



# ANNUAL REPORT

2021-2022





Marine Atlantic respectfully acknowledges that we operate in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq Peoples, and on the island of Ktaqmkuk, the unceded, traditional territory of the Beothuk and the Mi'kmaq Peoples. We also acknowledge Labrador as the traditional and ancestral homelands of the Innu of Nitassinan, the Inuit of Nunatsiavut, and the Inuit of NunatuKavut.





# Highlights:

**1,642** Number of Sailings

**231,299** Passengers

**91,335** Passenger Vehicles

**90,223** Commercial Vehicles

**90%** On-Time Performance

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*Some photos in document may have been taken before COVID-19.*





# Message from the Chair of the Board of Directors

COVID-19 continued to be an unfortunate part of our daily lives this year and there is no way to downplay the significant impact it has had globally. Throughout 2021/22, people, businesses and governments continued to work to respond to the challenges associated with the pandemic.

**“Our team at Marine Atlantic focused their efforts to ensure people and businesses were able to rely on the ferry service, a vital piece of the national transportation infrastructure, to maintain the link and continue to operate during this challenging period enabling our economy.”**

Our public health and government partners played a key role in guiding our activities and allowing us to be successful, while our employees remained on the front line each and every day to provide an essential service in a safe and healthy manner.

In November, severe weather resulted in the washout of the Trans Canada Highway on the southwest coast of Newfoundland cutting off

traffic exiting the vessel in Port aux Basques from the remainder of the Island. The strategic importance of this ferry service means a multi-day closure of the Trans Canada Highway would result in a significant adverse impact on residents’ daily lives and the economy. To that end, the team quickly implemented a contingency plan that resulted in the temporary re-opening of our seasonal Argentia service on the east coast of the province. This enabled Marine Atlantic to transport vital supplies such as food, medications, medical products, and fuel supplies required in homes, hospitals, and businesses. This demonstrated the true excellence and commitment of our team at Marine Atlantic and it gives me great pride to highlight their collective efforts in going above and beyond to maintain our transportation link during this challenging period.

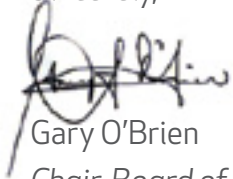
During the year, we also moved forward with key multi-year strategic initiatives that focus on people, the environment, and infrastructure. We have continued our focus on safety, diversity, inclusion, and accessibility through various investments, programs, and initiatives. We have implemented new innovative ways of doing business through enhanced technologies. We are also planning and implementing initial actions towards our goal of net-zero emissions by 2050. We selected a partner to supply a new vessel for our service and completed siteworks activities at the location of our new administration building in Port aux Basques. These initiatives are

possible through our partnership and collaboration with the Government of Canada. We will continue to work together to further our projects, policies and initiatives that benefit all Canadians as they use our essential transportation link.

On behalf of the Board of Directors, I pass along our thanks to our long-time Board member Jim Doody as he finished serving his term. His knowledge and guidance were appreciated by his many colleagues through the years. We also were very fortunate to welcome Lynn Kendall to the Board whose experience and knowledge have played an important part of our oversight activities during the year.

I am very optimistic for the year ahead and the many opportunities that will be presented as we transition to regular operations. Similar to the past two years, we will continue to be agile and make decisions that are in the best interests of customers and the sustainability of the service.

Sincerely,

A handwritten signature in black ink, appearing to read "G. O'Brien", written over a horizontal line.

Gary O'Brien  
*Chair, Board of Directors*





## Message from the President and CEO

Success is dependent upon your entrusted team, the group of individuals who complete the daily vital tasks within your organization. Helping a customer reserve their crossing of choice, safely directing a customer onto a vessel, ensuring the assets meet all the safety and regulatory codes, operating a floating hotel, planning and administrative requirements, are just a few of the activities our employees undertake every day of the year.

“Our dedicated and committed employees ensured our customers’ transportation needs were met throughout the year including challenging periods of the pandemic and when severe weather meant the operation of an innovative temporary triangle route between our three ports to keep vital goods flowing to their destination.”

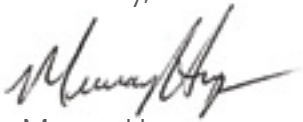
In addition to the continued efforts to adapt and shift priorities to meet our mandate and making great strides towards our key strategic initiatives, the team moved forward with activities relating to pay equity, implemented harassment and violence prevention requirements related to Bill C-65, transitioned employees back to the workplace, and continued development of a psychological health and safety program designed to provide each employee with a workplace in which they are valued, safe and part of a culture of excellence with mental well-being at the core.

Our hope, like many others, is that the pandemic is finally releasing its grip. This year, we experienced an increase in traffic compared to the previous year. Our planning processes are reflecting our optimism that a return to normal is approaching with more people planning to resume their leisure travel in the summer of 2022. After two very tough years, all of us in the transportation and tourism sectors are cautiously optimistic that with lessening public health restrictions and Newfoundland and Labrador planning Come Home Year activities, there will be a rebound in traffic. To help with this, we announced a pre-peak discount campaign to further encourage travel.



Guided by our values of safety, diversity, excellence, integrity, commitment, and teamwork, we are working to provide a safe, quality, and affordable service to our customers. As we have learned, the future will always be unpredictable, but through our positive relationships and ongoing dialogue with government departments and agencies, as well as partnerships with our external stakeholders, our team is well-positioned for success.

Sincerely,

A handwritten signature in black ink, appearing to read 'Murray Hupman', written in a cursive style.

Murray Hupman  
*President and CEO*



# Our Vision, Mission Statement and Values – Fundamental to Who We Are



## Our Vision

An essential, progressive transportation system that people trust to deliver.

## Our Mission

To provide a safe, environmentally responsible and quality ferry service between the Island of Newfoundland and the Province of Nova Scotia in a reliable, courteous, and cost-effective manner.

## Our Values

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### **Safety**

Protection of people, property and the environment is our ultimate priority



### **Diversity**

Embracing our differences leads to better performance and helps us achieve our goals



### **Teamwork**

We work together to achieve the best outcomes for the organization



### **Commitment**

We are responsible for our performance and delivering on our commitments



### **Integrity**

We say what we mean and do what we say



### **Excellence**

We take pride in delivering the best possible services

# An Overview of Our Essential Service

## Corporate Profile

Marine Atlantic is a federal Crown Corporation tasked with fulfilling the constitutional mandate of offering freight and passenger service between Port aux Basques, Newfoundland and Labrador, and North Sydney, Nova Scotia. This service is vital to connect the Province of Newfoundland and Labrador with the rest of Canada.

Marine Atlantic operates terminals in Port aux Basques and Argentia, Newfoundland and Labrador, and North Sydney, Nova Scotia. We operate ferry services on two routes, a year-round 96 nautical mile daily ferry service between Port aux Basques and North Sydney and a seasonal 280 nautical mile ferry service between Argentia and North Sydney.

To fulfill our mandate, Marine Atlantic operates a fleet of four ice-class ferries (ships that have additional strengthening and specifications to enable navigation through sea ice): MV *Blue Puttees*, MV *Highlanders*, MV *Atlantic Vision* and MV *Leif Ericson*. The Corporation reports annually to the Government of Canada through the Minister of Transport.



When Newfoundland joined Canada in 1949, the ferry service between the Province of Newfoundland and Labrador and the mainland was accorded special constitutional status under Term 32(1) of the Terms of Union (*The Newfoundland Act, 1949*) which guarantees that Canada will “maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques, which, on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles.”





Marine Atlantic operates under the guidance of the *Transportation of Dangerous Goods Act* and the International Marine Dangerous Goods regulations that specify how cargo must be stowed and segregated onboard vessels. These regulations are constantly updated with new information to increase safety.

## Operations

Marine Atlantic transports a diverse assortment of traffic. Daily, the Corporation transports passengers, passenger vehicles, tractor trailers and their drivers, drop trailers (trailers only - no attached truck), and other vehicles such as motorhomes, buses, motorcycles, and all-terrain vehicles.

As the only year-round daily ferry service between the Island of Newfoundland and the Province of Nova Scotia, the Corporation transports goods entering and exiting the province via the commercial trucking industry. The commercial trucking industry is a significant

stakeholder representing approximately 70 percent of all vehicular traffic and our service is a key element of the regional supply chain. Vitally important items including perishable foods and medical supplies are transported every day due to the nature of warehousing and just in time delivery. Local Newfoundland and Labrador businesses rely on this service to maintain their supply chain to customers off the Island.

As the primary ferry service for passenger vehicle traffic on and off the Island of Newfoundland, Marine Atlantic is also a valuable transporter of people. Ferry travel supports the connection between Newfoundland and Labrador and the rest of Canada. During the summer months, Marine Atlantic transports large numbers of travellers, both resident and non-resident, playing an important role in supporting the province's tourism industry.

Marine Atlantic operates four vessels designed to meet the needs of our diverse customer base. From shipping large volumes of freight to offering modern passenger amenities, Marine Atlantic strives to provide a safe, reliable, and quality travel experience.

## Operating Environment

Operating year-round, Marine Atlantic's vessels sail during pleasant summer weather and harsh winter conditions. The captains and crews of our vessels are constantly monitoring weather conditions to ensure safety, reliability, and passenger comfort during the voyage. Marine Atlantic's service is influenced by its operating environment and demonstrates the requirement for modern, ice-class, well-maintained vessels, as well as highly trained and skilled crew.

## Safety Standards and Regulations

Marine Atlantic's vessels are maintained to strict regulatory and safety standards. The vessels must comply with Transport Canada Marine Safety Statutes and Regulations, and are inspected by Transport Canada Marine Safety and Det Norske Veritas, a world-leading classification society, to ensure compliance with these regulations and codes. The Safety Management System is audited independently by Class Society, Lloyd's Register, to verify compliance with the requirements of the

International Safety Management Code for the Safe Operations of Ships and Pollution Prevention. The operation of Marine Atlantic vessels is governed by various acts and regulations including the *Canada Labour Code*, *Transportation of Dangerous Goods Act and Regulations*, *International Maritime Dangerous Goods Regulations*, *Marine Liability Act and Regulations*, *Canada Shipping Act and Regulations*, *Financial Administration Act*, *Domestic Ferries Security Regulations (DFSR)* and *Sulphur Emission Control Areas (SECA) Regulations*.



# Fleet of Vessels



## *MV Blue Puttees*

Proudly named after the regiment that represented Newfoundland in the Great War, this vessel joined Marine Atlantic's fleet in 2011. At approximately 200 metres in length, the vessel meets accessibility requirements and offers a wide selection of cabins, seating areas, amenities, and dining choices to meet customer needs.

## *MV Highlanders*

The twin ship of the *MV Blue Puttees*, the *MV Highlanders* joined Marine Atlantic's fleet in 2011. Named in recognition of the distinguished military service of Nova Scotia's Highland regiment, the 200-metre vessel meets accessibility requirements and offers a wide selection of cabins, seating areas, amenities, and dining choices to meet customer needs.







### *MV Atlantic Vision*

Introduced to Marine Atlantic's fleet in 2009, this chartered, accessible 203-metre vessel offers a large selection of cabins, seating areas, amenities, and dining choices for customers.

### *MV Leif Ericson*

Introduced to Marine Atlantic's fleet in 2001, the MV *Leif Ericson* is the Corporation's dedicated commercial vessel. Named to mark the 1000th anniversary of Norse explorer Leif Ericson's arrival in Newfoundland, the vessel offers a variety of amenities and is designed to meet the shipping needs of commercial customers.



# An Equitable, Diverse, Inclusive and Accessible Service



Fostering an equitable, diverse, inclusive, and accessible workplace requires concrete actions that encourage a welcoming environment where differences in heritage, culture, perspective, and approach are encouraged. Recognizing past inequities and systemic and unconscious bias towards equity-deserving groups, our commitment is to make ongoing positive change that eliminates

actual and perceived barriers to our service and workplace. Through education, policies, action plans, and infrastructure, Marine Atlantic continues to introduce initiatives and make strategic investments that help us achieve our goals of equity, diversity, inclusivity, and accessibility for all of our customers and employees.



Celebrating International Women's Day, March 8, 2022, Break the Bias was the theme for this year's annual event providing a networking opportunity for women in the organization to learn and discuss how to unlock the full power of mentorship connections. Sessions like these are important tools for leadership development, community-building, and networking with women sharing similar experiences.

## Equal Access, Opportunity, and Compensation for Women

The success of Marine Atlantic is highly dependent on the experience, skills, and perspective of the many talented women that work in all aspects of our service. From the women who serve as part of our decision-making teams at the Board of Directors and Executive levels, to the valued front-line staff who enable operations to proceed on a daily basis, our strength is based on their knowledge, input, and actions.

As the representation of women grows at the senior levels of the organization, so do our initiatives to provide more growth opportunities for women. Our goal is to achieve gender equality at all levels throughout Marine Atlantic. To achieve this, we continue with programs such as

the Women's Coaching and Mentorship Program designed to use the knowledge and experience of women in senior roles to provide learning, mentorship, and insight to their colleagues, especially in overcoming systemic gender-bias and barriers that may exist in the workplace.

Marine Atlantic is committed to pay equity to close the gender wage gap. Women have traditionally been paid less than their male counterparts even though the work was of equal value. With the establishment of our Pay Equity Committee, a review will be undertaken to evaluate roles traditionally held by women and address any gender-based discrimination in pay practices. Our committee will help us establish our Pay Equity Plan in accordance with the *Pay Equity Act*.



## EMPLOYMENT EQUITY

Marine Atlantic is committed to Employment Equity which creates a more inclusive, flexible, and respectful work environment. This includes our commitment to ensuring full participation and opportunity of the four groups designated in the *Employment Equity Act*:

- **Women • Aboriginal Peoples • Persons with disabilities**
- **Members of visible minorities groups.**

We have made a commitment to equity, diversity, and inclusion for persons of all sexual orientations, gender identities and gender expressions.



