

# ON COURSE FOR THE FUTURE

2013-2014 Annual Corporate Summary



The St. Lawrence  
Seaway Management  
Corporation

Corporation de Gestion  
de la Voie Maritime  
du Saint-Laurent

# THE GREAT LAKES/ SEAWAY SYSTEM



- Supports 227,000 jobs and \$35 billion in economic activity<sup>1</sup>
- Saves shippers \$3.6 billion in transportation costs<sup>2</sup>

1 The Economic Impacts of the Great Lakes – St. Lawrence Seaway System, Martin Associates (October, 2011)  
Full Study at: [www.greatlakes-seaway.com](http://www.greatlakes-seaway.com)

2 Great Lakes Navigation System: Economic Strength to the Nation, U.S. Army Corps of Engineers (January 2009)

••• The Great Lakes/Seaway System extends 3,700 kilometres from the Atlantic Ocean to the head of Lake Superior.

● The St. Lawrence Seaway's 15 locks connect the lower St. Lawrence River to the Great Lakes.

🇨🇦 Administered by the St. Lawrence Seaway Management Corporation

🇺🇸 Administered by the Saint Lawrence Seaway Development Corporation

⚓ Major Ports

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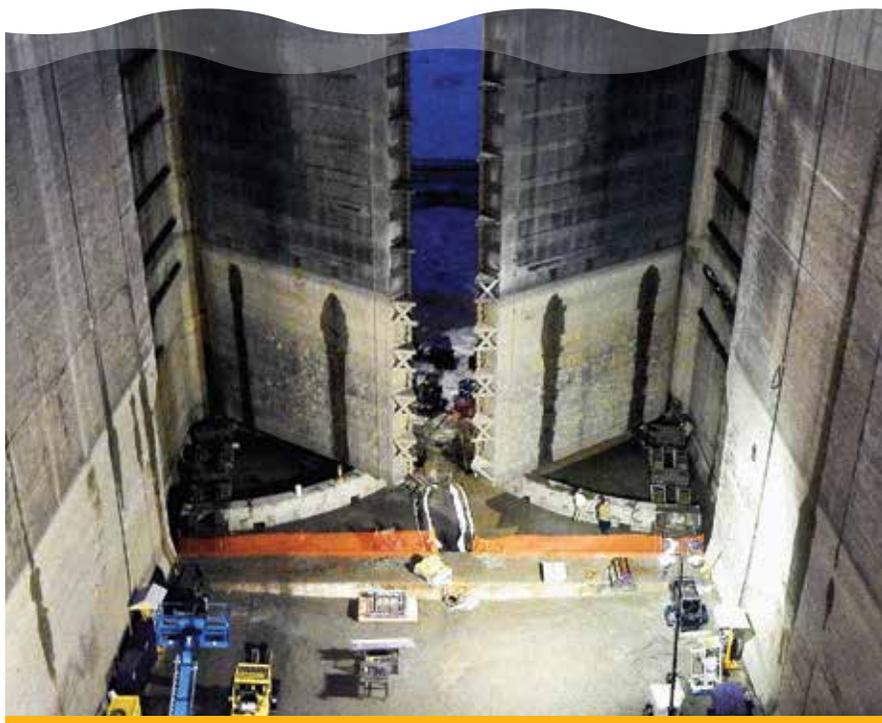
# ON COURSE FOR THE FUTURE

## 1 MODERNIZING SEAWAY OPERATIONS

To transform Seaway operations, and bring about increased operating efficiency, all high-lift locks are in the process of being converted to Hands Free Mooring (HFM). Once a transition is made to remote operation, locks will be principally run from the Operations Control Centres.

## 2 INVESTING IN ASSET RENEWAL

The St. Lawrence Seaway Management Corporation is investing \$395 million in asset renewal over the course of five years (concluding in 2018). Consistently exceeding 99%, the Seaway's exceptional reliability is vital to the Great Lakes/Seaway System. Cargo travelling over the System supports 227,000 jobs and \$35 billion in economic activity every year.



## 3 WELCOMING \$1 BILLION IN NEW SHIPS

Carriers are displaying a strong vote of confidence in the Seaway's future by investing \$1 billion in new ships built specifically for use in the St. Lawrence Seaway. Compared to other modes of transportation, the new ships offer the most sustainable means of moving cargo, providing superior fuel efficiency and a very low carbon footprint.





## VISION

The SLSMC and its partners... an essential transportation system for the 21<sup>st</sup> century.

## CORPORATE GOALS AND DESIRED OUTCOMES

### BUSINESS GROWTH

Increase the benefits—economic, social and environmental—provided by marine transportation, by making optimal use of the Seaway's locks and channels

### OPERATIONAL EXCELLENCE

Ensure that all Seaway users enjoy safe and reliable service, enabling them to efficiently perform their transportation activity

### HIGH PERFORMANCE WORKFORCE

Create an environment leading to a skilled, engaged, and versatile workforce that is accountable for personal success and business results

### STAKEHOLDER ENGAGEMENT

As stewards of a shared resource, align all stakeholder views as to how the Seaway can effectively support economic, social, and environmental interests

### FINANCIAL SUSTAINABILITY

Manage resources for optimal use, while minimizing costs to the users and owners of the system

The St. Lawrence Seaway Management Corporation (the “SLSMC” or the “Corporation”), the successor to the St. Lawrence Seaway Authority, was established in 1998 as a not-for-profit corporation by the Government of Canada, Seaway users and other key stakeholders. In accordance with provisions of the Canada Marine Act, the Corporation manages and operates the Canadian assets of the St. Lawrence Seaway, which remain the property of the Government of Canada, under a long-term agreement with Transport Canada.

## MISSION

We pass ships through a safe and reliable waterway system in a cost-effective, efficient and environmentally responsible manner for the benefit of all our stakeholders today and into the future.

## OUR VALUES

### SAFETY, RESPECT, OPENNESS, INTEGRITY AND INNOVATION

The Corporation has:

- 1 an excellent safety record;
- 2 a dedicated professional workforce that prides itself on providing excellent customer service;
- 3 high-quality traffic management, using automatic vessel identification and real-time tracking;
- 4 a reliable operation, with system availability consistently above 99.0%;
- 5 the ability to handle large vessels measuring up to 225.5 metres in overall length, 23.8 metres in beam and 8.08 metres in draft;
- 6 ISO 9001:2008 certification for the operation and maintenance of the Canadian sectors of the St. Lawrence Seaway;
- 7 joint Canadian and U.S. government inspections at entry, thus eliminating duplication, including ballast water inspections which mitigate the spread of invasive species into the Great Lakes/St. Lawrence Seaway System and;
- 8 a bi-national [www.greatlakes-seaway.com](http://www.greatlakes-seaway.com) website, serving as the most comprehensive single source of Great Lakes/St. Lawrence Seaway information, with real-time navigation data, links to government and commercial marine transportation sites, pleasure craft resources, and a suite of e-business services.



# PRESIDENT'S MESSAGE

*On Course for the Future*, the title of this year's report reflects our belief that the strides we are making are leading to a more prosperous future for The St. Lawrence Seaway Management Corporation and its employees, and for the marine industry as a whole. The Corporation's modernization program,

combined with the Corporation's asset renewal program, entail a total investment of almost \$500 million. The end result will be a St. Lawrence Seaway that continues to serve as a highly efficient, safe, and dependable transportation artery for decades to come.

The difficult winter that we experienced in 2013/2014 will likely stand in the record books for some time. It started early, and we were quickly faced with severe ice conditions. As a result, the Seaway stayed open until January 1, 2014, in order to enable all vessels to complete their transits. This closing represents the latest closing date ever, and at 286 days, the Seaway recorded its longest navigation season.

