



An Agency of the Government of Ontario

## 2024-25 Business Plan



## Contents

Land Acknowledgement.....	2
Message from the Chief Executive Officer.....	3
Executive Summary.....	4
Introduction.....	4
Agency Response to the Annual Letter of Direction.....	7
Environmental Scan.....	10
Current and Future Operations and Activities.....	12
FY2024-25 Implementation Plan .....	17
Resources Required to Meet Objectives .....	20
Risks and Mitigation.....	21
Human Resource Management.....	23
Performance Measures .....	27
Financial Budget.....	31
Communications.....	41
Legal Services and Corporate Governance.....	42
Information Technology Services .....	43
Initiatives Involving Stakeholders (Third Parties) .....	44

*The Province of Ontario recognizes that Northern Ontario has unique transportation needs and challenges, and that the Ontario Northland Transportation Commission (hereafter referred to as “Ontario Northland”) serves an important role in providing efficient, affordable, safe and reliable transportation services in Northern Ontario.*

## Land Acknowledgement

We would like to acknowledge the importance of the land on which Ontario Northland operates. We do this to reaffirm our commitment and responsibility in improving relationships between Ontario Northland and Indigenous peoples and communities 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 remains committed to achieving operational excellence through the delivery of efficient, safe, affordable and reliable transportation services vital for the people and businesses of Northern Ontario. Our continued dedication has earned us a reputation as a trusted transportation provider, strengthened by ongoing engagement with our customers and the communities we serve.

For this FY2024-25 business cycle, the agency is focused on five key priorities that closely align with our mandate. These priorities include preparing for the new era of the Northlander passenger rail service, modernizing internal processes and technology, enhancing safety measures, serving northern communities, and prioritizing talent acquisition. Delivering on these priorities will not only enhance the agency, but also benefit the economic development and social landscape of Northern Ontario.

I am looking forward to commencing work on several key priorities established by our newly formed agency modernization team. This team will assist the agency in continuing to unlock operational efficiencies and driving continuous improvement.

I am pleased to present this plan, which outlines our objectives for the coming year, assesses associated risks, mitigation efforts, and lays out the necessary requirements needed to carry out this mandate. With a clear roadmap in hand, we are poised to take on the work that lies ahead.

Our agency takes great pride in advancing critical transportation initiatives in Ontario, particularly in response to the unique needs of northern and rural communities. We eagerly anticipate collaborating with the Province, Indigenous communities, industry partners, and valued customers to further enhance Ontario's integrated transportation network.

Chad Evans

Chief Executive Officer

## Executive Summary

Ontario Northland is an agency engaged in delivering reliable transportation services to people and businesses across Northern Ontario. The agency offers a multitude of services including passenger transportation, freight services and remanufacturing and repair services of rail equipment. During FY2024-25, Ontario Northland will continue to strengthen its services, while preparing to improve connectivity with other transportation providers.

The agency is currently striving to achieve efficiency and sustainability through modernization of processes and systems and will continue in this direction through its large-scale organization-wide programs such as Enterprise Asset Management and Enterprise Resource Planning. Other efforts include streamlining project management, change management, facilities management, procurement, and planning.

The Passenger Services division will focus on preparing for the Northlander passenger rail service in FY2024-25, which will provide connectivity from Toronto to Timmins with a rail connection to Cochrane. Additionally, the division will be focused on developing its motor coach fleet strategy and enhancing customer experience.

In FY2024-25, Freight and Rail Services will be engaged in responding to business opportunities from the agricultural sector in Northeastern Ontario through its newly added grain-hopper railcars. The division will continue to focus on improvements in rail tracks, rail bridges, culverts and other infrastructure to provide non-disrupted services to remote and rural communities.

The Remanufacturing and Rail Mechanical division will align itself toward building capacity and generating revenue through its North Bay, Englehart and Cochrane facilities in FY2024-25. The cost reduction initiatives will be achieved through upgrades to its wheel and paint shops.

The business plan for FY2024-25 is developed in accordance with the requirements of the *Ontario Northland Transportation Commission Act* and the provincial government's Agencies and Appointments Directive to reflect the northern transportation priorities of the Government of Ontario outlined in the 2024-25 Annual Letter of Direction. The agency remains committed to the health and safety of our employees, passengers, customers and the communities served, while continuing to strive for business excellence throughout the business cycle.

## Introduction

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

In FY2024-25, Ontario Northland will strive to fulfill its mandate for strengthening the transportation network in Ontario, while achieving outlined corporate objectives for connectivity and community support.

### *Mandate*

Ontario Northland is an agency of the Government of Ontario 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're 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, the work we do and how we do it. We create a respectful environment where we can be ourselves, feel valued and perform at our best.

#### **Focus on the Path Ahead**

We grow and innovate with intention. We align with government and 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.

### *Strategic Priorities*

Ontario Northland has identified five major themes for this fiscal year which will enable alignment of our mandate, vision, mission, and the 2024-25 Annual Letter of Direction (ALOD).

1. **Prepare for the New Era of the Northlander Passenger Rail Service:** Advancing work to introduce a new passenger rail service between Toronto and Timmins is the agency's top priority.

2. **Agency Modernization:** The development and implementation of modernization plans, including technology upgrades, performance measurement strategies, and process improvements resulting in greater sustainability and operational efficiency while enhancing governance to promote effective decision making and enhanced oversight.
3. **Health and Safety:** Ongoing focus on health and safety initiatives, including training, compliance, reporting and safety audits across the agency.
4. **Serving Northern Communities:** Connecting communities in Northern Ontario through passenger and freight services by engaging meaningfully through safe and reliable transportation options.
5. **Prioritizing Talent Acquisition to Build Strong Teams:** Developing Ontario Northland's organization structure for effective operations and to propel the agency forward.

The following are criteria we will use to achieve our strategic priorities:

- **On-schedule Northlander Workstream Implementation:** Ensuring workstream progress meets or exceeds scheduled milestones for the return of the Northlander passenger rail service.
  - Key Performance Indicator (KPI): Actual milestone dates compared to the schedule.
  - Measure success by meeting or exceeding workstream milestones and delivery deadlines.
- **Comprehensive Training Programs:** Implementing robust training and education programs, including leveraging the new Learning Management System and customized training relevant to job roles.
  - KPI: Number of sessions held in a year and training completion rates among employees.
  - Measure success by tracking the percentage of employees who have completed required training programs, and number of sessions offered in a year.
- **Regular Safety Audits:** Conducting regular safety audits and compliance checks to identify and address potential hazards and improve safety outcomes.
  - KPI: Frequency of safety audits and identified hazards.
  - Measure success by conducting regular safety audits and tracking the number of identified hazards and their resolution status.
- **Written Standards and Compliance:** Developing and maintaining written standards to ensure full compliance with safety regulations and standards.
  - KPI: Compliance rates with written safety standards and regulations.
  - Measure success by monitoring adherence to safety standards and assessing compliance levels.
- **Safety Culture:** Fostering a safety culture within the organization through training, recognition programs and engagement with enforcement officers and labour officials.
  - KPI: Employee participation in safety programs and reporting of safety concerns.
  - Measure success by tracking employee engagement in safety initiatives and the number of safety concerns reported.

- **Modernization Action Plan (MAP):** Collaborating with internal teams and external partners to implement the Modernization Action Plan, including technology upgrades, sustainable development, staffing strategies and asset management improvements.
  - KPI: Progress of MAP initiatives versus approved schedule.
  - Measure success by evaluating the completion status of action plan items and their alignment with MAP objectives.
- **Performance Measures:** Developing and implementing enhanced performance measurement and data collection systems for Ontario Northland services, with a specific emphasis on measuring the progress of strategic priorities including a focus on modernization, asset management, ridership, on-time performance, geographic coverage and customer satisfaction. This will support evidence-based decision-making and continuous improvement.
  - KPI: Key performance indicators related to Ontario Northland ridership, on-time performance, access to Ontario Northland stops, operating cost per rider and customer satisfaction to demonstrate that Ontario Northland is delivering on its mandate/ALOD.
  - Measure success by tracking metrics such as cost savings, service efficiencies and customer satisfaction.
- **Enterprise Resource Planning (ERP) and Enterprise Asset Management (EAM) Projects:** Successfully implementing ERP and EAM projects to enhance operational efficiency and asset optimization.
  - KPI: Successful implementation and adoption/utilization of ERP and EAM systems.
  - Measure success by assessing the extent to which these systems enhance operational efficiency, asset management and system user adoption.
- **Strategic Partnerships:** Establishing strategic partnerships with northern industry and northern communities, including Indigenous communities as well as other stakeholders to enhance service opportunities.
  - KPI: Track number of newly established partnerships (e.g., mining sector, indigenous communities, other industry stakeholders) and measure their impact on freight and related services through increased revenue.
  - Measure success by quantifying the number of strategic partnerships and evaluating their contribution to business growth.
- **Asset Management:** Continuing to implement the capital asset management plan to ensure the long-term sustainability of assets and reduce maintenance expenses.
  - KPI: Asset condition assessments and maintenance cost reductions.
  - Measure state of good repair of each asset and monitoring the reduction in maintenance expenses.

## Agency Response to the Annual Letter of Direction

As required by the *Agencies and Appointments Directive*, the Minister of Transportation issues an annual letter of direction that sets out the expectations for the fiscal year. For FY2024-25, Ontario Northland is fully committed to fulfilling the following expectations:

- Ontario Northland will work on the reinstatement of the Northlander Passenger Rail service between Toronto and Timmins, with a rail connection to Cochrane, with a target in-service date in the mid-2020s. To support this work, the agency will establish a project team with the necessary competencies and skills to support implementation.
- Ontario Northland will continue the development and implementation of the agency's capital asset management plan and asset management data reporting to support the long-term sustainability of the agency and state of good repair of assets, reduce ongoing maintenance expenses and provide improved safety for passengers and employees. The agency will report-back on the Enterprise Asset Management program implementation with respect to motor coach services and provide an overview of future milestones for the overall EAM program, including timelines, by July 1, 2024.
- Ontario Northland will work towards modernizing the agency by implementing ONTC's Modernization Action Plan (MAP) and supporting the repeal and replacement of the legacy *Ontario Northland Transportation Commission Act*. The agency will report the progress towards the completion of MAP initiatives through quarterly reports to MTO via an approved reporting framework, in alignment with MAP key performance indicators, milestones and timelines.
- Ontario Northland will complete a review of agency's organizational structure, based on efficient and effective organizational design principles, and taking into account workplace culture, safety and diversity. This would include a strategy to manage the agency's modernization and improve recruiting initiatives, with consideration of both English and French opportunities, to attract, develop and retain talent. The agency will submit the review and strategy to the ministry by July 1, 2024, followed by quarterly progress reporting thereafter.
- Ontario Northland will work with the ministry to develop and implement a new agency governance and relationship framework to promote effective decision-making, enhance oversight, and promote clear and collaborative communications across our other ministries and agencies. The implementation of the formalized relationship management structure is expected to be in place by March 31, 2025.
- Ontario Northland will work with the ministry to ensure that agency's ONTC rail or bus service planning and partnerships are evaluated, with consideration for Indigenous communities, in terms of service coordination and integration with the existing multimodal transportation network, including with services provided by VIA Rail, private intercommunity bus providers, local transportation operators or providers. The agency will submit an overview of its service planning best practices and methodologies by September 1, 2024 to the ministry.
- Ontario Northland will meaningfully engage with Indigenous communities and organizations and fulfil duty to consult obligations with Indigenous communities, ensuring consistency with provincial policies and direction for Indigenous relations, and include these activities as part of the draft performance measurement and reporting framework and quarterly progress reports that follow. The agency will seek the advice of the ministry before entering into any significant commitments or agreements with Indigenous communities to ensure adherence to provincial policy.



