Ontario Northland

An Agency of the Government of Ontario

Business Plan 2026-27

Ontario

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Land Acknowledgement

We want to acknowledge the importance of the land on which Ontario Northland operates. We do this to reaffirm our commitment and responsibility to improving relationships between Ontario Northland and Indigenous peoples and communities and to improve our understanding of local 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 Chief Executive Officer

Ontario Northland is proud to deliver safe, reliable, efficient, and affordable transportation services across northern Ontario.

This year, the new era of the Northlander becomes a reality. The new passenger rail service will move from operational readiness to service implementation. Our teams are focused on launching a service that meets the needs of passengers and strengthens the connection between the north and south. Launching this service will be a historic moment for the agency.

Moving into the next business cycle, Ontario Northland is prioritizing workforce stability and leadership development, ensuring our teams are equipped to navigate new challenges with an inclusive, high-performing agency culture.

Our capital strategy includes state-of-good-repair upgrades to infrastructure, rolling stock and facilities that will support long-term service delivery. A focus on customer experience and strengthening partnerships with communities, businesses, customers and passengers will also enhance our service delivery and ensure ongoing operational sustainability.

Modernization and innovation are at the heart of our operations, with the ongoing implementation and adoption of the Enterprise Asset Management program throughout most areas of the organization and the first phase of the Enterprise Resource Planning program. These programs will ensure the agency continues to increase efficiency and progress toward accountable, data-driven decision making. These efforts are complemented by the success of our major refurbishment projects, which reinforce our role as a key contributor to Ontario's integrated transportation network.

Rail freight continues to drive economic development throughout the region, with investments in infrastructure, compliance, and new service opportunities supporting business growth across the service territory.

This business plan reflects the agency's alignment with government priorities and highlights the importance of these priorities in our future plans. It is an exciting year ahead. We look forward to continuing to collaborate with customers, communities, government partners, and industry leaders to shape the future of transportation in Ontario.

Chad Evans
Chief Executive Officer

Agency Overview

Established in 1902, Ontario Northland operates as an agency of the Ontario government. The agency supports northern Ontario communities and businesses by providing quality remanufacturing, rail and motor coach transportation services.

Mandate

Ontario Northland is an agency of the Ontario government that reports to the Legislature through the Ministry of Transportation (MTO). Ontario Northland was created by the Ontario government in 1902 to provide transportation services in northern Ontario. The agency operates under the authority of the Ontario Northland Transportation Commission Act. The organization is mandated to deliver efficient, affordable, safe and reliable transportation services in 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

We are improving connectivity between northern Ontario and other parts of the province to support economic development, job creation and community sustainability. As an agency, we work with municipal stakeholders, Indigenous communities and partners at MTO. We align priorities, focus on fulfilling our commitments and are trusted partners delivering high quality services.

Our Values

Our organizational values are:

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, our work 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 ministry 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.

Fulfilling Government Priorities

As the Agencies and Appointments Directive requires, the Minister of Transportation issues an annual letter of direction that sets out the agency's expectations for the fiscal year. These priorities provide the foundation for the agency's plan forward, ensuring operations and government direction align.

The letter underscores three themes that set the expectations for all agencies for FY 2026-27: Protect Ontario, Deliver Better Services and Drive Innovation and Value for Money. Ontario Northland outlines how it will support fulfilling government priorities throughout the business plan.

Protect Ontario

1. **Expand domestic partnerships within Canada to promote the development of supply chains and economic opportunities across Canada and support economic resilience, particularly in light of ongoing U.S. tariff threats and economic uncertainty.**
   - Response: Ontario Northland will continue to advance its procurement standards to give preference where possible to businesses based in Ontario and across Canada, aligning with the Building Ontario Businesses Initiative Act. Efforts are underway to mandate a specific percentage of Canadian materials in transit vehicles and coaches. Ontario Northland will continue to work with MTO to apply the Canadian Content Policy.
2. **Procure from Ontario and Canadian businesses whenever feasible.**
   - Response: Ontario Northland will maintain its commitment to the Building Ontario Businesses Initiative, thereby enhancing opportunities for Ontario and Canadian businesses to engage in commercial activities with the Province of Ontario.
3. **Provide economic relief for Ontario families, consumers and businesses by freezing government fees and fares, unless approved by the oversight Minister.**
   - Response: Ontario Northland is committed to providing affordable services for Ontario families, consumers, and businesses by maintaining current passenger fares, in alignment with government direction. The agency has historically applied only modest fare adjustments, and current planning confirms that no increases will be implemented unless explicitly approved by the oversight Minister. This approach reflects Ontario Northland's commitment to fiscal discipline, affordability, and equitable access to transportation services across northern Ontario.

Deliver Better Services

4. **Focus on a user-centered client/customer experience by simplifying interactions, improving satisfaction, and expanding and optimizing digital service offerings.**

    - Response: Ontario Northland will continue to strive for service excellence. The agency will enhance customer experience by modernizing digital services, simplifying interactions, and enhancing customer satisfaction through targeted initiatives. These efforts are supported by the development of standardized communication guides for front-line employees, sending real-time trip information to customer mobile devices, and continued growth in obtaining data to support outcome-based key performance indicators.

5. **Identify opportunities to enhance efficiency, improve services, drive innovation, and achieve cost savings for the people of Ontario, including through the use of AI and other advanced technologies.**

    - Response: Ontario Northland is enhancing operational efficiency and advancing health and safety priorities by implementing a new crew scheduling software. This solution will streamline scheduling processes, minimize service delivery errors and elevate customer satisfaction, which are key outcomes aligned with the government's service modernization agenda. As part of this initiative, Ontario Northland has also implemented Microsoft Copilot to increase efficiencies across back-office functions, further supporting the organization's commitment to modernization and safety.

6. **Eliminate unnecessary bureaucracy and red tape by applying Lean methodologies or other modalities to achieve operational efficiency.**

    - Response: Ontario Northland is achieving operational efficiency and reducing bureaucracy by modernizing core systems. Key initiatives include implementing digital crew scheduling software to automate rail operations and reallocate staff, developing a performance measurement framework with outcome-based KPIs, and investing in Enterprise Resource Planning (ERP) software and Enterprise Asset Management (EAM) systems to streamline planning and reporting. These efforts are part of Ontario Northland's modernization portfolio, which promotes standardized processes and proactive planning across the organization.

Drive Innovation & Value for Money

7. **Find innovative solutions to use public resources efficiently and to effectively deliver on the agency's mandate. Operate within the agency's financial allocation, supported by accurate financial reporting, effective internal controls and proactive fraud management practices.**

   - Response: Ontario Northland is meeting its goal of using public resources efficiently and delivering on its mandate through innovative modernization efforts and strong financial governance. Key initiatives include implementing ERP and EAM systems to optimize asset and workforce management, launching digital tools to enhance project risk assessment and procurement, and maintaining rigorous financial reporting aligned with public sector standards. These efforts are supported by proactive internal controls, fraud prevention practices and regular financial oversight meetings with MTO to ensure transparency and alignment with funding allocations.

8. **Manage workforce size prudently and responsibly. Where an agency requires an increase in workforce size, the agency must provide the Minister with an HR plan for approval that provides the rationale based on government priorities and/or agency mandate.**

   - Response: Ontario Northland is managing workforce size responsibly by aligning its HR workforce planning to government priorities and agency modernization mandates as outlined in both the Annual Letter of Direction and the Northeast Passenger Rail Letter of Direction. Any proposed increases in staffing will be directly aligned to these priorities and is subject to government approvals. This reflects Ontario Northland's continued commitment to prudent workforce governance and compliance with ministerial oversight requirements.

9. **Create a span of control policy that recognizes different streams of work within the organization and sets minimum span of control benchmarks and provide it to the Minister for approval by March 31, 2026.**

   - Response: Ontario Northland has created a span of control policy, in alignment with the March 31, 2026, deadline. The policy establishes minimum benchmarks for leadership ratios across different operational streams and includes implementation plans to ensure consistency and accountability.

10. **Provide to your oversight minister by October 1, 2025, the amended human resource policy, guideline or directive that adheres to the OPS in-office standard of four (4) days per week effective October 20, 2025, and five (5) days per week effective January 5, 2026, and work with your oversight ministry to address any office space constraints.**

    - Response: Ontario Northland has complied with the requirement to submit the amended human resource policy in alignment with the OPS in-office standard by October 1, 2025, deadline. The organization will continue to adhere to the government directive and maintain close collaboration with the oversight ministry where workspace logistics or other constraints apply to ensure sustained compliance and operational readiness.

For FY 2026-27, Ontario Northland is fully committed to fulfilling the following expectations:

1. **Tariff Risks**
   - Continue to monitor and report on tariff risks as part of financial reporting.
   - Include analysis of direct cost impacts on projects, the effectiveness of mitigation strategies, and any actions required from government to manage exposure.
     - Response: Ontario Northland will continue to ensure that all tariff related risks and impacts are monitored and reported to the Ministry as part of regular financial reporting.
2. **Northlander Project Update**
   - Continue to advance work to reinstate the Northlander Passenger Rail service between Toronto and Timmins, with a rail connection to Cochrane in preparation for a 2026 service launch.
     - Response: Ontario Northland is on track to launch the Northlander passenger rail service in 2026.
3. **Capital Asset Management Plan**
   - Work with the ministry to update, refine, and enhance the agency's capital asset management plan, including an evaluation of asset conditions, utilization, capacity, risks, costs, future needs analysis and recommendations. The plan should include/incorporate the agency's building condition assessment work.
   - Share the updated plan with the ministry for review by August 1, 2026.
     - Response: Ontario Northland will be refining its capital asset management strategy through a 10-year plan, focusing on improving the state of good repair while addressing funding gaps identified in the Asset Management Plan analysis.
4. **Financial Tracking & Reporting**
   - Continue work to track and allocate direct and fixed (overhead) costs for both internal and external services for rail remanufacturing and repair services in alignment with expectations set through the Modernization Action Plan.
     - Response: Ontario Northland will be advancing work to track and allocate overhead costs for both internal and external rail remanufacturing and repair services in alignment with the Modernization Action Plan. This initiative focuses on developing and implementing a flexible cost allocation model integrated with the new Enterprise Resource Planning (ERP) software once implementation is complete.