Even with the more severe winter and the extensive ice cover found throughout the waterway, the Seaway re-opened on March 28th, only six days later than in 2013 when conditions were much milder. Though shipping was challenged through the first few weeks of the season, we wish to commend the extraordinary efforts of Seaway staff, the marine industry and, in particular, the dedication and perseverance of the Coast Guard, who did an exceptional job of clearing ice and escorting commercial vessels.

Operationally, the Seaway recorded another strong performance last year, with system availability exceeding 99%. Added to this, we significantly improved vessel damage rates compared to the previous year. Transit time standards were met in the Niagara Region; however, we were above target in the Montreal/Lake Ontario Region due, in large part, to the early and extreme weather conditions faced during the closing period.

A major milestone reached during 2013/2014 was the installation of Hands Free Mooring (HFM) units at one lock in Beauharnois, Quebec, and having the lock declared operational. Processing ship transits via the use of HFM equipment is now the standard operating practice at this lock. We also received Transport Canada's approval to move forward with the installation of HFM equipment at the Seaway's other high-lift locks, and civil work on three of these locks took place during the winter in preparation for the installation of the equipment during the 2014 navigation season. By the end of the current five-year business plan in 2018, all high-lift locks will be operated via HFM equipment. In addition, the U.S. Saint Lawrence Seaway Development Corporation will also be installing HFM equipment at their locks during this time frame.

One area in which more effort will be expended during the coming year concerns safety. Although there were no major injuries during the 2013/2014 fiscal year, our overall number of lost-time incidents

increased, which is a matter of concern. It is fair to say that an increased level of awareness concerning safety, and extra care in executing tasks, is required from all employees. Programs are currently being introduced with the aim of achieving our target of "o" incidents, thus ensuring that all employees get home safely every day.

Now, I wish to address our traffic and financial results. The 2013 navigation season fell short of expectations in terms of cargo volumes. Our initial forecast for the year was based, in part, on the strong surge in traffic that we enjoyed at the close of the 2012 season. Little did we know that the economic recovery would continue to be fragile, and that U.S. government budget battles would exert a chilling effect on infrastructure projects. We also witnessed some reorganization within global supply chains, which adversely impacted the flow of certain commodities within the Seaway. Last but not least, the severe weather during the closing period meant that some planned shipments, particularly grain, did not take place.

As a result, we finished the year with 37 million tonnes of cargo, compared to the previous year's total of 39 million tonnes. After a 3% increase in rates, toll revenue came in at \$63.3 million, compared to \$66.6 million in the previous year. Overall, while we were hopeful at the outset of last year that we would be able to cover all of our operating costs, the lower than expected tonnage results did not enable us to do so, and we ended the year with a deficit (on an operating revenues / costs basis) of \$3.7 million.

On the expense side of the ledger, "Salaries and Benefits" experienced a sharp rise due to a \$2.0 million increase in the mandated cash contribution to the pension plan. We also faced an increase in "Other Expenses" due to the harsh winter conditions that we experienced at the closing of the navigation season. The mandated pension contribution was somewhat offset by a strong performance in pension plan investment returns, which resulted in non-cash credits increasing by \$5.4 million, when compared to the prior year. Overall, these changes had the effect of reducing Total Manageable Costs to \$70.5 million from \$72.5 million in the prior year. However, we cannot formulate plans on the basis of pension investments realizing a similar performance going forward, given the volatile and unpredictable nature of the financial markets.



I am pleased to note that we continued to exercise great discipline over our operational activity, and in the execution of our asset renewal projects. For example, we recovered certain expenses that were incurred due to late-transit agreements, and we were successful in reducing our insurance premiums by negotiating a reduction in the amount of insurance coverage that the Government of Canada requires us to carry. In addition, asset renewal spending came in at \$90.3 million, compared to an authorized limit of \$95.6 million, due to better than expected contract prices for civil work and unspent contingency allowances.

For 2014/2015, our current forecast is to handle some 38 million tonnes of cargo, which combined with a 2.5% increase in our toll rates, points to an improved yet still fragile financial outlook. Growth in both the North American and European economies gives us reason for renewed optimism. We also know that the carryover in grain from last year's record harvests must now be exported, so we expect this market segment to be strong.

In the years ahead, a free trade agreement between Canada and Europe should provide opportunities for increased tonnage. The new Cleveland-Europe Express Ocean Freight Service, which just got underway in 2014, offers regular, scheduled international service between the Great Lakes and Europe. Furthermore, as emerging markets in Asia, South America, the Middle East and Africa continue to grow, I believe the Seaway will play a very important role in enabling Canadian and American businesses to diversify their trading relationships. To this end, we are continuing to diligently pursue various market development efforts. We jointly market the Great Lakes/Seaway System with the U.S. Saint Lawrence Seaway Development Corporation, carriers, port authorities, and logistical firms under the Highway H2O banner.

The vessel at this year's opening ceremony was the *Algoma Equinox*, the first of eight ships Algoma Central Corporation has on order. Equipped with state-of-the-art engines, the *Algoma Equinox* carries cargo with 45% greater fuel efficiency than its predecessors, while eliminating 97% of sulphur oxide emissions thanks to its onboard exhaust scrubbers. Algoma is one of several carriers investing in vessels designed specifically for Seaway transits, and this is an encouraging sign of their confidence in the long-term sustainability of our waterway.

I want to conclude by saying that the Corporation's investments in asset renewal and modernization, combined with the strong level of fleet renewal, are serving to put the St. Lawrence Seaway well "On Course for the Future".

Terence F. Bowles  
President and C.E.O.



# BUSINESS GROWTH

Traffic on the St. Lawrence Seaway continued to be tested by a sluggish economic recovery and structural changes in key markets that adversely impacted tonnage volumes. Bulk cargo remains the dominant source of traffic for the Seaway.

As a consequence of globalisation, and the resulting shifts within trade patterns for key bulk commodities, the Seaway needs to be highly adaptive in terms of both its operating strategy and its pursuit of new cargoes. The Corporation continues to actively seek out and develop opportunities in both traditional and new markets. Using the Highway H<sub>2</sub>O marketing initiative, the Corporation collaborates with a broad number of Seaway stakeholders to promote the Seaway and gain new cargoes.

