both the asset and any related deferred capital contributions are written down by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Commission uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Revenue Recognition – See note 21 – Adoption of new accounting policies

The Public Sector Accounting Board (PSAB) issued Section PS 3400, Revenues (PS 3400), this section applies to fiscal years beginning on or after April 1, 2023 and has been applied to retroactively.

PS 3400 establishes standards on how to account for and report revenue. Specifically, PS 3400 differentiates between revenue arising from transactions that include performance obligations (exchange transactions) and transactions that do not have performance obligations (non-exchange transactions).

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Summary of Revenue Recognition by revenue stream

i) **Freight Revenue** consist of carload freight, haulage, storage, demurrage, auto carrier, ancillary services and surcharges. The performance obligation is satisfied and revenues are recognized as the train journey is made and the goods are transported.

ii) **Passenger Revenue** consists of ticket sales, baggage fees, interline settlement, charter services and bus parcel. The revenue is recorded as deferred revenue until the transportation service has been provided. The performance obligation is satisfied when the train or motor coach trip has occurred.

On-board sales of food, beverages and sundries revenues are recognized when the customer purchases the goods and control of the goods have transferred.

Other passenger revenue sources including transaction fees, ATM fees, locker rentals and vending machine sales, are recognized in the period when the customer purchases the goods and control is transferred.

iii) **Refurbishment & Repair revenues** consist of repair work done on customers locomotives and cars. Revenues are recognized based on the percentage of expenses incurred over total contract expenses. If costs are anticipated to exceed revenue, the Commission recognizes the performance obligation immediately. Occasionally, warranties are offered on work completed and in those cases warranties would have a separate performance obligation and would be satisfied as the warranty period is incurs.

iv) **Other revenues**

Rental income is where the Commission enters in to lease agreements as a lessor in relation to locomotives, freight cars, land & buildings. This income comes from operating leases where revenue is recognized on a monthly basis over the lease term as the customer receives and consumes the benefits of the rental service.

Hotel Revenue consists of room, laundry service, sundry and promotional item sales revenue. Room revenue is recorded as deferred revenue until the hotel stay occurs at which point the performance obligation is satisfied and classified as earned revenue. All other hotel revenue is recognized as revenues when the customer purchases the goods and service, where control of the goods has transferred.

2. **Significant Accounting Policies** (continued)

Revenue Recognition (continued)

v) **Contributions**

The Commission follows the deferral method of accounting for contributions as follows:

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions related to operating expenditures are recognized as revenue when the related expenditures are incurred.

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.

Employee Future Benefits

Pension Plans – Commission employees are members of the Public Service Pension Plan (PSPP) and the Public Service Supplementary Benefits Account (PSSBA). The Commission accounts for its participation in the PSPP and PSSBA, which are multi-employer defined benefit pension plans, as defined contribution plans.

The Province of Ontario, who is the sole sponsor of the PSPP and PSSBA, determines the Commission's annual payments to the Plans and is responsible for ensuring that the pension funds are financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. Therefore, the Commission's contributions are accounted for as if the plans were defined contribution plans with contributions being expensed in the period they come due.

Non-Pension Benefit Plans - The Commission offers non-pension post retirement benefits such as group life, health care and long-term disability to employees through defined benefit plans. The costs associated with these future benefits are actuarially determined using the accrued benefit method prorated on service and best estimate assumptions. In addition, as a Schedule 2 employer under the Workplace Safety and Insurance Board (WSIB), the Commission recognizes workers compensation benefits on an accrual basis using actuarially determined costs.

Expenses consist of current service costs, interest and adjustments arising from plan amendments, changes in assumptions and net actuarial gains or losses. These expenses are recorded in the year in which employees render services to the Commission.

2. **Significant Accounting Policies** (continued)

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the Consolidated Statement of Financial Position date. Revenues and expenses are translated at the rates of exchange in effect at the transaction date. Realized and unrealized gains and losses are included in the determination of excess of revenue over expenses.