- Ontario Northland will take into account the safety of Indigenous women, girls, 2SLGBTQIA+ people and other marginalized groups in delivering transportation services and taking actions to combat sexual exploitation and human trafficking (e.g., training of front-line employees, public awareness, reporting policies), in accordance with the Calls for Justice of the National Inquiry into Missing and Murdered Indigenous Women and Girls and Ontario's Anti-Human Trafficking Strategy and continue with regular reporting as scheduled.

In alignment with government priorities for agencies, boards and commissions reporting to the legislature, Ontario Northland commits to the following government-wide initiatives:

#### **1. Competitiveness, Sustainability and Expenditure Management**

- Operating within the agency's financial allocations.
- Identifying and pursuing opportunities for revenue generation, efficiencies and savings through innovative practices, and/or improved program sustainability.
- Complying with applicable direction related to accounting practices and supply chain centralization, including leveraging Supply Ontario's bulk purchasing arrangement and working with Supply Ontario on strategic procurement initiatives.
- Complying with realty interim measures for agency office space.
- Leveraging and meeting benchmarked outcomes for compensation strategies and directives.

#### **2. Transparency and Accountability**

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.
- Adhering to accounting standards and practices, and responding to audit findings, where applicable.
- Identifying appropriate skills, knowledge and experience needed to effectively support the board's role in agency governance and accountability, and providing the Minister with annual skills matrices to ensure boards have qualified appointees.
- Reviewing and updating agency KPIs regularly to ensure efficiency, effectiveness and sustainability.

#### **3. Risk Management**

- Developing and implementing an effective process for the identification, assessment and mitigation of agency risks, including cyber security, business continuity and any future emergency risks.

#### **4. Workforce/Labour Management**

- Optimizing organizational capacity to support the best possible public service delivery, including redeploying resources to priority areas, where needed.
- Aligning Human Resource and accommodations strategies with OPS directives and policy.
- Adhering to Treasury Board/Management Board of Cabinet labour and bargaining mandates.
- Prudently and efficiently managing operational funding and workforce size.

#### **5. Diversity and Inclusion**

- Developing and encouraging diversity and inclusion initiatives by promoting an

- equitable, inclusive, accessible, anti-racist, and diverse workplace.
- Adopting an inclusive engagement process to ensure all voices are heard to inform policies and decision-making.

## 6. Data Collection, Sharing and Use

- Improving how the agency uses data in decision-making, information sharing and reporting, to inform outcome-based reporting and improve service delivery.
- Increasing data sharing with Supply Ontario when applicable regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making.

## Environmental Scan

In the ever-evolving landscape of the transportation industry, staying attuned to both external and internal environmental factors is imperative to Ontario Northland's operations. The environmental scan section provides an overview of the factors, trends and events that currently influence or have the potential to impact Ontario Northland's operations, objectives and overall performance.

### External Factors

Over the past few years, the transportation sector has been impacted by the changing economic and labour environment. The following could potentially continue to impact Ontario Northland in FY2024-25:

- **The labour market in Northern Ontario remains competitive.** There are shortages impacting the transportation, construction and tourism sectors. Population growth in Northern Ontario is low; lack of economic growth in areas means fewer workers are entering the region. Ontario Northland continues to focus on finding innovative ways to attract employees. Approaches taken include advertising, community outreach and increasing apprentices within key business lines.
- **Fuel prices and energy prices remain volatile.** Fuel costs for rail freight, rail passenger and motor coach services can have a material impact on agency's financial performance. A ten-year review of fuel prices shows large and difficult-to-predict fluctuations which continue to affect the agency's costs. In order to offset these higher expenses, the agency attempts to generate additional revenue. Higher fuel prices can also lead to increased costs for customers, for example through fuel surcharges.
- **Higher inflation rates are impacting the economy.** Over the past few years Ontario Northland has experienced unprecedented volatility in various markets and industries, along with higher-than-expected inflation rates and additional forecasted increases in inflation rates throughout the course of the business plan. Ontario Northland is seeing large inflationary increases in all areas of operations including consumables in the warehouses, personal protective equipment, petroleum products, track materials, original equipment manufacturer materials, infrastructure projects, building maintenance

and repairs, vehicles, other expenses and tangible assets. Due to the nature of our large infrastructure projects, inflation has a material impact which is out of our control, of particular concern when performing state of good repairs and upgrades on our essential transportation assets. Ontario Northland hedges the risks related to inflationary pressures by deploying approaches such as leveraging group buying options, Request for Proposal-based public procurement and developing an expanded vendor base to optimize costs and terms for purchase contracts.

- **Impacts of climate change.** Ontario Northland continues to monitor and enhance preparedness for the impacts of climate change. These include, but are not limited to: forest fires, flooding, washouts, unpredictable winter road conditions, shortened winter road season and air quality. The agency continues to explore opportunities to offset its own greenhouse gas emissions and offer modern, sustainable transportation options.
- **Supply chain.** The current supply chain challenges are characterized by extensive lead times for crucial equipment, affecting various sectors including network infrastructure and printers. Supply chain and contractor availability emerge as a major hurdle, with equipment lead times extending beyond a year in some cases. These challenges have a direct impact on project deadlines, such as the capital overhaul program and locomotive overhauls. Furthermore, the unavailability of spare parts due to supply chain issues has hindered locomotive maintenance. The difficulties extend to finding products and components for essential functions, such as emergency response button installations, and niche components, such as network connectors for coaches. This situation has a broader influence on stock and product availability, including phones and tech solutions, highlighting the pervasive and multifaceted nature of the supply chain issues. Ontario Northland has a vision to create dedicated supply chain and procurement business functions to focus on vendor management, relationship management, negotiations, demand forecasting and scheduling to resolve and mitigate critical supply chain issues through an integrated and focused approach.

## Internal Factors

- **Labour shortage and labour relations.** Operating in Northern Ontario presents several distinct challenges, with labour availability being a primary concern for Ontario Northland. The organization faces competition from local private industries, particularly the mining sector, which offers wages exceeding industry standards, making it challenging to attract and retain skilled labour. Ontario Northland has experienced an annual labour turnover rate of approximately 20-25%. Additionally, Ontario Northland manages a complex labour union relations landscape with 8 separate collective agreements. Collective bargaining contract negotiations will be ongoing by Ontario Northland over the next 24 months.
- **Large capital-intensive projects.** The agency is undergoing modernization efforts to ensure operational efficiency, which includes capital programs to improve state-of-good repair of our crucial transportation assets, as well as corporate-wide initiatives including Enterprise Resource Planning (ERP), Enterprise Asset Management (EAM) and Northeastern passenger rail. These projects are expected to be a focus of agency capital works throughout FY2024-25.

- **Agency modernization alongside growth and expansion of services.** The agency will continue to implement its Modernization Action Plan, which includes various technology, process, performance and efficiency enhancement initiatives over the coming business cycles. In addition, the agency is seeing growth in many service areas including motor coach services, remanufacturing and repair services, rail freight services and the return of the Northlander passenger rail service. Ensuring the appropriate resources, partnerships and processes are in place will remain a focus in FY2024-25 to ensure ONTC is successful in existing service delivery and new service launch.

## Current and Future Operations and Activities

### Agency Modernization

#### *Current State*

Ontario Northland introduced its agency modernization department in early FY2023-24 in response to ongoing needs to modernize and improve operational efficiency and effectiveness. The agency modernization team works closely with MTO to ensure the Modernization Action Plan (MAP) is being executed, which includes readiness assessment(s), project planning, performance measurement planning and execution, and identify opportunities for continuous improvement.

The Ontario Northland MAP is a multi-year plan drafted to support agency modernization, improvement and enhancement in:

1. Accountability and governance
2. Financial and reporting practices
3. Diversity and Inclusion
4. Improvements to the safety of Ontario Northland operations and business lines
5. Improvements to the efficiency of Ontario Northland operations and business lines

Two major digital transformation programs are underway which contribute as foundational components of the MAP.

- The Enterprise Asset Management (EAM) program continues to mature, and the organization is already reaping benefits associated with cost savings, inventory management and technological enhancements.
- The agency has prepared a roadmap to implement an Enterprise Resource Planning (ERP) solution which will further enhance the organization's business intelligence, data management, financial stewardship, financial forecasting and support enterprise risk management.

#### *Looking Ahead*

This business cycle, the agency modernization team is excited to be initiating the Modernization Action Plan and maturing several new processes and programs that will further modernize the organization. The ongoing Enterprise Asset Management (EAM) program and the

implementation of a new Enterprise Resource Planning (ERP) solution will further enable the agency to achieve aligned, formal processes for data-driven decision making. Anticipated outcomes include enhancements in business intelligence and performance measures, forecasting project timelines and refining competitive pricing models in the Remanufacturing and Repair Centre, as well as increased agility to engage in organizational capacity planning.

## Remanufacturing and Rail Mechanical

### *Current State*

Ontario Northland operates the Remanufacturing and Repair Centre which offers rail repair services to external customers. The Rail Mechanical division repairs and maintains Ontario Northland's railcar and locomotive fleet. These two groups have seen significant progress in finding efficiencies, standardizing best practices and recruiting talent. This has enabled the division to focus on revenue-generating operations, successfully taking on new remanufacturing and repair work and further offsetting the overall subsidy requirements for the agency. The Remanufacturing and Repair Centre remains focused on the refurbishment of bilevel coaches and cab cars, locomotive repair and refurbishment for external customers, painting, wheel and truck services, as well as ongoing Ontario Northland fleet upgrades and repairs.