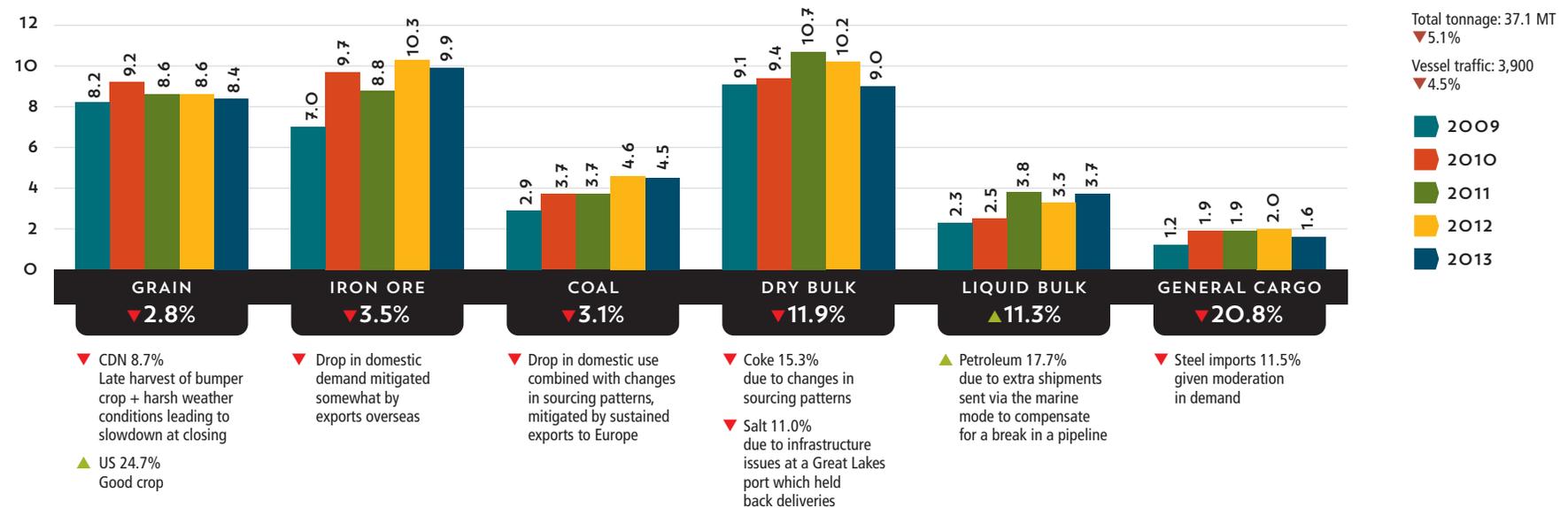
# TRAFFIC RESULTS

Combined Seaway traffic for 2013 totaled 37.1 million tonnes, a decrease of 5.1% or two million tonnes when compared to 2012. Sluggish economic conditions and changes in the steel industry had a considerable impact on Seaway tonnage. The reduction in tonnage was accompanied by a 4.5% reduction in vessel traffic.



## TRAFFIC RESULTS (COMBINED)

(total cargo in millions of tonnes)



# NEW BUSINESS AND INCENTIVE PROGRAMS

The New Business Incentive and Service Incentive programs continue to generate interest from current and potential customers. Interest in the Volume Incentive has recently picked up as business conditions improve. In addition, a new Gateway Incentive has been authorized. This initiative, when introduced, has the potential to serve as a catalyst in attracting business from competing transportation gateways.

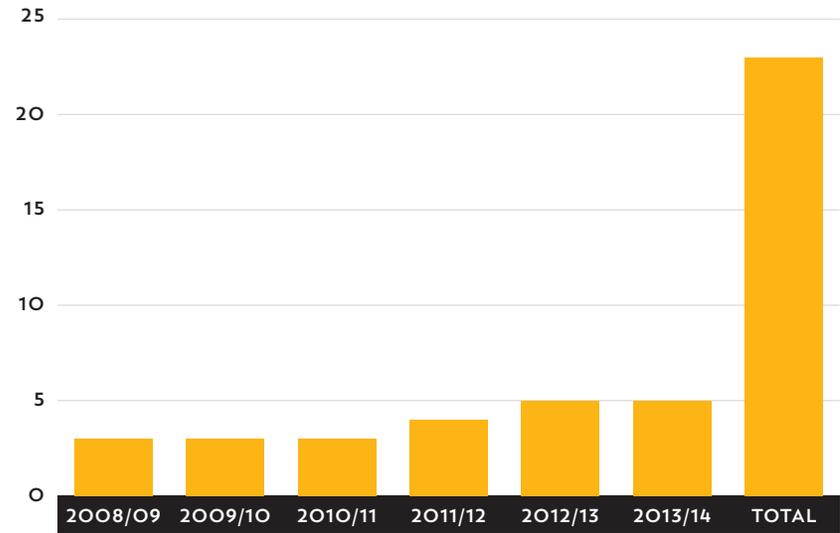
During 2013, the New Business Incentive program, which offers rebates for “new” cargo movements (defined generally as new origin/destination combinations for existing cargo, or cargo that has not been shipped via the Seaway over a specified time period) attracted 92 applications, of which 81 were approved.

A total of 296 movements of new business, with corresponding volumes of 3.5 million tonnes, were recorded in 2013. This was led, primarily, by movements of coal bound for export to overseas markets.

Revenues attributable to the New Business Incentive program amounted to \$4.9 million in 2013. Over the past six years, the Corporation gained \$22.5 million in revenue through this program.

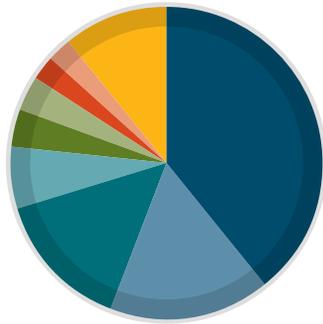
## NEW BUSINESS REVENUE

In millions of dollars

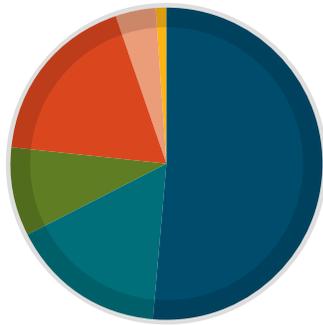


## NEW BUSINESS RESULTS

Total tonnage: 3.5 MT  
Shipments: 296



BY COMMODITY (TONNES)



BY TRADE (TONNES)

## SEAWAY TOLLS

The Corporation announced in late 2013 that toll rates for the 2014 navigation season would increase by 2.5%. The Corporation's various toll incentive programs remain in effect and will be augmented by the newly-authorized Gateway Incentive.

**HWY H<sub>2</sub>O**

**SAVE UP TO 40%**

**The Discounts Just Got DEEPER with the Service Incentive Program!**

If you Qualify as New Business on the Seaway you can save up to 20% on tolls. Carriers who also qualify as a New Service on the Seaway could save up to an additional 20% for a 40% total savings on tolls!

These add to the savings of shipping via the Great Lakes St. Lawrence Seaway System.

Visit our website for details or call Market Development at 905-641-1932 x5438  
[www.hwyh20.com/tollincentives.html](http://www.hwyh20.com/tollincentives.html)

## BI-NATIONAL JOINT MARKETING PLAN

Market Development Teams from both The St. Lawrence Seaway Management Corporation and the U.S. Saint Lawrence Seaway Development Corporation continue to work together to jointly create and implement strategic initiatives. These include developing ways of attracting new business to the Seaway, and strategies focused on how to maintain and build market share for cargoes, such as grain.

## HIGHWAY H<sub>2</sub>O BUSINESS DEVELOPMENT ACTIVITIES

The Corporation continued with its “GO H<sub>2</sub>O” themed advertising campaign. Various key messages in the ads highlight why the Seaway is an attractive transportation system for the shipment of bulk and breakbulk cargoes. In addition, ads focusing on the toll incentive programs have been added to the promotional mix to remind customers that the Seaway is highly competitive.

The Highway H<sub>2</sub>O website was updated to include a “Customer Centre”. Within this area, information is provided on the Corporation’s various toll incentive programs. In addition, the centre provides access to a Tolls Calculator, a Route Calculator, and information on Water Levels. An added feature is the Listings for Scheduled Services, whereby carriers can publish their schedules for ports of call within the Great Lakes. Additional information will be added, as feedback comes in from Highway H<sub>2</sub>O members.

The Highway H<sub>2</sub>O Twitter account, @hwyh2o, has generated interest from the maritime community, and from potential customers. The account has attracted 449 followers, and has tweeted more than 900 messages since its inception in 2011. Twitter has proven to be an effective tool to reach potential customers, the general public and Highway H<sub>2</sub>O members. Tweets are used to encourage followers to visit the Highway H<sub>2</sub>O website for more detailed information on the Seaway.

On June 19, 2013, an online load centre workshop “Webinar” took place. Having it set up as a Webinar allowed more overseas entities to participate in the workshop. Participants discussed the potential of creating a Load Centre Port in the U.S. Midwest.