Effective April 1, 2021, the Commission made an irrevocable election to recognize any unrealized exchange gains and losses arising from all financial assets or liabilities directly in the Consolidated Statement of Operations and Changes in Net Asset (Deficit).

Accounting Estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the useful lives of capital assets, valuation allowances for accounts receivable and inventory, liability for contaminated sites, asset retirement obligations and obligations for non-pension post-employment benefits. By their nature, these estimates are subject to measurement uncertainty.

Financial Instruments

The Commission classifies its financial instruments as either fair value or amortized cost. The accounting policy for each category is as follows:

Fair value

This category includes cash and restricted cash which is initially recognized at cost and subsequently carried at fair value.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Amortized cost

This category includes accounts receivable, accounts payable and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

2. Significant Accounting Policies (continued)

Financial Instruments *(continued)*

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Consolidated Statement of Operations and Changes in Net Asset (Deficit).

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Liabilities for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Commission is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

3. Restricted Cash

	2024	2023
Externally restricted – Deferred Contributions (Note 7)	**$ 2,000**	$ 2,000

(dollars in thousands)

4. Capital Assets

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Rail Services				
Land	**$ 1,897**	**$ 157**	**$ $1,740**	$ 1,740
Roadway	**676,631**	**206,476**	**470,155**	435,456
Buildings	**92,449**	**37,927**	**54,522**	53,838
Equipment	**153,777**	**83,731**	**70,046**	69,691
Under construction	**74,539**	**-**	**74,539**	39,230
Motor Coach Services				
Land	**160**	**-**	**160**	160
Buildings	**6,409**	**1,567**	**4,842**	5,057
Coaches	**26,793**	**13,403**	**13,390**	14,865
Equipment	**820**	**506**	**314**	204
Under construction	**2,808**	**-**	**2,808**	181
	$ 1,036,283	**$ 343,767**	**$ 692,516**	$ 620,422

5. Employee Future Benefits

Pension Plan

The PSPP and PSSBA are contributory defined benefit plans. PSPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB). The portion of these contributions that exceeds Income Tax Act (Canada) limits is transferred to the PSSBA.

The Commission's full time employees participate in the PSPP which is a defined benefit pension plans for employees of the Province and many provincial agencies. The Commission's annual payments are $5,831 (2023 - $4,929) and have been included in labour and fringe benefit expenses.

Non-Pension Benefits Plans

The Commission provides three non-pension benefit plans to its employees where all benefit obligations and expenses are determined by independent actuaries, in accordance with accepted actuarial practices and Canadian public sector accounting standards, using management's best estimates. The discount rates used to determine the accrued benefit obligations were determined based on the Ontario provincial bond yields matched against the duration of the benefits.

The Commission conducted an actuarial valuation of the post-employment benefits, such as group life and health care be conducted every three years. The last valuation was completed for the year ended March 31, 2024 using data from April 1, 2023.

The Commission conducted an actuarial valuation of the post-employment benefits, Long Term Disability and continuation of benefits, completed annually with results as of March 31, 2024.

The Commission conducted an actuarial valuation of the workers compensation benefits done triennially, which is administered by the Workplace Safety & Insurance Board (WSIB). The last valuation was completed for the year ended March 31, 2024.

Information about the Commission's non-pension benefit plans is presented in the following tables.

(dollars in thousands)

5. Employee Future Benefits (continued):

Reconciliation of accrued benefit obligation to accrued benefit asset (liability)

	2024	2023
Accrued benefit obligation, end of year	**$ (58,645)**	$ (63,707)
Unamortized net actuarial gain	**(23,647)**	(22,228)
Accrued benefit liability, end of year	**$ (82,292)**	$ (85,935)
Accrued benefit liability, beginning of year	**$ (85,935)**	$ (89,647)
Benefit expense	**(1,363)**	(863)
Benefits paid	**5,006**	4,575
Accrued benefit liability, end of year	**$ (82,292)**	$ (85,935)

Components of Net Periodic Non-Pension Benefit Expense

	2024	2023
Current service cost	**$ 2,336**	$ 2,485
Interest on accrued benefit obligation	**2,452**	2,233
Amortization and immediate recognition of net actuarial gains	**(3,425)**	(3,855)
	$ 1,363	$ 863