### *Looking Ahead*

Looking ahead, this division will build on the foundations of previous years, unlocking new opportunities by streamlining services, modernizing technology and tools, and further standardizing operations. This division will continue to explore investment in new inspection technologies to facilitate maintenance and repair work for Ontario Northland's rail assets, with the intention of finding efficiencies and building capacity to take on additional revenue-generating work at the North Bay facility. To further modernize this line of business, Ontario Northland will develop an improved cost allocation model for its various remanufacturing shops to more accurately forecast and price external work.

A key capital investment will be the expansion of the rail infrastructure facility in Englehart, along with the construction and implementation of a rail car inspection portal. The inspection portal will significantly reduce time and resources associated with general inspections on Ontario Northland's fleet.

The Cochrane facility will also receive upgrades to prepare it for work on newer fleet equipment. Investments and upgrades to the wheel shop and paint shop in North Bay will further reduce costs associated with maintaining and safely operating aging equipment. Ontario Northland will also explore brake regeneration opportunities.

A final area of focus for this division is the participation in Enterprise Asset Management (EAM) and Enterprise Resource Planning (ERP) programs to assist with records management, scheduling and inventory management to streamline work order processes and enhance productivity. These programs will also help to generate consistent data for reporting of operational effectiveness, monitoring safety and assisting the unit in managing staff training, certification and planning for employee growth.

## Passenger Services

### *Current State*

Ontario Northland's motor coach service represents a network of over 4.9 million kilometres per year, transporting 305,000 customers to, from and across Northern Ontario and into Manitoba in FY2023-24 (forecasted). The Bus Parcel Express service is forecasted to provide timely and reliable parcel transportation to approximately 3,400 customers and generated \$590,000 in revenue in FY2023-24. The agency also partnered with a Toronto shipping company, adding an additional 17 parcel pick up and drop off locations across the Greater Golden Horseshoe area.

The motor coach division successfully launched the first phase of the Enterprise Asset Management (EAM) Program, and has experienced initial success in consolidating inventory practices, predicting asset lifecycles and enhancing maintenance operations.

Ontario Northland is working with the Ontario Motor Coach Association (OMCA) to create a Charter Agreement to ensure publicly funded transportation agencies do not unfairly compete with privately owned bus companies. The agreement identifies a process by which publicly funded transportation agencies may respond to a bus charter request, with the recognition there may be limited exceptions that pre-empt the process (e.g., hardship or emergency response, evacuations, official government business, etc.). The OMCA is working with private bus companies to ensure they can provide input into the Charter Agreement as well.

Ontario Northland recently constructed a covered shelter at its motor coach facility in North Bay and expects to realize the many benefits this fiscal year. The shelter further streamlined maintenance operations by reducing time spent preparing motor coaches for service and will continue to assist the agency in preserving assets by keeping equipment out of the elements. The agency expects further benefits from offsetting overhead costs due to a solar panel array installed on the facility's roof.

The Cochrane Station Inn saw 1,911 bookings by the end of Q2 of FY2023-24 and generated approximately \$322,000 in revenue. The Polar Bear Express passenger rail service supported communities in Moosonee and along the James Bay Coast by accommodating community requests to offer six additional service dates in addition to scheduled service. In the summer of 2023, the team also operated supplemental train services to assist with a community evacuation due to forest fires in the area.

### *Looking Ahead*

The passenger services team continues to grow to accommodate the unique transportation needs of rural and northern Ontario. With routes operating 24 hours a day, through two time zones and in landscapes with varied climates, the team will be further expanding its centre support system. This will be accompanied by increased training for frontline staff across the division, including cultural awareness and accessibility training to ensure transportation services remain efficient, safe, affordable, reliable and accessible.

Customer experience continues to be an area of focus as Ontario Northland prepares to launch the new era of the Northlander passenger rail service. As a result, the agency is exploring



digitized options to accommodate a variety of customer needs, including the ability to pre-purchase on-board food and services, as well as allowing for seamless connections with other transportation service providers. This investment will benefit all passenger services and supports the advancement of Mobility as a Service (MaaS) model. Mobility as a Service is the shift away from personally owned vehicles to the use of integrated and interconnected mobility and transportation services (public and private), offering an efficient and streamlined passenger experience. In support of introducing MaaS, Ontario Northland will explore all modes of transportation to allow for easier access to transportation services (e.g., ride shares, first-mile/last-mile connections, etc.).

As part of the Modernization Action Plan, Ontario Northland is developing a long-term motor coach fleet strategy to support future decisions related to fleet purchases and replacement, including an assessment of the existing fleet to identify gaps and opportunities for cost effectiveness. The strategy will identify recommended actions and support required from the MTO, such as funding requirements and potential recruitment of subject matter experts to enable implementation.

Ontario Northland will continue to stay involved in industry discussions and trials for intercommunity bus travel in rural and northern climates to if and when fleet electrification (or alternate fuel models) is possible.

The agency continues to engage passengers in Moosonee and communities along the James Bay Coast to learn more about the unique transportation needs of the communities. In the long term, the agency will be considering fleet renewal of the Polar Bear Express and further investment in the dining fleet to accommodate current maintenance and scheduling requirements.

## Freight and Rail Services

### *Current State*

Freight and rail services represent the agency's largest revenue-generating division. This division is focused on finding efficiencies, achieving revenue growth and enhancing rail safety.

The purchase of new grain-hopper railcars in FY2023-24 enabled the agency to respond to growing agricultural demand in the northeast region. Ontario Northland continues to upgrade its locomotive fleet and has been successful in modernizing equipment to become more fuel efficient, resulting in lower operating costs.

The rail infrastructure team continued to engage in ongoing track improvement projects and investments in maintaining bridges, culverts, and upgrading rail infrastructure.

Ontario Northland will also continue to explore relevant partnerships to maximize the use of satellite imagery for emergency preparedness and response associated with rising water levels in proximity to rail lines.

Responding to recent legislative changes regarding rail crew rest time requirements and scheduling, the team has continued to make enhancements and find efficiencies to maximize human resource capital for these operations. This work will continue in FY2024-25.

The freight and rail services division continued to explore new technology and partnerships to enhance rail safety. In FY2023-24, this included the purchase of an automated track inspection vehicle to assist with regular rail evaluation, maintenance and repair. This piece of equipment is expected to go into service this fiscal year.

### *Looking Ahead*

Ontario Northland will continue to focus on finding new freight business and divisional efficiencies. The agency is preparing to support the many economic development opportunities taking place in the northeast in the mining, forestry and agriculture sectors. For example, in FY2024-25, Ontario Northland will further evaluate opportunities in the agricultural sector in the Temiskaming Shores region, the largest second tier economic zone in Northern Ontario. Where opportunities exist, business cases will be used to explore feasibility of building infrastructure to obtain new customers and support evidence-based decision making.

To prepare for the reinstatement of the Northlander, this division will be focused on joint elimination work, upgrading track, development of North Bay bypass track, levelling curves and upgrading grade crossings to ensure safety and operational reliability.

The next phase of the Enterprise Asset Management program will help forecast in-house rail maintenance and repair work to enhance operations and offset the impact of supply chain disruptions on inventory management. The rail division will also be working to standardize protocols and policies across the rail network, enhancing records management, employee training and facilitating oversight of daily operations.

Ontario Northland will also further invest in infrastructure projects including maturing the scrap tie program and continuation of the joint elimination program. The rail freight division will also continue to serve the Weeneebayko Area Health Authority in the Moosonee region in shipping supplies for their redevelopment project. The division is looking to streamline the express freight booking system to accommodate the peak demand shipping season from October to January.

## Corporate Services

### *Current State*

Ontario Northland's corporate services division continues to implement strategies that enhance reporting, demonstrate compliance, encourage agility, and mitigate risk. Human Resources successfully recruited 163 employees during FY2023-24, enhancing capacity and responding to organizational growth requirements. This division is also currently managing multiple workstreams to prepare for in-service of the Northlander Passenger Rail.

### *Looking Ahead*

Accountability and transparency remain priorities at Ontario Northland. Teams across corporate services are working to refine policies and implement new practices to respond to legislative changes and industry best practices. This includes, but is not limited to, policy revision to align with broader Ontario Public Service human resources standards, advancing the work of the pay-equity committee, and implementing software solutions to refine fiscal reporting and cost data



analysis. Ontario Northland will continue to adhere to industry best practices as enhancements in cybersecurity, artificial intelligence and data management continue to evolve in real-time.

Recruiting and retaining talent will continue to be an area of focus for the agency. Ontario Northland will be implementing a new Talent Acquisition Strategy and focusing on anti-racism, diversity and inclusion in the workplace. The Health and Safety team will also work to enhance the organization’s safety culture. This will include employee education, policy enhancements and a focus on continuous improvement through regular audits and recognition.

The agency continues to make progress on its long-term building renewal program. The team is focusing on growing capabilities to maintain project milestones and successfully manage new and upcoming projects. Cost savings will continue to be identified as enhancements offset operating costs and align with the organization’s environmental and sustainability efforts.

Marketing and communications will continue to evolve to meet Ontario Northland’s growing needs. This team will focus on growing successful campaigns to increase ticket sales in targeted markets, build recruitment efforts and establish non-fare revenue streams. The agency will also see expansion in community outreach activities and engagement with public stakeholders. Fostering relationships with Indigenous partners remains a priority for the organization. The marketing and communications team will continue to build capacity to cultivate these relationships and learn more about how the organization can best serve their needs. As the agency prepares for the return of the Northlander, this department will continue to play an integral role in keeping internal and external stakeholders engaged with the ongoing progress of the project.

## FY2024-25 Implementation Plan

The following is a list of plans and activities supporting the fulfillment of strategies and priorities listed in this plan.