# Reconciliation with Indigenous Peoples

Through our ongoing education and recruitment initiatives, and open dialogue with the Mi'kmaw, Qalipu and Miawpukek First Nations, we are continuing to learn and grow from the history and cultures of Indigenous Peoples in our commitment to reconciliation. Listening to their voice as part of our decision-making process and understanding how we can better meet their needs, will enable us to provide a better service for all our stakeholders. This includes undertaking initiatives to encourage Indigenous youth to consider possible career choices with Marine Atlantic.

During the year, we launched an online cultural awareness program for senior leaders entitled "The Path: Your Journey Through Indigenous Canada" in partnership with NVision. This training focuses on topics such as the history, culture, social, and economic evolution of our Indigenous Peoples and their resilience.

We are committed to educating, understanding, and promoting the heritage, beliefs, and cultures of Indigenous Peoples and working to better reflect these contributions within Marine Atlantic.

We recognize the critical importance of reconciliation with Indigenous peoples and are committed to implementing the Calls to Action of Canada's Truth & Reconciliation Commission.

It was with sadness that we learned in greater detail of the tragedies and grief experienced as a result of the residential school system in Canada. Through individual and group efforts, our employees made art and wore symbols to represent the many young lives lost and the negative impact it had on Indigenous culture. Marine Atlantic joined with other organizations in lowering our flags to half-mast to express our grief, a small gesture to demonstrate our commitment to change and reconciliation.



This year's Orange Shirt Day was a somber occasion as Marine Atlantic employees came together to recognize the National Day for Truth and Reconciliation as our Indigenous Peoples and all Canadians mourned the mass graves discovered as part of the residential school system. Every Child Matters.

# Providing an Accessible and Inclusive Service for All

We all benefit from a society without barriers to inclusion. When persons with disabilities participate in all aspects of society, including accessing employment, resources, and services, it enriches us all.

Marine Atlantic is committed to providing a positive, accessible transportation experience for persons with disabilities.

Working with our Accessibility and Inclusion Advisory Committee, Marine Atlantic continues its internal education activities and commitment to best practice accessibility approaches. Through regular dialogue with representatives of community groups representing persons living with disabilities, we use their experience and perspective for continuous improvement.

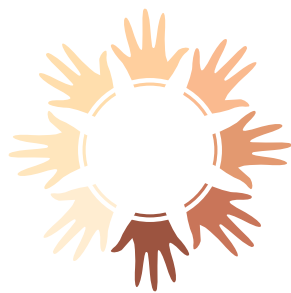
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**National AccessAbility Week was celebrated from May 30-June 5, recognizing the many contributions of Canadians with disabilities and those who remove barriers to accessibility and inclusion.**



## Marine Atlantic is committed to the following Principles of the Accessible Canada Act

- All persons must be treated with dignity regardless of their disabilities;
- All persons must have the same opportunity to make for themselves the lives that they are able and wish to have regardless of their disabilities;
- All persons must have barrier-free access to full and equal participation in society, regardless of their disabilities;
- All persons must have meaningful options and be free to make their own choices, with support if they desire, regardless of their disabilities;
- Laws, policies, programs, services, and structures must take into account the disabilities of persons, the different ways that persons interact with their environments and the multiple and intersecting forms of marginalization and discrimination faced by persons; and,
- Persons with disabilities must be involved in the development and design of laws, policies, programs, services, and structures.



## Stronger Through Diversity

Through lived experience and perspective, Marine Atlantic employees who identify as members of racialized communities are making our service stronger. Their talents, expertise and input provide opportunities for new approaches that help us in our growth and maturity as an organization.

Unfortunately, members of racialized communities experience systemic barriers, conscious and unconscious bias, as well as racism in their attempts to gain employment or have the same access to services and opportunities. Marine Atlantic is committed to identifying and removing systemic challenges and potential barriers that may exist.

With a focus on recruitment and education, we are achieving results on our path to overall diversity and inclusiveness which is benefitting our customers, operations, and overall organization.

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**Marine Atlantic employees complete Employment Equity Surveys to help the Corporation identify and remove potential barriers, as well as measure our progress towards diverse representation.**



## Supporting the 2SLGBTQ+ community

Marine Atlantic remains a steadfast supporter of the 2SLGBTQ+ community, and stands with employees who work tirelessly in their personal and professional lives to promote acceptance and inclusion. We also recognize the many allies who participate in Pride events alongside their colleagues to show support for their efforts. Education remains key to Marine Atlantic's activities in eliminating discrimination.

Small initiatives can sometimes have very big results. In our efforts to become more inclusive, safe, and welcoming for everyone, the Corporation has established all-gender washrooms at our facilities, including our terminals and onboard our vessels to decrease the anxiety and fear that some trans and gender diverse people experience. Feedback has been positive and will remain an important consideration as part of our evolving infrastructure planning processes.



Marine Atlantic celebrates Pink Shirt Day to speak up, stand together and stop bullying. Through Marine Atlantic themed buttons, bracelets, and pink shirt cut-outs, our employees show their commitment to our anti-bullying message.



# Safety, Security and Protecting the Environment



There is no greater priority at Marine Atlantic than the safety of our customers, employees, and contractors. Through safety and security measures, as well as environmental protection, our efforts are designed to protect people, infrastructure and the community and ecosystem in which we live and work every single day. Our policies, procedures and initiatives are guided by the value we place on these key principles.

## Our Continued COVID-19 Response

Marine Atlantic has remained committed to the health and safety of our employees and customers, while maintaining our essential service throughout the COVID-19 pandemic. Central to our success has been our employees who have remained steadfast in their commitment to serving our customers in a safe and cautious manner.

The preparations and experiences during the first year of the pandemic positioned the team to be agile to adapt to the changing circumstances of the pandemic. Policies and procedures related to isolation, physical distancing, enhanced screening, deep cleaning activities, and passenger limits, remained in place for much of 2021/22. During the summer season, when travel demand was higher and COVID-19 case counts were lower, we were able to increase our capacity and offer additional services. While making these decisions, health and safety was always the paramount concern and was never sacrificed.

As public health restrictions lessen, planning processes are underway to make additional changes to match the advice being provided from public health professionals. We all hope that society, and Marine Atlantic as a reflection, will transition back to a new normal in the months ahead.



**Marine Atlantic is a proud supporter and participant in National Occupational Health and Safety Week.**

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## Our Commitment to Occupational Health and Safety

Marine Atlantic's Occupational Health and Safety Committees pursue goals through collaboration, cooperation, and education.

Our joint Occupational Health and Safety Committees allow management and non-management employees to work together to promote a healthy and safe work environment and are responsible to:

- Promote health and safety in the workplace
- Assist with the implementation and monitoring of Health and Safety education programs
- Assist with the implementation and monitoring of the Hazard Prevention Program
- Assist with the implementation and monitoring of the Personal Protective Equipment Program
- Participate in inquiries and studies relating to the health and safety of employees
- Consider and expeditiously resolve issues relating to the health and safety of employees
- Regularly monitor data relating to incidents, injuries, hazards, and any related incident analyses
- Participate in the implementation of changes to work processes and procedures that might affect occupational health and safety
- Conduct monthly workplace inspections at every workplace

## Occupational Hygiene

Through the implementation of an Occupational Hygiene Inspection and Audit Program, the Corporation is taking further actions to protect the health and safety of employees and customers. The new program focuses on identifying health hazards that may be specific to a job task or the work environment.

Using onsite inspections, audits, assessing the implementation of regulatory requirements, developing safe work procedures, training materials, and peer to peer reviews, the program is helping to identify and address potential issues before they can become an incident.

## Our Environmental Commitment

Marine Atlantic is committed to implementing initiatives that will enable us to achieve net-zero emissions by 2050. Our Environmental Management Program focuses on continued improvement of environmental performance. New initiatives underway to enact positive environmental change include the introduction of electric vehicle charging stations at the terminals, LEED certification for the new administration building in Port aux Basques, and green ship technology for the new vessel. We will continue to take proactive measures to demonstrate our commitment through updated policies, procedures, and infrastructure investment, as we work towards our 2050 goals, including the development of a greenhouse gas inventory.



### Tier II Exercise Participation

As an oil handling facility, Marine Atlantic conducts emergency exercises to practice, inspect and audit our response plans. This year, the Corporation participated in the annual Tier II Tabletop Exercise.

The exercise provided employees valuable experience in understanding how the external organizations operate during an emergency oil spill and will assist in the development of annual Tabletop and Operational exercises as required under Environment and Climate Change Canada (ECCC) and Transport Canada regulations.

Other observers and participants included the Department of Fisheries and Oceans, Transport Canada, and Canadian Coast Guard.



## Environment and Climate Change Canada Environmental Response Regulations

During the year, Environment and Climate Change Canada (ECCC) Environmental Emergency Response Regulations added marine diesel (MDO – Fuel Oil #2) as a newly qualifying substance. With the current marine diesel storage volumes at the Port aux Basques Oil Handling Facility, the Corporation met compliance under the regulations by registration with ECCC under the E2 program, development of an E2 Emergency Plan, and implementation of the plan.

The E2 Emergency plan was developed and combined with Oil Pollution Prevention Plan/Oil Pollution Emergency Plan (OPPP/OPEP) to meet regulatory requirements.



### Green Marine Environmental Program

Marine Atlantic is a member of

the Green Marine Environmental Certification Program. The voluntary program, designed for the North American marine industry, focuses on reducing the environmental footprint by undertaking concrete and measurable actions. Founded in 2007, it stems from the maritime industry's desire to exceed regulatory requirements. It is a rigorous, transparent, and inclusive program that targets environmental issues such as greenhouse gases, community impacts, and water and land pollution. Marine Atlantic maintains Level Three Green Marine certification for its vessels, terminals, and office buildings.

## Green Marine Key Performance Indicators include:



Reducing the risk of introducing invasive species



Implementing measures to reduce port activity impacts



Environmental Leadership



Reducing greenhouse gas emissions



Using cleaner fuels



Responsible handling of oily fluids



Prevention of spills and leakages



Reducing underwater noise



Strengthening waste management activities

## World Oceans Day

Many of Marine Atlantic's employees have a great attachment to the ocean, including its protection. As part of World Oceans Day in June, members of the Marine Atlantic team participated in clean-up activities of Port aux Basques harbour. Over 500 pounds of trash was removed including bottles, plastic bags, tires, and other refuse. Congratulations to our employees for their great initiative.



## Marine Mammal Management Plan

Marine Atlantic's Marine Mammal Management Plan continues to provide important data for our vessel crews and operations, the Department of Fisheries and Oceans and the Marine Mammal Observation Network.

Developed to help minimize the potential negative impacts of our activities on the local marine environment and the many species that call the Cabot Strait home, our crews continue to record sightings of marine mammals during crossings. We are also undertaking initiatives to reduce underwater noise which is known to impact marine life. Researchers use this information to better understand the distribution and health of the various mammal populations in our waters.

During the year, the top three reported species were the long-finned pilot whale, dolphins and the minke whale.



## Protecting the Endangered North Atlantic Right Whale

Marine Atlantic takes its responsibilities seriously to protect the North Atlantic Right Whale population. We recognize the migratory patterns of the whales through the Cabot Strait and remain in regular contact with Transport Canada regarding regulations and restrictions. Should a Marine Atlantic vessel enter a designated speed reduction zone, or a whale be spotted in our operational zones, our fleet will reduce speeds and initiate all notification procedures.

### Marine Atlantic's Environmental Objectives:

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Reduction of waste oil by 1 percent.



Reduction of grey water by 5 percent.



Reduction of wastewater (oily water, wash water) by 1 percent.



Improve vessel fuel efficiency –  
1 percent reduction in litres/nautical mile.



Reduce Green House Gases (GHG) from  
company-operated vehicles by 5 percent.



Reduction of paper usage by 5 percent.



Maintain level 3 average for Terminals  
and Shipowners Green Marine Programs.



Complete energy audit to get baseline  
of current energy use/GHG emissions  
to aide in net carbon zero road  
map development.



Develop a planned road map to net  
carbon 2050. Incorporate into Energy  
Efficiency Plan/Decarbonization Plan.



Complete Environmental Awareness  
training for current staff.



## Mooring Structure

Due to health and safety concerns, the Corporation moved forward with the removal of two decommissioned and obsolete mooring structures located in North Sydney. The structures, which attracted a large number of cormorants, were creating health and safety concerns. The location of the structures also presented unnecessary navigational challenges for the fleet.



## Emergency Preparedness

Preparing for an emergency is key to ensure an organization is ready to respond with a real-life situation when presented. At Marine Atlantic, annual emergency preparedness exercises are conducted to test our plans, identify areas of strength and improvement, and continuously make updates based upon these reviews.

This year, our emergency response plan was enacted to respond to the highway washouts on the southwest coast of Newfoundland. With the province's supply chain at risk of interruption, Marine Atlantic worked quickly to implement contingency plans and shift operations to our seasonal service in Argentina. The Corporation also introduced a triangle route for the first time between North Sydney-Port aux Basques-Argentina, to transport vital supplies to regions of the province isolated by the washouts and maximize the goods transported to the remainder of the Island. Activities were guided

by Emergency Operations Centre and internal planning processes.

Being prepared for the unexpected is vital during emergency response and once again demonstrates the importance of exercising the plans on a regular basis.



## Protecting Against Increased Cybersecurity Risk

Cybersecurity threats continue to evolve and, more than ever, pose a significant risk to any organization. It is vital that organizations have the appropriate technologies, processes, and capabilities in place to protect against unauthorized exploitation of systems and information.

