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**THE ORDER-IN-COUNCIL APPOINTMENT OF ALAN SPACEK
TO THE ONTARIO NORTHLAND TRANSPORTATION COMMISSION ***

Prepared for:

Standing Committee on Government Agencies

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INTRODUCTION

This document was prepared to assist Members participating in the Committee's review of the Order-in-Council appointment of Alan Spacek to the Ontario Northland Transportation Commission. It describes the role and operations of the Commission, presents information about the appointee, and suggests possible lines of questioning.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Enabling Statute	Responsible Ministry
<i>Ontario Northland Transportation Commission Act, R.S.O. 1990, c. O.32</i>	Ministry of Transportation
Agency Type	Most Recent Annual Report
Board Governed Provincial Agency	2019-20
Activities of the Commission Members	
Commission Members are responsible for the governance, oversight, and strategic planning of the Ontario Northland Transportation Commission (ONTC). The ONTC's mandate is to provide efficient, safe, and reliable transportation services in Northern Ontario.	
Commission Membership	
Statutory Number of Members: One or more members are appointed by the Lieutenant Governor-in-Council who may designate one member as chair and one as vice-chair. Appointed by Cabinet: 3 Current Members: 3 Term of Office: There is no fixed term of appointment. Remuneration: The chair is remunerated at a per diem rate of \$300 and the members are each remunerated at a per diem rate of \$200. There is no maximum number of days or amount of remuneration.¹	
Position Requirements	
Each member of the Commission conducts themselves with fairness; according to principles of ethical behaviour; exercises prudent, effective, and lawful use of public resources; provides high quality service to the public; and demonstrates openness and transparency to the extent allowed under the law. There is no fixed number of meetings. The board meets as required for the conduct of business.	

¹ [Memorandum of Understanding Between Minister of Transportation And Chair of Ontario Northland Transportation Commission](#), September 2020, p. 25.

OVERVIEW

The Ontario Northland Transportation Commission (ONTC) was established in 1902 as the Temiskaming and Northern Ontario Railway. Its objective was to encourage economic development and settlement in the Northeast through the development of communication links within the North as well as between the North and the rest of the province.

The ONTC provides services including rail freight, motor coach services, the Cochrane Station Inn and other real estate, the Polar Bear Express passenger train, and remanufacturing and repair services for external customers.

In 2019-20 the ONTC fulfilled 52,451 passenger trips on the Polar Bear Express passenger train between Cochrane and Moosonee, 298,532 passenger trips on motor coaches, and 37,230 moved rail freight carloads. The ONTC operates and maintains 25 active locomotives, 35 in-service buses, 1,374 kilometers of track, 461 rail crossings, 90 rail bridges and 508 switches. In 2019-20, the ONTC had 731 employees.²

Recent Developments

- The ONTC introduced a new fare structure for passengers on September 4, 2019. The two fare options are a firm ticket which must be purchased two weeks in advance, and a flex ticket which allows changes up to the date of travel.³
- In April 2020, the ONTC extended its service to Thunder Bay. The new route between White River and Thunder Bay operates return service six days a week.⁴
- In the Spring of 2020, the ONTC issued temporary layoff notices to 25 staff members in North Bay and Cochrane due to a reduction of work from the impacts of the COVID-19 pandemic.⁵
- It has partnered with Metrolinx for integrating with GO Transit travel networks and refurbishment of Metrolinx equipment.⁶
- The Province's [2021 Budget](#) outlines \$5 million to support planning and design work for a potential future passenger rail service between Toronto, North Bay, Timmins, and Cochrane. An initial business case is being drafted by the ONTC, the Ministry of Transportation (MTO), and Metrolinx that is expected to be released in Spring 2021.⁷

² ONTC, [Annual Report 2019-2020](#), p. 3.

³ ONTC, "[Ontario Northland Launches New Pricing Structure for Passengers](#)," August 23, 2019.

⁴ Ministry of Energy, Northern Development and Mines "[Ontario Connecting Communities Across Northwestern Ontario](#)."

⁵ "[Ontario Northland lays off 25 employees](#)," *Northern Ontario Business*, May 6, 2020.

⁶ ONTC, [Annual Report 2019-2020](#), p. 9, and ONTC, "[Ontario Northland Gets Ready for Metrolinx Refurbishment Work](#)," August 7, 2019.