Strategic Priority	Deliverable	Description and Activities
Northlander Passenger Rail Service	Continuous project monitoring and management	<ul style="list-style-type: none"> <li>Procurements for the reinstatement of Northlander service to be issued in FY2024-25 include):               <ul style="list-style-type: none"> <li>Construction of the shelters, broken down into three separate packages based on region (Packages 1 and 2 to be tendered in FY2024-25; Package 3 to be tendered in FY2025-26)</li> </ul> </li> <li>Regular monthly meetings scheduled with MTO for project updates and reporting</li> </ul>
	Northlander Project	<ul style="list-style-type: none"> <li>Provide updates to the public on the project progress at</li> </ul>

	Progress Updates	<a href="http://www.ontarionorthland.ca">www.ontarionorthland.ca</a> and by hosting and attending events that reach key stakeholders.
<b>Agency Modernization</b>	Modernization Action Plan	<ul style="list-style-type: none"> <li>• Modernization Action Plan is a multiyear and broad-spectrum initiative undertaken to improve agency's assets, technology and processes.</li> <li>• The agency will provide quarterly progress reports to MTO throughout FY2024-25.</li> </ul>
	Governance and relationship framework	<ul style="list-style-type: none"> <li>• Agency will collaborate with the ministry to develop and implement an agency governance framework.</li> <li>• The formalized relationship management structure will be finalized by March 31, 2025</li> </ul>
	Enterprise Resource Planning Program	<ul style="list-style-type: none"> <li>• Streamlining of enterprise resource planning across organizational functions.</li> <li>• Procurement of Enterprise Resource Planning (ERP) system to accommodate varied needs of various functions and departments across the organization.</li> <li>• Migration to new system, while preparing for change management through training and awareness across departments.</li> <li>• Multi-year initiative, that will continue throughout FY2024-25 and beyond.</li> </ul>
	Enterprise Asset Management	<ul style="list-style-type: none"> <li>• Enterprise Asset Management for management of organizational wide assets including capital assets, physical assets, systems, platforms and human resources.</li> <li>• Multi-year initiative with multiple feature releases and milestones across multiple departments in FY2024-25.</li> </ul>
	IT Roadmap	<ul style="list-style-type: none"> <li>• IT roadmap includes requirement mapping for systems and migration from legacy systems to new systems. The initiative includes:</li> <li>• Wi-Fi and Infotainment systems in Polar Bear Express and Motor Coach Services.</li> </ul>

		<ul style="list-style-type: none"> <li>• Updating key business applications by migrating Microsoft On-Prem based servers to Cloud based services, Hexagon EAM migration, and regular software update cycles.</li> <li>• Improving data analytics and reporting.</li> <li>• Improving cyber security awareness and practices.</li> <li>• Streamlining lifecycles of various technology products.</li> <li>• Ongoing initiative throughout FY2024-25.</li> </ul>
<b>Health and Safety</b>	Employee Training and Audits	<ul style="list-style-type: none"> <li>• Safety is at the forefront and the agency has planned to undertake specialized initiatives to improve health and safety in the workplace through the following initiatives during FY2024-25:</li> <li>• Conducting focused internal audits to ensure compliance concerns are addressed and mitigate high risk activities. This aims to cover education and awareness on hazards/risks, prevention strategies and policy requirements.</li> <li>• Conducting an annual Ontario Northland Safety Week that will be a roadshow format.</li> <li>• Implementing the Take 5 initiative across work sites for work safety awareness through improvement in employees' responsibility for safety and situational awareness.</li> <li>• Conducting a training needs assessment for employees at various levels and providing requisite new and refresher training at all levels.</li> </ul>
<b>Serving Northern Communities</b>	Improve the bus connectivity in Northern Ontario	<ul style="list-style-type: none"> <li>• Evaluate multimodal transportation options for northern Ontario with consideration of Indigenous communities.</li> <li>• Collaborate with other transportation providers and systems for passenger connectivity optimization.</li> <li>• Fulfill agency mandate to deliver efficient, affordable, safe and</li> </ul>

		reliable transportation services in Northern Ontario through bus connectivity services.
	Exploring freight opportunities in Northern Ontario	<ul style="list-style-type: none"> <li>• A comprehensive plan will outline the strategies to grow revenue and attract new freight customers. Key initiatives planned for FY2024-25 include:</li> <li>• Continue to meet and discuss customer opportunities within the Timmins Rail Park.</li> <li>• Explore track infrastructure improvements that can create new rail freight opportunities.</li> <li>• Increase transload opportunities through community partnerships, industry partnerships and various land work projects.</li> </ul>
<b>Prioritizing Talent Acquisition to Build Strong Teams</b>	Agency Organization Structure Development	<ul style="list-style-type: none"> <li>• The agency will develop an organization structure to match agency modernization requirements.</li> <li>• ONTC will refine and launch its Talent Acquisition Roadmap and Plan, which includes multiple strategies to attract, develop and retain talent.</li> <li>• The agency will work with its labour unions to ensure talent acquisition and retention are prioritized, and to ensure successful delivery of this business plan.</li> </ul>

## Resources Required to Meet Objectives

### External Supports and Resources

The Commission, Ontario Northland's Board of Directors, plays an active role in guiding and supporting the organization. Having strong ties to the communities the organization serves, they bring advice, business experience and strategic oversight.

Vendors, partners and suppliers are a vital resource for Ontario Northland. The procurement team actively engages with networks throughout Northern Ontario to attract new suppliers.

Communities and Indigenous partners play a critical role for ONTC. The agency works with its community and Indigenous partners to understand their needs and requirements for the movement of goods and people to and from Northern Ontario, and this input is used in our planning together with our senior leaders, the Commission and the Ministry.

## Financial Resources

Ontario Northland is an agency of the provincial government and is subsidized to support its operations and deliver on its mandate to provide efficient, affordable, safe and reliable transportation services in Northern Ontario. The provincial investment is lowered through revenue-generating services, including rail freight operations, motor coach and passenger rail fares, external customer repair and remanufacturing work, and other non-fare revenue streams from modernization initiatives tied to improvements to the efficiency of Ontario Northland operations such as third-party advertising and bus parcel express services.

Exploring new opportunities for non-fare revenue and freight revenue growth, growing ridership and optimizing capacity at Remanufacturing and Repair Centre are part of ongoing sustainable service delivery.

## Capital Resources

Ontario Northland's ten-year capital plan from FY2024-25 to FY2033-34 outlines the capital investments required to rehabilitate and maintain major assets, including motor coaches, rolling stock, tracks, bridges, and buildings. The focus is achieving an acceptable state of good repair, meeting regulatory requirements and addressing environmental obligations. The agency seeks a provincial capital investment dedicated to ongoing asset rehabilitation and state of good repair initiatives.

Capital resources are needed for continued progress on the Northlander passenger rail service, covering fleet purchase, station infrastructure and track upgrades.

Ongoing investments in modernization and technology are required to support ongoing replacements and upgrades of workforce technology requirements, continued work on the Enterprise Asset Management (EAM) program as well as the Enterprise Resource Planning (ERP) program. These transformative initiatives focus on modern technology, enhanced data and reporting, real-time decision making, standardized processes and improved knowledge sharing across the organization.

## Human Resources

Ontario Northland will continue to implement strategies to attract, retain and develop its workforce. As part of our modernization efforts, work will continue on an organizational review to right-size the organization for its current and future operations. Ontario Northland human resources department aims to ensure a workforce of the highest standards of competence, efficiency and integrity to fulfill its mandate, and supports the continued improvements in the diversity of the workforce.

## Risks and Mitigation

Ontario Northland continues to expand its Enterprise Risk Management (ERM) processes in conformance with the Ontario Government ERM directive. This expansion will help to mature the agency's ERM practices while ensuring a focus on top strategies to assist in achieving the corporate business plan objectives. A current streamlining initiative will make our ERM practices

more efficient and effective by matching the scope of the risk to the appropriate management as the rollout of ERM practices continues. Our new practices seek to grow a risk-focused culture throughout the organization. This culture of continuous improvement both to the ERM process and in risk management strategies will help Ontario Northland ensure stronger organizational performance.

The following table summarizes the high risks identified by the agency at an enterprise level.

<b>Risk identification, assessment and mitigation strategies:</b>		
<b>Risk</b>	<b>Description</b>	<b>Mitigation Strategy/Action Plan</b>
Public potentially being exposed to hazards at sites located on/near Ontario Northland real estate assets which were contaminated in the past due to previous uses of those lands.	Some Ontario Northland-owned real estate, including a former mining site, requires additional analysis and potential remediation.	<p>Environmental site assessments are ongoing with consultants. A standard approach to decision-making to assess the uncertainty of the emerging risk mitigation will be utilized.</p> <p>Ontario Northland is ensuring interim safety measures are taken such as signage and fencing, while a longer-term solution is developed.</p> <p>Ontario Northland has requested additional operating funding within the business plan to address further work required for environmental monitoring and assessments.</p>
Skilled workforce shortages, especially in Northern Ontario have led to risks of schedule and project delays as well as associated reputational risks.	This risk is a combination of worker shortage, skills mismatch and increased federally regulated sick day benefits. All these factors combine to cause a reduced number of labour hours to meet organizational demands.	<p>Apprentice programs continue to be used to lower barriers to entry for skilled trades.</p> <p>New software has been implemented to help track applicant skills and abilities and assist in the recruitment process.</p> <p>A position was created and filled for a Talent Acquisition Specialist.</p> <p>Targeted advertising in specific markets to attract talent.</p>

## Human Resource Management

In FY2024-25, human resources strategies will focus on enhancing the employee experience, developing future-ready talent and further equipping Ontario Northland to deliver exceptional employee and customer experiences.

The Human Resources (HR) department will focus on the following key priority areas this fiscal:

### Talent Acquisition Strategy

Ontario Northland will be redesigning the current state of the talent acquisition process to optimize and align the process with the key areas of People & Governance, Process, and Technology & Data. To recruit a diverse workforce with the right skills to face the future, the agency will:

- Conduct efficient recruitment processes and subsequent onboarding processes while improving candidates' experience.
- Foster transparency and accountability throughout the recruitment process.
- Establish proactive partnerships by actively engaging with hiring managers and stakeholders and taking initiative to understand their needs and collaborate in a consultative manner.
- Reduce 'red tape' and simplifying decision making in recruitment processes to remove unnecessary complexities.
- Prioritize a compensation framework that aligns with our work culture and supports our talent attraction and retention strategy.

### Total Compensation Strategy

Competition for talent has been intensified by a shortage of qualified professionals and skilled tradespeople, leading to wage pressure. For executive talent, there is a growing demand for leaders with specialized skills and diverse experience, making it essential to offer competitive compensation and benefits to attract and retain these individuals.

These challenges emphasize the need for a compensation strategy that not only matches industry standards but seeks to entice and retain top talent in both skilled trades and executive/professional roles.

In our pursuit of operational excellence and employee satisfaction, our organization is committed to implementing a comprehensive compensation strategy that includes benchmarking against industry standards. Our compensation strategy will strive to attract top talent and retain and motivate our existing workforce. To achieve this, we will embark on a total compensation review, which encompasses the following key action items:

**Market and Benchmarking Analysis:** Conduct a thorough analysis of comparative markets through a custom weighted peer group including organizations from the broader public sector, reflecting government, agencies/crown corporations, utilities and transportation, and the private sector, reflecting mining and industrial organizations.

**Survey and Feedback:** Engage employees to gather their input on current compensation and benefits, as well as their preferences and expectations.

**Review Benefits Packages:** Assess the current benefits offerings to ensure they align with the needs and expectations of our workforce.