At Marine Atlantic, our cybersecurity program resulted in changes to how we do business through layered defences and firewalls including how employees access information. Education sessions

are providing employees with the information they require to protect against phishing, malware, and ransomware scams.

With new threats emerging on a regular basis, new processes, procedures, and technologies will be continually updated. The protection of our service, corporate and personal information remains a very high priority. We will continue to be vigilant regarding inappropriate cyber activity.



## Secure Operations

It has been a busy year with security operations, maintaining a secure environment for our vessels, terminals, passengers, employees, cargo, contractors, and visitors alike. Social distancing measures due to COVID-19 required a modification to the way we screen for dangerous items which could threaten our vessels, using the Suspicious Behaviour method approved by Transport Canada. In this regard, security guards performed over 20,000 patrols of our facilities during the year, to actively monitor for anything that might pose a hazard to our safety and security. Security inspections were completed on all vessels and terminals and 5-year Security Certificates were in good standing.

# Infrastructure and Innovation – Key Pillars to Success

Modern infrastructure and ongoing innovation are key pillars to a strong and successful ferry service. With planning and design work underway for important projects such as our new vessel and Port aux Basques administration building, and a focus on bringing forth creative and innovative ways to do business, we are continuing our efforts to offer an efficient, effective, and reliable service to our customers.

## Fleet Renewal

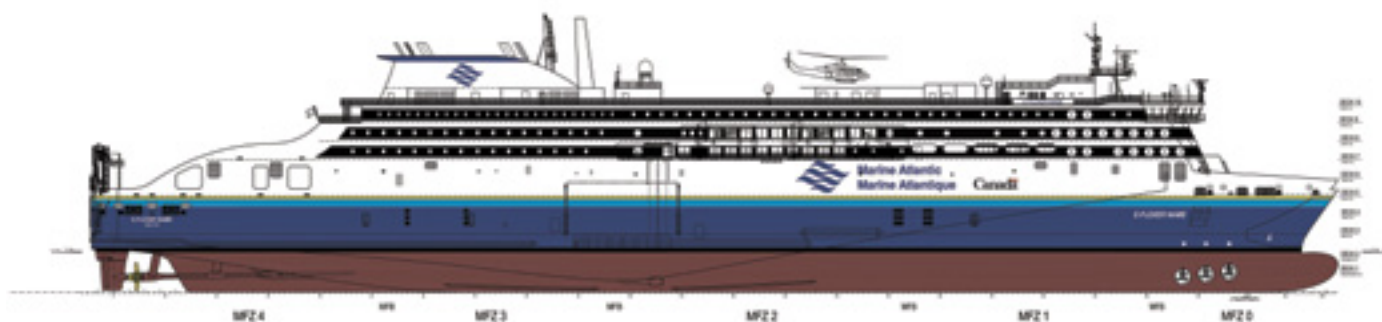
Following a competitive procurement process, open to domestic and international bidders that was overseen by an independent fairness monitor, Marine Atlantic signed a contract to deliver a new Ro-Pax vessel in fiscal year 2024/25 and charter the new vessel for a 5-year period. Following the charter period, Marine Atlantic will have an option to purchase the vessel.

This new vessel will play an important role in helping us meet the long-term needs of our customers through key priorities such as maneuverability, safety, accessibility, and minimizing environmental impacts through energy efficient green ship technology.

The vessel's design will incorporate dual-fuel technology and will be equipped with batteries to further reduce its carbon footprint. The ship will be constructed to meet "quiet ship" designation reducing underwater noise to lessen the impact on marine life. The ship will also offer enhanced power and thruster capability for maximum maneuverability during docking and undocking.

The ice-classed vessel will be approximately 200 metres in length, with the ability to carry commercial and passenger vehicles. It will incorporate the latest accessibility standards, carry up to 1,000 passengers, have 146 passenger cabins (including pet friendly cabins), 40 passenger pods, a variety of food service options, seating lounges, a children's play area, and a kennel for pets.

The ship will be compatible for use on both the Port aux Basques and Argentia services and is expected to enter service in the 2024/25 fiscal year.





## Port aux Basques Administration Facility

Following planning and due diligence activities, Marine Atlantic began initial work on its new administration building to be located in the Town of Channel-Port aux Basques.

This multi-year project is being designed to address employees' current space and infrastructure challenges by consolidating administrative functions in a modern, accessible, inclusive, and environmentally friendly building. During the year, significant progress has been made on sitework activities, design, engineering, and architectural work.

The new building is an important element of our vision for a safe, healthy, and skilled team committed to excellence. Our goal is to construct a facility that is a Leader in Energy Efficient Design and will meet LEED certification requirements. To accomplish this there will be modern amenities and new environmental technologies in the building, including electric vehicle charging stations. A significant part of the structural design will include tilt panel construction to

make the building sturdier and use more weather resistant materials requiring less maintenance. Construction tenders will be issued and work will begin during the 2022/23 fiscal year. The building is tentatively scheduled to open in the 2023/24 fiscal year.

## Port aux Basques Harbour Navigational Upgrades

Every day, our Operations team evaluates environmental conditions including wind speeds, wind direction and sea states when making their operational sailing decisions. When operating within Port aux Basques harbour, the fact that there is an island in the middle, creates additional challenges for the maneuvering required when docking and undocking the vessel. The removal of the island would support and enhance the safety of our operations.

Late in the year, Marine Atlantic gained ownership of the island. We will continue to progress this initiative, getting it to a place of "shovel-ready" in preparation for a future decision to proceed with the eventual removal of the island and the resulting navigational improvements.

Port aux Basques  
Administration Facility



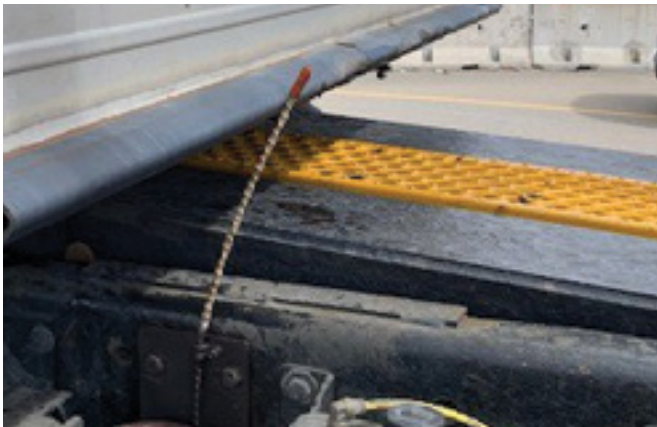
## Innovation Strategy

Through the ongoing work of the Innovation Steering Committee, the Corporation continued to promote greater efficiency, process improvement and modernization. The completion of the Corporation's Innovation Strategic Plan helped guide innovative activities that are targeted to advance current strategic initiatives, and plan for the future.

Key themes of the plan include understanding emerging trends, building a culture of innovation, modernizing our workplace and the customer's overall journey, and recognizing the importance and value of information and analytics.

## Our Innovative Team at Work

Through the ingenuity and work of our North Sydney terminal teams, the Corporation has been achieving greater success in protecting against damage to property during the loading and offloading of drop trailers. To improve the efficiency and effectiveness of the commercial vehicle shunting process, our maintenance and stevedore teams worked together to fabricate and install a device that achieved these outcomes. Congratulations to our teams for working together to develop a creative way to overcome a challenge.



## Business Process Upgrades and Enhancements

Over the past several years we have enhanced our business processes, procedures, and technologies through continuously reviewing and improvement activities as part of the Business Process Renewal Project. From customer interactions to providing employees with improved access to information, we continue to make positive changes in a focused and effective manner.

This year, through the development and implementation of our Learning Management System, employees were provided with online access to their training and certification records, listings of upcoming training opportunities, online training at their own time and pace, as well as an overview of qualifications and certifications needed for various positions throughout the organization. Our Business Process Renewal Project updated our financial systems to become more efficient to streamline transactions and reporting functions, including through supply chain management.

Additional projects will be undertaken in the year ahead as we continue our efforts to offer a modern, efficient, and effective service to all of our internal and external stakeholders and customers.

## Passenger Screening Tool

In support of the organization's innovation agenda, Marine Atlantic launched a new integrated online passenger screening tool. Through the screening tool, and as part of our efforts to mitigate against the spread of Covid-19, an email is automatically sent to passengers 24-hours in advance of their scheduled departure time with a link to a screening questionnaire. Based on the answers provided, a passenger will be either cleared to travel or directed to re-book for a later date. The manual screening process is still available for those passengers who book without an email address as well as for commercial passengers.





# Meeting the Expectations of Our Customers

The pandemic continued to impact our service throughout the year. Despite the challenges, our team focused to provide customers with a quality experience. From protecting health and safety, to introducing new and upgraded amenities and processes, our customers remain at the forefront of everything that we do.



**97% - customers highly satisfied with the courtesy of staff onboard and at the terminal**



**95% - customers likely to recommend Marine Atlantic to family and friends**



**91% - customers told us their expectations were met or exceeded**



**81% - customers highly satisfied with the onboard experience**



**85% - customers positively assess the reliability of Marine Atlantic's service**



**88% - customers positively assess Marine Atlantic's COVID-19 response**

## Engaging in Both Official Languages

As a federal Crown Corporation, Marine Atlantic is committed to providing customers with the option of receiving service in either of Canada's two official languages. As part of that commitment, Marine Atlantic is part of the advisory committee that reports to the Official Languages Centre of Excellence and works with the Office of the Commissioner of Official Languages, Treasury Board, and the Department of Canadian Heritage to report and meet our requirements under the *Official Languages Act*.

As the Government of Canada works to strengthen the *Official Languages Act*, Marine Atlantic continues its efforts to meet the spirit and intent of the legislation to deliver service in both of Canada's official languages. This includes ongoing training programs to maintain and strengthen second language proficiency for bilingual employees.

Planning is underway to implement a bilingual e-mail domain. This change will be implemented in the next fiscal year.

## Recovering from the Pandemic New Discount Campaign

During the fourth quarter, public health restrictions began to ease and Marine Atlantic experienced a surge in reservations for the upcoming summer travel season. To encourage travel plans for the budget sensitive traveller, Marine Atlantic launched a 22 percent discount campaign for the pre-peak season when there is more available capacity. In partnership with the Province of Newfoundland and Labrador, the goal of the campaign is to increase overall visitation and tourism to the province as part of the 2022 Come Home Year activities.

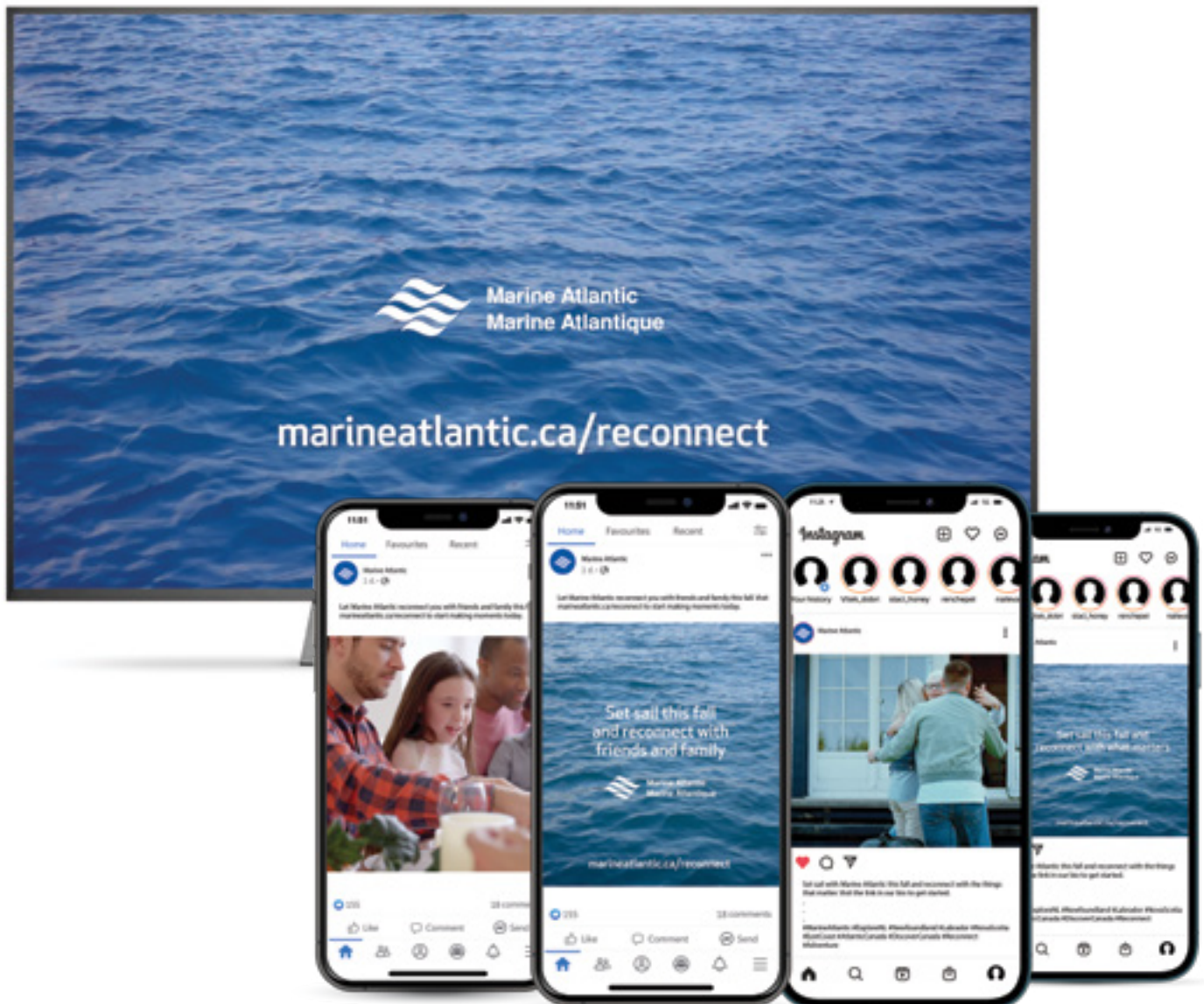
## Risk Free Booking

Marine Atlantic continued its “risk-free” booking policy during the year with the temporary suspension of cancellation and change fees to promote safe and healthy travel due to uncertainty with COVID-19. Customers expressed their appreciation for this temporary amendment.