Weighted Average Assumptions

	2024	2023
Discount rate – post-retirement benefits	**4.20%**	4.00%
Discount rate – post-employment benefits	**4.20%**	3.75%
Discount rate - WSIB	**4.20%**	3.90%
Rate of compensation increase	**2.00%**	2.00%
Medical cost increases	**5.60%**	5.37%
Dental cost increases	**5.00%**	3.00%
Vision care cost increases	**0.00%**	0.00%

(dollars in thousands)

6. Credit Facilities

In August 2021, the Commission secured an operating line of credit with the Ministry of Transportation and Ontario Financing Authority (OFA) in the amount of $5 million, of which zero was being utilized as of March 31, 2024. The line of credit bears interest at the Province of Ontario's cost of borrowing for a 30-day term plus 3.3 basis points. The line of credit expired on April 30, 2024.

7. Deferred Contributions

Deferred contributions are restricted funds received from the Province to be used only on specified future expenditures. As of March 31, 2024 the balance represents funds from the Ministry of Transportation (MTO) to be used as a self-insurance reserve based on approval by MTO in the event of a future derailment.

	2024	2023
Self-insurance reserve	**$ 2,000**	$ 2,000

8. Deferred Capital Contributions

Deferred capital contributions represent the unamortized capital contributions received from the Government to fund the acquisition of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Consolidated Statement of Operations and Changes in Net Asset (Deficit) using rates similar to those used to amortize the related assets acquired.

The changes in the unamortized deferred capital contributions balance are as follows:

	2024	2023
Balance, beginning of year	**$ 549,436**	$ 474,122
Contributions from the Province (Note 12)	**102,676**	93,450
Contributions from Transportation Canada (Note 12)	**-**	645
Amortization to revenue	**(25,303)**	(18,531)
Retirements, transfers and adjustments	**(807)**	(250)
Balance, end of year	**$ 626,002**	$ 549,436

(dollars in thousands)

9. Long-term Debt

	2024	2023
Loan from Ontario Financing Authority, bearing interest at 4.90% per annum, repayable in blended monthly payments of $13 for 25 years beginning February 1, 2006.	**$ 926**	$ 1,037
Less: current portion	**117**	111
Long-term debt	**$ 809**	$ 926

Interest on long-term debt was $48 (2023 - $54).

Principal payments required in the next five years and thereafter are as follows:

2024-2025	$ 117
2025-2026	123
2026-2027	129
2027-2028	135
2028-2029	142
Thereafter	280
	$ 926

10. Asset Retirement Obligation

The Commission’s financial statements include an asset retirement obligation for owned and leased buildings, fuel tanks, and a waste disposal site. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 4.1% (2023 - 3.6%). The estimated total undiscounted future expenditures are $2,869 (2023 - $3,813), which are to be incurred over a period of 10 years. A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2024	2023
Asset retirement obligation, beginning of the year	**$ 2,881**	$ 3,189
Increase due to accretion expense	**112**	223
Revisions to timing, amount and discount rate	**(103)**	(531)
Asset retirement obligation, end of year	**$ 2,890**	$ 2,881

(dollars in thousands)

11. Contaminated sites

The liability for contaminated sites is comprised of costs expected to be incurred on a former transloading property and former telecommunications sites, identified in the prior years. The estimated costs have been determined by management with the assistance of consulting engineering firms and historical experience with remediation activities. The former telecommunication sites liability includes all costs anticipated to be incurred on these properties and there are no anticipated recoveries expected. The liability has been estimated using a net present value technique with a discount rate of 4.0% for 2024 (2023 – 3.6%).

The former transloading property does not include discounting, due to uncertainty on when future economic benefits will be given up. At this time, until further testing is complete, timeframe and responsibilities are confirmed, no reasonable estimate of remediation can be made.