**Alignment with Organizational Goals:** Ensure that the compensation strategy is in line with our business objectives.

**Financial Assessment:** Conduct a financial evaluation to determine the feasibility of the proposed compensation strategy and benefits enhancements.

## Advancing the Diversity Equity and Inclusion Action Plan

To further the initiatives that mirror the focus areas in the OPS Anti-Racism Action Plan framework, Ontario Northland has:

- Added a resource to support the valuable work associated with advancing the Diversity Equity and Inclusion (DEI) action plan in March 2023.
- Created a partnership with the Canadian Centre for Diversity and Inclusion.
- Delivered cultural awareness training to the Board in FY2023-24.

Ontario Northland will continue its diversity, equity and inclusion efforts as part of its Modernization Action Plan in FY2024-25 through to FY2026-27. The agency will:

- Continue to foster an organizational culture of inclusion and belonging where diverse staff can thrive.
- Focus on five key areas:
  - Training
  - Leadership
  - Organizational activities
  - Recruitment/Retention/Succession
  - People and partners
- Key activities within those areas:
  - Establish a DEI Advisory Committee.
  - Complete a training needs assessment.
  - Continue to raise awareness and provide practical tools and guidance on how to celebrate diversity and champion inclusion and belonging at all levels.
  - Provide training to mitigate the risks of unconscious bias during screening, assessment and selection process.
  - Address systemic barriers for underrepresented groups, including but not limited to using plain language in our job descriptions and job postings and reviewing position requirements based on real world occupational requirements.
  - Build anti-racism competency and capacity to support accountability for an anti-racist and inclusive workplace.
  - Foster internal and external partnerships that promote diversifying the talent pipeline.

## Investment in our People

Ontario Northland will progress our people and culture strategy with the focus on:

- Putting our people/employees first by committing to progressing a culture of safety, respect, inclusion and wellbeing.



- Elevating operational safety by focusing on prevention to reduce the risk of incidents at work and to manage them effectively if they should occur.
- Elevating the well-being, productivity, and engagement of our workforce to foster a greater sense of fulfilment, pride and safety at work for all employees.
- Emphasizing lifelong learning and support career development.
- Ensuring work environments are rooted in safety, mutual respect, non-discrimination and ethical conduct.
- Continuing with leadership programs to promote high performers.
- Learning activities for managers and information on mechanisms to improve underperformance and address non-performance in an effective, fair and timely manner, which are published and accessible to all staff.
- Improving employee experience by actioning areas of improvement identified in the 2022 employee engagement survey results.
- Designing and implementing a rewards system that is tied to the values.
- Creating recognition programs and empowering leaders with the tools to recognize their teams.

## Enabling HR Function

Our focus is on leveraging technology for efficient HR services through innovation and digitalization of the HR function. We will:

- Continue efforts to modernize and optimize HR processes, linking people, process and performance, to enable HR to be more effective.
- Leverage technology to enable new and more efficient ways of working.
- Improve information sharing and decision-making processes to enable teams to act quickly, connect with others, communicate better and collaborate more effectively.
- Provide all managers and staff with easy access to relevant HR materials and equitable learning opportunities regardless of their physical location.
- Improve the efficiency of HR staff through digitalization of HR processes, including automation of administrative tasks that will significantly improve the quality and delivery of HR services.
- Focus on analytics related to workforce planning, performance management, enhanced accountability and staff development. HR will support employees by delivering clear and accessible information and advice and create easy-to-use dashboards and reports to support information sharing and decision-making across Ontario Northland. This will also support a more individualized and specific approach to talent management in terms of identifying key development needs and opportunities and maximizing the potential of staff.

## Workforce Summary

	As of September 30, 2021	As of September 30, 2022	As of September 30, 2023
Active Employee Headcount	753	839	926
Permanent Employees	750	837	923

Part-time Employees	3	2	1
Temporary Employees	0	0	2
Non-Union Staff	158	206	250
Unionized Staff	595	633	676
Unifor – Largest Bargaining Unit	329	361	412
Teamsters – Maintenance Of Way	119	116	110
United Steelworkers	79	91	96
International Brotherhood of Electrical Workers	5	NA	NA
Teamsters Motor Coach Division	63	65	58
Women in the workforce	22.04%	23.12%	23.10%
Women in Trades	3.05% (4 of 131 trade employees)	3.94% (6 of 152 trade employees)	4.9% (10 of 205 trade employees)
Visible Minority staff (including those self-identifying as Indigenous):	6.37%	7.74%	9.40%

For FY2024-25, Ontario Northland forecasts an increase of 61 positions. This growth largely supports the return of the Northlander and agency modernization as well as organization-wide programs such as Enterprise Asset Management. Furthermore, the increase also supports the mandate for excellence in governance and accountability, improvements to the safety and efficiency of Ontario Northland's operations to support facility maintenance, capital asset management, workforce management, external communications and relations, IT support and decision-making. Additional full-time equivalents (FTEs) have been requested to support critical positions that impact the safety of operations due to Ontario Northland's evolving business complexities.

The table below details forecasted FTEs from FY2023-24 to FY2026-27 and reflects the cyclical nature of projects underway. There is a reduction in numbers in FY2026-27 to reflect the completion of a major refurbishment contract. However, it is anticipated that these employees will be retained as a result of securing additional refurbishment and repair contracts. This will be reflected in future year business plans. The reduction in FY2026-27 is being partially offset by growth within other divisions and the reinstatement of the Northeastern Passenger Rail. Ontario Northland is working with the Ministry on continuing efforts to increase capacity through additional resourcing.

Budgeted FTEs				
Fiscal year	2023-24	2024-25	2025-26	2026-27

Total	1,015	1,058	1,084	997
-------	-------	-------	-------	-----

## Performance Measures

Ontario Northland continues to expand and enhance its overall performance measurement program to effectively monitor its lines of business, meet organizational objectives, align with agency and government priorities, and continually improve performance.

A primary initiative of the Ontario Northland Modernization Action Plan is to establish a new performance measurements team to strengthen and standardize the agency's performance measurement program. Through FY2024-25, the performance measurement team will collaborate with MTO to develop a modern performance measurement framework supporting the needs of the ministry, the agency, and its operations. The agency will submit a first draft of a performance measures and reporting framework to the ministry by the beginning of Q2, which shall be updated quarterly thereafter.

Key aspects of this framework include:

- Documenting and confirming the logic models at the organization level with articulated outcomes for each business line and based on the agency's priorities and mandate;
- Identifying and inventorying the right things to measure, including outcome and output measures for all business lines, as well as high level organizational key performance indicators;
- Instituting standardized data collection methods;
- Setting realistic targets based on known trends;
- Building performance stories and scorecards that illustrate progress in meeting targets;
- Developing a reporting strategy and program improvement process based on performance results; and
- Analyzing the framework annually to understand where the agency is meeting its targets, where it needs to improve, or where adjustments are required to the suite of performance measures to reflect realities of business and transportation environments, as well as agency and government priorities as they evolve.

Ontario Northland maintains a set of performance measures that effectively monitor its lines of business, meet organizational objectives, and continually improve performance. Each major project is also required to develop a set of performance measures to measure the success of the project and identify corrective measures.

Ontario Northland is undertaking modernization efforts across its business functions and the baseline performance measurements are expected to be defined/redefined through this process, therefore forecasting in the current scenario may lead to inaccuracies. Thus, the performance measurements are currently limited to one year.

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

The following are key performance measures that relate to Ontario Northland's mandate.

### Motor Coach Ridership

FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
254,544	By the end of Q2, ridership had reached 166,230	281,790	167,676
<b>Details:</b> Motor Coach ridership refers to the total number of motor coach passenger tickets for which revenue was realized in the given fiscal year. Ridership in FY2021-22 was low due to the COVID-19 pandemic and has recovered to pre-pandemic levels over the past two years. The target for FY2024-25 was determined to be 254,544 which is more in line with our pre-COVID ridership numbers.			

### Polar Bear Express Passenger Train Ridership

FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
51,307	By the end of Q2, ridership has reached 28,097	46,201	26,299
<b>Details:</b> Polar Bear Express Passenger train ridership refers to the total number of passenger tickets for which revenue was realized in the given fiscal year. Ridership increased significantly from the previous two years as those travelling to and from the communities on the James Bay Coast began to travel again after the COVID-19 pandemic.			

### Motor Coach Fleet Uptime

FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
80%	By the end of Q2, uptime was 94%	94%	91%
<b>Details:</b> This measure represents the percentage of motor coaches that are available for routes or charters, including motor coaches that are sitting idle ready for active service. Motor Coach continues to show improvement in fleet uptime over the past two fiscal periods ensuring motor coaches are available to respond to charter requests and substitute in for coaches that may have mechanical issues enroute. The target of 80% was determined due to wildlife activity increasing the risk of collision events and ongoing challenges with supply chain causing significant delays in receiving parts.			

### Carloads Moved

FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
------------------	-----------------------	-----------	-----------

41,000	By the end of Q2, the number of carloads moved reached 19,140	41,186	40,085
<b>Details:</b> Carloads moved measures the number of customer railcar loads moved in a fiscal year. This number shows that Ontario Northland's rail freight customers continued to demonstrate confidence in our services. As a result of the increase in carloads, there was an increase of revenue. Carloads increased from multiple mining, agriculture and forestry customers. The target was determined based on current trends and past results.			

Rail – Revenue Ton Miles (RTM)			
FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
410,000,000	By the end of Q2, RTMs were 208,126,000	409,624,000	374,863,000
<b>Details:</b> Revenue Ton Miles allows Ontario Northland to measure incremental performance. This measure tracks load versus distance. It's a metric used in the rail industry to measure revenue gained by moving one ton of goods the distance of one mile. RTM is a standard performance measure in the North American rail freight industry.  RTM is a quick reference to measure territory-by-territory or over a timeframe. This measures productivity and indicates where adjustments may be required. Seasonality of traffic and changes in customers or their shipping patterns may be the cause. Adjustment of horsepower required or train frequency should be viewed when substantial changes occur.  For the past three years, Ontario Northland has come close to its target and this year has exceeded it.			

Rail – Slow Order Penalty Minutes			
FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
450	By the end of Q2, 228	374	474
<b>Details:</b> Rail Services tracks the impact of slow orders on performance by determining slow order penalty minutes. Dependent on the grade and curvature of tracks, speed limits are developed. If the condition of the track deteriorates then a slow order is issued for that section of track until it can be repaired. This performance measure tracks the amount of additional time or 'penalty' time that it takes a train to complete its journey as the result of a slow order. These are tracked monthly for every subdivision across the railway. Slow orders are a good measure of the condition of the track infrastructure and the success of capital investment. This measure helps determine where capital investments should be made in the track infrastructure. The lower the penalty minutes, the better the state of good repair is for the infrastructure.  A reinvestment in the capital infrastructure began in 2018-2019 and this performance measure shows the progress in this area.			