## Parks Canada Partnership

During the summer season, Marine Atlantic partnered with Parks Canada to encourage people to discover some of the great history

and natural attractions at Gros Morne National Park, and the National Historic Sites of L’Anse aux Meadows and Red Bay. The goal of the partnership was to leverage Parks Canada as a destination, with Marine Atlantic being the transportation gateway to three UNESCO World Heritage Sites. The partnership also aligned with consumer interest in the ‘road trip’, staying close to home, exploring places ‘off the beaten track’, as well as the desire for wide open spaces and less heavily populated destinations.



## New Vessel Entertainment System

A new entertainment system introduced during the year on the MV *Blue Puttees* and MV *Highlanders* provides live television and on demand features, as well as future opportunities to provide on demand capabilities on personal devices. All televisions throughout these vessels now provide customers with an enhanced experience. Customer feedback has been positive from those enjoying the available options during their crossing.

## Complimentary Digital Publication Service

Marine Atlantic continues to offer a complimentary digital publication service at our terminals providing customers an opportunity to download a wide selection of newspapers and magazines before their sailing. Customers keep the publication as another exciting entertainment option as part of their adventure.

## Proud to Support our Regional Tourism Industry

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Through sponsorship events with tourism associations, government agencies, and not-for-profit groups, trade shows and promotional activities, Marine Atlantic is a proud participant and supporter of our region's efforts to develop new strategies and generate new tourism opportunities.



## Commercial Appreciation Events

Recognizing the essential work that our commercial partners undertake every day to keep the supply chain open, Marine Atlantic held commercial appreciation events again this year to provide a small token of appreciation for their ongoing efforts.

## Serving our Pet Travellers

### Pet-Friendly Cabin Trial

Marine Atlantic is focusing efforts to provide a valued travel experience for pets and their owners. A pet-friendly cabin pilot project was undertaken during the second quarter to better understand customer expectations and elements needed for a successful service. During the pilot, customers availing of pet friendly cabins were able to have their pet accompany them to their accommodations for the duration of the crossing. Overall, feedback received was positive with great insight for adjustments for further plans in the upcoming fiscal year.



## Port aux Basques Dog Park

Removing barriers for customers with pets included the addition of a dog park at the Port aux Basques terminal during the year. While designed for dogs, the park proved popular with other customers enjoying the opportunity to watch the animals play and relax before their crossing.



## Customer Communications

### Customer Contact System

Whether there is a schedule advisory, announcement or other important information regarding upcoming travel, our customer contact system promotes efficient and timely communication. Customers receive direct communications via telephone and e-mail updates.

### Social Media

Social media provides an opportunity to share information and interact with customers in a manner that best meets their needs. The Corporation's social media presence continues to grow each year through its Twitter, Facebook, Instagram, YouTube, and LinkedIn accounts as well as the Marine Atlantic blog. Social media platforms are a popular avenue in communicating directly with customers.



@MAferries  
@MANavires



@marineatlanticferries  
@MANavires



@maferries  
@manavires



Marine Atlantic  
Marine Atlantique



Marine Atlantic  
Marine Atlantique

### Digital Signage

Terminal and onboard digital signage also provides customers with important information regarding operations, schedules, weather, promotions, services, and amenities.

# Our Greatest Resource – Our Team

The talent, strength, commitment, and dedication of our employees were on full display during the year as they worked to overcome the challenges associated with the COVID-19 pandemic. Through a team approach, our employees stepped up to provide a safe and healthy environment focused on maintaining the essential link and supply chain. Through new initiatives, strengthened policies and training programs, our employees will continue to be the strength of the organization.



## Protecting Employees in the Workplace

Marine Atlantic is committed to protecting its employees against harassment and violence. Through our Workplace Harassment and Violence Policy, we are creating a safe, inclusive workplace where employees feel valued and productive. With the support of our Occupational Health and Safety Policy Bill C-65 Sub-Committee and internal trainers, over 1,200 employees participated in training outlining the requirements of Bill C-65 and reporting incidents of harassment and violence.

## Workplace Assessments

To help us achieve our goals, workplace assessments of vessels, terminals, maintenance, and administrative sites were conducted during the year by teams of employees, safety committee representatives, and Risk and Workplace Assessment Coordinators. The assessments were undertaken to identify risks that may exist for harassment and violence in the workplace. Based on the assessment results and feedback from employees, preventive measures were identified and implementation plans are under development.

## Psychological Health and Safety Program

Marine Atlantic is committed to the psychological health and safety of its employees. As we continue to work through the impacts of COVID-19 on personal mental health, our Healthy Workplace Advisory Committee continues to develop new strategies, initiatives, education opportunities, and programs. We have partnered with a nationally recognized organization with an extensive network of partners across Canada to develop a Psychological Health and Safety Program, designed on the Mental Health Association of Canada's National Standard for psychological health and safety. We are using nationally recognized evidence-based programs to design and determine programs and initiatives to implement at Marine Atlantic.

Our goal is to assist all members of our workforce in dealing with difficult challenges in their personal and professional lives. With our Psychological Health and Safety Program plan now in place, we have developed a 3-year implementation strategy that will be operationalized in the fiscal year 2022/23.

## Employee and Family Assistance Program (EFAP)

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Marine Atlantic introduced its new EFAP platform during the year. This new platform provides employees with access to qualified support for mental, physical, social, and financial well-being, 24-hours a day, 7-days a week. Employees can search for resources and tools on topics ranging from family and life to health, money, and work. Program Advisors are also available for expert advice, resources, and referrals.

## The MyHealth Wellness Program

**Focused on improving health and wellness, employees are provided with enhanced access to medical professionals, support programs, and activities. Employees are encouraged and provided with opportunities to adopt and sustain healthy behaviours that will improve physical, mental, and emotional well-being.**



## Recruitment, Retention and Professional Growth

Marine Atlantic is committed to employees and their personal and professional growth. Through various initiatives, Marine Atlantic continues to demonstrate that our organization is a great place to work, and the regions we serve are great places to live.

### Meeting our Employees' Needs

Marine Atlantic highly values its employees and provides competitive compensation and benefits packages that help in our recruitment and retention efforts. We recognize the personal needs of our employees and work with them to offer appropriate benefits and access to programs for their wellness and personal growth.

### Educational Assistance and Training

Growing the skills of our employees is part of our commitment to personal and professional growth. Our training and development activities are designed to strengthen the skills of today's employees, while growing our leaders of tomorrow. Through the Leadership Management Development Program and the Senior Leadership Development Pilot Program, current and future leaders are provided with materials and training sessions that focus on management and leadership skills, and that provide foundational support for workforce planning and interaction.



Through the Corporation's newly launched Learning Management System, online self-study programs have been introduced to provide additional flexibility for employees. Where feasible and appropriate, employees are provided opportunities to complete parts of the training during working hours.

To help employees with financial barriers to continued education, our Educational Financial Assistance Program invests in those wanting to grow their skills by making professional development opportunities more affordable. These training opportunities are helping us retain highly experienced and skilled individuals who make our operation stronger.

Whether it be regulatory training, safety, anti-harassment, diversity and inclusion training, or personal growth opportunities, professional development remains a fundamental component of our educational programs.

## Employee Communications

### MyPort

Marine Atlantic is committed to sharing information and educating its employees through various channels. In addition to internal notices, the Corporation uses its branded mediums such as MyPort Intranet, MyPort TV and MyPort Magazine.

### MyPort Intranet

MyPort Intranet is designed to be a mobile-friendly, one-stop location for employees requiring information about their work and work-life. A repository for employee-focused information, it is also fully compatible with the payroll and time and

attendance systems and allows employees access to their personal information.

### MyPort TV

Marine Atlantic uses its employee digital signage channel to connect with its dispersed, primarily mobile employee population. Using television screens at all locations, the platform connects employees with short, up-to-date information and includes a range of information from corporate announcements and safety tips to employee achievements and resources.

### MyPort Magazine

MyPort Magazine is Marine Atlantic's employee newsletter. The magazine features news and updates, program information and programs, recognition and understanding of diversity as well as culturally important events, and profiles of our employees and initiatives throughout the organization.



This year's **Volunteer of the Year Award** was awarded to Samantha Kendrick for her dedicated volunteerism to the Nova Scotia Hemophilia Society and Advocacy Committee. Through her policy development, financial management and outreach activities, as well advocacy for improvements to service access and research activity, Samantha works tirelessly to help those in the hemophilia community.

Congratulations Samantha for your ongoing dedication through your hundreds of hours of volunteerism and service to this very valuable cause.

## Awards and Distinction

Recognizing the work and accomplishments of employees is a priority within Marine Atlantic. The Corporation's award recognition program includes Ripple Awards, Awards of Distinction, and the President's Award, which are presented to employees who show tremendous commitment and display corporate values through their actions in the workplace and community. The Volunteer of the Year award is presented to an employee who is making a difference in their community through volunteer activities.

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This year's Distinction Awards were presented John Hatcher, Larry Nedelcoff, North Sydney Shunt Truck Drivers, Members of Passenger Services and Engine Crew on A Tour of the *MV Atlantic Vision*, and the North Sydney Maintenance Shop.

This year's President's Award was given to all Marine Atlantic employees for their commitment to our service and customers during the challenges of Covid-19 and road washouts on the southwest coast.

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# Supporting our Communities

Marine Atlantic and its employees have always been there to support our communities. Through direct investment, employee volunteerism, sponsorships, donations, and knowledge transfer, we place great value on supporting various initiatives, events, and not-for-profit groups in the regions in which we serve. A strong presence with empowered employees will strengthen our families, partnerships, service, and overall place within the community.

## Community Investment

With COVID-19 impacting many of the community events and initiatives traditionally supported by Marine Atlantic, the Corporation once again prioritized opportunities and partnerships that supported safety, health, and overall well-being.

This included joining with our employees and their efforts to support various charitable organizations and initiatives during the holiday season. Employees were invited to submit the initiative that they or their employee group were supporting with the Corporation providing funds to increase the impact of the donation. Donations were made to local food banks in all our locations, as well as a variety of initiatives with the primary purpose of helping people during another very difficult year.

## Scholarships

Marine Atlantic is committed to building the skills of potential employees and the recruitment of skilled individuals for positions within the Corporation.

The annual scholarship program awards dependent children of employees or pensioners with funds for post-secondary education on a merit basis. Marine Atlantic also provides four scholarships annually to students enrolled in either the Nautical Science or Marine Engineering programs at Memorial University's Marine Institute, and partners with the Institute and the Nova Scotia Community College for a cadet program.

## Educational Partnerships

We are proud to partner with the educational institutions in our communities to provide students with hands-on learning opportunities. Through partnerships on our vessels, at our terminals and in our administration facilities, we are providing students with a first-hand look at the many career options available in the marine industry. These opportunities have included students from Nova Scotia Community College's Nautical Institute who are provided work experience opportunities towards their diplomas.



# Our Planning Activities and Expectations for the Year Ahead

We recognize much uncertainty still exists as it relates to the COVID-19 pandemic; however, high vaccination rates and lessening public health restrictions are indicating a return to normal times. Initial booking numbers for the upcoming summer season indicate that customers are ready to travel once again and are looking to take advantage of Newfoundland and Labrador's Come Home Year activities for summer 2022. Through our partnerships with the province and tourism sector, including our discount campaign, we are cautiously optimistic for a better 2022/23.

We are excited about our new vessel and the significant work that will take place with our partner. From steel cutting and keel laying, the project will begin moving from the design schematics to the initial stages of constructing the vessel that our partner will begin leasing to us in the 2024/25 fiscal year.

Our new administration building in Port aux Basques will begin to take shape as tenders are issued and construction activities commence. With a strong commitment to environmental performance, the inclusive facility will offer new opportunities for operations to become modern and inclusive in the heart of the community. We will continue our initial steps in working towards our net-zero emissions commitment by

2050. Our new environmentally friendly vessel, North Sydney terminal which has been designated a Leader in Energy Efficient Design (LEED), commitments under the Green Marine program and Environmental Management System, as well as efforts to achieve LEED certification for the new Port aux Basques administration building, will help us meet our goals. Vessel shore power and electric vehicle charging stations are additional pieces helping guide our efforts towards positive change.

The protection of employees' physical and mental well-being will continue to be priorities in the months ahead. Through cyber protection, anti-harassment initiatives, psychological health and safety plan, and inclusive education, no one will be left behind. Intimidation, discrimination, and harassment will not be tolerated, with ongoing education to allow everyone to be treated with dignity and respect regardless of race, gender or gender identity, sexual orientation, disability, or any other protected ground of discrimination.

Innovation will be a key focus enabling new ideas to provide for creative and effective ways of doing business. Through our innovation strategy under the guidance of our Innovation and Infrastructure Committee of the Board of Directors, we will continue to look at modernizing processes, policies, approaches, and infrastructure to offer the most effective and efficient service to customers.

Our commitment to health and safety will remain steadfast. Throughout the pandemic, we proved agile and implemented new policies and procedures, while making adjustments based on the latest public health information. We will continue to monitor activities to determine any additional changes required in the days, weeks,

and months ahead. We will also be expanding our safety management system in the coming year to increase outcomes and improve the user interface.