5. **Rail Safety**
    - Continue to work with the ministry and Transport Canada to support ONTC's transition to federal rail safety oversight of railway operations by April 15, 2026.
    - Maintain the working group series to support regulatory compliance with federal rail safety regulations, and overall operational excellence.
        - Response: Ontario Northland will prepare to transition to federal rail safety oversight by April 15, 2026, in partnership with the Ministry of Transportation and Transport Canada. This includes aligning operations with federal safety standards, updating its Safety Management System, and ensuring infrastructure and processes meet regulatory requirements. This includes securing all necessary permits and approvals from Transport Canada and the Canadian Transportation Agency such as the Railway Operating Certificate (ROC) and Certificate of Fitness (COF) for rail operations within the same timeframe.
6. **Community and Partner Engagement**
    - Take into account the diverse needs of equity-deserving groups (i.e., women, 2SLGBTQIA+, Indigenous, racialized, vulnerable persons and people with disabilities) in the planning, design and delivery of safe, affordable, accessible, and equitable access to transportation services.
    - Continue to take actions to combat sexual exploitation and human trafficking in accordance with Ontario's Anti-Human Trafficking Strategy and the Calls for Justice of the National Inquiry into Missing and Murdered Indigenous Women and Girls.
        - Response: The agency will remain committed to Ontario's Anti-Human Trafficking (AHT) Strategy by training staff, raising awareness, assisting survivors, and displaying AHT prevention materials across services. This training will be delivered to front line employees working on the new Northlander service.
7. **Duty to Consult**
    - Continue to fulfil the duty to consult Indigenous communities in line with provincial policies.
    - Share engagement plans with the ministry before significant commitments and provide updates on outcomes.
        - Response: Ontario Northland will meet its duty to consult by conducting required screenings for capital projects, demolitions, dispositions and any project that could impact Aboriginal and/or treaty rights and by issuing notifications for maintenance activities, and aligning its consultation policies with provincial standards. If consultation is required, engagement plans will be shared with the ministry before commitments are made and ONTC will provide updates following engagement.

Current and Future Programs and Activities, Including Implementation Plan

This section describes the agency's main programs and activities and how it will allocate resources to effectively achieve its goals and expectations.

Major Initiatives and Operational Programs

NORTHLANDER	
A Passenger Rail Service Connecting Toronto and Timmins with a Link to Cochrane, Offering a Safe, Reliable, and Integrated Transportation Option for Northern Ontario Communities	The Northlander passenger service will launch in 2026, supported by major infrastructure upgrades, customer service enhancements, updates to ticketing software, and on-board food services. Major infrastructure upgrades include improvements to stops along the route, shelter installations, construction of the new Timmins– Porcupine Station, and work along the corridor to enable improved passenger comfort and reduce journey times. The return of the Northlander and investments in transportation infrastructure in northern Ontario align with and support the implementation of Connecting the North: A Draft Transportation Plan for Northern Ontario.

RAIL FREIGHT	
Increase Rail Freight Revenues, Activities, and Opportunities to Support Economic Development and Business Growth	Ontario Northland is focused on expanding service activities and increasing revenues through strategic infrastructure investments and sector engagement. The division has a total projected revenue of $80 million for FY 2026-27. This is supported by initiatives such as expanding transload capacity in Englehart and continuing to support increased demands of freight traffic between Cochrane and Moosonee and supporting construction projects along the James Bay Coast. These efforts respond to rising freight demand and align with provincial and federal priorities for regional growth. By responding to evolving customer needs, improving service reliability and engaging with sectors like mining and agriculture, Ontario Northland is driving new opportunities for increased rail traffic.

Continue to Improve Rail Infrastructure to Enable the Safe and Reliable Delivery of Transportation Services	Ontario Northland is prioritizing infrastructure upgrades to ensure the safe and reliable delivery of transportation services across northern Ontario. This includes targeted rehabilitation of culverts, bridges and agency-owned locomotives, as well as upgrades to repair facilities and operational systems, into state of good repair assets. These improvements are designed to mitigate safety risks, maintain compliance with regulatory standards and optimize operational efficiency. Ontario Northland is also investing in infrastructure maintenance through its capital planning process. These investments aim to elevate track standards from Class 3 to Class 4 by FY 2028-29 for the Northlander corridor, reduce transit times, lower operational costs, and improve service delivery across the network. All these efforts are integrated into Ontario Northland's long-term asset management strategy, which prioritizes the replacement of legacy rail assets and sets a goal to renew between three and five per cent of the network annually once a state of good repair is achieved. This strategic approach ensures that infrastructure improvements are sustainable, risk-informed and aligned with goals.

Establish Systems to Ensure Compliance with the Applicable Regulatory Framework	Ontario Northland's rail division continues to implement strategic initiatives to ensure alignment with the applicable regulatory framework, as it transitions to full oversight by Transport Canada. This shift will bring Ontario Northland's rail operations entirely under federal jurisdiction, which will enhance safety and promote the agency's modernization efforts. To support this, the agency has established dedicated internal roles focused on compliance monitoring and regulatory integration, ensuring that legislative changes are reflected in operational practices. To strengthen compliance, Ontario Northland is enhancing training programs and modernizing record-keeping systems. These updates will ensure that staff are well-informed about federal requirements and that documentation is audit-ready and aligned with Transport Canada and Transportation Safety Board expectations. With ongoing modernization of applicable federal and provincial environmental legislation, including updated Ontario Regulations (O.Reg.) 231/08: Transit and Rail Project Assessment Process (as amended February 22, 2024, and now in effect) under the Environmental Assessment Act, Ontario Northland continues to adjust its approach to project delivery and infrastructure development. This includes integrating environmental screening protocols and coordinating early, both internally and with regulatory bodies, to ensure that future construction projects meet regulatory standards. Ontario Northland also continues to prioritize Indigenous consultation and environmental impact mitigation as part of its project planning. These initiatives position Ontario Northland to operate safely, efficiently and in full compliance with evolving provincial and federal regulations. By investing in systems, training and strategic planning, ONTC will ensure that its infrastructure and operations remain resilient and responsive to regulatory change.
Rehabilitation of Non- Operational Rail Spur	Ontario Northland will rehabilitate the dormant Agrium spur line to enable phosphate-rich aggregate shipments from a new mining company. The project includes installation of 2,500 feet of new track, three turnouts and structural upgrades, which will enhance Ontario Northland's freight capabilities and support Ontario's Critical Minerals Strategy. The proposed work will be completed by third-party contractors during the 24-week season starting in April 2026. This work will also include track inspections, with bridges and culverts re-entering the asset management cycle under third-party oversight. Ontario Northland would see an increase in freight revenues based on car shipments with tonnage projection of 35,000 tons in FY 2026-27 and 250,000 tons each fiscal year thereafter.

Earlton Commodity Centre	The proposed Earlton commodity center will support Northern Ontario's economic development through a partnership with the agriculture industry. The project will deliver a new grain elevator and transload facility alongside a rail spur and realigned road infrastructure. This will enable cost effective rail freight access for regional agriculture producers. It will also be designed to accommodate additional products to benefit from transportation by rail including concrete and fuel which are currently primarily transported by truck. This improves shipping efficiency and costs for Northern Ontario businesses, and improves highway safety and congestion along the Hwy 11 corridor. Land acquisition, construction of the grain elevator, transload facility, Highway 11 works, and contractor procurement are scheduled for completion in FY 2026-27. Road realignment and rail spur construction will extend to FY 2027-28, requiring coordination with MTO and the Township of Armstrong to manage permitting, public engagement, and infrastructure interfaces. This transload solution will address rising fuel and insurance costs, driver shortages, and road freight inefficiencies, while supporting projected 15% annual growth in grain volumes by moving additional volumes more efficiently. The initiative aligns with provincial and federal priorities for infrastructure modernization, economic development and agricultural competitiveness. It is expected to generate new jobs, improve market responsiveness and deliver over $750K in annual revenue for Ontario Northland starting in its first year of operation, projected in FY 2028-29.

PASSENGER SERVICES	
Polar Bear Express and Motor Coach Long-Term Planning	Ontario Northland is beginning to plan the replacement of rolling stock dedicated to the Polar Bear Express (PBX), which reaches the end of its 30-year lifecycle in 2029. The agency is evaluating replacement options and aligning this decision with broader infrastructure upgrades to ensure continued service reliability and quality. This process reflects a strategic approach to long-term investment and operational sustainability. Ontario Northland is also evaluating increased year-round PBX service as part of broader multi-year operational planning, which aims to align service enhancements with long-term infrastructure and strategic priorities. The plan continues to consider ridership trends and stakeholder engagement, including input from Indigenous and municipal leaders. Motor Coach Services will continue to receive annual investments in new motor coach assets and overhauls, with an updated fleet strategy underway to reflect expanded routes in line with provincial planning direction and operational requirements. With EAM now in place and data reviewed regularly, Ontario Northland is better equipped to make data driven decisions on its asset lifecycle strategy, including maintenance support.

Simplify Customer Interactions and Improve Satisfaction	Ontario Northland prioritizes customer experience improvements through technology-driven enhancements. A new software platform was introduced last fiscal to collect real-time feedback from passengers. This fiscal the team will monitor satisfaction levels and respond in meaningful ways by reinforcing positive experiences and addressing concerns directly. Insights from customer feedback will be integrated into broader performance tracking systems to ensure consistent service quality and responsiveness. The agency is also refining key performance indicators such as fleet availability and on-time performance through enhanced data tools and dashboards. New systems now allow for targeted monitoring of service reliability, which helps teams identify and address issues quickly. These tools support a data-informed approach to improving customer satisfaction. Customer experience will be a priority, with initiatives focused on simplifying interactions through improved booking systems, rapid feedback, and simplified fares These efforts will modernize the travel experience and better serve diverse passenger needs, including those of vulnerable populations. Additionally, Ontario Northland will enhance contact centre operations by implementing performance dashboards that track agent activity, call and live chat volumes, and inquiry types. This will allow for better resource allocation and faster response times to customers.
Network Planning & Service Expansion	Ontario Northland will continue to advance its strategic network planning framework to optimize routes, schedules and fleet deployment. A dedicated team will use data and analysis to guide decisions to improve operational efficiency and meet evolving customer needs. This planning includes collaboration with MTO to evaluate opportunities for new routes and integration of services, in alignment with provincial planning for northern Ontario as articulated in Connecting the North: A draft transportation plan for Northern Ontario, as well as exploring partnerships with other public and private sector operators. Fleet modernization is a key component of network planning and service expansion, with investments focused on enhancing bus tracking reliability and the installation of advanced video surveillance cameras that strengthen security and support operational excellence. Ontario Northland is increasing the motor coach fleet size to ensure service continuity during maintenance or peak demand periods.