## CONFERENCES AND EXHIBITIONS

The 9<sup>th</sup> annual Highway H<sub>2</sub>O Conference took place November 13-14, 2013, in Toronto. The conference's theme was "The Global View - Adapting to Changing Markets". During the course of the two-day conference, insights were shared on economic and cargo trends, research conducted by the Highway H<sub>2</sub>O Advisory Council, infrastructure developments that may encourage new business opportunities, and innovation taking place within the global maritime industry.



Speakers at the 9<sup>th</sup> Annual Hwy H<sub>2</sub>O Conference (left to right): Benoit Nolet, Manager, Transit of the Future for The St. Lawrence Seaway Management Corporation; Martin T. Hettel, Senior Manager of Waterway Regulatory Programs, AEP River Operations; Erich Staake, President & CEO, Duisport; Maria Eugenia de Sánchez, Senior International Trade Specialist, Segment Leader Dry Bulk, Office of Executive Vice Presidency of Planning and Business Development, Panama Canal Authority; Hazem Ghonima, President, TAF Consultants.

The conference attracted a record 149 delegates, and a record amount of sponsorship support.

In concert with other Highway H<sub>2</sub>O Port Partners and Members, the Corporation's Market Development Team also participated in a number of transportation events during the year. Utilizing the Highway H<sub>2</sub>O trade show booth, participants raised awareness of the Great Lakes/Seaway System at breakbulk conferences and exhibitions held in Antwerp and in New Orleans, as well as at the inaugural Cargo Logistics Canada Expo & Conference held in Vancouver.



Participants at the Breakbulk Americas 2014 Exhibition (left to right): Tim Heney, CEO, Thunder Bay Port Authority; Bruce Hodgson, Director, Market Development, The St. Lawrence Seaway Management Corporation; Ron Johnson, Trade Development Director, Duluth Seaway Port Authority; Vince D'Amico, Manager Market Development, The St. Lawrence Seaway Management Corporation.

Vessel secured with Hands Free Mooring equipment  
at Beauharnois Lock 4 (no tie-up lines required)

# OPERATIONAL EXCELLENCE

The Corporation and its employees excel in moving cargo efficiently, by passing ships through a safe and reliable waterway, in a cost-effective manner. The Corporation's operations are now entering into a transformational phase, as implementation of the modernisation program (including Hands

Free Mooring) takes effect. The ensuing changes to the methods by which a vessel transits a lock will enable the Corporation to orchestrate gains in operating efficiency, safety, and vessel transit times. These gains will provide the means of ensuring the St. Lawrence Seaway's long-term sustainability.

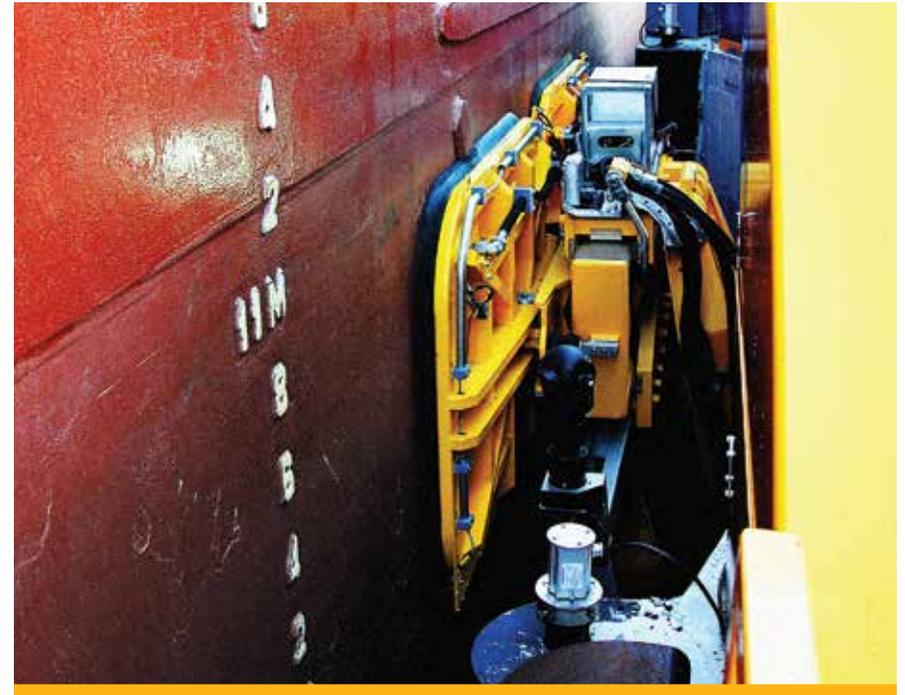
## MODERNIZATION PROJECT

The Corporation's Hands Free Mooring (HFM) program represents the greatest transformational change affecting vessel transit operations since the Seaway's initial construction during the 1950s. In December, 2013, the Corporation received approval to move forward with its plans to equip all high-lift locks with three double-pad mooring units.

Hands Free Mooring, as the name implies, enables ships to be secured for a lock transit, without the use of traditional wire or rope mooring lines and the requisite manual labour. Once a ship enters and stops in the lock chamber, each HFM unit extends from the wall to reach the ship's hull, and then proceeds to vertically position its pads in order to attach to a smooth area on the hull's surface. Once attached via vacuum suction, the HFM units serve to secure the vessel. As the water level in the lock begins to rise or fall, the HFM units continue to keep the ship secure, gliding up or down on rails within the tracks recessed within the lock's concrete wall. After the vessel has been raised or lowered, the vacuum suction is released, and the pads retract. The ship is now free to exit the lock. By 2018, all of the Seaway's high-lift locks will be equipped with HFM units.

In concert with installation of HFM units, automation of the transit process will gradually take place. Automation will require the stitching together of key sequences within the transit process, and includes the goal of operating the HFM units by remote control from the Seaway's various Operating Control Centres.

As a supportive element within the lock automation process, the Corporation's Vessel Self-Spotting (VSS) technology is being refined. During the last month of the 2013 navigation season, a VSS software upgrade was deployed at all locks. In addition, the automated messaging system (which is broadcast over VHF radio) was enhanced. Work is now underway to complete the installation of automated



HFM vacuum pads attached to vessel's hull

radio messaging at all locks. In 2013, over 90% of Seaway ship transits qualified for VSS tracking of their position, as they entered a lock.

Full implementation of lock automation will occur only after the conclusion of the HFM project in 2018. To facilitate this work, close collaboration is taking place between the Corporation's engineering team, operations team, and various members of the marine transportation industry.

The modernisation project will transform Seaway lock operations, and lead to increased operating efficiency, which is essential to the Seaway's long term sustainability. Modernisation will also lead to faster lock transits and a safer work environment for all concerned.

## LENGTH OF NAVIGATION SEASON

The St. Lawrence Seaway opened its 55<sup>th</sup> navigation season on March 22, 2013. The entire system, which is comprised of the Montreal/Lake Ontario (MLO) Region and the Niagara Region, remained open for a record 286 days. The last vessel transit in each region occurred on January 1, 2014.

The closing date for the MLO Region was originally planned for December 30, 2013; however, the unusually cold weather brought about transit delays, necessitating an additional two days of operation. Diligent work by the Corporation's personnel, and by teams within all sectors of the marine industry, ensured a safe and successful closing.