The expansion of customer amenities is always a focus of our organization. Through product offerings to enhanced onboard entertainment opportunities, pet friendly cabins to customer communications, we are always looking to enhance the overall customer experience.

Through effective outreach activities, we have weathered the storm and are prepared for better times on the horizon. With a strong and effective stakeholder engagement approach, we will work together with our partners and customers to achieve positive results. A successful summer tourist season will be an initial step towards these efforts, something we all look forward to celebrating following a very challenging period.



# Governance

Marine Atlantic's Board of Directors provides oversight and strategic direction to the management team, which in turn is responsible for the day-to-day functions of the Corporation. Together, the Board and management team make a united effort to provide a safe, environmentally responsible, quality, and efficient interprovincial ferry system for our customers, governed by a strong set of corporate values.

Marine Atlantic is governed by a 10-person Board of Directors. The independent directors are chosen and appointed for specific terms by the Government of Canada. The President and CEO is also a member of the Board.

The Board of Directors operates within a highly regulated environment. The *Financial Administration Act* and the *Marine Atlantic Inc. Acquisition Authorization Act* both provide direction to the Corporation's business affairs. The Corporation's Articles of Incorporation, its by-laws, vision, mission statement, and values, further direct both the Board and management in their decision-making. Finally, the National Marine Policy provides critical direction and restraint, as it requires that Marine Atlantic focus its efforts on operating the gulf ferry service.

The Board has a strong commitment to good corporate governance and stakeholder engagement. It also provides prudent fiscal direction and guidance to the management team, ensuring effective budgeting and financial management, as well as management of corporate risks.





## Working to Ethical Standards

The Corporation prides itself on maintaining high ethical standards while operating in a fiscally responsible manner. The management team adheres to conflict of interest guidelines to deliver on the corporate mandate in an ethical manner, and all employees are guided by Marine Atlantic's values along with the Value and Ethics Code for the Public Service. The Corporation also has a Disclosure of Wrongdoings policy which outlines ways for employees to report behaviour that is outside of ethical and corporate values.

## Committees of the Board

The Board's standing committees engage and support its efforts through several governance responsibilities including *Audit and Finance*; *Governance, Risk and Strategy*; *Human Resources*; and *Innovation and Infrastructure*.

### Audit and Finance Committee

The Audit and Finance Committee is mandated to provide the Board advice and services in the areas of financial management and reporting, internal control, information systems and management, procurement, and internal/external audit practices.

### Human Resources Committee

The Human Resources Committee is mandated to provide advice and oversight on behalf of the Board of Directors in the areas of Human Resources and Pension Management. The Human Resources Committee also provides advice and oversight on behalf of the Board on the stewardship of pension plans for the employees of Marine Atlantic Inc.

### Innovation and Infrastructure Committee

The Innovation and Infrastructure Committee is mandated to monitor and provide oversight on behalf of the Board of Directors in the areas of customer service, innovation, IT/IM, capital projects, safety and environmental management, and fleet management.

### Governance, Risk and Strategy Committee

The Governance, Risk and Strategy Committee is mandated to provide advice and oversight on behalf of the Board of Directors in the areas of strategic planning, enterprise risk management, governance, ethics, and corporate social responsibility.



# Board and Committee Membership



**Gary O'Brien**

Channel-Port aux  
Basques, NL

**Chair**

Board of Directors

**Chair**

Governance, Risk and  
Strategy Committee

**Member**

Audit and  
Finance Committee

**Member**

Innovation and  
Infrastructure  
Committee

**Member**

Human Resources  
Committee



**Carla Arsenault**

Sydney River, NS

**Chair**

Innovation and  
Infrastructure  
Committee

**Member**

Governance, Risk and  
Strategy Committee



**Janie Bussey, Q.C.**

Logy Bay, NL

**Chair**

Human Resources  
Committee

**Member**

Governance, Risk and  
Strategy Committee



**Murray Hupman**

Channel-Port aux  
Basques, NL

**Ex-officio member  
of the Board**

**Member**

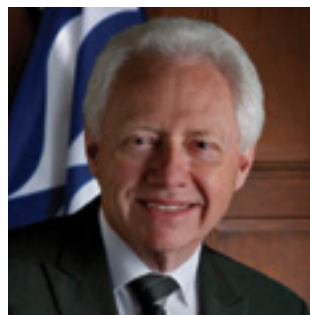
Innovation and  
Infrastructure  
Committee

**Member**

Governance, Risk and  
Strategy Committee

**Member**

Human Resources  
Committee



**John Butler**

St. John's, NL

**Member**

Human Resources  
Committee

**Member**

Innovation and  
Infrastructure  
Committee



**John B. Chaffey**

Saint David's, NL

**Member**

Audit and Finance  
Committee

**Member**

Innovation and  
Infrastructure  
Committee



**Lynn Kendall**

*(effective June 1, 2021)*

Corner Brook, NL

**Member**

Human Resources  
Committee

**Member**

Audit and Finance  
Committee



**James Doody**

*(until June 1, 2021)*

St. John's, NL



**Craig Priddle, CPA**

Corner Brook, NL

**Chair**

Audit and  
Finance Committee

**Member**

Governance, Risk and  
Strategy Committee



**Owen Fitzgerald**

Sydney, NS

**Member**

Audit and Finance  
Committee

**Member**

Innovation and  
Infrastructure  
Committee



**Ann-Margret  
White**

St. John's, NL

**Member**

Audit and Finance  
Committee

**Member**

Human Resources  
Committee

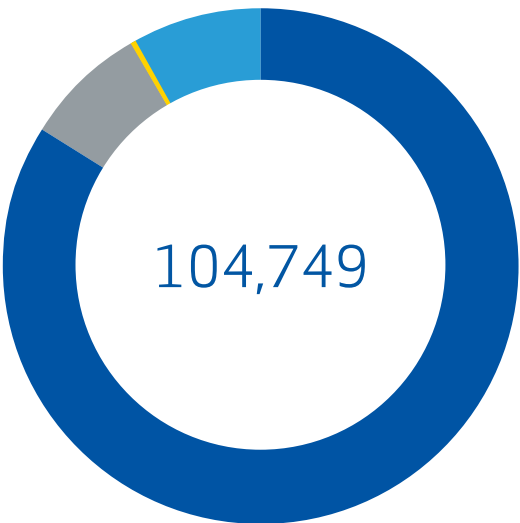


# Financial Overview

As a federal Crown Corporation, Marine Atlantic receives an annual subsidy from its shareholder, the Government of Canada, through Transport Canada. In 2021/22, the Corporation spent \$239.9 million; \$108.2 million was generated via customer tariffs and other ancillary revenue; and \$131.4 million was received via subsidy. The Corporation’s cost recovery was 60% compared to 55.2% last year.

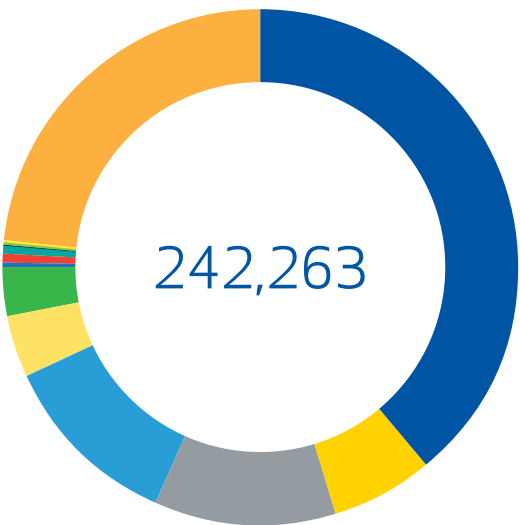
## Revenues 2021/22 (in thousands)

Transportation revenue	88,020
Fuel surcharge revenue	8,162
Other income	79
Realized gain on derivative financial instruments	8,488
<b>Total Revenue</b>	<b>104,749</b>



## Expenses 2021/22 (in thousands)

Wages and benefits	94,880
Charter fees	15,446
Fuel	27,448
Materials, supplies and services	27,713
Repairs and maintenance	9,211
Insurance, rent and utilities	7,529
Travel	536
Administrative costs	1,478
Fleet Renewal costs	982
Employee future benefits	194
Foreign currency exchange loss	326
Loss on disposal of tangible capital assets	534
Amortization	55,986
<b>Total Expenses</b>	<b>242,263</b>



## Revenue

Revenues were \$13 million or 16% higher compared to last year. Commercial traffic was 1% higher compared to last year and passenger traffic increased by 65%. Although passenger traffic was below pre-pandemic levels, it increased during the year due to a gradual easing of restrictions and the vaccination program leading up to the summer season. The Corporation was able to make operational changes to safely increase passenger limits per crossing, re-open the Argentia service and offer limited onboard food services.

In comparison to budget, revenues were \$8.2 million or 9.4% higher as overall traffic volumes exceeded expectations.

## Gains

The Corporation recognized an \$8.5 million realized gain on derivative financial instruments relating to the Corporation's hedging program that involves advance purchase of fuel swaps and forward exchange contracts. The significant increase in the global oil market above pre-pandemic levels resulted in large gains at time of settlement. Last year, the Corporation had an \$8.5 million realized losses on derivatives as oil prices dropped significantly at the start of the pandemic.

## Operating Expenses

### Wages and Benefits

Wages and benefit costs were \$12.3 million or 15% higher compared to fiscal year 2020/21 and \$6.2 million higher than budget. Due to the easing of COVID-19 restrictions, the Corporation was able to increase passenger capacity, re-open the Argentia service for the summer season and offer a modified food service for customers. This required additional staff in comparison to the previous year when pandemic restrictions resulted in a reduction of employee requirements.

### Materials, Supplies and Services

Materials, supplies, and services' costs were less than 1% higher compared to fiscal year 2020/21 and 3% higher compared to budget. There were higher consumables cost this year compared to last year relating to the increase in passengers, opening of food services and higher staffing levels which was partially offset by lower software support costs.

### Repairs and Maintenance

The repairs and maintenance costs were \$1.1 million or 13% higher compared to the prior year and \$1.1 million or 14% higher compared to budget. The increase was mainly due to a shore-based initiative to remove obsolete dock structures.

### Insurance, Rent and Utilities

Insurance, rent and utilities were \$0.5 million or 6.7% lower than last year and \$0.8 million lower than budget. The Corporation consumed less electricity to power ships in lay-up status as all four vessels were in operation during the summer.

## Travel

Travel costs were \$0.3 million higher than the previous year, but remained well-below pre-pandemic levels. With the use of virtual meeting technology and online training programs for staff, travel was \$0.5 million lower than budget.

## Administrative Costs

Administrative costs were \$0.6 million higher compared to last year, while \$0.5 million lower than budget. This year, the Corporation increased marketing and recruitment activities in comparison to the previous year.

## Fuel

Fuel expense was \$12.9 million higher than last year and \$7.9 million higher compared to budget. Oil prices have been extremely volatile over the past two years. Last year, oil dropped to historic lows due to the pandemic. This year prices escalated past pre-pandemic levels due to increased demand, supply chain challenges and the escalating tension created by Russia's military invasion of Ukraine. The Corporation's cost per litre for vessel fuel was 57% higher than last year. In addition, with the resumption of the Argentina service and higher traffic on the Gulf service, more trips were offered resulting in higher fuel consumption.

## Losses

### Realized Loss on Derivatives

Last year, the Corporation recognized an \$8.5 million realized loss on derivatives relating to the Corporation's hedging program that involves advance purchase of fuel swaps and forward exchange contracts. This year, the Corporation

recognized gains of \$8.5 million. The significant drop in the global oil market in fiscal year 2020/21 resulted in large losses at the time of settlement. Last year, the Corporation terminated and settled future year contracts to reset its positions at lower prices.

### Loss on Disposal of Tangible capital assets

The Corporation recognized a loss of \$0.5 million on the disposal and scrapping of long-lived assets compared to \$2.6 million last year.

## Charter Fees

Charter fees were \$1.3 million lower this year in comparison to the previous year. The decrease was due to lower Euro exchange rates.

## Fleet Renewal Costs

The Corporation spent \$1 million in fleet renewal costs this year as part of a multi-year new vessel procurement project.

## Employee Future Benefits

The Corporation retains an independent actuary to assist in calculating expenses relating to employee future benefits based on management assumptions. This year, the expense decreased by \$0.5 million. These estimates are based on various assumptions such as discount rates, mortality rates and expected rates of return on plan assets. Lower pension benefits expenses were partially offset by higher non-pension benefits compared to last year.



## Government Funding

Government funding revenue recognized was \$9.6 million higher than last year. Funding for capital projects was \$6.3 million higher mainly due to deferred projects from the prior year. Last year, the Corporation deferred several capital projects due to funding pressures created by the pandemic. The Corporation requested and received approval to re-allocate capital funding to operating funding to cover the operating deficit. This year, government funding for operations was \$15.9 million lower due to higher revenues and gains more than offsetting higher operating costs.

## Tangible Capital Assets

In 2021/22, the Corporation spent \$37.9 million in asset renewal compared to \$31.6 million last year. Of this amount, \$24.7 million was spent on fleet-related projects compared to \$24.1 million last year. An additional \$13.2 million was spent replacing and modernizing shore facilities and equipment, upgrading IT requirements, and investing in innovation projects compared to \$7.5 million in fiscal 2020/21.

## Traffic And Employees

	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Passengers</b>	231,298	139,988	311,499	307,758	328,594
<b>Passenger vehicles</b>	91,336	50,449	120,426	115,972	122,444
<b>Commercial vehicles</b>	90,222	89,723	82,194	87,739	91,396
<b>AEU's*</b>	468,157	420,009	470,095	486,407	510,673
<b>Number of single crossings</b>	1,642	1,498	1,632	1,634	1,685
<b>Employees (peak employment)</b>	1,140	1,110	1,276	1,319	1,259
<b>Employees (full-time equivalent)**</b>	1,009	880	1,063	1,089	1,097

\* AEU or Auto Equivalent Unit is the length of an average passenger automobile.