REMANUFACTURING AND RAIL MECHANICAL	
Fleet Refurbishment and Lifecycle Management	Ontario Northland has executed a $350 million contract to refurbish 121 GO Transit bi-level 3 / 4 rail cars and 16 locomotives, which has begun with prototyping last fiscal. Work will continue to 2031, supporting provincial transit modernization goals. Facility upgrades such as a new paint bay and enhancements to the Wheel and Diesel Shops will increase long-term operational capacity and meet evolving industry standards. Work also continues on the initial 56-coach bi-level-2 refurbishment program, scheduled for completion by early FY 2027-28. Ontario Northland continues to collaborate with customers on additional asset refurbishment opportunities, which reinforces its role as a strategic partner that repairs modern rail assets.
Modernization	Environmental sustainability will remain a priority, with infrastructure upgrades focused on reducing emissions and improving energy efficiency. Planned investments are not only designed to support long-term operational resilience, but also to create efficiencies and modernize processes across the organization. Upgrading assets will streamline workflows, reduce downtime, and enable Ontario Northland to adopt more advanced and sustainable operational practices, positioning the agency for improved performance and future growth.
Strategic Partnerships and Revenue Generation	Long-term refurbishment contracts and third-party repair services remain a priority, as Ontario Northland aims to achieve excellence in all refurbishment programs to ensure customer satisfaction and retention. In addition to bi-level car refurbishment contracts, the division will explore additional services, including leased refurbished locomotives and specialized services through facilities in North Bay, Cochrane and Englehart. To meet growing demand, Ontario Northland is investing in infrastructure upgrades, such as the multi-year overhaul of the Repair-in-Place platform and expanding its fleet with distributed power locomotives. These enhancements will improve production capacity, operational efficiency and service quality, while also supporting Ontario Northland’s asset management and modernization goals. Additionally, EAM and ERP systems are expected to improve cost tracking, performance measurement and strategic decision-making. These tools will enable more accurate pricing of external work and help unlock new revenue opportunities, ensuring the agency is well-positioned for sustainable growth and long-term success.

CORPORATE INITIATIVES	
Regulatory and Organizational Performance	Ontario Northland is advancing toward full federal oversight of rail operations, a critical step in strengthening governance, safety standards, and regulatory alignment. This transition underscores a commitment to long-term operational resilience and accountability, supported by modernization initiatives and infrastructure upgrades that position the organization for sustainable growth and enhanced service reliability. In FY 2026-27, Ontario Northland will prioritise further integration of federal compliance frameworks within its operational processes. This includes implementing an updated Safety Management System for all rail operations that is aligned with Transport Canada standards and conducting gap analyses across infrastructure, rolling stock and operational processes. Environmental sustainability and performance will continue to be promoted and advanced in line with organizational strategic goals. This includes tracking and monitoring of energy, waste, fuel and greenhouse gas emissions across Ontario Northland's facilities and operations, and putting forward data-driven goals, objectives and strategies to minimize impacts and pursue continual improvement. By 2028, Ontario Northland plans to scale its compliance systems and optimize its regulatory affairs structure. The organization will pursue annual asset renewal targets between three and five per cent across its rail network once a state of good repair is achieved. These efforts are supported through ongoing performance measurement discussions and operational reviews.
Employee Health and Safety	Complementing the regulatory shift, Ontario Northland is implementing a comprehensive communications strategy to ensure health and safety information is reviewed, tailored, and delivered effectively based on audience, content type, and urgency. This approach supports standardized roles and communication methods across operational levels, reinforcing the agency's proactive safety culture. Training and onboarding efforts will also continue to evolve. While the Work Safe Campaign and the Learning Management System integration of health and safety modules were completed in prior years, HR will continue focusing on strengthening onboarding requirements and processes. A dedicated health and safety trainer will be launching new orientation training for production workers. and will assess additional needs.

Building Condition Assessment	Ontario Northland's Building Condition Assessment (BCA) program aims to significantly improve the overall health of its building portfolio by reducing the Facility Condition Index (FCI) - a metric that compares the cost of needed repairs to the facility's replacement value, from 54% to approximately 38%, with a long- term target of 25% by 2033. The program will elevate Ontario Northland's facilities to a Fair FCI condition, with priority given to critical buildings that support the agency's operations and essential systems, such as heating, electrical infrastructure and roofing. These efforts are supported by performance tracking and mid-point evaluations to prevent system failures and ensure sustainable infrastructure planning.
Corporate Governance	Ontario Northland will continue to strengthen its governance framework in alignment with the Agencies and Appointments Directive (AAD) and Ministry expectations. In FY 2025-26, the agency successfully met the Annual Letter of Direction (ALOD) requirement to develop a Relationship Management Framework (RMF). A dedicated working group with representation from the Ministry and the agency will continue to collaborate on implementing the framework. Ontario Northland and the Ministry will aim to refine processes to gain efficiencies through the RMF. The agency also continues to advance its Board and Board Chair Responsibilities Inventory, which consolidates accountabilities across legislation, directives and policies to support effective governance.
Non-Fare Revenue	Ontario Northland will continue to build on the work accomplished in the last fiscal year to increase non-fare revenue. Steady performance is anticipated from the sale of advertising space and merchandise, with additional targets set for further growth. Specifically, the organization aims to achieve a 10% increase over prior year forecast of $156,149 bringing the new goal to $171,764 by the end of FY 2026-27.

Apprenticeship Program	Ontario Northland is advancing a multi-year Apprenticeship Skills and Training Development Program to address workforce gaps and support long-term business growth. With many certified tradespeople nearing retirement, the agency is proactively planning annual apprentice intakes to maintain optimal staffing levels and ensure service continuity. The program is designed to create meaningful employment opportunities across northern Ontario, particularly in skilled trades, such as mechanical, electrical and pipefitting roles. Ontario Northland will also implement a focused recruitment strategy to attract more women into skilled trades, helping to create better gender balance within the workforce. This effort not only addresses talent shortages but also supports diversity, equity, and inclusion (DEI) goals as part of the agency's multi-year program. The agency aims to hire approximately 15 apprentices in 2026, 14 in 2027 and 15 in 2028. These hires include both net new positions and replacements through attrition. Recruitment will see annual onboarding continuing from 2025 through 2029. The initiative will be supported by a business case that outlines funding strategies, including offsetting costs through revenue from committed contracts and allocating budget for travel, schooling and training. Operationally, the program will continue to lower barriers to entry for skilled trades by enhancing talent acquisition, marketing and compensation strategies. A completed market analysis has led to benefit increases, and further improvements are planned to retain talent. Apprentices will be trained under the guidance of experienced tradespeople, following established protocols and competency-based assessments. At the federal level, the Canadian Apprenticeship Strategy complements these efforts by promoting inclusive workforce development and funding for equipment and green skills training.

Operational Multi-Year Plan	Ontario Northland is developing an operational multi-year plan to guide long-term planning at Ontario Northland. The framework will align divisional priorities, capital investments and operational modernization, providing a 10-year overview that integrates infrastructure, technology and workforce planning across the organization. Over the next three years, infrastructure upgrades, such as transitioning rail systems from Class 3 to Class 4 standards and enhancing safety at grade crossings, are a focus. Further areas of focus include the replacement of the Polar Bear Express equipment and impacts on related asset upgrades. Technology integration is another major goal, with ERP and EAM system implementation, cybersecurity enhancements, and the adoption of Microsoft Power Platform and Fabric for improved business intelligence. These upgrades are designed to support data-driven decision-making and operational efficiency. The multi-year plan will also detail plans to update governance structures and renew fleet assets, such as including rolling stock and facilities, through capital investments planned for full 10 years capital request.
Enterprise Asset Management (EAM)	Deployment of EAM to all divisions was completed in November 2025, with the exception of rail infrastructure, which is planned in March 2026 and passenger car refurbishment projects, which is planned for FY 2026-27. Over the next three years, the EAM program is focused on streamlining work management and supply chain processes, improving asset data quality and enhancing user experience through mobile, desktop and integrated tools. Strategic goals include deploying quarterly updated systems (HxGN EAM), embedding change management and training for adoption and expanding deployment phases to support broader organizational initiatives, such as the Northlander program. These efforts aim to boost operational efficiency, support proactive decision-making and align with Ontario Northland's corporate objectives for safety, service excellence and regulatory compliance.
Enterprise Resource Planning (ERP)	Ontario Northland has implemented an ERP strategy which is focused on integration, optimization and scaling. In FY 2026-27, Ontario Northland will focus on planning and design for ERP implementation, with a tentative plan to go live in FY 2027-28. Furthermore, the ERP system will be integrated with platforms like EAM and feature customer relationship management capabilities. Subsequently, the focus will shift to scaling ERP capabilities to support governance modernization, enhancing cybersecurity, and refining data governance and reporting frameworks. These efforts aim to improve operational efficiency, risk mitigation, and alignment with broader organizational goals.

Environmental Scan

Internal and External Assessment

This environmental scan provides an overview of the factors, trends and events that currently influence or could potentially impact Ontario Northland's operations, objectives and overall performance.