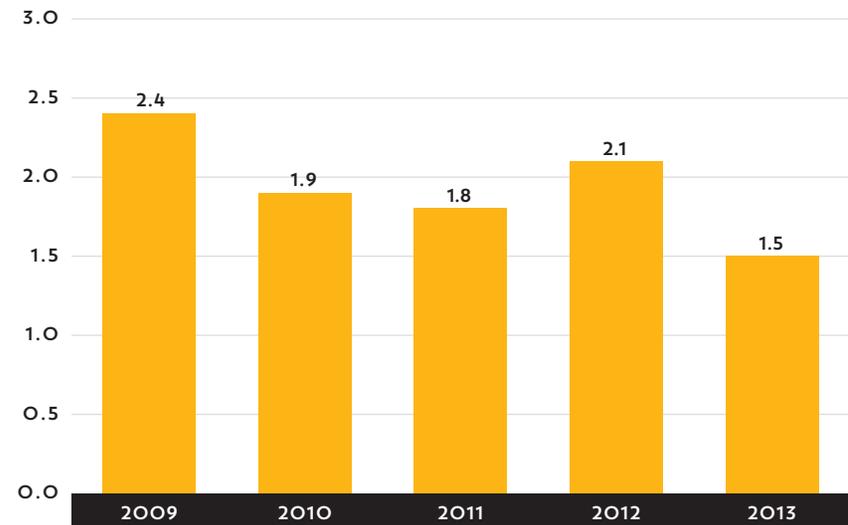
## MARINE SAFETY AND SECURITY

During the 2013 navigation season, there were 9 incidents in which damage to a vessel occurred, comprised principally of vessels coming into contact with walls, wharfs, and canal banks. This translates to a rate of 1.5 incidents per 1,000 transits and represents a significant improvement from the rate incurred in the previous year.

The marine mode of transportation continues to be the safest and most reliable means of moving cargo. A recently published study concluded that “Great Lakes-Seaway ships operating in Canada and the U.S. carried more than 1.5 billion metric tonnes of cargo over the 10-year period (2002 to 2011) without any accidents negatively impacting public safety”. The study’s analysis pointed out that “the rate of

### VESSEL INCIDENT RATE

(Number of Incidents per 1,000 Transits)



transportation-related injuries per 100 tonne-km for marine vessels in this region is 17 times lower than the national rate for Canadian freight railways and 70 times lower than U.S. Class 1 freight railways”. (Source: Safety Profile of the Great Lakes-St. Lawrence Seaway System, March 2014, Research and Traffic Group)

## EMERGENCY PREPAREDNESS

Throughout 2013, the Corporation continued its emphasis on emergency preparedness by providing its employees with the knowledge required to effectively handle a broad range of potential situations. Exercises were held to test the emergency response plan, and further the training of personnel.

- In March, operations personnel in the MLO Region participated in various emergency scenarios at the Region’s Operations Control Centre (OCC) in preparation for the opening of the navigation season.
- In October, Emergency Response Team members from the MLO Region participated in a “table top” emergency exercise which enabled the key players to become more familiar with their various roles and responsibilities.
- In December, the Niagara Region conducted an internal “table top” exercise to simulate the impact, should the Region’s OCC need to be evacuated. This permitted an assessment of the staff’s ability to quickly mobilize the resources required to create an offsite OCC, and continue managing Seaway operations from the offsite location.

These exercises ensure that the Corporation’s staff can identify and correct potential weaknesses in the Emergency Response Plan, and reinforce their skill set such that, in the event of an actual emergency, they will be able to respond in an optimal manner.



Niagara Region’s Operating Control Centre

## BALLAST WATER MANAGEMENT

The Great Lakes Seaway Ballast Water Working Group (BWWG) is comprised of representatives from the United States Coast Guard (USCG), the U.S. Saint Lawrence Seaway Development Corporation (SLSDC), Transport Canada - Marine Safety & Security (TCMSS), and the Canadian St. Lawrence Seaway Management Corporation (SLSMC). The group’s mandate is to develop, enhance, and coordinate bi-national compliance and enforcement efforts to reduce the introduction of aquatic invasive species via ballast water and residuals.

In 2013, 100% of vessels bound for the Great Lakes Seaway and originating from outside the Exclusive Economic Zone (EEZ) received ballast water management tests. In total, the examination of 371 vessel transits resulted in the assessment of all 6,803 ballast tanks onboard. In addition, 100% of ballast water reporting forms

were screened to assess ballast water history, compliance, voyage information and proposed discharge location. Any vessels that had not exchanged ballast water or flushed ballast tanks were required to either retain the ballast water and residuals onboard, treat the ballast water in an environmentally sound and approved manner, or return to sea to conduct a ballast water exchange. All vessels that were required to retain ballast water onboard received a verification test during their outbound transit, prior to exiting the Seaway.

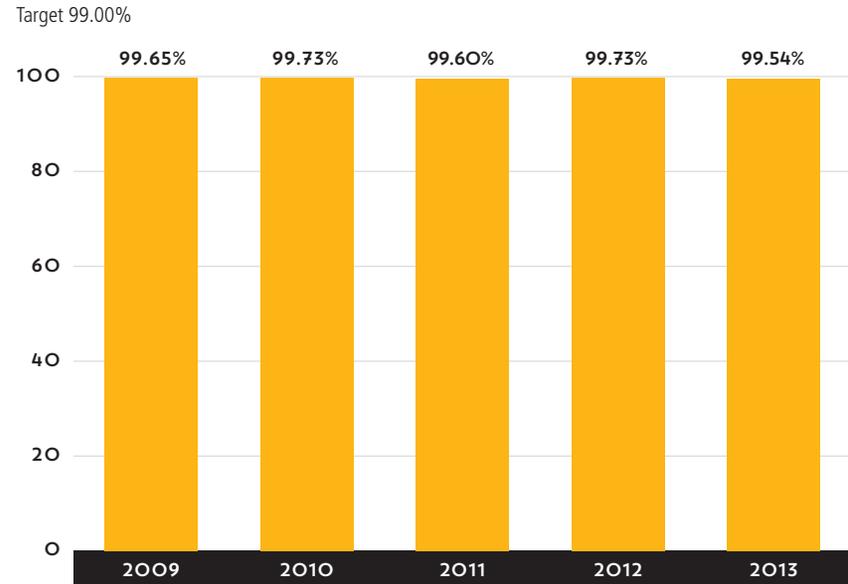
BWWG verification efforts indicated that no non-compliant ballast water was discharged in the Great Lakes/Seaway System during the 2013 navigation season. The BWWG anticipates a continued high rate of vessel compliance in 2014.

## RELIABLE INFRASTRUCTURE

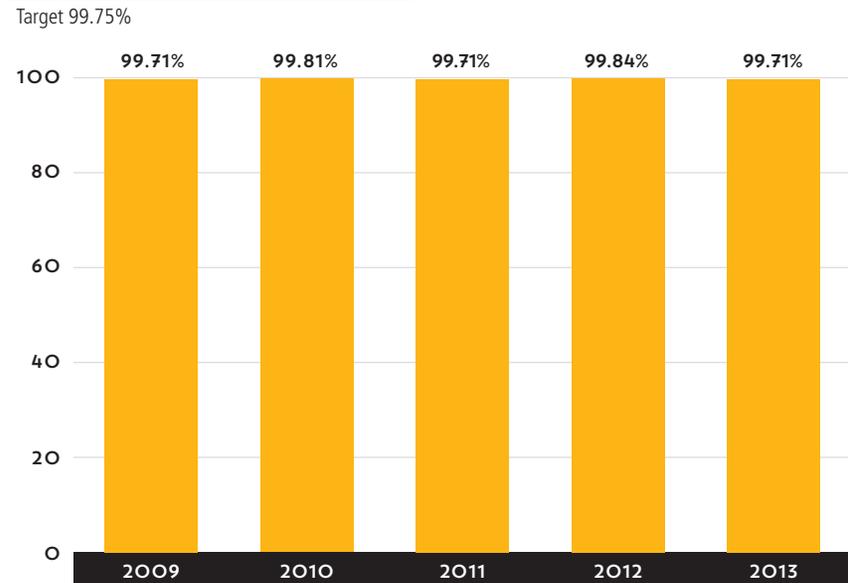
Maintaining a safe, reliable and cost-effective transportation system is vital to the Seaway's competitive position. Over the course of the 2013 navigation season, the system reliability rate (which takes into account delays due to breakdowns and maintenance) was 99.71%, which was slightly below the target level of 99.75%. The system availability rate (which incorporates system reliability, as well as delays due to other factors such as railways, water levels, etc.) was 99.54%, exceeding the target of 99.0%.