\*\* Full-time equivalent (FTE) employees are calculated by dividing actual labour hours by the standard hours in a work year (2,080).

# Financial Overview Table

Year ended March 31 (2021, 2020, 2019, 2018 & 2017 (in thousands))

	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Transportation Revenue</b>	\$88,020	\$75,976	\$93,746	\$96,568	\$100,474
<b>Fuel surcharge</b>	8,162	7,080	11,650	11,976	10,510
<b>Other income</b>	79	182	229	254	584
<b>Gains</b>	8,488	4	-	3,020	1,047
	104,749	83,242	105,625	111,818	112,615
<b>Operating expenses</b>	141,673	127,367	139,287	137,282	143,254
<b>Fuel</b>	27,448	14,559	28,341	31,498	27,793
<b>Losses</b>	534	11,093	306	1,260	202
<b>Charter costs</b>	15,446	16,768	14,468	13,652	13,403
<b>Fleet Renewal costs</b>	982	1,428	1,727	-	-
<b>Employee Future benefits</b>	194	688	516	4,809	7,389
<b>Amortization</b>	55,986	60,496	52,025	50,033	45,166
	242,263	232,399	236,670	238,534	237,207
<b>Deficit before government funding</b>	137,514	149,157	131,045	126,716	124,592
<b>Government funding</b>					
<b>Operations</b>	93,598	109,494	83,239	75,977	85,800
<b>Capital</b>	37,905	31,627	50,076	49,691	60,958
<b>Recovery of vessel decommissioning costs</b>					
<b>Operating surplus (deficit)</b>	\$(6,011)	\$(8,036)	\$2,270	\$(1,048)	\$22,166
<b>ASSETS:</b>					
<b>Total assets</b>	<b>\$616,505</b>	<b>\$607,185</b>	<b>\$606,974</b>	<b>\$614,540</b>	<b>\$623,777</b>

Financial Statements of

**MARINE ATLANTIC INC.**

For the year ended  
March 31, 2022



# MARINE ATLANTIC INC.

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For the year ended March 31, 2022

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# MARINE ATLANTIC INC.

## Management's Responsibility for Financial Reporting

The preparation and presentation of the financial statements is the responsibility of Marine Atlantic Inc.'s (the Corporation) management. These financial statements have been prepared in accordance with Canadian public sector accounting standards. These standards have been applied using management's best estimates and judgments that are considered appropriate to the Corporation's circumstances. Management obtains actuarial reports in support of amounts recorded in relation to the pension plan and accrued obligations for post-employment and non-pension post-retirement benefits.

Management is responsible for the reliability and integrity of the financial statements, including the notes to the financial statements and other financial information contained in the annual report. Management is also responsible for maintaining books of account, information systems, systems of financial and management control, and an internal audit program. These managerial controls and procedures are intended to provide reasonable assurance that accurate financial information is available; that assets are safeguarded and controlled; that resources are managed efficiently; and that transactions are conducted in accordance with relevant legislation and the articles of incorporation and by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, on behalf of the Board, fulfills this responsibility. The Audit Committee reviews matters related to accounting, auditing, internal control systems and the financial statements. The Corporation has an internal audit department whose functions include reviewing internal controls and their application on an ongoing basis.

The Auditor General of Canada, the independent auditor of the Corporation appointed under the *Financial Administration Act*, audits the Corporation's financial statements and reports to the Minister responsible for Marine Atlantic Inc. The independent auditor has full and unrestricted access to the Audit Committee to discuss the audit and related findings.

The financial statements and the annual report have been approved by the Board of Directors.



Shawn Leamon, CPA, CGA  
Vice President of Finance



Murray Hupman, P.Eng.  
President and CEO

St. John's, Canada  
June 12, 2022



## INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Marine Atlantic Inc., which comprise the statement of financial position as at 31 March 2022, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Marine Atlantic Inc. as at 31 March 2022, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Marine Atlantic Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Marine Atlantic Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Marine Atlantic Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Marine Atlantic Inc.'s financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Marine Atlantic Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Marine Atlantic Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Marine Atlantic Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Compliance with Specified Authorities**

#### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of Marine Atlantic Inc. coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Marine Atlantic Inc. Acquisition Authorization Act*, the *Canada Business Corporations Act* and regulations, the articles of incorporation and by-laws of Marine Atlantic Inc., and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of Marine Atlantic Inc. that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

*Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for Marine Atlantic Inc.'s compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Marine Atlantic Inc. to comply with the specified authorities.

*Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Heather McManaman, CPA, CA  
Principal  
for the Auditor General of Canada

Halifax, Canada  
12 June 2022



# MARINE ATLANTIC INC.

## Statement of Financial Position

As at March 31, 2022  
(in thousands of dollars)

	2022	2021
<b>Financial assets</b>		
Cash (Note 4)	\$ 9,955	\$ 10,648
Accounts receivable (Note 13(a))	14,438	6,595
Receivable from Government of Canada (Note 5)	13,954	13,899
Inventories held for resale (Note 6)	381	362
Derivative financial instruments (Note 12)	10,842	2,897
Accrued pension asset (Note 8)	161,633	156,014
	<u>211,203</u>	<u>190,415</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Notes 7 and 13(c))	29,088	31,839
Derivative financial instruments (Notes 12 and 13(c))	804	2,532
Deferred revenue	11,978	2,851
Payable to Government of Canada (Note 5)	-	29
Accrued vacation pay	6,487	5,932
Accrued pension liability (Note 8)	3,123	2,951
Accrued liability for non-pension post-retirement benefits (Note 9)	52,258	51,363
Accrued liability for post-employment benefits (Note 10)	11,272	11,452
	<u>115,010</u>	<u>108,949</u>
<b>Net financial assets</b>	<u>96,193</u>	<u>81,466</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	369,308	387,925
Inventories held for consumption (Note 6)	30,650	22,436
Prepaid expenses	5,344	6,409
	<u>405,302</u>	<u>416,770</u>
<b>Accumulated surplus (Note 14)</b>	<u>\$ 501,495</u>	<u>\$ 498,236</u>

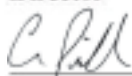
Contractual obligations (Note 16)  
Contingencies (Notes 17 and 18)

*The accompanying notes are an integral part of these financial statements.*

**On behalf of the Board of Directors:**



Director



Director

**MARINE ATLANTIC INC.****Statement of Operations**

For the year ended March 31, 2022

(in thousands of dollars)

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(Note 19)</b>		
<b>Revenues</b>			
Transportation	\$ 80,633	\$ 88,020	\$ 75,976
Fuel surcharge	7,229	8,162	7,080
Other income	150	79	182
Foreign currency exchange gain	-	-	4
Realized gain on derivative financial instruments	-	8,488	-
	<b>88,012</b>	<b>104,749</b>	<b>83,242</b>
<b>Expenditures</b>			
Wages and benefits	88,644	94,880	82,589
Materials, supplies and services	26,845	27,713	27,463
Fuel	19,519	27,448	14,559
Charter fees	17,156	15,446	16,768
Repairs and maintenance	8,074	9,211	8,146
Insurance, rent and utilities	8,312	7,529	8,072
Administrative costs	1,985	1,478	843
Fleet renewal costs	4,097	982	1,428
Travel	1,010	536	254
Employee future benefits (Notes 8, 9 and 10)	-	194	688
Foreign currency exchange loss	-	326	-
Realized loss on derivative financial instruments	-	-	8,493
Loss on disposal of tangible capital assets	-	534	2,600
Amortization (Note 11)	63,800	55,986	60,496
	<b>239,442</b>	<b>242,263</b>	<b>232,399</b>
<b>Deficit before government funding</b>	<b>(151,430)</b>	<b>(137,514)</b>	<b>(149,157)</b>
<b>Government funding (Note 5)</b>			
Operations	92,974	93,598	109,494
Capital	47,036	37,905	31,627
	<b>140,010</b>	<b>131,503</b>	<b>141,121</b>
<b>Operating deficit</b>	<b>(11,420)</b>	<b>(6,011)</b>	<b>(8,036)</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>496,829</b>	<b>496,829</b>	<b>504,865</b>
<b>Accumulated operating surplus, end of year (Note 14)</b>	<b>\$ 485,409</b>	<b>\$ 490,818</b>	<b>\$ 496,829</b>

*The accompanying notes are an integral part of these financial statements.*

**MARINE ATLANTIC INC.**  
**Statement of Remeasurement Gains and Losses**

Statement of Operations  
(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
<b>Accumulated remeasurement (losses) gains, beginning of year</b>	<b>\$ 1,407</b>	<b>\$ (8,364)</b>
<b>Remeasurement gains (losses) arising during the year</b>		
Unrealized loss on foreign exchange of cash	(403)	(384)
Unrealized gain on derivatives	18,161	1,662
<b>Reclassifications to the statement of operations</b>		
Realized (gain) loss on derivatives	(8,488)	8,493
<b>Net remeasurement gains for the year</b>	<b>9,270</b>	<b>9,771</b>
<b>Accumulated remeasurement gains, end of year (Note 14)</b>	<b>\$ 10,677</b>	<b>\$ 1,407</b>

*The accompanying notes are an integral part of these financial statements.*



# MARINE ATLANTIC INC.

## Statement of Change in Net Financial Assets

For the year ended March 31, 2022

(in thousands of dollars)

	2022	2021	
	Budget	Actual	Actual
	(Note 19)		
<b>Operating deficit</b>	<b>\$ (11,420)</b>	<b>\$ (6,011)</b>	<b>\$ (8,036)</b>
<b>Change in tangible capital assets</b>			
Acquisition of tangible capital assets (Note 11)	(47,036)	(37,905)	(31,627)
Amortization of tangible capital assets (Note 11)	63,800	55,986	60,495
Loss on disposal of tangible capital assets		534	2,600
<b>Decrease in tangible capital assets</b>	<b>16,764</b>	<b>18,615</b>	<b>31,468</b>
<b>Change in other non-financial assets</b>			
Acquisition of inventories held for consumption	(18,602)	(38,396)	(26,916)
Use of inventories held for consumption	21,352	30,182	16,465
Purchase of prepaid expenses	(17,156)	(11,304)	(19,122)
Use of prepaid expenses	21,906	12,371	15,441
<b>Decrease (increase) in other non-financial assets</b>	<b>7,500</b>	<b>(7,147)</b>	<b>(14,132)</b>
<b>Net remeasurement gains (losses)</b>	<b>(365)</b>	<b>9,270</b>	<b>9,771</b>
<b>Increase in net financial assets</b>	<b>12,479</b>	<b>14,727</b>	<b>19,071</b>
<b>Net financial assets, beginning of year</b>	<b>81,466</b>	<b>81,466</b>	<b>62,395</b>
<b>Net financial assets, end of year</b>	<b>\$ 93,945</b>	<b>\$ 96,193</b>	<b>\$ 81,466</b>

*The accompanying notes are an integral part of these financial statements.*

**MARINE ATLANTIC INC.****Statement of Cash Flow**

For the year ended March 31, 2022

(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
<b>Operating transactions</b>		
Cash receipts from customers	\$ 104,537	\$ 83,406
Other income received	79	186
Government funding - operations	91,316	104,679
Government funding - capital	40,103	30,955
Cash payments to suppliers (Note 20)	(104,797)	(87,667)
Cash receipts (payments) for settlement of derivatives (Note 20)	3,563	(8,128)
Cash payments to and on behalf of employees	(90,063)	(81,772)
Cash paid for employee future benefits	(4,925)	(10,873)
	<u>39,813</u>	<u>30,786</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(40,103)	(30,956)
	<u>(40,103)</u>	<u>(30,956)</u>
Decrease from effect of exchange rate changes on cash	(403)	(384)
Net decrease in cash	(693)	(554)
Cash, beginning of year	10,648	11,202
<b>Cash, end of year</b>	<u>\$ 9,955</u>	<u>\$ 10,648</u>
Cash consists of:		
Restricted cash (Note 4)	\$ 6,233	\$ 6,641
Unrestricted cash	3,722	4,007
	<u>\$ 9,955</u>	<u>\$ 10,648</u>

*The accompanying notes are an integral part of these financial statements.*

# MARINE ATLANTIC INC.

## Notes to the Financial Statements

For the year ended March 31, 2022  
(in thousands of dollars)

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### 1. NATURE OF OPERATIONS AND AUTHORITY

Marine Atlantic Inc. is incorporated under the *Canada Business Corporations Act*. The *Marine Atlantic Inc. Acquisition Authorization Act* of 1986 established the Corporation as a parent Crown Corporation. Marine Atlantic Inc. is a federal Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*. The Corporation is not an agent of Her Majesty. In accordance with the *Marine Atlantic Inc. Acquisition Authorization Act*, the Corporation's articles restrict its business to the acquisition, establishment, management and operation of a marine transportation service, a marine maintenance repair and refit service, a marine construction business and any service or business related thereto. As a result of the *National Marine Policy* (1995), the mandate was narrowed to the operation of the ferry system. The Corporation considers this to be its sole program.

The corporate mission is "to provide a safe, environmentally responsible and quality ferry service between the Island of Newfoundland and the Province of Nova Scotia in a reliable, courteous and cost-effective manner." This service encompasses the year-round ferry service between North Sydney, Nova Scotia and Port aux Basques, Newfoundland and Labrador (constitutional route) and the seasonal summer service between North Sydney, Nova Scotia and Argentia, Newfoundland and Labrador (non-constitutional route). The Corporation operates its service with one chartered vessel and three corporate-owned vessels and owns terminals in each of the three ports.