External Factors

Regulatory changes, such as the transition to full federal oversight for rail operations and the revised Environmental Assessment Act are reshaping the operational framework of Ontario Northland. These changes require Ontario Northland to secure new certifications and enhance safety and compliance systems. Enhanced reporting and resource demands will also accompany these shifts, driving costs related to compliance monitoring, training, record-keeping and internal audits. These investments are necessary to align with national safety standards and improve operational accountability.

The fiscal environment presents both relief and uncertainty. The elimination of the federal consumer carbon tax, effective April 1, 2025, has reduced Ontario Northland's fuel-related operating costs, offering short-term financial benefits. However, this change also introduces ambiguity around future climate policy, particularly regarding industrial carbon pricing frameworks that may still impact freight and logistics operations.

Climate change continues to pose operational risks. Ontario Northland faces increasing exposure to forest fires, flooding, washouts and unpredictable winter conditions. These challenges require Ontario Northland to react with adaptive preparedness strategies and ongoing monitoring to safeguard infrastructure and service continuity.

Amid ongoing uncertainty surrounding tariffs and U.S. trade policy, Ontario Northland is experiencing cost pressures passed on by U.S. and Canadian vendors. These external factors influence operational planning and procurement decisions. Tariff policies continue to impact Ontario Northland's cost structure, with Canadian-imposed tariffs on certain imports increasing the expense and capital costs of key equipment and materials required for operations. Additionally, ongoing uncertainty around U.S. trade policy and potential tariff adjustments heightens financial risks, particularly for cross-border procurement and logistics. These factors contribute to elevated operating costs and complicate long-term budgeting, underscoring the need for strategic sourcing and robust risk management to maintain service reliability.

Supply chain disruptions remain a concern, although conditions have improved slightly. Delays in equipment availability and material sourcing continue to affect project timelines, prompting Ontario Northland to diversify its vendor base and strengthen procurement practices.

Internal Factors

Ontario Northland experienced a 4.45% (as per Q4 demographic report FY 2025-26) labour turnover rate last fiscal year, driven in part by competition from private industries offering higher wages. This turnover affects productivity and increases recruitment and training costs. In response, the agency is addressing wage compression, promoting its employer value proposition and enhancing employee engagement strategies. Organizational growth has resulted in 20.4% of the workforce being in their roles for less than a year, placing pressure on onboarding and mentoring resources. Training, internal communication and workplace culture initiatives will be leveraged.

Modernization efforts are underway to improve operational efficiency, including major capital programs such as Enterprise Resource Planning (ERP), Enterprise Asset Management (EAM), and the reinstatement of the Northlander. These initiatives require significant time and focus from both corporate and operational teams but are expected to enhance service delivery in the long-term.

Summary of Human Resources Impacts

As the agency advances through major initiatives such as the EAM rollout, the future ERP implementation, and the Northlander Passenger Rail service, the human resources department (HR) remains central to ensuring that every initiative integrates a deliberate and sustainable workforce strategy.

HR has been leading the organization through an active period of strategic growth and stabilization, balancing the need to expand critical capacity while embedding long-term workforce governance. Key projects and service expansions will continue to demand targeted recruitment, new skill development, and organizational design refinement to ensure operational readiness and compliance with evolving regulatory expectations.

In alignment with the government's hiring controls, the agency will continue to manage complement size responsibly, focusing on optimizing workforce deployment, strengthening internal mobility, and investing in leadership and career development while supporting retention and succession planning.

The agency is advancing its multi-year recruitment and retention strategies that target hard-to-fill and specialized roles, particularly within rail and remanufacturing divisions. Collaboration with operational groups will continue to result in sustainable apprenticeship and training pathways, ensuring a consistent pipeline of skilled trades talent, and reinforcing long-term internal capacity.

HR's compensation modernization will continue in FY 2026-27 to address compression and equity challenges and maintain competitive positioning within Northern Ontario labour markets.

Preparations will commence early in FY 2026–27 for labour relations to ensure readiness for negotiations with the agency's largest employee group, representing nearly 500 employees.

The agency will continue its work on strengthening inclusive practices in recruitment, leadership development, and performance management, in an effort to foster a respectful, equitable workplace aligned with organizational values.

HR's strategic outlook for the coming years reflects a balanced approach: advancing modernization and growth while embedding governance, accountability, and engagement practices that will position Ontario Northland for sustainable, long-term success.

The following workforce metrics table uses full-time equivalent (FTE) employee counts.

Workforce Metrics

	As of September 30, 2023	As of September 30, 2024	As of September 30, 2025
Active Employees	883	959	1,183
Permanent Employees	878	955	1,171
Part-Time Employees	0	0	0
Temporary Employees	5	4	12
Non-Union Staff	248	280	364
Unionized Staff	635	679	819
Executive Staff (voting and non-voting)	7	11	13
Unifor – Largest Bargaining Unit	412	438	496
Teamsters – Maintenance of Way	69	69	136
United Steelworkers	96	108	122
Teamsters Motor Coach Division	58	64	65
Women in the Workforce	23.10%	23.66%	23.40%
Women in Trades	4.9% (10 out of 205 trade employees)	4.21% (9 out of 214 trade employees)	4.82% (11 out of 228 trade employees)
Visible Minority staff (including those self- identifying as Indigenous)	9.40%	9.74%	11.87%

While FY 2025-26 and FY 2026–27 anticipate a need for a notable increase in staffing, this accounts for support needed for EAM, ERP, the Northlander passenger rail service, and large external refurbishment contracts while future years will emphasize maintaining operational efficiency. The agency will prioritize retention of skilled employees to ensure continuity and preserve operational knowledge.

Ontario Northland recognizes the cyclical nature of its project portfolio, which includes large- scale refurbishment contracts. Full-time equivalents (FTEs) are projecting to increase in FY 2027-28 and remain at that level in FY 2028-29, subject to government approvals, with the continuation of refurbishment work for a major customer. This approach supports workforce stability and minimizes disruption to operations.

CORPORATE INITIATIVES				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Employees	1,290	1,435	1,448.5	1,449
Executives	13	13	13	13
Total	**1,303**	**1,448**	**1,461.5**	**1,462**

Communications

For FY 2026-27, Ontario Northland is prioritizing a proactive and community-focused strategy that supports public accountability, fiscal responsibility and stakeholder engagement. A key initiative includes strengthening communications readiness for the launch of the Northlander service. Activities will include the recognition of milestones, such as events marking the first day of Northlander service and the opening of Timmins-Porcupine Station. Communications activities will also include crisis communications training to ensure Ontario Northland's communications team is prepared with processes and messaging for different scenarios.

Additionally, Ontario Northland remains focused on sharing timely and responsive information about rail safety, ongoing infrastructure and capital projects with community impact. This may include working with municipal counterparts to ensure grade crossings adhere to safety standards, partnering with local law enforcement to promote rail safety, or proactively sharing information about potential disruptions caused by infrastructure work.

Public outreach will be amplified through a series of targeted advertising campaigns aimed at increasing ridership and increasing awareness about the agency's services. These campaigns will include promotions that will support the launch of the Northlander, and motor coach. Community engagement will be central to these efforts, with outreach activities designed to build trust and foster dialogue across northern Ontario communities. Discussions early in the fiscal year will centre around how best to mark the 125^{th} anniversary of Ontario Northland in 2027.

To support transparency and regulatory compliance, the agency is preparing to adhere to the communication requirements outlined in the Transit and Rail Project Assessment Process, which is now mandatory for all large capital projects. This includes distributing public notices, hosting community events, and producing written materials to inform and involve stakeholders.

The organization will be enhancing internal communications infrastructure to improve scheduling, engagement and audience segmentation through improved data collection and analytics. These initiatives reflect a broader commitment to modernizing communications tools and aligning outreach with strategic priorities, while maintaining close coordination with MTO's Communications Branch and Agency Oversight teams as per protocol.

Information Technology Services

Modernization efforts continue across Ontario Northland, and the Information Technology Services (ITS) department. ITS will continue to focus on transitioning critical services to a cloud- based environment. This initiative is designed to improve scalability, reliability and operational efficiency. As part of this transformation, ITS is actively monitoring infrastructure and hardware lifecycles to assess current demands and determine future needs. Ontario Northland will continue to engage the oversight ministry to support modernization efforts, sharing risk assessments and system data collection to guide procurement and investment decisions.

ITS is also focused on the demands for technology solutions while also maintaining service and data integrity. Cybersecurity is a priority and critical area of focus for this initiative. ITS is exploring solutions to monitor, catalogue, audit and respond to cybersecurity needs. This team will also support the development of a Data Recovery Site. This reflects a proactive approach to safeguarding Ontario Northland’s digital assets and ensuring business continuity in the event of an emergency or crisis scenario.

The Support Services Group is expected to scale operations to meet increasing demands associated with Northlander, EAM and ERP migrations, as well as the increasing complexity of IT systems.

Ontario Northland is pioneering the use of satellite connectivity on trains in Canada by implementing high-speed, low-latency satellite internet designed specifically for rail environments. This technology is particularly transformative for Ontario Northland’s routes, which traverse remote and rural areas where traditional cellular networks often fail to deliver reliable service. The adoption of this technology by Ontario Northland enables seamless onboard Wi-Fi for passengers and a robust operational connectivity solution for train systems.

Other noteworthy projects include improving the train radio network to eliminate static and dead zones, enhancing General Transit Feed Specification (GTFS) feeds for transit data and expanding internet access across Ontario Northland’s fleet of vehicles to ensure coverage in non-cellular locations.

Inventory of Artificial Intelligence Use

Ontario Northland utilizes artificial intelligence (AI) exclusively for productivity improvements, currently employing Microsoft Copilot. Employees must complete three mandatory training courses prior to being granted access to any AI resources. Risk management documentation is maintained, and all AI usage is subject to audit in order to ensure adherence to agency policies.

Realty Strategy

Ontario Northland has significant realty holdings throughout northern Ontario, northwestern Quebec and eastern Manitoba. These include Ontario Northland's surface rights and mining rights, rail corridor, station grounds, ballast pits, vacant land holdings, as well as the management of 160 buildings.