In terms of transit times, the average delay per transit for the Niagara Region was 20 minutes, which constitutes a satisfactory level of performance. At 29 minutes, the average delay for the MLO Region was well above target. The delays are attributable mostly to the imposition of one-way navigation in certain areas during the Seaway's closing period, necessitated by exceptionally heavy ice conditions. The conditions encountered during the closing period were deemed to be "a one in thirty year occurrence" by the Corporation's Operational Services Team, after an analysis of historical records was conducted concerning Average Freezing Degree Days.

### SYSTEM AVAILABILITY



### SYSTEM RELIABILITY



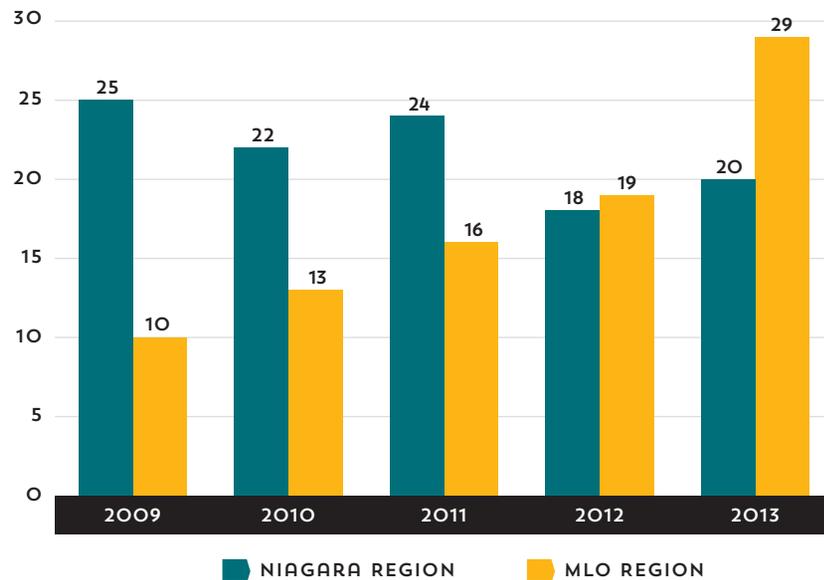
# INFRASTRUCTURE MANAGEMENT

The Corporation’s proven Infrastructure Management Support System provides the means to effectively plan and manage the maintenance of the St. Lawrence Seaway’s assets, thus ensuring its reliability and long-term sustainability. The system provides for optimal resource allocation, as long-term planning of remedial actions is based upon the effective identification and prioritisation of risks. Over the past 20 years, this approach has provided significant benefits, including the realisation of consistently high levels of system availability and reliability.

Various asset renewal projects were completed over the past year. The biggest single asset renewal project underway entails the replacement of timber tie-up walls in the Welland Canal. The project to replace 1.88 kilometres of tie-up walls was approached as a single Design-Bid-Build contract. An internationally renowned firm was awarded the contract, and is executing the work on a four-year construction schedule. The first phase, wall replacement of Upper Lock 2, was completed during the 2013-2014 winter shut down period at a cost of nearly \$30 million, with a peak onsite workforce of 200 individuals. Over four years, the project is valued at an estimated \$95 million.

## SEAWAY DELAYS PER TRANSIT

Target: Less than 20 minutes per transit



Some of the other major projects executed over the course of the year include:

## MONTREAL/LAKE ONTARIO REGION

### St. Lambert Lock

- Slot cutting for deployment of Hands Free Mooring units
- Rehabilitation of the upstream approach wall
- Final replacement phase of stiff leg derricks
- Pilot project for the ventilating and heating of cable galleries to diminish excessive humidity
- Lock gate rehabilitation (replacement of diagonals on upstream gates #5 and #6 and reconditioning of contact blocks on downstream mitre gate #2)

### Beauharnois Lock

- Replacement of valve pit structural covers
- Slot cutting for deployment of Hands Free Mooring units at Lower Beauharnois Lock

## NIAGARA REGION (WELLAND CANAL)

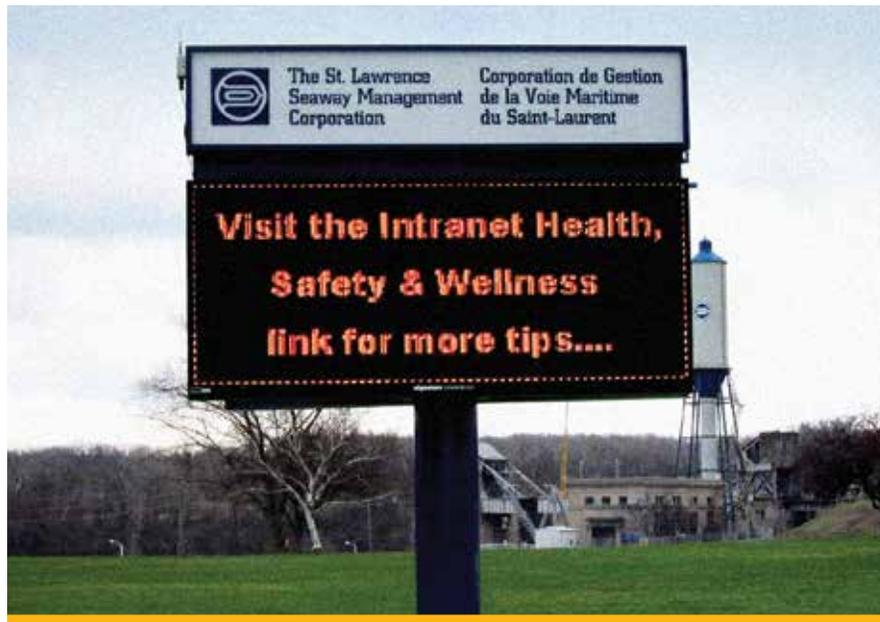
- Slot cutting for deployment of Hands Free Mooring units at Lock 3
- Canal bank protection and stabilisation at Weir 2 and Reach 2
- Valve rehabilitation at Lock 6
- Gate rehabilitation at Lock 4
- Rehabilitation of windbreak barrier on the canal banks
- Replacement of obsolete cables and cable trays in cable galleries of Locks 4, 5 and 6
- Rehabilitation of sector gates at Lock 7



Completed section of a new tie-up wall within the Welland Canal

## WORKPLACE HEALTH AND SAFETY

During the period from April 1, 2013, to March 31, 2014, the Corporation reported 9 lost time accidents, which can be characterised as mostly “slips and trips” in nature. These results translate into a frequency of 2.14 accidents per 100 persons per year (resulting in 177 days of lost time) and point to the need for increased vigilance in the pursuit of the Corporation’s safety objective of “0” lost time incidents. Toward this end, efforts are being mounted to continue identifying risks and hazards including the reporting of “near misses”, reinforcing safety awareness via the installation of electronic billboards which display monthly safety themes, and instilling a “safety first” culture by means of regular safety briefings/safety shares.



## INFORMATION SECURITY

The Information Technology Security Group continued installing monitoring, detection and prevention measures to ensure security of the Corporation’s electronic information. The Corporation is aiming to protect its assets and information through the use of state-of-the-art intrusion prevention technology and employee training to ensure that safe practices are followed.

A disaster recovery study was completed in 2013, and the findings will provide a basis for an enhanced business continuity strategy that will be implemented in the near future.