### Percentage of Capital Budget Spent

FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
100%	By the end of Q2, 40% of budget has been spent	98%	101%
<b>Details:</b> Ontario Northland has been implementing a full Enterprise Asset Management program which began last fiscal and will continue over the next few years. This program takes into account people, process and technology which will allow Ontario Northland to have better data to make better asset management decisions. Ontario Northland continues to make improvements on state of good repair of assets and invest in expansion assets.			

### Cost Recovery Ratio

FY2024-25 Target	FY2023-24 Achievement	FY2022-23	FY2021-22
62%	By the end of Q2, the cost recovery ratio was 66%	69%	63%
67% excluding Polar Bear Express	By the end of Q2, the cost recovery ratio excluding Polar Bear Express was 74%	75% excluding Polar Bear Express	71% excluding Polar Bear Express
<b>Details:</b> Cost recovery ratio is the ratio of total revenues (excluding operating subsidies, grants, and sale of assets) to total operating costs including corporate allocation (excluding amortization, future employee benefits, accretion and derailment expenses). Cost recovery ratio is used as a key indicator of financial performance and provides an indicative measure of how efficient and how effective the agency operates. This ratio also represents the extent to which the organization's operations are self-funded.			
Ontario Northland is continually working on improving its cost recovery ratio through business efficiency initiatives, optimizing its use of provincial assets and increasing revenue. As Ontario Northland works on modernizing 120+ year old processes/technologies, this will generate large one-time costs, such as for the Enterprise Asset Management (EAM) and Enterprise Resource Planning (ERP) transformation programs, however these programs will result in greatly increased efficiency once in place. Ontario Northland has also undertaken the reinstatement of the Northeastern Passenger Rail.			

### Measures to Develop

As the Ontario Northland performance measures program modernizes, there are additional measures under consideration for development requiring new systems, resources, and processes to capture the supporting information. The following are notable areas of measurement Ontario Northland will work towards within the context of this business plan.

- Performance measures and KPIs of the success factors defined in support of the agency's strategic priorities. To be developed in FY2024-25 to measure progress toward strategic priorities.

- Mobility and geographic accessibility across Ontario Northland's service area, with key focus on Northern Ontario given the distance travelled on routes, population distribution and climate/weather conditions.
- Passenger Travel per coach or passenger hours of travel per total hours of motor coach operation. This will help illustrate efficiency of the motor coach fleet and complements motor coach uptime performance measure.
- Supporting diversity and inclusion and employee development KPIs, such as the number of trainings offered and the number of employees who attended.
- Consideration and investigation of complementary measures that demonstrate value for money and return on investment for key agency performance measures.

## Financial Budget

### Ontario Northland at a Glance

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

The FY2024-25 operating budget includes a planned total subsidy requirement of \$84.6M (including proceeds from scrap sales and principal payments on loan), revenues of \$127.9M and expenses of \$207M. Over the course of the three-year business plan, the operating subsidy requirement increases from \$84.6M to \$94.5M, a 12% increase, which includes implementation of the Enterprise Asset Management program, implementation of the Enterprise Resource Planning transformation program, 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 increases 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.

The projected funding requirements for the Polar Bear Express essential services are \$22.4M (28% 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 land link to the First Nations communities of the James Bay Coast. The Northlander projected funding requirements are \$6.2M (8% of the operating budget) in order 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 \$79.1M.

#### Ontario Northland FY2024-25 to FY2026-27 Fiscal Impact (000's)

Ontario Northland at a Glance	Projected FY2024-25	Projected FY2025-26	Projected FY2026-27
<b>Operating Investment:</b>			
Polar Bear Express (PBX)* Essential Services**	22,364	23,825	26,674

Northlander Passenger Rail Services**	6,211	9,904	19,995
Ontario Northland (excluding PBX)**	50,560	56,003	42,395
<b>Total Operating Investment</b>	<b>79,135</b>	<b>89,732</b>	<b>89,064</b>
<b>Capital Investment:</b>			
Polar Bear Express (PBX) Essential Services	13,117	14,531	10,677
Northlander Passenger Rail Services	205,161	144,715	36,644
Ontario Northland (excluding PBX)	94,724	56,801	47,246
<b>Total Capital Investment</b>	<b>313,001</b>	<b>216,047</b>	<b>94,566</b>
<b>Total Polar Bear Express (PBX) Essential Services Investment</b>	<b>35,480</b>	<b>38,356</b>	<b>37,350</b>
<b>Total Northlander Passenger Rail Services</b>	<b>211,372</b>	<b>154,620</b>	<b>56,639</b>
<b>Total Ontario Northland (excluding PBX) Investment</b>	<b>145,284</b>	<b>112,804</b>	<b>89,641</b>
Foreign Exchange	6,000	6,000	6,000
Proceeds from sale of scrap metal	(679)	(682)	(692)
Principle payments of long-term debt	117	123	129
<b>Total Investment Required</b>	<b>397,573</b>	<b>311,219</b>	<b>189,066</b>
* Polar Bear Express Essential Services include all Rail Freight and Rail Passenger services from Cochrane to Moosonee, including the Cochrane Station Inn hotel.			
**All service lines include corporate allocation in budget.			

## Operating Budget Summary

The development of the FY2024-25 to FY2026-27 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.

<b>Summary Operating Budget - FY2024-25 to FY2026-27</b>			
<b>Revenues (\$000's)</b>	<b>FY2024-25</b>	<b>FY2025-26</b>	<b>FY2026-27</b>
Rail Services	47,614	51,147	51,079
Northlander	-	-	3,456
Remanufacturing and Repair Services	53,263	40,208	4,013
Motor Coach Services	16,340	16,585	16,833
Polar Bear Express Services	10,665	10,652	10,886
	<b>127,882</b>	<b>118,592</b>	<b>86,267</b>

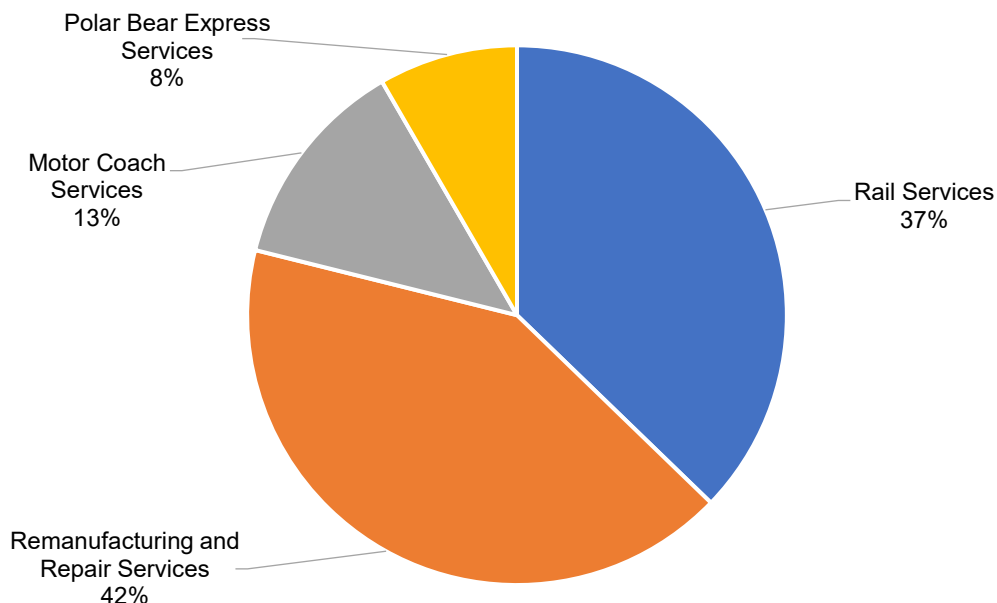


<b>Expenses (\$000's)</b>			
Labour & benefits	101,960	108,689	88,027
Materials & parts	55,727	51,318	31,662
Supplies & equipment	5,250	5,491	5,849
Services	21,329	13,947	17,571
Other	22,751	28,878	32,221
	<b>207,017</b>	<b>208,324</b>	<b>175,330</b>
<b>Total Operating Loss</b>	<b>(79,135)</b>	<b>(89,732)</b>	<b>(89,064)</b>
Foreign exchange	6,000	6,000	6,000
Proceeds from sale of scrap metal	(679)	(682)	(692)
Principle payments on loan	117	123	129
<b>Total Operating Subsidy Requirement</b>	<b>(84,572)</b>	<b>(95,173)</b>	<b>(94,501)</b>
<b>Other expenses:</b>			
Amortization	2,766	2,766	2,766
Amortization of deferred capital contribution	24,056	30,651	43,858
Amortization asset retirement obligation	66	66	66
Write-off assets/inventory	500	500	500
	<b>27,388</b>	<b>33,983</b>	<b>47,190</b>

## Revenues

Total projected revenues for FY2024-25 are \$127.9M.

### Ontario Northland FY2024-25 Projected Revenues by Division



Rail freight revenues are projected to increase by 7% over next three years. New growth is forecasted due to an increase in other rail revenues such as storage and car rental income which will offset the slowdown of current customers. The current focus is on increasing revenue from the mining, forestry, agriculture, and petroleum industries.

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, with any profit directly offsetting overall operating subsidy levels. Over the course of the multi-year plan, RRC revenues are expected to decrease as a large customer contract winds down. The impact of this wind down will decrease revenues by \$49.3M in three years.

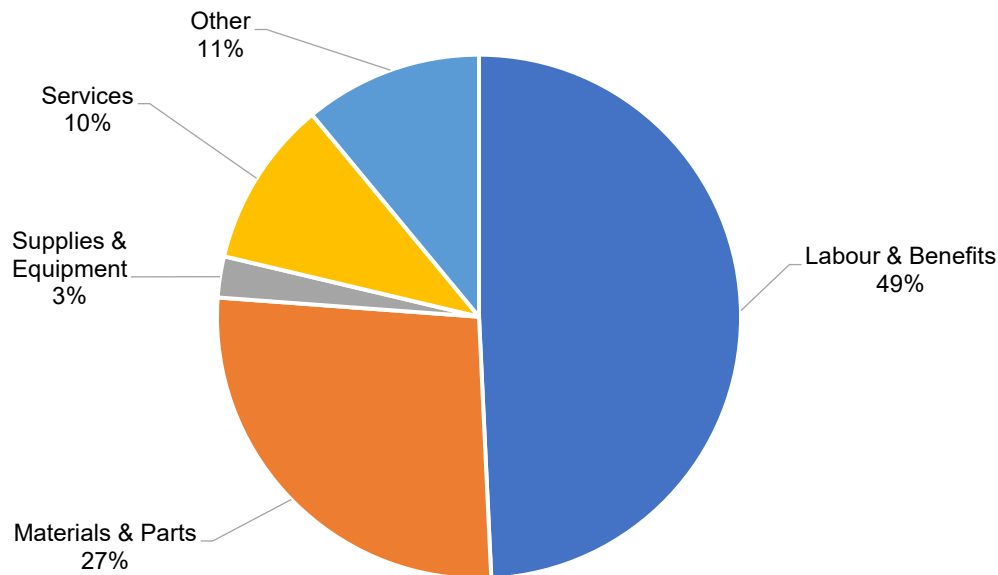
Motor Coach Services has projected revenues to increase over the course of the multi-year plan by 3% with a projected increase to ridership and fares annually throughout the plan. Projected revenues assume a return to full service and ridership and includes all current routes. Motor Coach revenues also includes revenues for bus parcel express services with annual projected increases in parcels carried as well as regular projected increases in rates.