Ontario Northland is preparing for a series of leasehold acquisitions needed to support organizational priorities. A key focus is securing realty rights for five southern shelter locations to support the reinstatement of the Northlander Passenger Rail Service. Securing these rights will assist in enabling construction and long-term operation of the Northlander.

The agency's Legal Services team will continue supporting strategic initiatives, such as the Northlander Project, complex commercial contracting, as well as the Transport Canada Transition Project in FY 2026-27.

In FY 2026-27 Ontario Northland will be procuring realty management software to help streamline many realty functions across the organization. The new software will house information about the agency's realty inventory in alignment with the MBC Realty Directive.

Initiatives Involving Stakeholders (Third Parties)

Ontario Northland is committed to partnering and engaging with various stakeholders to understand perspectives, discover opportunities and collaborate to achieve mutual goals and government priorities.

Operational teams work with transportation partners, such as VIA Rail, Metrolinx, and city transit to maximize connections to provide seamless transportation services.

Partnering with third parties who require rail freight transportation will continue. Most notably, Ontario Northland will continue to support and provide planning assistance to the Weeneebayko Area Health Authority redevelopment project involving the construction of a new hospital in Moosonee. Much of the material for the new building will be transported by rail. Exploring opportunities to attract new freight customers will be a priority, requiring networking with community leaders, business communities, and industry associations.

Ontario Northland continues to work with northern post-secondary institutions and secondary schools on opportunities to promote transportation careers to students.

Finally, the agency will continue to support Ontario's Anti-Human Trafficking Strategy by collaborating with partners, like the Ontario Native Women's Association to train staff, raise awareness, and assist survivors. As part of this work, Ontario Northland will also continue to make anti-human trafficking materials visible to passengers, including those using the new Northlander service.

Working with Indigenous Communities

Duty to Consult with Indigenous Communities

Ontario Northland completes screening as legally required for its capital projects, including construction and demolition of buildings, special projects and land dispositions and sends notification letters for projects that are considered regular maintenance, such as Ontario Northland's rail and tie program that involves the removal and installation of continuous rail and bolted rail, as well as track rehabilitation.

This fiscal year, Ontario Northland will continue to collaborate with MTO's Indigenous Relations and Environmental Policy Branch on its Duty to Consult Policy and standard operating procedures, which will help guide the Agency's Duty to Consult processes moving forward.

Ontario Northland will continue to collaborate with the oversight ministry and other provincial ministries and departments to ensure Ontario Northland meets its legal Duty to Consult obligations. The Duty to Consult is a constitutional legal obligation that is triggered when the Crown is considering a proposed government action or decision, and the Crown has knowledge that the action or decision may have an adverse impact on credibly asserted or established Aboriginal rights or treaty rights. Ontario Northland will continue to comply with directives, policies and procedures related to fulfilling the Crown's duty to consult and will adopt Government direction regarding consultation.

Strengthening Relationships with Indigenous Communities

The agency will continue to strengthen relationships with Indigenous communities to better understand their unique transportation needs. This will include continuing roundtable meetings with leaders of the James Bay Coast on transportation services and continued engagement and communication about Northlander service and construction.

Ontario Northland will support ongoing professional development and communications training to enhance employee understanding of reconciliation and the inclusion of Indigenous perspectives related to transportation needs. A partnership with the Gord Downie & Chanie Wenjack Fund was established in FY 2025-26, which gave Northlander front line employees access to online training. This partnership will continue this year with the release of additional training for all employees.

This fiscal work will begin with a plan to advance the agency's work on reconciliation. This multi- year initiative will require engagement with Indigenous communities, employees, partners.

Risk

The Ontario Northland Enterprise Risk Management (ERM) process identifies several high- priority risks from the agency's perspective, aligned with the ERM Directive and the AAD. These risks reflect operational vulnerabilities that may not be equally weighted by ministry assessments but are critical to Ontario Northland's strategic execution. This year, Ontario Northland approved an updated ERM Policy, Framework and Tolerance Statement. These documents and their implementation help to enhance and standardize ERM processes at Ontario Northland.

The agency will continue to monitor all risks to achieve the strategic objectives outlined in the Business Plan. The ERM processes include regular discussions of the risks to the successful completion of objectives and plans to mitigate the impact on desired results. The team considers threats to health and safety of both the public and employees, physical and virtual infrastructure, as well as required resources including, but not limited to, labour, funding and equipment.

The following table summarizes the high and medium-high risks identified by the agency for FY 2026-27.

Risk	Priority	Description	Mitigation Strategy
Tariff Fluctuations	Medium - High	Risk of increasing costs impacting Ontario Northland financial allocations due to U.S. tariffs policy. Ontario Northland has been directed to find suppliers/ vendors/ consultants outside of the U.S. due to tariffs on U.S. goods. Any further increases to tariffs will impact areas where supplies are not available in Canada, especially rail infrastructure. Additionally, the Buy Ontario Capital Infrastructure Procurement Directive, issued in December 2025, may also contribute to increases in costs in the coming year, especially for construction projects.	In accordance with the Government of Ontario's Procurement Restriction Policy, Ontario Northland is working on an application for the remediation of tariff costs related to rail products that meet the following criteria: Goods used as inputs that cannot be sourced domestically, either on a national or regional basis, or reasonably from non-US sources. Ontario Northland continues to examine supply chains for more opportunities to find efficiencies and protect value while ensuring that, whenever possible, materials for all projects are locally sourced. Ontario Northland will be restructuring its strategic procurement department to allow for more strategic sourcing and opportunities to research Canadian sources.
Workforce shortages (previously reported as High, now reduced to Medium through past mitigation efforts)	Medium	The risk that Ontario Northland's ability to deliver on its key priorities due to challenges to attract and retain top talent and tradespeople, stems from increased competition for top talent, shortage of skilled trades, compensation considerations and difficulties attracting skilled professionals to northern Ontario.	Ontario Northland continues to enhance its apprenticeship programs to ensure internal growth of the resources required for operations. Talent acquisition and marketing initiatives also continue as they have contributed to successful mitigation efforts experienced to date. The overall risk has decreased thanks to ONTC's efforts to adjust staffing levels and hours of operations to adapt to work force availability

Financial Profile

Ontario Northland is a consolidated entity of the Province of Ontario.

The FY 2026-27 operating budget includes a planned total subsidy requirement of $170.2 million (including proceeds from scrap sales and principal payments on loan), revenues of $176.7 million and direct expenses of $321.8 million, subject to government review and approvals. Over the course of the three-year business plan, the operating subsidy requirement decreases from $170.2 million to $153.4 million, a 10% decrease. The decrease accounts for the full implementation of the Enterprise Asset Management program as well as the implementation of an Enterprise Resource Planning transformation program. The plan also factors in many initiatives to address the Modernization Action Plan and the return of the Northlander passenger train. The three-year business plan also includes inflationary, fuel and foreign exchange pressures, which are estimates based on current trends, but all have unknown volatility that can increase or decrease throughout the three years.

Ontario Northland is faced with annual negotiated union rate escalations, plus inflation/consumer price index increases per year, which increase the costs of materials and services required for operations. Over the past few years, there has been volatility in inflationary rates which have materially impacted Ontario Northland’s budget requirements.

Out of the overall FY 2026-27 operating budget, it is important to note that the projected funding requirement for the Polar Bear Express essential services is $38.6 million (27% of the operating budget). The Polar Bear Express passenger and freight train is an essential service connecting the communities of Cochrane and Moosonee and is the only all-season land link to the First Nations communities of the James Bay coast.

The Northlander projected operating funding requirements in FY 2026-27 are $36.7 million (25% of the operating budget) to support the launch of the new era of the passenger train service. All remaining Ontario Northland services and supporting departments have a projected operating funding requirement of $69.8 million in FY 2026-27.

The approved operating subsidy for FY 2025-26 is $108.7 million, while the forecasted operating subsidy need at the end of the second quarter is projected to be $152 million. This variance primarily results from the reprofiling of third-party construction expenditures originally planned for FY 2024–25 and increased operating costs, including ongoing agency modernization. The anticipated increase in operating investment for FY 2026-27 compared to FY 2025-26 is mainly attributed to the launch of the Northlander, as well as various initiatives ONTC is advancing with the Ministry’s support.

The approved capital subsidy for FY 2025-26 is $335.1 million, while the forecasted capital subsidy need at the end of the second quarter is projected to be $324.4 million. This variance primarily results from the rescheduling of certain capital projects to FY 2026-27. The increase in capital investment for FY 2026-27 over FY 2025-26 is due to the Northlander’s launch.

Ontario Northland FY2026-27 to FY2028-29 Fiscal Impact (000's)			
Ontario Northland at a Glance	Projected FY2026-27	Projected FY2027-28	Projected FY2028-29
Operating Investment:			
Polar Bear Express (PBX)* Essential Services	38,620	39,691	40,838
Northlander Passenger Rail Services	36,711	35,673	36,530
Ontario Northland (excluding PBX)	69,809	69,582	68,186
Total Operating Investment	**145,140**	**144,946**	**145,554**
Capital Investment:			
Polar Bear Express (PBX) Essential Services	14,109	13,049	13,521
Northlander Passenger Rail Services	175,641	76	-
Ontario Northland (excluding PBX)	167,294	131,877	111,507
Total Capital Investment	**357,044**	**145,002**	**125,028**
Total Polar Bear Express (PBX) Essential Services Investment	**52,730**	**52,739**	**54,359**
Total Northlander Passenger Rail Services	**212,352**	**35,749**	**36,530**
Total Ontario Northland (excluding PBX) Investment	**237,102**	**201,459**	**179,693**
Foreign Exchange	6,000	6,000	6,000
Proceeds from sale of scrap metal	(790)	(811)	(832)
IT Development**	19,750	5,206	2,527
Principle payments of long-term debt	129	135	142
Total Investment Required	**527,272**	**300,477**	**278,418**

Polar Bear Express Essential Services include all Rail Freight and Rail Passenger services from Cochrane to Moosonee, including the Cochrane Station Inn hotel.