# HIGH PERFORMANCE WORKFORCE

A modern Seaway system starts with engaged, accountable, skilled and versatile people, equipped with the tools and a work environment that enables them to be as productive as possible.

## REINFORCING PERFORMANCE MANAGEMENT

In 2013, the Corporation implemented a new organizational structure to better align senior management with its strategic objectives, which consist of Business Growth, Operational Excellence, High

Performance Workforce, Stakeholder Engagement, and Financial Sustainability. Encompassing both the MLO and the Niagara Regions, the new structure brings together all activity in operations under a single Vice President of Operations, and likewise consolidates all activity in engineering and technical services under a single Vice President of Engineering and Technology. This restructuring brings about a tighter focus within these groups, as the Corporation advances its modernisation project.

Building on the previous year's efforts, and the change in the organizational structure, the Corporation strengthened its succession plan by investing in development plans for employees. This included expanding ongoing development opportunities offered to candidates and providing more diverse roles within the workplace.

## SUPPORTING EMPLOYEE WELLNESS

Wellness committee members in both Regions, as well as at Head Office, succeeded in putting the spotlight on health and wellness throughout the year. For example, during Corporate Wellness Month which was held in October, efforts were made to instill a commitment to key wellness principles, and employees were encouraged to participate in various activities. In this manner, the Corporation has created a supportive culture with the objective of fostering healthy lifestyles. In recognition of these efforts, the Cornwall Head Office received, for the seventh consecutive year, the Gold Level Workplace Health Award from the Eastern Ontario Health Unit. This award recognizes workplaces that encourage healthy lifestyles for their employees.

## RECOGNIZING EMPLOYEE ENGAGEMENT

In 2013, all employees were invited to take part in an Employee Engagement Survey. The Corporation had a response rate of 68%, and the results indicated that the overall level of employee engagement increased by 6% since the previous survey, which was carried out in 2009. Employee engagement is a critical driver of business success in today's competitive marketplace.

In 2010, the Corporation established the Bob Swenor Memorial Award to recognize each year a Seaway employee who embodies the Corporation's values. The 2013 recipient was Daniel Roy, Cost Accounting Supervisor, at the Cornwall Head Office. The award presentation was made in June, 2013, at which time Dan was recognized for his engagement, dedication, and overall contributions to the Seaway, his co-workers and his local community.



Dan Roy, Cost Accounting Supervisor, receiving the Bob Swenor Award, presented by Terence Bowles, SLSMC President and CEO

## SUPPORTING EMPLOYMENT EQUITY

As a federally-regulated employer, the Corporation is subject to the Employment Equity Act and must report how designated groups are represented within its workforce. The Corporation's performance is assessed and published yearly in the Minister of Labour's Annual Report on the Employment Equity Act. In the 2013 Report, the Corporation was rated "A" (strong performance) for Aboriginal Peoples, "A" (strong performance) for Persons with Disabilities, "C" (average to less than average performance) for Women and "C" (average to less than average performance) for Visible Minorities. For the fifth year in a row, the Corporation was given a score of 5 out of 5 for reporting compliance.

A review of the Employment Equity action plan is currently underway to identify successes, and areas within which continued improvement is required.



# STAKEHOLDER ENGAGEMENT

The Corporation recognizes that, as stewards of the St. Lawrence Seaway, the task of managing the waterway must take into account the interests of a wide range of stakeholders, including business and industry, local communities, and recreational users.

## GREEN MARINE

The Corporation is an active member and proponent of Green Marine, a joint Canada-U.S. initiative. Green Marine is a world leading marine industry environmental performance measurement

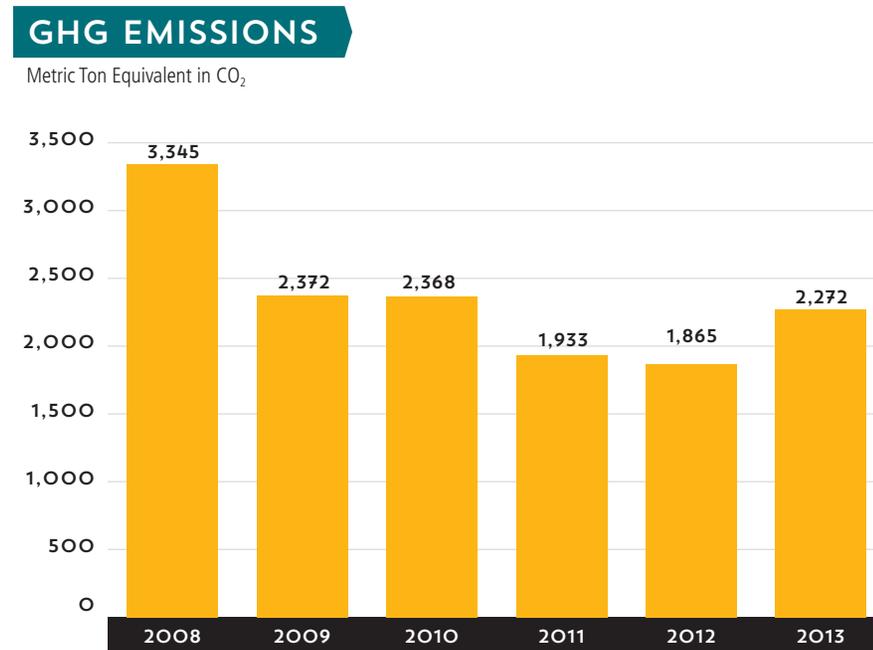
program, which is subject to independent-audit. The program's goal is to encourage ports, terminals and carriers across North America to adopt best practices in terms of managing their environmental footprint. Participants have their respective performance measured via a series of criteria, including management of aquatic invasive species, greenhouse gas and air pollutant emissions, prevention of environmental impacts within waterways and lands, stewardship of community issues, and environmental leadership.

A decision was taken to align the Corporation's scores with those of its U.S. counterpart, the Saint Lawrence Seaway Development Corporation (SLSDC). In 2013, for the first time, both Corporations reported jointly on their environmental performance and achievements.

The joint Green Marine assessment revealed that the Seaway entities made notable improvements on a number of fronts, including the enhancement of measures to prevent environmental impacts to waterways and lands. Overall, for 2013, the Seaway entities achieved a score of 3.6 out of a maximum score of 5.

## GREEN HOUSE GAS EMISSIONS

In 2013, the Corporation's greenhouse gas (GHG) emissions were the equivalent of 2,272 tonnes of CO<sub>2</sub>, an increase of 22% compared to 2012.



The increase in GHG emissions can be attributed to the much colder temperatures experienced during the closing of the 2013 navigation season, which resulted in more energy being consumed by various pieces of equipment designed to prevent ice formation in the Seaway's locks. Although the Corporation's overall GHG emissions increased in 2013, it is notable that less energy was used during the last two years to heat the Corporation's administrative buildings, following the implementation of various measures to increase energy efficiency.



This photo was taken from the rooftop of the Corporation's Head Office during a very cold winter day, displaying mist rising off the Seaway's waters, beyond Cornwall Island

## ENVIRONMENTAL MANAGEMENT SYSTEM

As part of its continuous Environmental Management System (EMS) improvement process, the Corporation has begun a review of its EMS, to align the existing system with the ISO 14001 Standard. Completion of this review is scheduled for 2014.

## SUPPORTING OUR COMMUNITIES

During 2013, the Corporation's employees contributed to a number of charitable fund-raising efforts, including the annual United Way appeal. Including matching funds from the Corporation, employees raised approximately \$75,000 during this appeal.