The Corporation receives funding for its operations from the Government of Canada to the extent that the cost of providing ferry services is not recovered from commercial revenues. The acquisition of tangible capital assets is subject to approval of parliamentary appropriations. The Corporation is economically dependent on the Government of Canada.

The Corporation's Board of Directors is responsible for price changes across all services, including to a maximum of five percent per year on constitutional fares. The Corporation also sets a fuel surcharge based on the annual cost recovery target.

In December 2014, the Corporation was issued a directive (P.C. 2014-1382) pursuant to section 89 of the *Financial Administration Act*, as follows:

- (a) To ensure that the pension plan will provide:
  - i. a 50:50 current service cost-sharing ratio between employee and employer for pension contributions for all members by December 31, 2017, and
  - ii. for any employee hired after January 1, 2015, the normal age of retirement be raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan.
- (b) To outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

Member contribution rates were adjusted gradually to meet the 50:50 current service cost-sharing ratio target rate by January 1, 2017. Since then the cost-sharing ratio is reviewed annually at each actuarial valuation. As of December 31, 2021, this ratio was 73:27 between employees and the Corporation and employee contributions are adjusted each January 1 to bring the cost-sharing ratio to 50:50. During 2021 Marine Atlantic Inc. did not contribute to the pension plan since the funded ratio was above 125%



# MARINE ATLANTIC INC.

## Notes to the Financial Statements

For the year ended March 31, 2022  
(in thousands of dollars)

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and was required to take a contribution holiday. The Corporation has amended its policies such that the normal age of retirement for employees hired after January 1, 2015 was raised to 65 years of age.

In July 2015, the Corporation was issued a directive (P.C. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. The Corporation implemented new policies and revised existing policies and procedures effective July 1, 2016 and has been compliant with the directive since then.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The financial statements are prepared in accordance with Canadian public sector accounting standards. All figures are stated in thousands of dollars except for the authorized share capital.

#### (a) Government funding

The Corporation receives government funding to finance its current cash requirements, related to operating expenses in excess of commercial revenues and to acquire tangible capital assets. The funding received is included in income for the period when funding has been authorized and all eligibility criteria have been met by the Corporation. Any difference between amounts provided and amounts authorized and eligible represents a receivable from (payable to) the Government of Canada. On occasion, the Corporation sells assets for which the net proceeds are required to be returned to the Consolidated Revenue Fund. On these occasions, the net proceeds are applied against the operating funding requirements in the period of disposition.

#### (b) Financial instruments

Cash, accounts receivable, accounts payable and accrued liabilities are measured at amortized cost.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair value at the end of each reporting period. Changes in fair value are recognized in the statement of remeasurement gains and losses until the derivative financial instrument is derecognized, at which point the accumulated remeasurement gain (loss) is reversed and reclassified to the statement of operations. Derivatives are derecognized at the expiry date of the derivative contract. Transaction costs are expensed as incurred.

#### (c) Insurance claims receivable

Accounts receivable includes recoverable insurance claims which are recognized when the Corporation has received confirmation that the claim will be accepted and paid by the insurance underwriter.

#### (d) Inventory

Inventories include fuel, valued at the lower of historical or replacement cost, and spare parts used for consumption onboard vessels, valued at historical cost.

# MARINE ATLANTIC INC.

## Notes to the Financial Statements

For the year ended March 31, 2022  
(in thousands of dollars)

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### (e) Tangible capital assets

Tangible capital assets are comprised of vessels, shore facilities and equipment which are carried at cost less accumulated amortization.

Vessels include corporate-owned vessels and vessel projects; shore facilities include terminal buildings, stevedore buildings, docks and related infrastructure. Equipment includes computer hardware and software, furniture and vehicles.

Major spare parts are accounted for as tangible capital assets and are not amortized until they are put into use. For this purpose, major spare parts are those that are expected to be used for more than one fiscal period in connection with a tangible capital asset.

The cost of work in progress includes materials, direct labour and overhead. Amounts included in work in progress are transferred to the appropriate tangible capital asset classification when available and ready for use and are then amortized.

Amortization is calculated at rates sufficient to write off the cost, less any residual value, of tangible capital assets over their estimated useful lives on a straight-line basis. The cost, less any residual value, of capital vessel projects are amortized over the lesser of the useful life of the asset or the useful life of the vessel.

Estimated useful lives and amortization methods are reviewed annually. The rates for significant classes of tangible capital assets are as follows:

Vessels	5% to 10%
Shore facilities	2.5% to 5%
Equipment	10% to 25%
Leasehold improvements	Shorter of term of lease agreement or the asset's useful life

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, the cost of the asset is written down to residual value, if any. Write-downs are not reversed.

Tangible capital and other non-financial assets are accounted for as assets because they can be used to provide services in future periods.

### (f) Employee future benefits

The Corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets, as the benefits accrue to employees for expected retirement projections.

#### i) Accrued pension asset (liability)

The Corporation maintains, through a trustee, a registered defined benefit pension plan covering substantially all employees; and three supplementary unfunded retirement arrangements. The supplementary retirement arrangement adopted on June 2, 1994 and the supplementary retirement arrangement adopted on June 6, 1990 plan were terminated effective March 1, 2001 (thereafter referred to as the former supplementary retirement arrangements), with coverage for inactive members entitled to benefits prior to this date continuing.



# MARINE ATLANTIC INC.

## Notes to the Financial Statements

For the year ended March 31, 2022  
(in thousands of dollars)

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In 2006 a new supplementary retirement arrangement was introduced for designated positions providing benefits for service since 2004. Eligibility under this supplementary arrangement was extended to benefits accrued for service since 2009 for all members of the registered defined benefit pension plan who are affected by the maximum pension payable by the registered plan. Benefits are generally based on employees' length of service and final or best average earnings for all benefits.

The cost of pensions is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, inflation and retirement ages of employees. The discount rate used to calculate the interest cost on the pension obligations is based on the expected return on plan assets for the registered pension plan.

The expected long-term rate of return on plan assets is based on estimated returns, consistent with market conditions applicable on the measurement date, for each major asset class and the target asset mix specified in the plan's investment policy. A market-related value of plan assets is used for purposes of the financial statements, and the expected return on plan assets is based thereon. The market-related value of plan assets is determined using a method which amortizes gains or losses relative to the expected return over five years. Actuarial gains or losses arise from the difference between the actual rate of return and the expected long-term rate of return on plan assets and from changes in the pension obligations due to changes in actuarial assumptions used or actual experience differing from that which is expected based on the assumptions.

Actuarial gains and losses for the registered plan are amortized over the remaining service period of active members expected to receive benefits. Actuarial gains and losses for the former supplementary retirement arrangements are amortized over the average life expectancy of the members, since there are no longer any active members.

Adjustments for plan amendments, net of offsetting unamortized actuarial gains and losses, related to prior period employee service are recognized in the statement of operations in the period of the plan amendment.

The estimated average remaining service period of the members covered by the registered pension plan and the remaining supplementary retirement arrangement is 10.0 years (2021 – 10.2 years). For the former supplementary retirement arrangements, the average life expectancy of plan members is 11.4 years (2021 – 12.2 years).

### ii) Non-pension post-retirement benefits

The Corporation provides life insurance and health and dental care benefits to current and retired employees. Union and non-union/management employees become eligible for basic and optional life insurance the first of the month following 60 days of continuous employment. Union employees become eligible for extended health and dental benefits the first of the month following the attainment of 1,040 hours of work, and non-union/management employees become eligible the first of the month following date of hire.

The cost of non-pension post-retirement benefits is actuarially determined using the projected benefit method prorated on service and management's best estimate of future participation rates in the retiree health and dental plan, average health care cost per plan member, health care trend rates and utilization, salary escalation and mortality rates. A proxy for the cost of borrowing has been used to calculate the discount rate for the obligation and the interest cost. The costs for current employees are expensed as they are incurred. The costs projected to be incurred during retirement are accrued and expensed evenly over the expected remaining service life of the employee.



# MARINE ATLANTIC INC.

## Notes to the Financial Statements

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Adjustments arising from actuarial gains and losses are amortized over the estimated average remaining service period of the related employee group.

The estimated average remaining service period of members covered by non-pension post-retirement benefits is 11.4 years (2021 – 11.4 years). Adjustments for plan amendments, net of offsetting unamortized actuarial gain and losses, related to prior period employee service are recognized in the statement of operations in the period of the plan amendment.

### iii) Post-employment benefits

For certain employees and former employees, the Corporation is a self-insured employer and is accountable for workers' compensation liabilities incurred. The cost of workers' compensation liabilities is actuarially determined using the net present value of liabilities for work-related injuries of current and former employees when awards are approved by the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador; Workplace Health, Safety and Compensation Commission of New Brunswick; or Workers Compensation Commission of Prince Edward Island; or legislative amendments are made and the anticipated future costs can be reasonably calculated. Management recognizes changes in the net present value of the liability, based on updated actuarial estimates of future costs, as a result of actual experience and changes in actuarial assumptions. A proxy for the cost of borrowing has been used to calculate the discount rate for the obligation and the interest cost.

Adjustments arising from actuarial gains and losses are amortized over the average expected period over which benefits will be paid which is 10.0 years (2021 – 10.0 years).

### (g) Revenue recognition

Transportation revenue and fuel surcharges are recognized when ferry services are provided. The Corporation requires customers to pay in advance when booking a reservation. The amounts received are recorded as deferred revenue and are recognized as revenue when ferry services are provided. Interest income is recognized as it is earned, and collection is reasonably assured.

### (h) Expenses

Expenses are recorded on an accrual basis. Expenses for the operations of the Corporation are recognized when goods or services are received.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debt and inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

### (i) Prepaid expenses

Prepaid expenses are disbursements made before the completion of the work, delivery of the goods or rendering of services or advance payments under the terms of lease agreements.

### (j) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated at exchange rates in effect at the financial statement date. Revenues and expenses are translated using exchange rates in effect at the date of the transaction. Commitments and contingencies denominated in foreign

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currencies are translated at exchange rates in effect at the financial statement date. An unrealized exchange gain or loss that arises prior to settlement is recorded in the statement of remeasurement gains and losses. In the period of settlement, the cumulative amount of unrealized gains and losses is reversed in the statement of remeasurement gains and losses and an exchange gain or loss measured in relation to the exchange rate at the date of initial recognition is recognized in the statement of operations.

**(k) Contingent liabilities**

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements, and a reasonable estimate of the loss can be made, an estimated liability is accrued, and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(l) Contingent assets**

Contingent assets are possible assets arising from existing conditions involving uncertainty, which will be resolved by a future confirming event. The existence of a contingent asset is disclosed in the notes to the financial statements if the occurrence of the future event is likely. If the occurrence of the confirming event is unlikely or not determinable the contingent asset is not disclosed in the notes to the financial statements.

**(m) Measurement uncertainty**

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include accrued pension asset, accrued pension liability, non-pension post-retirement benefits and post-employment benefits, useful lives of tangible capital assets, derivatives and litigation.

The impacts of the pandemic and the capacity restrictions for travel continue to impact estimates for revenue for passenger and commercial traffic. Supply chain delays, already impacted by the pandemic, continue to persist and are heightened by the Russian-Ukraine conflict and rising inflation. Increased costs of supplies and shipping may increase uncertainty in estimates for inventory and expenses. Rising inflation will also impact estimates for benefits for pension and non-pension assets and accrued liabilities.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

**3. ADOPTION OF NEW ACCOUNTING STANDARDS**

The Public Sector Accounting Standards Board issued a new standard, PS 3280, Asset retirement obligations, which is effective April 1, 2022. This standard establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. The Corporation has performed an assessment of its tangible capital assets and has



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determined that obligations arising from the retirement of certain tangible capital assets exist that meet the following criteria:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The Corporation continues to develop estimates related to its asset retirement obligations and the full financial impact on the 2022-23 financial statements is not yet known.

**4. CASH**

Cash includes restricted cash consisting of cash denominated in euros held in an escrow account with a German bank as security for the charter of the passenger and freight ferry—the MV *Atlantic Vision*. The total balance denominated in euros is €4,500 (2021– €4,500), which translates to \$6,233 Canadian dollars at March 31, 2022 (2021 – \$6,641). These monies are to be released to the ferry's owners if there is a breach of the charter agreement by the Corporation.

An amendment signed on May 15, 2020 to extend the charter agreement will expire November 14, 2022.

**5. (RECEIVABLE FROM) PAYABLE TO GOVERNMENT OF CANADA**

The Corporation receives its funding from the Government of Canada based primarily on cash flow requirements. Items recognized in the statement of operations in one year may be funded by the Government of Canada in different years. Accordingly, the Corporation has a different surplus (deficit) for the year on a government funding basis than on a generally accepted accounting principles basis.

	2022	2021
Payable to Government of Canada, beginning of year	\$ 29	\$ 583
(Receivable from) Government of Canada, beginning of year	(13,899)	(8,966)
Net receivable, beginning of year	(13,870)	(8,383)
Parliamentary appropriations received during the year	131,419	135,634
Recognized during the year:		
Government funding - operations	(93,598)	(109,494)
Government funding - capital	(37,905)	(31,627)
Government funding surplus (deficit)	(84)	(5,487)
(Receivable from) Government of Canada, end of year	(13,954)	(13,899)
Payable to Government of Canada, end of year	-	29
Net receivable, end of year	\$ (13,954)	\$ (13,870)



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**6. INVENTORIES**

	<b>2022</b>	<b>2021</b>
<b>Inventories held for consumption</b>		
Fuel inventory	\$ 20,355	\$ 11,992
Vessel spare parts - ship based	6,090	5,669
Vessel spare parts - shore based	4,205	4,775
	<b>30,650</b>	<b>22,436</b>
<b>Inventories held for resale</b>		
Catering inventory	381	362
<b>Total inventories</b>	<b>\$ 31,031</b>	<b>\$ 22,798</b>

For the year ended March 31, 2022 inventories expensed during the year amounted to \$32,480 (2021 – \$17,926). During the year, the Corporation has written down \$135 (2021– \$483) of inventory.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2022</b>	<b>2021</b>
Accounts payable	\$ 4,968	\$ 11,880
Accrued liabilities	8,893	9,638
Wages and benefits payable	13,133	8,915
Government remittances payable	2,094	1,406
<b>Accounts payable and accrued liabilities</b>	<b>\$ 29,088</b>	<b>\$ 31,839</b>

**8. ACCRUED PENSION ASSET (LIABILITY)**

The Corporation's independent actuary measures the pension obligations and the value of plan assets for accounting purposes as at the measurement date of December 31, 2020 for the year ended March 31, 2022 and December 31, 2019 for the year ended March 31, 2021. The most recent actuarial valuation for funding purposes was completed in 2021 and is as of December 31, 2020.