** IT Development represents implementation costs for IT solutions, such as EAM and ERP

Operating Budget Summary

The development of the FY 2026-27 to FY 2028-29 operating budget is guided by the set of deliverables described in this plan. The budget is presented here at a summary level. The budget assumes that there will be no further significant service interruptions causing loss of revenue, no significant service increases/ decreases, no significant machinery failures causing loss of service, no major derailment or washouts or major changes to the current large mining and forestry customer forecasts that are not already included in the forecast.

Summary Operating Budget - FY2026-27 to FY2028-29

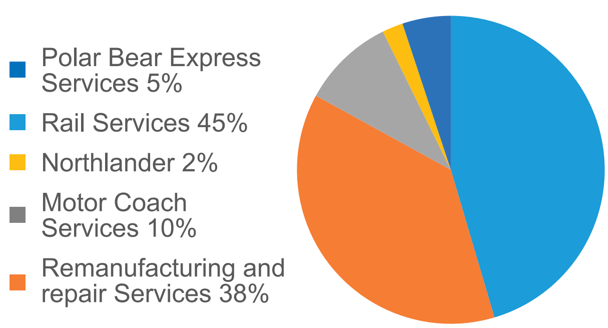
Revenues ($000's)	**FY2026-27**	**FY2027-28**	**FY2028-29**
Rail Services	80,262	81,132	83,442
Northlander	3,871	4,012	4,132
Remanufacturing and Repair Services	66,372	75,651	74,623
Motor Coach Services	17,197	17,220	17,243
Polar Bear Express Services	8,990	9,184	9,383
Total Revenues	**176,692**	**187,198**	**188,824**
Expenses ($000's)			
Labour and Benefits	169,650	176,083	179,117
Materials and Parts	72,636	78,811	79,164
Supplies and Equipment	7,133	7,234	7,415
Services	45,750	42,615	39,917
Other	26,662	27,400	28,764
Total Expenses	**321,832**	**332,143**	**334,377**
Total Operating Loss	**(145,140)**	**(144,946)**	**(145,554)**

Summary Operating Budget - FY2026-27 to FY2028-29			
Foreign Exchange	6,000	6,000	6,000
Proceeds from sale of scrap metal	(790)	(811)	(832)
IT Development	19,750	5,206	2,527
Principle payments on loan	129	135	142
Total Operating Subsidy Requirement	**(170,229)**	**(155,477)**	**(153,391)**
Other Expenses:			
Amortization	3,215	3,118	3,073
Amortization of deferred capital contribution	46,341	52,956	52,562
Amortization asset retirement obligation	78	78	78
Write-off assets/inventory	200	200	200
	49,834	**56,352**	**55,913**

Revenues

Total projected revenues for FY 2026-27 are $176.7 million.

Ontario Northland FY 2026-27 Projected Revenues by Operating Division



Rail Freight revenues are projected to increase by 4% over the next three years. New growth is forecasted as well as an increase in other rail revenues, such as storage and car rental income, to help offset the slowdown of current customers. Current focus includes mining, forestry, agriculture and petroleum industry opportunities.

The Remanufacturing and Repair Centre (RRC) includes only external work and has projected external revenues in the locomotive shop, paint shop and car shop (freight and passenger car). RRC will deliver services at cost recovery, with any profit directly offsetting overall operating subsidy levels. Over the course of the multi-year plan, RRC revenues are expected to increase 12% as a large customer contract continues over the three years.

Motor Coach Services has projected revenues to slightly increase over the course of the multi- year plan by 0.3%, with a small projected increase in ridership annually throughout the plan and further route expansion. Motor Coach revenues also include revenues for bus parcel express services with annual projected increases in parcels carried.

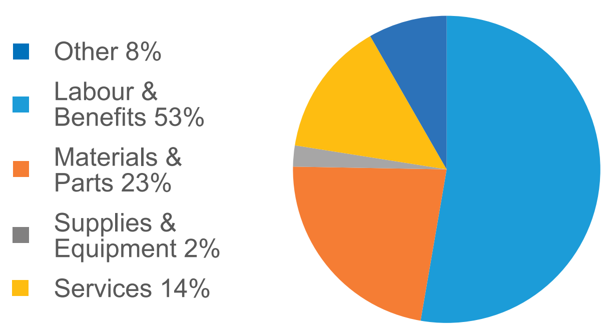
Northlander has projected revenues of $3.9 million and expected to increase 7% over the first three years of service based on a full year of service in FY 2027-28 and increased ridership levels.

Polar Bear Express Services includes all Rail Freight movements and Passenger Services from Cochrane and Moosonee and has projected revenues to increase throughout the multi-year plan by 4.4% based on an increase in ridership and a large rail freight project on-going in Moosonee for the hospital build.

Expenses

Total operating expenses for FY 2026-27 are projected at $321.8 million (including Enterprise Asset Management Program expenses as well as Enterprise Resource Planning Program).

Ontario Northland FY 2026-27 Operating Budget Projected Expenses



The largest expense in the operating budget is labour and benefits, which represent 53% of projected expenses for FY 2026-27 to support operations. Total labour and benefits increase by 6% over the duration of this multi-year plan, reflecting the additional full-time equivalent positions needed to support ongoing external contract work, the return of the Northlander, and modernization initiatives. In addition, annual increases in union rates are also factored into these projections.

Another large expense in the business plan is materials and parts, which makes up 23% of operating expenses in FY 2026-27. Included in materials and parts is fuel, which can be unpredictable and volatile, as diesel fuel prices are determined by the market. Due to its nature as a petroleum-based commodity, fuel prices fluctuate with the supply and demand forces of the oil market. Please see the Key Assumption: Diesel Fuel section for the fuel assumption/volatility impact table.

Other expenses make up 8% of operating expenses in FY 2026-27 and represent insurance, property taxes, freight car rentals, software fees and travel expenses. Services also make up 14% of operating expenses in FY 2026-27, which includes rail and track testing, vehicle and equipment repairs, rail freight rentals and consulting. Finally, supplies and equipment represent 2% of the operating expenses in FY 2026-27, which includes utilities, general tools and supplies for operations.

IT development costs are listed separately above because they are limited in duration and cover only the implementation of the cloud software noted below.

Another expense included in the operating budget is the Enterprise Asset Management Program (EAM), in the amount of $14.5 million for FY 2026-27 to support the implementation of the final phase related to the passenger car refurbishment projects and on-going costs to support enterprise asset management processes within the organization.

Another initiative included in the operating budget is the Enterprise Resource Planning (ERP) transformation program, in the amount of $17.6 million for FY 2026-27. This program has now been fully included within the operating budget due to it being a cloud-based software implementation and will allow the agency to modernize ERP technology, which will integrate and streamline Ontario Northland's core business areas and enable several efficiency improvements and risk mitigations.

Other expenses noted in the summary budget include the cash impact of foreign exchange transactions, as well as non-cash expenses, including amortization expenses, amortization of deferred capital contribution, amortization of asset retirement obligation and assets/inventory write-offs.

Capital Budget Summary

Ontario Northland 10-Year Capital Plan: FY 2026-27 to FY 2035-36

Overview (Snapshot)

Major assets owned by Ontario Northland:

1. Motor Coaches: 40 in-service coaches
2. Rolling Stock:
    - 42 locomotives
    - 15 Polar Bear Express cars, including passenger, diner and baggage cars and 13 Polar Bear Express Revenue Service Cars
    - 373 revenue service cars (gondolas, paper, center beam) and 150 non-revenue cars
3. Track: 1090 kms (677 miles) of mainline track
4. Bridges and culverts: 94 bridges and 1965 culverts
5. Major buildings: 160 buildings with 42 buildings over 1000 sq. ft.

The 10-year capital plan continues to emphasise the rehabilitation of primary capital assets to ensure the agency achieves and sustains an optimal state of good repair. In alignment with the approved FY 2026-27 plan, targeted modifications have been introduced to enhance asset longevity and reliability. The plan also reflects adherence to new regulatory requirements, including environmental mandates, and broadens the strategic outlook by incorporating a tenth year into the planning horizon.

This capital plan defines the investment required to optimise asset performance and address the increasing backlog in state of good repair. Funding is allocated towards modernisation initiatives and upgrades, including improvements in building conditions and proposed expansions of workspace, subject to government review and approvals, a capital investment by the Province of Ontario of $1.45 billion over the next 10 years, building on the approved 10-year plan that started in FY 2017-18. This investment extends and rehabilitates Ontario Northland’s aging infrastructure to deliver its mandate for safe and efficient transportation services. This investment further reduces risk and improves the state of good repair of all capital assets, reducing ongoing maintenance expenses and providing improved safety to passengers, customers, employees, environment and infrastructure.

The 10-year capital plan includes the remaining $175.7 million required to implement the Northlander Passenger Rail Service, which includes fleet purchase, station infrastructure and track upgrades.