Polar Bear Express Services includes all rail freight and rail passenger services from Cochrane and Moosonee and has projected revenues to increase throughout the multi-year plan by 2%, based on an increase in ridership and a large rail freight project starting in Moosonee for the hospital build.

## Expenses

Total operating expenses for FY2024-25 are projected at \$207M (including the Enterprise Asset Management Program expenses as well as the Enterprise Resource Planning Program).

### Ontario Northland FY2024-25 Operating Budget Projected Expenses



The largest expense in the operating budget is labour and benefits to support operations, which represents 49% of projected expenses for FY2024-25. Total labour and benefits decrease over the course of this multi-year plan by 14% due to a wind down of external contract work.

Another large expense in the business plan is materials and parts making up 27% of expenses. 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 *Key Assumption: Diesel Fuel* section for a fuel assumption/volatility impact table.

Other expenses make up 11% and represent insurance, property taxes, freight car rentals, software fees and travel expenses. Services also make up 10% which includes rail and track testing, vehicle and equipment repairs, and consulting. Finally, supplies and equipment represents 3% of the budget, which includes utilities, general tools and supplies for operations.

Another expense included in the operating budget is the Enterprise Asset Management Program, in the amount of \$4.4M for FY2024-25. This program has now been fully included within the operating budget due to it being a cloud-based software implementation. This will allow the agency to deliver a single information platform for the effective utilization of physical assets across the organization, which will align with Asset Management and transportation industry best practices.

Another initiative included in the operating budget is the Enterprise Resource Planning (ERP) transformation program, in the amount of \$6.2M for FY2024-25. 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 Enterprise Resource Planning (ERP) technology, 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 Ten-Year Capital Plan: FY2024-25 to FY2033-34*

### Overview (Snapshot)

Major assets owned by Ontario Northland:

1. Motor Coaches: 41 in-service coaches
2. Rolling Stock:
  - o 35 locomotives
  - o 15 Polar Bear Express cars including passenger, diner and baggage cars
  - o 253 freight box cars and 302 service cars (gondolas, paper, center beam)
3. Track: 1086 kms (675 miles) of main line track
4. Bridges and culverts: 93 bridges and 2100+ culverts
5. Major buildings: 192 buildings with 58 buildings over 1000 sq. ft.

This year's 10-year capital plan remains focused on delivering the rehabilitation of major capital assets to achieve an appropriate state of good repair across the agency. Starting with the FY2024-25 approved plan as the basis, adjustments were made to ensure assets reach and maintain state of good repair, any new regulatory requirements are met, and a new 10th year of planning was added.

This 10-year capital plan will layout the capital investment needed to improve asset performance and address the growing state of good repair deficit. A portion of the funding is focused on modernization and upgrades. This includes modernization of technology, processes and facilities to meet demand.

Ontario Northland seeks a capital investment by the Province of Ontario of \$1.1 billion over the next 10 years, of which \$646.9M represents ongoing state of good repair investment, building on the approved 10-year plan that started in FY2017-18. 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.

An additional \$419.2M is required to implement the Northlander service, which includes fleet purchase, station infrastructure, and track upgrades.

### *Recommendations for Asset Management*

Ontario Northland divides its capital asset program across the divisions of Rail, Polar Bear Express and Motor Coach Services. A capital asset management strategy and plan are in development, taking the needs of all of Ontario Northland into consideration.

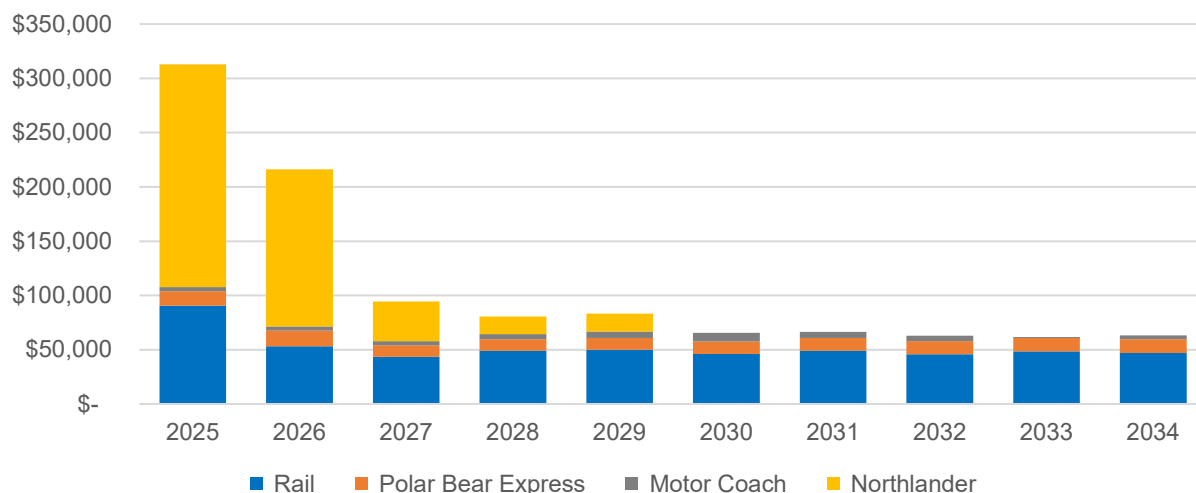
Ontario Northland continues to refine operating and maintenance practices to balance lifecycle costs more efficiently against acceptable risk tolerance by implementing its 10-year asset management plan and improving state of good repair in this planning horizon. While some asset categories have reached 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 be taking 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 across the organization is critical. In FY2021-22, Ontario Northland created the new asset management office, which has overseen the current implementation of the Enterprise Asset Management (EAM) program, and its sustainment going forward. This program not only focuses on implementing improved technology, but improving and standardizing Ontario Northland's processes and procedures. The program includes asset management, inventory management and work management. Motor Coach Services went live with the system in FY2022-23. The roadmap has other Ontario Northland groups to implement and launch Enterprise Asset Management (EAM) over the next few business cycles, integrating lessons learned and process improvements/standardization and necessary configurations. This plan will transform Ontario Northland's entire asset management program.

### *Financial Overview*

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

### 10 Year Capital Plan FY2024-25 to FY2032-34 (000's)



(000's)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Rail	90,742	53,122	43,318	49,033	50,051	46,148	48,995	45,717	48,506	46,893	522,525
Polar Bear Express	13,117	14,531	10,677	10,606	10,921	11,484	11,832	12,117	12,465	12,815	120,564
Motor Coach	3,982	3,679	3,928	4,813	5,642	7,974	5,563	4,960	681	3,438	44,661
Northlander	205,161	144,715	36,644	16,114	16,597	-	-	-	-	-	419,231
<b>Total</b>	<b>313,002</b>	<b>216,047</b>	<b>94,566</b>	<b>80,566</b>	<b>83,211</b>	<b>65,605</b>	<b>66,390</b>	<b>62,794</b>	<b>61,653</b>	<b>63,146</b>	<b>1,106,980</b>

#### Rail

The Ontario Northland annual main track upgrades include on average between 46,000 and 52,000 ties replaced and over 10 miles of rail installed annually. Another upgrade to our infrastructure includes a bi-annual grinding program for 40 miles of track that extends the life of the rail, removing rail surface defects.

In 2000, Ontario Northland stopped the previously harmful practice of burning ties that were replaced. Since then, an estimated one million ties have been replaced, which are currently placed in small piles along the system, which can cause a safety hazard. In FY2022-23 Ontario Northland disposed of 250,000 ties and in the next four years, Ontario Northland is set to dispose of the entire backlog of ties. Included in the plan is \$20.2M to properly inspect and dispose of the rail ties that have been replaced since 2000, and to continue the program going forward to avoid a repeat scenario. The practice of disposing the ties properly when replaced will become the new standard.

Ontario Northland's bridge and culvert repair and maintenance plans have been established and are updated annually. An annual bridge inspection is completed in order to set priorities for bridge repairs with the assistance of an external engineering firm. The engineering firm

inspects, designs and supervises all projects. Increased inflationary pressures have resulted in additional asks for bridge repairs over the next couple of years to the amount of \$7.5M. This will ensure that steel work at a couple locations that are deemed degraded to the point of complete replacement can commence while still maintaining Ontario Northland's bridges to a state of good repair.

Ontario Northland plans to continue rehabilitating the aging rolling stock fleet, including locomotives, boxcars and passenger cars, over the next 10 years. The first round of major locomotive overhauls will be completed by year four and then overhauls on the same locomotives will restart, while 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 emissions outputs. Due to Ontario Northland's extensive expertise in remanufacturing, used locomotives and freight cars are being acquired and then overhauled by Ontario Northland's skilled workforce. These units allow for a cost-effective method to replace rolling stock assets and allow for additional revenue-generating opportunities. In FY2024-25 and FY2025-26, \$4.2M is being requested to increase the fleet by three used locomotives.

A building condition assessment took place in FY2021-22. The assessment provided a detailed breakdown of all of Ontario Northland's buildings and required repairs for the next 20 years. With the completion of the Business Case in FY2023-24, more refined cost analysis is underway to produce 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 time period and transition to a new central maintenance group over a period of two years.

Crossing upgrades to align with Transport Canada's mandate will also be required over the next 10 years. Ontario Northland is requesting a total of \$16.5M and is currently in the process of preparing an application to Transport Canada for federal regulation of railway operations. As part of the transition to federal regulation, Ontario Northland has identified the need for grade crossing upgrades along its corridor to meet federal regulation and improve safety.

Annual investment for Rail averages \$52.3M over the 10-year capital plan.