⁷ Stu Campagne, "[Ontario budget includes \\$5 million for 'potential future passenger rail service'](#)," *Elliot Lake Today*, March 29, 2021.

GOVERNANCE

As of April 1, 2020, the ONTC is accountable to the Minister of Transportation for fulfilling its legislative obligations, management of the resources it uses, and its service standards. Previously, the ONTC was accountable to the Minister of Energy, Northern Development and Mines.

The ONTC and MOT have a [Memorandum of Understanding](#) (MOU) that was signed in September, 2020. The MOU reflects the mandate of the agency and the accountability relationship between the ONTC and MOT. It also defines the responsibilities of the Minister, Deputy Minister, Chair of the Ontario Northland Transportation Commission, Commissioners, and the CEO.

The MOU lists 19 different responsibilities for the board, including:

- approving the agency's reports and reviews that may be requested by the Minister from time to time for submissions to the Minister within agreed-upon timelines;
- directing the development of an appropriate risk management framework and a risk management plan and arranging for risk-based reviews and audits of the agency as needed;
- establishing performance measures, targets, and management systems for monitoring and assessing the agency's performance; and,
- providing advice to the government, through the Minister, on issues within or affecting the agency's mandate and operations.⁸

FINANCIAL INFORMATION

The Commission generates revenues from the provision of transportation services. The Commission also receives an annual operational subsidy as well as capital subsidy from the Province of Ontario. The ability of the Commission to continue to offer its services and fulfill its mandate is dependent on the ongoing subsidies it receives from the Province.⁹

Figure 1 provides details of the ONTC's consolidated statement of operations for the two most recently available fiscal years.

⁸ [Memorandum of Understanding Between Minister of Transportation And Chair of Ontario Northland Transportation Commission](#), September 2020.

⁹ Ontario Northland Transportation Commission, [2019-2020 Consolidated Financial Statements](#) (June 26, 2020).

Figure 1: Statement of Operations (\$ Thousands)

	2020	2019
Revenue		
Sales and other	72,673	63,063
	72,673	63,063
Expenses		
Labour and fringe benefits	51,099	49,900
Materials and parts	17,770	16,824
Services	7,196	7,323
Supplies and equipment	4,264	4,144
Other	16,297	16,100
Interest on long-term debt	74	105
Loss (gain) on sale of capital assets	520	(1,505)
Amortization of capital assets	19,728	19,144
Employee future benefits	18,435	57,766
	135,383	169,801
Government Funding		
Government Operating Contributions	45,729	45,569
Amortization of deferred capital contributions	14,052	12,497
	59,781	58,066
Deficiency of revenues over expenses for the year	(2,929)	(48,672)

Source: ONTC, [Consolidated Financial Statements 2019-2020](#), p. 7.

Due to emergency government measures introduced to respond to the COVID-19 pandemic, the ONTC has encountered reduced revenue and increased operating expenses. Some of the specific impacts have been:

- decreased freight carloads rail traffic;
- motor coach service was reduced effective March 25, 2020, with further scheduled reductions effective April 26, 2020;
- Cochrane Station Inn hotel was temporarily closed effective March 25, 2020;
- Polar Bear Express passenger train was temporarily suspended effective April 7, 2020; and
- increased operating costs due to sanitation and social distancing protocols.

According to the [2019-2020 Consolidated Financial Statements](#), “the shortfall caused by these factors are expected to be funded, in part or in full, by the Ministry.”¹⁰

¹⁰Ibid, p. 31.

THE WITNESS

The witness, of Bowmanville, is seeking appointment as a part-time member.

According to information provided by the Office of the Premier, Alan Spacek serves as a member (part-time) for the Kapuskasing Police Services Board, and a member (part-time) for the Municipal Property Assessment Corporation. He is President of Spacek's Ltd., and was formerly the Mayor of the Town of Kapuskasing from 2007-2012.

POSSIBLE QUESTIONS

What has motivated the witness to seek this appointment?

What is the witness's understanding of the COVID-19 pandemic challenges faced by Ontario Northland Transportation Commission?

What particular skills or interests does the witness bring to the Ontario Northland Transportation Commission?