Recommendations for Asset Management

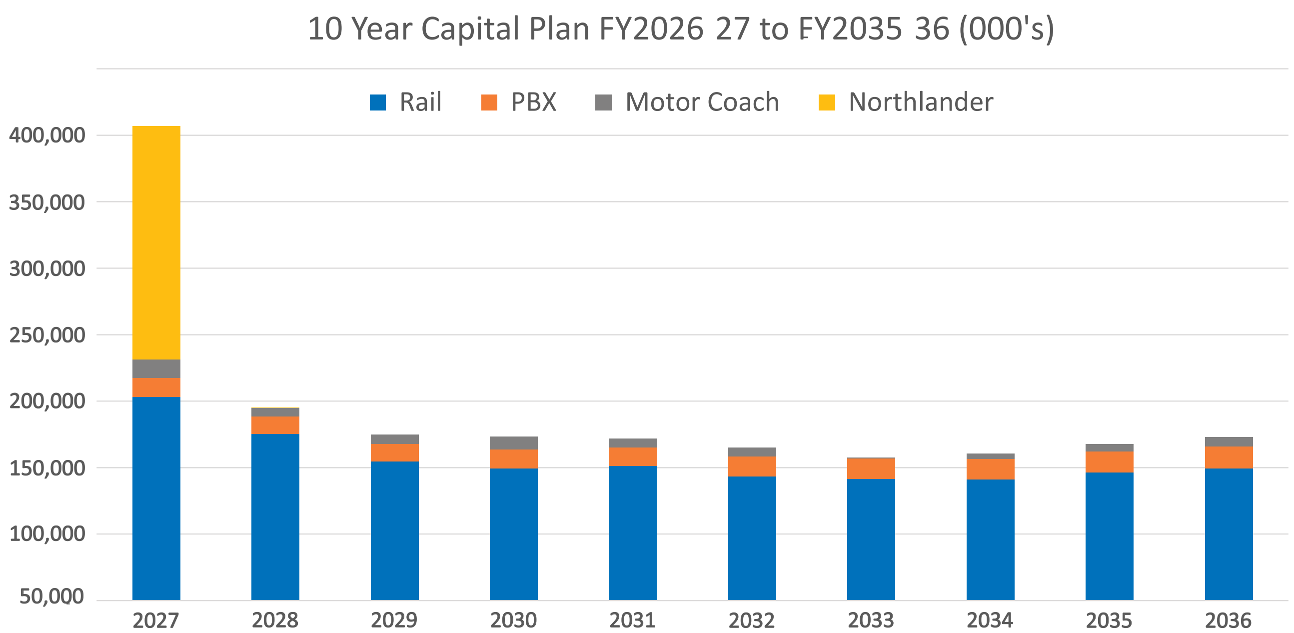
Ontario Northland divides its capital asset program across Rail, Polar Bear Express, Northlander Passenger Rail and Motor Coach Services divisions. A capital asset management strategy and plan continue to be developed.

Ontario Northland continues to refine operating and maintenance practices to balance life cycle costs more efficiently against acceptable risk tolerance by implementing its 10-year asset management plan and improving the state of good repair in this planning horizon. While some asset categories have reached state of good repair, others have a significant backlog. Initial analysis has indicated that Ontario Northland’s current capital funding will not be sufficient to reach and maintain a complete state of good repair. Additional studies will take place in the coming years to analyze various asset groups from which additional funding may be requested.

As an asset-intensive organization, having accurate information and shared knowledge is critical. Successful implementation and integration of the EAM program will continue to benefit the organization to make data driven decisions related to asset management.

Financial Overview

The following figures illustrate the breakdown of the investment requirements over 10 years:



(000's)	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total
Rail	$153,202	$125,396	$104,444	$99,641	$101,096	$93,564	$91,639	$91,015	$96,295	$99,339	$1,055,630
Polar Bear Express	$14,167	$13,065	$13,521	$13,912	$14,314	$14,729	$15,156	$15,596	$16,050	$16,517	$147,027
Motor Coach	$14,034	$6,464	$7,064	$9,692	$6,556	$6,672	$3,868	$3,868	$5,263	$7,139	$67,540
Northlander	$175,641	$76	-	-	-	-	-	-	-	-	$175,717
Total	**$357,044**	**$145,002**	**$125,028**	**$123,245**	**$121,966**	**$114,965**	**$107,583**	**$110,479**	**$117,608**	**$122,994**	**$1,445,914**

Rail

Ontario Northland's annual track upgrades replace 46,000–62,000 ties and install over 10 miles of new rail. A bi-annual program grinds 40 miles of track to extend rail life and prevent defects. For FY 2025-26, a US steel plant closure has raised welded and drilled rail costs, with suppliers also warning of higher installation prices. An expected $63 million in inflation-related costs over 10 years reflects these impacts. The plan also budgets $9.5 million to lease a Dynamic Track Stabilizer, essential for maintaining speed limits and minimizing slow orders as the Northlander returns and the tracks are upgraded to Class 4.

Ontario Northland is in the middle of a tie disposal program and since the commencement of the program in FY 2022-23, has disposed of 930,000 ties. The plan includes $10.6 million to properly inspect and dispose of the rail ties which have been replaced since 2000 and to continue the program going forward to avoid a future occurrence. The practice of disposing of the ties properly when replaced is industry standard.

Ontario Northland's bridge, culvert repair, and maintenance plans have been established and are updated annually. An annual bridge inspection is completed to set priorities for bridge repairs with the assistance of an external engineering firm. Critical asks for bridges and culverts have resulted in additional asks of $12.6 million in FY 2026-27 and $13.0 million in FY 2027-28. These critical asks support replacing culverts and rehabilitating bridges to prevent structural failures and ensure compliance with safety regulations. Ontario Northland is currently undertaking a comprehensive assessment of all bridges and culverts across the network. The results of this evaluation will be incorporated into future planning processes to ensure that funding requests and asset management strategies effectively address identified needs and maintain these structures in a state of good repair.

Over the next 10 years, Ontario Northland plans to continue rehabilitating the aging rolling stock fleet, including locomotives, boxcars and passenger cars. A critical ask for locomotive overhauls in the amount of $3.8 million has been requested in FY 2026-27 to help maintain a sufficient overhaul schedule and minimize the potential for operational risks. Freight car rehabilitation is ongoing. This investment in rolling stock continues to improve the state of good repair while reducing fuel consumption, maintenance costs and emission outputs. In order to support the continuing practice of remanufacturing both internal units and external customer units, Ontario Northland is also asking for $2.3 million in FY 2026-27 for the replacement of critical shop equipment.

A building condition assessment took place in FY 2021-22. The assessment provided a detailed breakdown of all of Ontario Northland buildings and required repairs for the next 20 years. With the completion of the Business Case in FY 2025-26, a more refined cost analysis was provided within the capital asset management plan to produce more accurate funding requirements. The recommended costs within the building condition assessment business case are required to implement a medium fair condition (FCI 25%) in a 10-year period and transition to a new central maintenance group over a period of two years.

Crossing upgrades to align with Transport Canada's regulatory requirements will also be required over the next 10 years. Ontario Northland has identified a need for a total of $13.9 million and is currently in the process of preparing an application to Transport Canada for oversight of the entire railway. As part of the transition, Ontario Northland has identified the need for grade crossing upgrades along its corridor to meet federal regulations and improve safety. Additionally, critical asks of $7.5 million over FY 2026-27 and FY 2027-28, have been requested to replace several grade crossing warning systems along the Kapuskasing Subdivision which are 20 years past their intended service life.

An investment in significant IT infrastructure upgrades of $17.5 million over 10 years is also being requested. This includes replacement of a quarter of existing IT assets annually and the implementation of a data safety critical disaster recovery center. Current IT asset funding does not account for the company's growth or the need to replace hardware as it ages. As a result, there is a continual shortfall in replacements, causing reliance on outdated systems that have an increased risk of data breaches.

In response to a directive from the oversight ministry to improve operational readiness, workforce support, and infrastructure modernization, Ontario Northland is requesting $2.5 million in FY 2026-27 to address additional vehicle replacement needs, as well as additional vehicle needs. Ontario Northland is experiencing a growing need for dedicated non-revenue vehicles in response to a heightened need for increased inspection, oversight, and training of infrastructure, across a vast geographical territory.

A request of $6.3 million has been put forward to rehabilitate a dormant rail spur to level 3 standards. This initiative would help economic development in Northern Ontario by enabling the movement of phosphate-rich aggregate from a mine to processing facilities in Matheson, supporting Ontario's Critical Minerals Strategy. An additional 2,500 feet of track and three turnouts are also required to achieve operational functionality and reconnect safe and reliable access between the mine and the main rail line of the Kapuskasing Subdivision.

As previously mentioned, as a major rail freight initiative Ontario Northland is requesting $3.3 million in FY 2026-27 and $7.5 million in FY 2027-28 to support capital requirements for the Earlton Commodity Centre. This project will deliver a new grain elevator and transload facility alongside a rail spur and realigned road infrastructure, which will enable cost-effective rail freight access for regional producers.

Ontario Northland has faced higher costs due to US tariffs and retaliatory measures, mainly affecting steel rail materials. The agency seeks $44.4 million over 10 years to offset these tariff impacts.

Annual investment for Rail averages $105.6 million over the 10-year capital plan.

Polar Bear Express

Annual Island Falls subdivision track upgrades include the installation of over 13,000 track ties, and five miles of relay rail installed per year over the next 10 years. Inflationary Pressures on Base Polar Bear Express funding amounts to $48.8 million over the next 10 years.

Further investment requirements include bridge upgrades and repairs, building upgrades and equipment replacement. In FY 2026-27, critical asks include $1.4 million related to the rehabilitation of a bridge on the Island Falls Subdivision which was built in 1932 and is in need of upgrades based on condition assessment.

The annual investment level for Polar Bear Express averages $14.7 million over the 10-year capital plan.

Motor Coach

Ontario Northland plans to continue investing in new motor coaches on an annual basis and its overhaul program for existing coaches, including powertrain and light cosmetic work. This is in line with recommendations from a third-party review to keep motor coach fleet safe, renewed and reliable. During the current business planning year, the change was made to replace current non-wheelchair accessible coaches with wheelchair accessible coaches. This is reflected in the Inflationary requests for $16.7 million over the next 10 years.

The annual investment level for Motor Coach Services averages $6.8 million over the 10-year capital plan.

Northlander Passenger Rail

Ontario Northland has included in its 10-year capital plan requirements an investment of $175.7 million, which includes funding for design and engineering, fleet procurement, station and track infrastructure. The service route supports economic opportunities, the tourism industry and improve access to health care, education, as well as other critical services. A joint elimination program along the Ontario Northland-owned corridor of the Northlander route has been included under this program and accounts for $26.4 million of the $175.7 million total ask over the next 10 years.

Key Assumption: Diesel Fuel

Fuel is a crucial input for Ontario Northland's rail and motor coach operations. Due to its nature as a petroleum-based commodity, fuel prices fluctuate with the supply and demand forces of the oil market. This volatility often falls within a normal range, but there can be large moves, as seen in recent years. For example, ONTC has seen year-over-year changes fluctuate from a - 19% (FY 2024-25) change to a +61% (FY 2022-23) change. Should the agency see a 10% increase, it would be looking at a $2.1 million variance in Motor Coach and Rail; with a 20% increase, it would be a $4.2 million variance.

