

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: May 11, 2011

SUBJECT: ADDITIONAL COMMISSIONERS

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission:

- (1) endorse the concept that the two additional Commissioners City of Toronto Council will appoint be private citizens in accordance with the criteria set out in this report; and,
- (2) approve forwarding this report to the City of Toronto City Manager for consideration when the new appointees are recommended to City Council for approval.

BACKGROUND

At its meeting of April 12/13, 2011, City Council adopted the following motion in connection with report EX4.7: Amendments to Public Appointments Policy:

“Unless their membership is established by legislation or shareholder direction, City Council set the membership for all City agencies, boards, commissions and corporations at a minimum of 11 members:

- a. at least 3 of whom shall be Members of Council, appointed by City Councils; and
- b. 1 of whom shall be the Mayor or a designate appointed by the Mayor.”

In addition, at its meeting of April 12/13, 2011, City Council adopted in connection with report EX4.6: Managing Through Agencies and Corporations that the City Manager continue to review agency governance structures focusing on key opportunities for improvement, the implementation of accountability mechanisms and a review of human resources practices.

DISCUSSION

Best practice in corporate governance has evolved to the point where the board of directors of a corporation need a broad scope of experience and expertise to ensure proper oversight and policy direction. The Toronto Transit Commission has approximately 12,000 employees, carries over 480 million riders annually, has an operating budget in excess of \$1.4 billion, a capital budget of approximately \$900 million and has carriage of other massive rail transit expansion projects. The TTC has a huge economic impact on the City of Toronto and the GTA. It is the hub of the public transit network for this region. Long-term planning, sound transit policies and solid governance practices are required to help steer this large complex organization.

Given the above, the TTC should have a board of directors with a wide variety of skills and experience. On most boards for major corporations, accounting/financial and legal expertise would be routine. Accountants for example are often members of Audit Committees and the head of a litigation committee would routinely be a lawyer. In addition to legal and financial expertise, and given the nature of the TTC business, it would make good sense to have the following additional skills resident on the board in some form: (1) executive level engineering or construction skills to support the extensive capital program the TTC undertakes on a regular basis, (2) customer service experience to support the Commission's major customer service initiatives, (3) experience with a major transportation or rail service corporation, (4) experience in a major manufacturing or heavy maintenance organization, (5) urban planning or transit planning experience and (6) experience with information technology support to an organization. Often, representation from the organization's customer base and other stakeholders have some form of representation, either through direct representation on the board or in some sort of advisory capacity like ACAT, the TTC's Advisory Committee for Accessible Transit, to represent the needs of persons with disabilities.

In addition to the skill set mentioned above, the candidates for these positions should possess both extensive and relevant corporate director experience and/or professional director qualifications. Examples of such professional qualifications would be the Chartered Director designation from The Directors College or the ICD.D certification from the Institute of Corporate Directors. The City of Toronto is developing guidelines for directors of City agencies and the TTC will adopt those guidelines for the private sector Commissioners once they are established.

A mix of private sector directors and City Councillors would ensure appropriate public accountability and responsibility, as well as the requisite skills and experience.

JUSTIFICATION

City Council has adopted a policy to require the size of City agency boards to be at least 11. This represents an opportunity to introduce the concept of professional private sector

directors or Commissioners. Given the size, complexity and importance of the TTC to the City of Toronto, every avenue to enhance the governance of the TTC should be examined, including this one. While the City of Toronto Council will make the ultimate decision on whom the two new Commissioners will be, this report represents an opportunity for the Commission to express its views on the preferred qualifications of the two new Commissioners to be appointed.

May 2, 2011
1-15-14