The Commission owns several legacy properties and right of ways in Cobalt where potential contamination exist however it is known that one site does contain contamination that exceeds the acceptable threshold. Following Phase 1 Environmental Site Assessments (ESA), a Phase 2 ESA is recommended. The Commission is currently outlining the scope of work for Phase 2 assessment to accurately map contaminated areas. At this time, until Phase 2 assessment is completed and details regarding timeframe and responsibilities are finalized, no reasonable estimate of remediation can be made therefore no liability has been accrued.

	2024	2023
Former transloading property	**$ 3,500**	$ 3,500
Former telecommunications sites	**571**	571
Contaminated sites liability	**$ 4,071**	$ 4,071

(dollars in thousands)

12. Government Contributions

Under the terms of a Memorandum of Understanding with the Minister of Transportation, the Commission receives both operational and capital funding from the Province of Ontario.

Details of Government contributions received during the year are as follows:

	2024	2023 (restated- note 21)
Ministry of Transportation:		
Operational contributions	$ 59,582	$ 53,429
Capital contributions	102,676	93,450
Total Ministry of Transportation contributions	$ 162,258	$ 146,879
Ministry of Northern Development - Northern Ontario Heritage Fund Corporation - operating	$ 35	$ -
Transport Canada		
Operational contributions– Rail operations	$ 185	-
Capital contributions - Rail operations	-	645
Total government contributions	$ 162,478	$ 147,524
In summary:		
Operational contributions	$ 59,802	$ 53,429
Capital contributions (Note 8)	102,676	94,095
Total government contributions	$ 162,478	$ 147,524

The Commission adopted PS3400, Revenues Public Sector Accounting Standard effective April 1, 2023 and applied the requirements of the standard retroactively with restatement of the prior period which impacted the amount of Government Contributions recognized in 2023 due to the terms in the Memorandum of Understanding (MOU) regarding the annual contributions based on accounting results. The retroactive impact is a decrease to operational contributions from Ministry of Transportation $314 for 2023.

13. Segmented Information Disclosures

The Commission is a diversified Crown agency of the Province of Ontario that provides a wide range of services to its customers in Northern Ontario such as rail freight and passenger services, motor coach services, and remanufacturing and repair services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Rail Services

Rail services relates to providing logistics and transportation solutions and the shipment of large quantities of products to and from Northern Ontario.

Polar Bear Services

Polar Bear Services relates to providing passenger transportation and shipping solutions between Cochrane and Moosonee.

Motor Coach Services

Motor coach services provides shipping solutions and passenger transportation to connect communities throughout Northern Ontario and into Manitoba.

Remanufacturing and Repair Services

The Remanufacturing and Repair team is responsible for the repair and rehabilitation of railway rolling stock from customers spanning North America.

Northlander

This relates to operational costs incurred for the planning and design of the future Northlander passenger train service from Timmins to Toronto.

Administration

This relates to the expenses for the operations of the Commission itself and cannot be directly attributed to specific segments. It also includes some rental of properties to external customers in order to reduce overall costs.

(dollars in thousands)