The table below highlights the impact of unit price change on Ontario Northland's budget:

Fuel Price Volatility - Impact of Unit Price Change								
Division	Direct Price/ Litre	Outsourced Price/Litre	Budgeted Volume (litres in 000's)	Total Budget ($000's)	10% Increase	20% Increase	10% Decrease	20% Decrease
Motor Coach	$1.37	$1.55	1,326	$2,052	$205	$410	($205)	($410)
Rail	$1.37	n/a	8,225	$17,311	$1,731	$3,462	($1,731)	($3,462)
Operations	$1.58	$1.58	777	$1,757	$176	$351	($176)	($351)
Grand Total			**10,328**	**$21,119**	**$2,112**	**$4,224**	**($2,112)**	**($4,224)**

With the removal of carbon tax as of April 1, 2025, the agency is seeing a decrease in overall fuel costs. This can be seen in the variance from FY 2023-24 price per litre to the prices the agency is seeing FY 2025-26 YTD.

Fuel Price Variance FY 2023-24 to FY 2025-26		
	Diesel	**Unleaded**
FY 2023-24 Average Price/Litre	$1.39	$1.56
FY 2025-26 YTD Average Price/Litre	$1.11	$1.35
$ Change	**($0.28)**	**($0.21)**
% Change	**(20%)**	**(13%)**

Performance Measures

Ontario Northland has made significant progress in strengthening its performance management framework during FY 2025-26. The agency has modernized its approach by integrating both outcome-based and output-based performance measures that reflect its strategic priorities.

These measures are designed to assess effectiveness, efficiency, safety, and client satisfaction across key programs and services. For instance, customer experience and sustainability indicators are now tracked alongside tangible outputs such as ridership and service delivery volumes.

A continuous improvement cycle has been implemented, which allows performance feedback to inform planning and operational decisions. This approach supports better forecasting and enhances the precision of metrics used in capital projects and service delivery.

Ontario Northland is also working closely with MTO to align its performance metrics with government priorities. This collaboration includes the development of standardized indicators, realistic target-setting and consistent data collection methods. These efforts ensure that performance reporting is transparent, actionable and supports strategic decision-making at both the agency and ministry levels.

Looking ahead to FY 2026-27 and beyond, Ontario Northland plans to deepen its integration of performance metrics into business planning and reporting. New programs and significant operational changes will be accompanied by tailored performance measures, especially for initiatives that require government approval. The agency remains committed to refining its metrics to better capture client outcomes and operational efficiency to ensure performance data continues to support accountability and continuous improvement. Metric refinement may be adjusted as services evolve over the next fiscal year, particularly in response to the anticipated reintroduction of the Northlander passenger service.

The performance indicators below cover a suite of strategic and operational outcomes, focusing on aspects of effectiveness, efficiency, organizational sustainability, safety and customer experience.

Motor Coach Ridership Government Priority - Deliver Better Services					
FY 2024-25 Actuals	FY 2025-26 Actuals at Q2 End	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
306,335	159,482	315,000	310,000	315,000	320,000

Details: Motor Coach ridership refers to the total number of motor coach passenger tickets for which revenue was realized in the given fiscal year.

Motor Coach ridership targets were set after analysing data from the past decade, taking into account fluctuations over the last several years caused by changing travel behaviours, service updates, and other outside influences. Following a review of the most recent performance data, Ontario Northland anticipates that current-year targets will not be achieved. To ensure alignment with prevailing market conditions, a revised baseline has been established using FY 2025–26 figures. This adjustment reflects a decline in ridership, attributable to reduced international student enrollment resulting from the federal government's cap on study permits. Moving forward from this updated baseline, predictions expect ridership to grow by about 5,000 trips annually, supported by enhanced passenger experiences, improved operating schedule times, strategic marketing, and the launch of the Northlander.

Polar Bear Express Passenger Train Ridership Government Priority - Deliver Better Services					
FY 2024-25 Actuals	FY 2025-26 Actuals at Q2 End	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
55,957	32,148	56,055	59,000	60,200	60,800

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.

The Polar Bear Express ridership targets have been established through an analysis of the past decade of performance data. The commencement of significant capital construction projects in Moosonee, such as the new hospital, has contributed to a consistent rise in ridership in recent years. At present, projections indicate that this year's target will be met or slightly exceeded. However, it is anticipated that the current upward trend in ridership will not persist uniformly in future years. Year-over-year increases of 3%, 2%, and 1% have been forecasted, reflecting the gradual completion of infrastructure upgrades in Moosonee, while still accounting for a positive impact from the Northlander launch.

Northlander Passenger Train Ridership Government Priority - Deliver Better Services		
FY 2026-27 Target 36,401	FY 2027-28 Target37,766	FY 2028-29 Target39,182

Details: Northlander passenger train ridership refers to the total number of passenger tickets for which revenue was realized in the given fiscal year.

The Northlander passenger service is set to launch in FY 2026-27, with expected ridership numbers matching those outlined in the updated business case from 2021, which relied on a study completed during its drafting. These estimates will remain unchanged until the service begins, and ridership trends can be assessed.

Revenue Ton Miles (RTM) Government Priority - Drive Innovation and Value for Money					
FY 2024-25 Actuals	FY 2025-26 Actuals at Q2 End	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
487,127,000	243,924,000	455,000,000	496,000,000	585,000,000	610,000,000

Details: Revenue Ton Miles (RTM) is calculated by multiplying the weight in tons of the shipment being transported by number of miles the shipment is transported. RTM is a widely accepted standard in the North American rail freight industry for evaluating operational efficiency, productivity and revenue potential.

Each year, Ontario Northland conducts a comprehensive review of operational targets, taking into account industry trends, customer activity, and projected carload volumes. This process helps ensure goals remain aligned with market conditions and evolving customer needs.

While the agency observed a decrease in overall carload numbers, the tonnage of goods being transported has increased. As a result, projections are expected to exceed annual targets. This outcome reflects the efficiency and value of services, even amid shifting transportation patterns.

Annual targets for FY 2026-27 to FY 2028-29 are built on forecasts that include anticipated new business, estimated carload volumes, and distances traveled. These projections incorporate assumptions around tonnage to provide a balanced and forward-looking performance framework.

Carloads Moved Government Priority - Drive Innovation and Value for Money					
FY 2024-25 Actuals	FY 2025-26 Actuals at Q2 End	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
35,894	16,793	39,000	34,000	37,700	42,500

Details: Carloads moved measures the number of customer railcar loads moved in a fiscal year. The number shows that Ontario Northland's rail freight customers continued to demonstrate confidence in the agency's services.

Each year, Ontario Northland conducts a comprehensive review of performance targets, taking into account industry trends and the volume of carloads moved by customers. The agency has re-baselined its' current year projection to reflect a decrease in carload volumes observed this year, largely driven by tariff-related impacts affecting the lumber industry, thus are projected to come in under target by approximately 15%.

Following this adjustment, the agency has incorporated forecasted carloads from new business opportunities to ensure targets remain aligned with expected growth and market developments from FY 2026-27 to FY 2028-29.

Rail - Slow Order Penalty Minutes Government Priority - Deliver Better Services					
FY 2024-25 Actuals	FY 2025-26 Actuals at Q2 End	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
447	286	500	500	480	458

Details: Details: Rail Services tracks the impact of slow orders on performance by determining slow order penalty minutes. Speed limits are developed depending on the grade and curvature of the 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 monitors 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.

The slow order penalty minutes targets FY 2026-27 has remained consistent with prior year target based on an increase infrastructure work occurring on the track with the return of the Northlander. For FY 2027–28 and 2028–29 targets are set at 480 and 458 respectively, reflecting year-over-year reductions of 4% and 4.6%. These targets are based on a decade of performance data and account for ongoing rail infrastructure investments, including track upgrades, culvert and bridge rehabilitations, and annual maintenance programs. While temporary slow orders are necessary to ensure safety during construction, the long-term improvements are expected to enhance track reliability and operational efficiency. The reductions demonstrate ONTC's commitment to maintaining a state of good repair and minimizing service delays.

Cost Recovery Ratio
Government Priority - Drive Innovation and Value for Money

FY 2024-25 Actuals	FY 2025-26 Forecasted to year- end as of Q2	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
65%	56%	52%	52%	55%	56%
71% excluding Polar Bear Express	63% excluding Polar Bear Express	58% excluding Polar Bear Express	57% excluding Polar Bear Express	62% excluding Polar Bear Express	63% 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 effective the agency operates. This ratio also represents the extent to which the organization’s operations are self-funded.

Ontario Northland continuously works on improving its cost recovery ratio through business efficiency initiatives, optimizing its use of provincial assets and increasing revenue. The cost recovery ratio is projected to come in higher than targeted for FY 2025-26, however is projected to decrease with the reinstatement of the Northlander passenger rail service, along with large initiatives such as EAM and ERP transformational programs.

Safety – Lost Time Injury Frequency Rate (LTIF)
Government Priority - Deliver Better Services

FY 2024-25 Actuals	FY 2025-26 Actuals at Q2 End	FY 2025-26 Target	FY 2026-27 Target	FY 2027-28 Target	FY 2028-29 Target
3.17	2.16	1.60	2	2	2

Details: The LTIF is measured as the number of lost time injuries (i.e., an injured worker who is unable to come back to work the next day). The calculation is total lost time incidents over total hours worked by Ontario Northland employees for 200,000 hours worked. Ontario Northland established the LTIF targets that align with industry best practices while considering the specific challenges and conditions present in northern Ontario.

Ontario Northland has strengthened its health and safety framework by assigning a dedicated Health and Safety Specialist to each division, replacing the previous single- resource model. This enhanced structure ensures tailored oversight and proactive risk management across all operational areas. Additionally, specialized training support has been introduced through a Health and Safety trainer focused on mechanical division tools, reinforcing safe work practices. These initiatives complement Ontario Northland’s commitment to achieving LTIF targets that align with industry best practices while addressing the unique challenges of northern Ontario operations. LTIF targets have been set at 2, with sustainment at this level as the organization adjusts to growth and will be reevaluated in the future to ensure continuous improvement.