### *Polar Bear Express*

The Ontario Northland 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 10 years. The rail installed on the Polar Bear Express is relayed from the main system and the actual amount of rail relayed may be reduced if the available rail does not meet safety requirements. Further investment requirements include bridge upgrades and repairs, building upgrades and equipment replacement.

Annual investment level for Polar Bear Express averages \$12M over the 10-year capital plan.

### *Motor Coach*

Ontario Northland plans to continue to invest 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 our motor coach fleet renewed and reliable. Further investment requirements include a motor coach shelter with multiple bus bays and parking upgrades.

Annual investment level for Motor Coach Services averages \$4.5M over the 10-year capital plan.

### *Northeastern Passenger Rail*

Ontario Northland has included in its capital requirements an additional investment of \$419.2M which includes funding for design/engineering, fleet procurement, station and track infrastructure. The service route would support economic opportunities, the tourism industry and improve access to health care, education, as well as other critical services. Ontario Northland continues to work with the Ministry on seeking necessary government approvals to support the next stages of project implementation and seek funding requirements. A joint elimination program, where all the joints between the rail are welded together, has been included under this program, and accounts for \$57.4M of the \$419.2M total ask over the next 10 years.

### Key Assumption: Diesel Fuel

For Ontario Northland's rail and motor coach operations, fuel is a crucial input. 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. Over a 10-year period (2013-2023) year-over-year changes fluctuated from a -23% change to a +70% change. For example, from FY2022-23 to FY2023-24, year-to-date average diesel prices decreased from \$1.68/litre to \$1.36/litre (19%) and unleaded decreased from \$1.67/litre to \$1.63/litre (3%). Should we see a 10% increase, we would be looking at a \$1.6M variance in Motor Coach and Rail; with a 25% increase, it would be a \$3.2M variance. In order to offset these higher expenses, the agency has to generate additional revenue which could lead to increase costs for customers.

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	\$1.36	\$1.41	1,856	\$3,216	\$322	\$643	(\$322)	(\$643)
Rail	\$1.36		7,590	\$11,254	\$1,125	\$2,251	(\$1,125)	(\$2,251)
Operations	\$1.63	\$1.63	975	\$1,293	\$129	\$259	(\$129)	(\$259)
Grand Total			10,422	\$15,763	\$1,576	\$3,153	-\$1,576	-\$3,153



Fuel Price Variance FY2022-23 to FY2023-24		
	Diesel	Unleaded
FY2022-23 Average Price/Litre	\$1.68	\$167.24
FY2023-24 YTD Average Price/Litre	\$1.36	\$162.94
\$ Change	\$(0.32)	\$(4.30)
% Change	-19%	-3%

## Communications

Corporate communications provides a range of services and products that help the agency deliver on its strategic direction in a way that cultivates relationships, trust, and understanding.

Ontario Northland is committed to timely, effective and transparent communications with stakeholders including customers, employees, media, the provincial government, Indigenous communities, local communities and more.

Key communications that Ontario Northland produces include the [www.ontarionorthland.ca](http://www.ontarionorthland.ca), an employee newsletter, a network of digital screens, passenger facing entertainment system with company content and an internal communications app.

Key communications initiatives and programming for this fiscal year include:

**Planning for the Northlander Service:** Marketing and communications planning for pre- and post-service launch of the Northlander will continue this fiscal.

**Improving Digital Tools:** Continue to enhance functionality and content on the Ontario Northland website, including further engagement with the Accessibility Committee and other stakeholders for feedback.

**Expanding *The Company You Keep* Recruitment Campaign:** Continue to build on the success of the existing advertising campaign to create awareness of career opportunities. This fiscal year, the campaign will be expanded to Southern Ontario markets. Ontario Northland will work collaboratively with the municipalities of Cochrane and North Bay to promote relocation to Northern Ontario.

**Promoting Revenue-Generating Services:** Through the planning and execution of the FY2024-25 Ontario Northland Marketing Plan, enhance outreach and visibility to attract new passengers and freight customers. The core focus will be increasing motor coach ridership and creating awareness of the benefits of shipping by rail and promoting repair services.

**Strengthening relationships with Indigenous communities:** Continue to build the Indigenous Relations team and continue conversations with Indigenous communities to better understand transportation needs. Ontario Northland will support ongoing professional development and communications training to enhance staff understanding of reconciliation and the inclusion of Indigenous perspectives related to transportation needs. Ontario Northland will also continue to coordinate Indigenous cultural mindfulness training for internal teams. Work will

also be furthered with Indigenous communities and groups to promote public awareness on human trafficking and sexual exploitation of marginalized groups.

**Increasing Community Engagement:** Expand the community outreach program designed to create awareness about infrastructure, safety, and construction along the rail corridor to include upcoming facilities work.

## Legal Services and Corporate Governance

The Legal Services and Corporate Governance department provides services and support to the board, senior management, operations and external stakeholders.

### Legal Services

The primary work of Legal Services is to provide support for the day-to-day work and initiatives being undertaken by the corporation. The majority of the work involves contract review for all departments and managing litigation and claims.

### Corporate Governance

The Legal Department is responsible for supporting the agency's Board of Directors and providing governance advice to the Board of Directors and the Executive. Included in this responsibility is providing advice regarding conflicts of interest and ethics to the Ethics Executives for the agency and the Board, developing updated corporate documents in consultation with MTO and providing support for the Governance Committee of the Board, including board assessments, roles and responsibility, and training.

### Realty

The Legal Services and Corporate Governance Department manages Ontario Northland's significant realty holdings throughout Northern Ontario, Western Quebec and Eastern Manitoba, which includes Ontario Northland's rail corridor, station grounds, ballast pits and vacant land holdings, as well as the management of 180 buildings. As part of that responsibility, Ontario Northland is reviewing its inventory of realty assets, primarily based on operational requirements. In addition to supporting the realty requirements of the operating divisions, Ontario Northland is responsible for addressing legacy files and other issues on specific realty holdings, including properties in Cobalt, James Bay and Moosonee.

- By FY2024-25, Ontario Northland will be completing the acquisition of land in North Bay for the construction of the North Bay Bypass in support of the Northlander Project.
- Over the next three years, Ontario Northland is planning on acquiring 40 buildings and shelters.

### Information Management

The Information Management Team (IMT) is a cross-functional alliance with representation from Legal Services & Corporate Governance and Information Technology Services (ITS). The IMT coordinates privacy and records and information management (Legal Services), as well as data management, information security and information technology services initiatives across the corporation to ensure that information and data assets are strategically managed to optimize

their value and manage risk. A roadmap to align information and data management with provincial directives and best practices started in FY2023-24 and will continue into FY2024-25.

## Information Technology Services

Information Technology Services (ITS) provides centralized enterprise technology services for all divisions across Ontario Northland. ITS is positioned as a business partner to assist and support Ontario Northland in achieving its goals by providing timely and consistent decision-making tools.

Focused on innovation and continuous improvement, ITS is an integral partner in agency modernization and transformation. As more opportunities to improve the organization present themselves, Ontario Northland has been adding to its ITS portfolio. While the growth and expansion of software solutions has allowed Ontario Northland to expand, there was limited integration of IT systems. This lack of integration has resulted in inefficiencies and risks to services, an expanded support portfolio without additional support staff, and ultimately increased costs.

The ITS department has created an IT strategy and roadmap that considers the current and anticipated needs of the organization, industry trends, current capabilities and regulatory expectations. That five-year road map provides the ITS department with the direction to address urgent technological issues, while also establishing a foundation for organizational growth.

In FY2025-26 and FY2026-27, ITS will continue to introduce several solutions, services and standards aimed at containing expenses, gaining efficiencies and improving productivity, including:

- **Wi-Fi and Infotainment Services on the Polar Bear Express**
  - Connected services, including infotainment and internet access will be introduced aboard the Polar Bear Express. Speed and service availability will depend on the availability, throughput and speed of low earth orbit satellite services introduced in 2024. Services are planned to be released and available in Q1 of FY2024-25.
- **Modernize Business Applications**
  - Modernize core business applications to the latest releases and standards. This includes continuing the migration to the Microsoft Azure Cloud Platform, continuing the migration to Hexagon EAM, and introducing a modern Enterprise Resource Planning (ERP) solution.
- **Enhancing Reporting, Data and Analytics**
  - Establish infrastructure and support model for business intelligence and performance measures programs.
  - Introduction of Microsoft Power Platform (Power BI, Power Automate, Power Apps).
- **Focused Cybersecurity Improvements and Awareness**

- Increase employee awareness of cybersecurity and cyber hygiene through quarterly communications and through the Province's Cyber Security Awareness Month campaign.
- Update IT security and user acceptance policies to align with current trends and industry best practices.
- Administer simulated phishing campaigns, threat analysis and pen testing.
- Inform the Ontario government's Cyber Security Operations Centre of cybersecurity incidents by email or phone.
- **Establish DevOps Lifecycles and Streamline Business Applications**
  - Establish DevOps Standards and Lifecycles for Software and Hardware deployments and updates.
  - Reduce the number of duplicated services and streamline business applications across a similar platform.

## 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.

Our operational teams work with other transportation partners like VIA Rail, Onex (Ontario Express Bus) and Metrolinx to maximize connections to provide seamless transportation services. Making convenient connections is key to preparing for the Northlander passenger rail service and enhancing motor coach services.

Additionally, industry associations are a key third party that helps Ontario Northland continually improve. This fiscal, Ontario Northland will be working with the Ontario Motor Coach Association (OMCA) to create a Charter Agreement to ensure publicly funded transportation agencies do not unfairly compete with privately owned bus companies. The agreement will identify a process where publicly funded transportation agencies may respond to a bus charter request, with the recognition there may be limited exceptions that pre-empt the process. Ontario Northland will engage with MTO on the contents of the Charter Agreement as it is developed.

Ontario Northland will also continue to partner with the Railway Association of Canada and Operation Lifesaver on increasing awareness about rail safety, with a concentrated focus on communications and engagement during Rail Safety Week.

The rail freight division will continue to support and provide planning assistance to the Weeneebayko Area Health Authority in their redevelopment project involving the construction of a new hospital in Moosonee. Much of the material for the new build will be transported by rail. Exploring opportunities to attract new freight customers is one of the strategic priorities for Ontario Northland.

Ontario Northland continually works with northern post-secondary institutions and secondary schools on opportunities to promote transportation careers to students. The Human Resources department will lead this initiative with support from other departments. This is one of the ways Ontario Northland is investing in finding new talent.

The agency is evaluating the return of a holiday train initiative at the request of municipal leaders. If the initiative moves forward, Ontario Northland will partner with municipalities and stakeholders to ensure events are safe, engaging and a responsible use of agency resources. This community event would help strengthen relationships with municipalities and be a promotional opportunity for the future Northlander passenger rail service.