13. Segmented Information Disclosures (continued)

	Rail Services	Polar Bear Services	Northlander	Motor Coach Services	Remanufacturing and Repair	Administration note i)	Government Operating Contributions	**2024 Total**
Revenues	59,041	8,975	-	17,387	21,546	1,535	-	**108,484**
Government contributions	-	-	-	-	-	-	59,802	**59,802**
	59,041	8,975	-	17,387	21,546	1,535	59,802	**168,286**
Expenses								
Labour and fringe benefits	29,065	16,218	313	10,910	12,880	13,465	-	**82,851**
Materials and parts	16,389	4,711	-	4,586	9,547	747	-	**35,980**
Services	9,672	2,150	12	3,141	338	3,150	-	**18,463**
Administration and Other	1,138	1,523	79	3,011	1,545	2,253	-	**9,549**
Supplies and equipment	2,667	1,576	-	739	102	309	-	**5,393**
	58,931	26,178	404	22,387	24,412	19,924	-	**152,236**
Excess (deficiency) revenues over expenses before items below:	110	(17,203)	(404)	(5,000)	(2,866)	(18,389)	59,802	**16,050**
Derailments (note ii)	43	-	-	-	-	-	-	**43**
Inventory write-off (note ii)	1	-	-	-	-	-	-	**1**
Information technology costs	-	-	-	-	-	4,836	-	**4,836**
Interest on long-term debt	-	-	-	48	-	-		**48**
Gain on sale of capital assets	(510)	-	-	(202)	-	(1)		**(713)**
Foreign exchange gain (note ii)	(561)	-	-	-	-	-	-	**(561)**
Asset retirement obligation accretion	112	-	-	-	-	-	-	**112**
Employee future benefits	16	8	-	6	4	1,329	-	**1,363**
Excess (deficiency) before amortization	1,009	(17,211)	(404)	(4,852)	(2,870)	(24,553)	59,802	**10,921**
Amortization of deferred capital contributions	10,568	11,361	-	2,562	-	812	-	**25,303**
Amortization of capital assets	(14,021)	(11,906)	-	(2,624)	-	(924)	-	**(29,475)**
Excess (deficiency) of revenues over expenses	(2,444)	(17,756)	(404)	(4,914)	(2,870)	(24,665)	59,802	**6,749**

note i) Administration employee future benefits includes $1,323 in long-term disability expenses for the entire organization.
note ii) Expenses have been grouped with Administration and Other expenses on Consolidated Statement of Operations and Net Asset (Deficit) (Note 17)

(dollars in thousands)

13. **Segmented Information Disclosures** (continued)

	Rail Services	Polar Bear Services	Motor Coach Services	Remanufacturing and Repair	Administration note i)	Government Operating Contributions	**2023 Total (restated- note 21)**
Revenues	53,732	8,666	15,666	15,588	1,245	-	**94,897**
Government Contributions	-	-	-	-	-	53,429	**53,429**
	53,732	8,666	15,666	15,588	1,245	53,429	**148,326**
Expenses							
Labour and fringe benefits	26,024	14,167	10,280	9,149	11,103	-	**70,723**
Materials and parts	17,378	4,359	4,766	6,284	186	-	**32,973**
Services	6,398	2,135	3,029	363	1,972	-	**13,897**
Administration and Other	867	1,095	2,691	1,379	3,852	-	**9,884**
Supplies and equipment	2,674	1,445	821	96	310	-	**5,346**
	53,341	23,201	21,587	17,271	17,423	-	**132,823**
Excess (deficiency) revenues over expenses before items below:	391	(14,535)	(5,921)	(1,683)	(16,178)	53,429	**15,503**
Derailments (note ii)	273	-	-	-	-	-	**273**
Inventory recovery (note ii)	(11)	-	-	-	-	-	**(11)**
Information technology costs	-	-	-	-	5,268	-	**5,268**
Contaminated sites adjustment (note ii)	(2,604)	-					**(2,604)**
Interest on long-term debt	-	-	54	-	-	-	**54**
Gain on sale of capital assets	(494)	-	(522)	-	(4)	-	**(1,020)**
Foreign exchange gain (note ii)	(523)	-	-	-	-	-	**(523)**
Asset retirement obligation accretion	223	-	-	-	-	-	**223**
Employee future benefits	124	67	46	31	595	-	**863**
Excess (deficiency) before amortization	3,403	(14,602)	(5,499)	(1,714)	(22,037)	53,429	**12,980**
Amortization of deferred capital contributions	6,156	9,120	2,417	-	838	-	**18,531**
Amortization of capital assets	(9,428)	(9,587)	(2,472)	-	(949)	-	**(22,436)**
Excess (deficiency) of revenues over expenses	131	(15,069)	(5,554)	(1,714)	(22,148)	53,429	**9,075**

note i) Administration employee future benefits includes $548 in long-term disability expenses for the entire organization.
note ii) Expenses have been grouped with Administration and Other expenses on Consolidated Statement of Operations and Net Asset (Deficit) (Note 17)

14. Contingencies

In the normal course of its operations, various statements of claim have been issued against the Commission claiming damages for personal injury, property damages, environmental actions and employment-related issues. Damages, that have not already been accrued, cannot be estimated at this time and in any event the Commission is of the opinion that these claims are unfounded or covered by insurance after application of a $2,000 deductible. Should any loss result, it would be charged to the Consolidated Statement of Operations and Changes in Net Asset (Deficit) when the amount is ascertained.