The Corporation continues to strengthen its relationships with residents who reside in the communities bordering the Seaway. Last summer, employees participated in Port Colborne's Canal Days festival, welcoming visitors to the Corporation's tent, where staff handed out Seaway literature and answered questions. In Montreal, employees attended the Salon Nautique trade show, at which pleasure craft owners were briefed on Seaway operations and on safe boating practices. The Corporation's commitment to local communities was also evident in its sponsorship of the 2013 St. Lawrence River Institute Conference held in Cornwall, Ontario. At the conference, a wide range of issues were discussed, pertaining to the St. Lawrence River and its ecosystem.

## HOSTING THE RICK MERCER REPORT

On November 18, 2013, the Corporation, along with Canada Steamship Lines (CSL), played host to the Rick Mercer Report. The show, which boasts as many as two million viewers on CBC television, raised the public's awareness of the Seaway's role as a vital transportation artery and showcased one of the domestic shipping industry's modern vessels.



Rick Mercer preparing to board CSL's *Whitefish Bay* below Lock 1 on the Welland Canal

Rick Mercer spent the day touring the Welland Canal, both aboard CSL's *Whitefish Bay*, an ultra-modern Trillium class laker, and circulating among the Corporation's lock personnel. The episode aired on December 3<sup>rd</sup> and garnered excellent reviews. Viewers witnessed and were able to appreciate the immense scale and efficiency that marine transportation brings to the logistics industry.



# FINANCIAL SUSTAINABILITY

The results for 2013/2014 cover the period from April 1, 2013, to March 31, 2014.  
The comparative numbers reflect the same time span for the preceding fiscal years.

## FINANCIAL HIGHLIGHTS

	2013/2014	2012/2013	2011/2012
<b>FULL-TIME EQUIVALENTS (FTE)</b>	584	584	574
<b>TONNAGE ('000s OF TONNES)</b>	37,055	39,055	37,540
<b>REVENUE ('000s)</b>			
Tolls	\$ 63,252	\$ 66,555	\$ 62,967
Other revenue	3,507	3,673	3,537
<b>Total revenue</b>	<b>66,759</b>	<b>70,228</b>	<b>66,504</b>
<b>MANAGEABLE COSTS ('000s)</b>			
Salaries and benefits*	74,181	71,555	66,867
Other expenses	12,509	11,734	12,303
Employee Future Benefits (Non-cash)	(16,202)	(10,817)	(7,722)
<b>Total Manageable Costs</b>	<b>70,488</b>	<b>72,472</b>	<b>71,448</b>
<b>EXCESS OF REVENUE OVER MANAGEABLE COSTS (MANAGEABLE COSTS OVER REVENUE)</b>	<b>\$ (3,729)</b>	<b>\$ (2,244)</b>	<b>\$ (4,944)</b>
<b>ASSET RENEWAL COSTS ('000s)</b>			
Regular maintenance	\$ 5,683	\$ 4,657	\$ 5,330
Major maintenance	82,847	54,643	48,334
Capital acquisitions	1,721	1,987	1,667
<b>Total Asset Renewal Costs</b>	<b>\$ 90,251</b>	<b>\$ 61,287</b>	<b>\$ 55,331</b>

\*Includes special pension solvency payments of \$17,611 (13/14), \$15,553 (12/13) and \$11,662 (11/12).



# CORPORATE GOVERNANCE

**(AS OF MARCH 31, 2014)**

The St. Lawrence Seaway Management Corporation is governed by a nine-member board that is responsible for ensuring the long-term viability of the Seaway as an integral part of Canada's transportation infrastructure. The board is composed of the Corporation's President

and CEO, representatives from grain; iron ore and steel; other industry members; the domestic and international carriers; as well as one each from the federal government and the provincial governments of Québec and Ontario. Individual Board Committees oversee governance, human resources, audit and asset renewal.

## BOARD OF DIRECTORS

**Robert J. Armstrong**  
Ontario Provincial Government

**Jonathan Bamberger (Chair)**  
Other Members

**Terence F. Bowles**  
President and Chief Executive Officer

**Gerald Carter**  
Québec Provincial Government

**Wayne Devlin**  
Grain

**Tim Dool**  
Domestic Carriers

**David Muir**  
Federal Government

**Georges Robichon**  
International Carriers

**James Wilson**  
Steel and Iron Ore

## OFFICERS

**Terence F. Bowles**  
President and Chief Executive Officer

**Guy Yelle**  
Vice-President, Operations  
Corporate Health and Safety Officer

**Stephen Kwok**  
Vice-President,  
Engineering and Technology

**Jean Aubry-Morin**  
Vice-President,  
External Relations  
Corporate Environment Officer

**Karen Dumoulin**  
Chief Financial Officer

**Yvette Hoffman**  
Counsel and Secretary



Seated, left to right: Tim Dool, Jonathan Bamberger, Terence F. Bowles, Wayne Devlin  
Standing, left to right: James Wilson, Georges Robichon, Gerald Carter, Robert J. Armstrong, David Muir



Seated, left to right: Karen Dumoulin, Bruce Hodgson, Terence F. Bowles, Yvette Hoffman  
Standing, left to right: Jean Aubry-Morin, Guy Yelle, Sophia Trotter, Stephen Kwok

## INDUSTRY MEMBERS 2013/2014

### DOMESTIC CARRIERS

**Algoma Central Corporation**  
St. Catharines, Ontario

**Canada Steamship Lines,  
A Division of  
The CSL Group Inc.**  
Montréal, Québec

**Groupe Desgagnés Inc.**  
Québec, Québec

**Lower Lakes Towing Ltd.**  
Port Dover, Ontario

**McAsphalt Marine  
Transportation Limited**  
Toronto, Ontario

**McKeil Marine Limited**  
Hamilton, Ontario

**St. Marys Cement Co.**  
Toronto, Ontario

### GRAIN

**ADM Agri-Industries Company**  
Windsor, Ontario

**Alfred C. Toepfer (Canada) Ltd.**  
Winnipeg, Manitoba

**Bunge du Canada Ltée**  
Québec, Québec

**Cargill Limited**  
Winnipeg, Manitoba

**Louis Dreyfus Commodities  
Canada Ltd.**  
Calgary, Alberta

**Richardson International  
Limited**  
Winnipeg, Manitoba

**The Canadian Wheat Board**  
Winnipeg, Manitoba

**Viterra Inc.**  
Regina, Saskatchewan

### INTERNATIONAL CARRIERS

**Colley Motorships Ltd.**  
Montréal, Québec

**Fednav International Ltd.**  
Montréal, Québec

**Gresco Ltée**  
Montréal, Québec

**Inchcape Shipping Services**  
Dorval, Québec

**McLean Kennedy Inc.**  
Halifax, Nova Scotia

**Montréal Marine Services Inc.**  
Longueuil, Québec

**Robert Reford,  
A Division of MRRM  
(Canada) Inc.**  
Montréal, Québec

**SMK Tanker Agency Inc.**  
Montréal, Québec

### OTHER MEMBERS

**Columbia Grain, Inc.**  
Minneapolis, Minnesota

**Essroc Italcementi Group**  
Orillia, Ontario

**Keystone Anthracite Inc.**  
Repentigny, Québec

**Lafarge Canada Inc.**  
Concord, Ontario

**Redpath Sugar Ltd.**  
Toronto, Ontario

**Suncor Energy**  
Mississauga, Ontario

**K & S Windsor Salt Ltd.**  
Pointe-Claire, Québec

### STEEL AND IRON ORE

**ArcelorMittal Dofasco Inc.**  
Hamilton, Ontario

**Iron Ore Company of Canada**  
Montréal, Québec

**U.S. Steel Canada Inc.**  
Hamilton, Ontario



ON COURSE  
FOR THE  
**FUTURE**



The St. Lawrence  
Seaway Management  
Corporation

Corporation de Gestion  
de la Voie Maritime  
du Saint-Laurent

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