15. Commitments

The Commission is also obligated to certain job guarantee agreements with a significant number of its unionized employees. To the extent of any actual claims under these agreements, the Commission would maintain provisions for such items. Due to the nature of these agreements, the exposure for future payments may be material. However, such exposure would be based on certain actions of the Commission that have not occurred and as such no provision has been made as at the year-end date.

16. Economic Dependence

i. Customers:
The Rail Services Division derives 72% (2023 – 77%) of its revenue from four major customers.

ii. Province:
The Commission generates revenues from rail and motor coach services as well as remanufacturing and repair services. In addition, the Commission receives operating and capital grants from the Provincial government. The ability to continue to offer and grow its services and meet its obligations are dependent on the ongoing grants it receives from the Province of Ontario.

(dollars in thousands)

17. Administration and Other Expenses

		2024		2023
Insurance, taxes and bank charges	**$**	**3,377**	$	3,533
Marketing, software and licensing		**2,901**		3,449
Travel, training and other expenses (i)		**2,754**		37
Administration and Other Expenses	**$**	**9,032**	$	7,019

(i) Other expenses include personal protection equipment, derailment expenses, recovery of inventory, foreign exchange gains and contaminated sites provision adjustment. Prior year numbers include an adjustment of ($2,604) related to contaminated sites provision.

18. Related Party Disclosures

The Commission receives government funding from the Province of Ontario to support its investment in capital infrastructure to be used in the delivery of current and future transportation services and an annual operating subsidy to further support delivery of transportation services.

All related party transactions were measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

During the normal course of operations, the Commission provides passenger car refurbishment services to Metrolinx, an Agency of the Province of Ontario. The Consolidated Statement of Financial Position includes an accounts receivable balance of $1,991 (2023 - $1,022) and a deferred revenue balance of $33,283 (2023 - $39,763 restated) and on the Consolidated Statement of Operations and Changes in Net Asset (Deficit) includes revenue of $16,800 (2023- $10,726 restated), all related to the Metrolinx contract.

(dollars in thousands)

19. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category.

			2024
	Fair Value	Amortized Cost	Total
Cash	**$ 28,827**	**$ -**	**$ 28,827**
Restricted cash	**2,000**	**-**	**2,000**
Accounts receivable	**-**	**33,691**	**33,691**
Payable and accrued liabilities	**-**	**45,220**	**45,220**
Long-term debt	**-**	**926**	**926**
	$ 30,827	**$ 79,837**	**$110,664**

			2023 (restated-note 21)
	Fair Value	Amortized Cost	Total
Cash	$ 20,388	$ -	$ 20,388
Restricted cash	2,000	-	2,000
Accounts receivable	-	42,187	42,187
Payable and accrued liabilities	-	32,002	32,002
Long-term debt	-	1,037	1,037
	$ 22,388	$ 75,226	$ 97,614

The Commission’s financial assets carried at fair value, which include cash and restricted cash are classified as Level 1. There were no transfers between Level 1, 2 and 3 for the years ended March 31, 2024 and 2023.

The following explains the difference between Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(dollars in thousands)

20. Financial Instrument Risk Management

Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its cash and accounts receivable. The Commission holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash accounts are insured up $400,000 (2022 - $400,000).

Accounts receivable are due from customers and government, which includes The Province of Ontario and any Agency of Province. Credit risk is mitigated by financial approval processes before a customer is granted credit. The Commission measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Commission's historical experience regarding collections. The amounts outstanding at year end were as follows:

March 31, 2024					**Past Due**
	Total	**Current**	**1-30 days**	**31-60 days**	**over 61 days**
Government receivables	**$ 18,069**	**$ 18,069**	**$ -**	**$ -**	**$ -**
Customer receivables	**15,922**	**8,846**	**2,990**	**1,074**	**3,012**
Gross receivables	**33,991**	**26,361**	**2,990**	**1,074**	**3,012**
Less: impairment allowances	**(300)**	**-**	**-**	**-**	**(300)**
Net receivables	**$ 33,691**	**$ 26,361**	**$ 2,990**	**$ 1,074**	**$ 2,712**

March 31, 2023 (restated-note 21)					Past Due
	Total	Current	1-30 days	31-60 days	over 61 days
Government receivables	$ 25,782	$ 25,331	$ -	$ -	$ 451
Customer receivables	16,483	10,626	2,740	1,014	2,103
Gross receivables	42,265	35,957	2,740	1,014	2,554
Less: impairment allowances	(78)	-	-	-	(78)
Net receivables	$ 42,187	$ 35,957	$ 2,740	$ 1,014	$ 2,476

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

20. Financial Instrument Risk Management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency risk

Currency risk relates to the Commission operating in different currencies and converting non-Canadian earnings at different points in time when adverse changes in foreign currency rates occur. The Commission maintains a USD bank account to receive USD from customers and to pay USD to suppliers and other carriers. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Commission is exposed to this risk through its interest bearing long-term debt.

The Commission's long-term debt as described in Note 9 would not be impacted as the inherent rate of the debt has been fixed.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Commission is not exposed to this risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and regular reports to the Province of Ontario.

(dollars in thousands)

20. Financial Instrument Risk Management (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

				2024
	Within 6 months	**6 months to 1 year**	**1-5 years**	**> 5 years**
Payable and accrued liabilities	**$ 45,220**	**$ -**	**$ -**	**$ -**
Long-term debt	**58**	**59**	**679**	**130**
Total	**$ 45,278**	**$ 59**	**$ 679**	**$ 130**

				2023
	Within 6 months	6 months to 1 year	1-5 years	> 5 years
Payable and accrued liabilities	$ 32,002	$ -	$ -	$ -
Long-term debt	55	56	646	280
Total	$ 32,057	$ 56	$ 646	$ 280

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(dollars in thousands)

21. Adoption of New Public Accounting Standard – Revenues

Effective April 1, 2023 the Commission adopted a new Public Sector Accounting Handbook Standard, PS 3400 Revenues. As a result of the adoption, the presentation of the financial statements changed from the prior year.

Under PS 3400, the Commission recognizes revenue from exchange transactions when it satisfies a performance obligation by providing the promised goods or services to a payor. The Commission satisfies a performance obligation when control of the benefits associated with the good or service has transferred to the payor. Control of the benefits passes over to the payor over a period of time or at a point in time depending on the characteristics of the promised goods or services. Revenue is measured at the amount of consideration to which the Commission expected to be entitled to in exchange for the promised goods or services.

The Commission adopted the standard on April 1, 2023 and applied the requirements of the standard retroactively with restatement of the prior period. The impact of adoption of this standard on the March 31, 2023 comparative figures is as follows:

i) Impact on annual surplus (deficit)

	2023
Annual surplus (deficit) – as previously reported	$ 9,075
Revenues:	
Increase (decrease) due to change in timing of recognition for:	
Operating and other revenues	(1,213)
Government contributions	1,213
Annual surplus (deficit) – as restated for adoption of PS3400	$ 9,075

ii) Impact on assets, liabilities, net financial asset or net debt, and accumulated surplus or deficit

As at April 1, 2022	As previously reported	PS 3400 Adjustments	As Restated
Accounts receivable	53,650	1,528	55,178
Deferred revenue	(42,756)	(1,528)	(44,284)

As at March 31, 2023	As previously reported	PS 3400 Adjustments	As Restated
Accounts receivable	40,973	1,213	42,187
Deferred revenue	(38,798)	(1,213)	(40,012)

22. Comparative Figures

Prior year's figures have been reclassified where necessary to conform to the current year's financial statement presentation.