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Based on the actuarial valuations and projections to December 31, the summary of the principal valuation results, in aggregate, is as follows:

	2022		2021	
<b>Accrued benefit obligation</b>				
Balance, beginning of year	\$	736,267	\$	702,522
Current service cost		6,842		7,544
Employee contributions		7,197		6,794
Interest costs		24,432		26,195
Benefits paid		(38,766)		(35,047)
Actuarial loss (gain)		(19,519)		28,259
Balance, end of year	\$	716,454	\$	736,267

**Market-related value of plan assets**

Balance, beginning of year	\$	913,101	\$	865,414
Return on plan assets		29,639		68,059
Employer contributions		3,603		7,881
Employee contributions		7,197		6,794
Benefits paid		(38,766)		(35,047)
Balance, end of year	\$	914,774	\$	913,101

The following presents the financial position of the Corporation's pension arrangements:

	<b>2022</b>		<b>2021</b>	
	Registered Pension Plan	Supplementary Retirement Arrangements	Registered Pension Plan	Supplementary Retirement Arrangements
Pension plan assets (market-related value)	\$ 914,774	\$ -	\$ 913,101	\$ -
Pension obligations (actuarial value)	712,933	3,522	732,473	3,795
Surplus (deficit) end of year	201,841	(3,522)	180,628	(3,795)
Unamortized net actuarial (gains)	(40,208)	363	(26,484)	810
Employer contributions during year for measurement date to March 31	-	36	1,870	34
Accrued pension asset (liability)	\$ 161,633	\$ (3,123)	\$ 156,014	\$ (2,951)

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The following presents a summary of pension contributions and benefit payments during the year:

	<b>2022</b>		<b>2021</b>	
	Registered Pension Plan	Supplementary Retirement Arrangements	Registered Pension Plan	Supplementary Retirement Arrangements
<b>Contributions</b>				
Employer	\$ 1,585	\$ 149	\$ 7,637	\$ 151
Employee	7,197	-	6,794	-
<b>Total contributions</b>	<b>\$ 8,782</b>	<b>\$ 149</b>	<b>\$ 14,431</b>	<b>\$ 151</b>
<b>Benefits paid</b>	<b>\$ 38,617</b>	<b>\$ 149</b>	<b>\$ 34,896</b>	<b>\$ 151</b>

Pension costs are comprised of the following:

	<b>2022</b>		<b>2021</b>	
	Registered Pension Plan	Supplementary Retirement Arrangements	Registered Pension Plan	Supplementary Retirement Arrangements
Determination of pension costs for the year are calculated as:				
Current period benefit cost	\$ 13,877	\$ 163	\$ 14,213	\$ 125
Amortization of net actuarial losses	(1,522)	116	(1,680)	85
Employee contributions	(7,197)	-	(6,794)	-
Retirement benefit expense	5,158	279	5,739	210
Interest on pension obligations	24,389	44	26,135	61
Expected return on plan assets	(33,581)	-	(34,600)	-
Retirement benefit interest (revenue) expense	(9,192)	44	(8,465)	61
<b>Pension costs (revenue)</b>	<b>\$ (4,034)</b>	<b>\$ 323</b>	<b>\$ (2,726)</b>	<b>\$ 271</b>

The registered pension plan is a defined benefit pension plan. The pension formula for current active members of the plan provides a pension, for each year of allowable service up to a maximum of 35 years, equal to 1.6% of best or final average earnings up to the average maximum pensionable earnings under the Canada Pension Plan, plus 2% of best or final average earnings in excess of the average maximum pensionable earnings under the Canada Pension Plan. The plan provides for possible indexation adjustments for pension and survivor benefits payable during a calendar year following the third anniversary of the member's retirement or death, whichever occurs first. The indexation adjustment is calculated as the annual increase in the Consumer Price Index less 3%, subject to a maximum annual increase of 3%. No indexation adjustment is provided if the annual increase in the Consumer Price Index is below 3%.

Employer pension contributions are made in accordance with the actuarial valuations for funding purposes. The registered pension plan assets are invested in debt securities, equity securities and buy-in annuities. The asset mix at March 31, 2022, was 11% in debt securities, 34% in equity securities, 4% in real estate and 51% in annuities (2021- 3% debt securities, 29% equity, 3% real estate, 8% cash and 57% in annuities).

The market value of plan assets is \$504,227 (2021- \$463,152); in addition, the actuarially determined value of the buy-in annuities is \$ 454,567 (2021- \$ 493,493). The actual gain on the market value of



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plan assets was \$37,947 or 8.19% (2021 – \$87,600 or 19.2%) and the actual return on the market-related value of plan assets was \$29,638 or 3.25% (2021 – \$68,059 or 7.9%).

Gains and losses incurred are as follows: gain on market-related value of plan assets \$16,681 (2021 – \$20,198); actuarial gain on registered plan accrued benefit obligation \$19,188 (2021 – loss of \$28,209); actuarial gain on supplementary arrangements accrued benefit obligation \$331 (2020 – loss of \$50).

The significant assumptions are:

	2022	2021
<b>Pension obligations</b>		
Discount rate – registered plan	5.20%	5.25%
Discount rate – supplementary arrangements	1.65%	1.13%
Rate of compensation increase	3.50%	3.50%
Inflation rate	2.00%	2.00%
<b>Pension costs</b>		
Discount rate – registered plan	5.25%	5.00%
Discount rate – supplementary arrangements	1.13%	1.75%
Expected return on assets	5.25%	5.00%
Rate of compensation increase	3.50%	3.50%
Inflation rate	2.00%	2.00%

**9. ACCRUED LIABILITY FOR NON-PENSION POST-RETIREMENT BENEFITS**

The Corporation provides life insurance and health and dental care benefits to retirees. The present value of this unfunded benefit plan for current and future retirees is determined by the Corporation's independent actuary on the basis of management assumptions. An actuarial valuation was conducted as of December 31, 2019 for the year ended March 31, 2022 and December 31, 2019 for the year ended March 31, 2021 and the valuation was extrapolated for accounting purposes to March 31. The statement of operations includes a charge of \$1,484 (2021 – \$805) for non-pension post-retirement benefits for the cost of these benefits during the period.

The following presents the financial position of the Corporation's non-pension post-retirement benefits at March 31:

	2022	2021
Obligation for non-pension post-retirement benefits (actuarial value)	\$ (40,297)	\$ (44,935)
Unamortized net actuarial (gain)	(12,140)	(6,615)
Employer contributions during the year from measurement date to March 31	179	187
Accrued benefit liability for non-pension post-retirement benefits	\$ (52,258)	\$ (51,363)

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The following presents a summary of contributions and benefit payments in the year:

	2022	2021
Employer contributions	\$ 589	\$ 534
Benefits paid	\$ 589	\$ 534

Non-pension post-retirement benefit costs are comprised of following:

	2022	2021
Determination of non-pension post-retirement benefit cost for the year are calculated as:		
Current period benefit cost	\$ 2,016	\$ 1,628
Interest on obligations	526	687
Amortization of net actuarial (gains)	(1,058)	(1,510)
Non-pension post-retirement benefit costs	\$ 1,484	\$ 805

The significant assumptions are:

	2022	2021
<b>Non-pension post-retirement benefits obligations</b>		
Discount rate	1.65%	1.13%
Rate of compensation increase	3.50%	3.50%
Initial weighted-average health care trend rate	4.88%	4.80%
Ultimate weighted-average health care trend rate	4.00%	4.00%
Year ultimate rate reached	2040	2040
<b>Non-pension post-retirement benefits costs</b>		
Discount rate	1.13%	1.75%
Rate of compensation increase	3.50%	3.50%
Initial weighted-average health care trend rate	4.88%	4.80%
Ultimate weighted-average health care trend rate	4.00%	4.00%
Year ultimate rate reached	2040	2040

**10. ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS (WORKERS' COMPENSATION AND OTHER BENEFITS)**

The Corporation's accrued obligation for workers' compensation benefits represents the unfunded liability for the costs of self-insured benefits specified and administered by the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador, the Workplace Health, Safety and Compensation Commission of New Brunswick and the Workers Compensation Board of Prince Edward Island for work-related injuries of current and former employees.

The actuarially determined liability consists of an obligation for known awarded disability and survivor pensions, an obligation for all other potential future awards for past claims and other costs consisting of temporary compensation, health care expenses, rehabilitation costs and related administration costs charged by the various provincial commissions/board. These amounts are presented on a net present value basis taking into account inflation rates, interest rates, mortality rates and aggregate claim

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projections for incidents which have occurred. An actuarial valuation for the workers' compensation benefit was conducted as of December 31, 2021 for the year ended March 31, 2022 and December 31, 2020 for the year ended March 31, 2021 and the valuation was extrapolated for accounting purposes to March 31.

The following presents the financial position of the Corporation's post-employment benefits at March 31:

	2022	2021
Obligation for post-employment benefits (actuarial value)	\$ (18,818)	\$ (16,499)
Unamortized net actuarial losses	7,338	4,320
Employer contributions during the year from measurement date to March 31	208	727
Accrued benefit liability for post-employment benefits	\$ (11,272)	\$ (11,452)

The following presents a summary of benefit payments in the year:

	2022	2021
Benefits paid	\$ 2,601	\$ 2,551

Post-employment benefit costs included in the statement of operations are comprised of the following:

	2022	2021
Determination of post-employment benefit costs for the year are calculated as:		
Current period benefit cost	\$ 1,497	\$ 1,399
Interest on obligations	192	284
Amortization of net actuarial losses	732	655
Post-employment benefit costs	\$ 2,421	\$ 2,338

The significant assumptions are:

	2022	2021
<b>Post-employment benefits obligations</b>		
Discount rate	1.65%	1.13%
Increase in industrial wage	2.75%	2.75%
Inflation rate	2.00%	2.00%
Health care cost increases	4.00%	4.00%
<b>Post-employment benefits costs</b>		
Discount rate	1.13%	1.13%
Increase in industrial wage	2.75%	2.75%
Inflation rate	2.00%	2.00%
Health care cost increases	4.00%	4.00%



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For the year ended March 31, 2022, the Corporation paid \$707 (2021– \$645) in premiums to the Workers' Compensation Board of Nova Scotia which are included in wages and benefits in the statement of operations. These premiums represent the workers' compensation costs for Nova Scotia employees given that the Corporation is on an assessment basis.

**11. TANGIBLE CAPITAL ASSETS**

<b>Cost 2022</b>					
	<b>Opening Balance</b>	<b>2022 Additions</b>	<b>2021 WIP Transfers</b>	<b>Disposals</b>	<b>Closing Balance</b>
Vessel	\$ 435,308	\$ 15,455	\$ 12,612	\$ (14)	\$ 463,361
Shore facilities	251,933	193	1,206	(10)	253,322
Leasehold improvements	50,835	600	337	-	51,772
Equipment	79,608	8,351	6,393	(8,742)	85,610
Work in progress	23,060	13,306	(20,548)	-	15,818
	<b>\$ 840,744</b>	<b>\$ 37,905</b>	<b>\$ -</b>	<b>\$ (8,766)</b>	<b>\$ 869,883</b>

<b>Accumulated Amortization 2022</b>				
	<b>Opening Balance</b>	<b>Amortization Expense</b>	<b>Disposals</b>	<b>Closing Balance</b>
Vessel	\$ 268,069	28,811	(14)	\$ 296,866
Shore facilities	97,444	12,246	(8)	109,682
Leasehold improvements	45,237	3,765	-	49,002
Equipment	42,071	11,164	(8,210)	45,025
	<b>\$ 452,821</b>	<b>\$ 55,986</b>	<b>\$ (8,232)</b>	<b>\$ 500,575</b>

<b>Cost 2021</b>					
	<b>Opening Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>Closing Balance</b>
Vessel	\$ 422,250	\$ 7,560	\$ 5,498	\$ -	\$ 435,308
Shore facilities	236,406	2,200	25,272	(11,945)	251,933
Leasehold improvements	45,157	4,078	1,600	-	50,835
Equipment	73,387	850	10,207	(4,836)	79,608
Work in progress	48,817	16,939	(42,577)	(119)	23,060
	<b>\$ 826,017</b>	<b>\$ 31,627</b>	<b>\$ -</b>	<b>\$ (16,900)</b>	<b>\$ 840,744</b>

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	Accumulated Amortization 2021			
	Beginning Balance	Amortization Expense	Disposals	Ending Balance
Vessels	\$ 237,514	\$ 30,555	\$	\$ 268,069
Shore facilities	95,130	12,202	(9,888)	97,444
Leasehold improvements	39,725	5,512	-	45,237
Equipment	34,255	12,227	(4,111)	42,071
	\$ 406,624	\$ 60,496	\$ (13,999)	\$ 452,821

	Net Book Value 2022	Net Book Value 2021
Vessel	\$ 166,495	\$ 167,240
Shore facilities	143,640	154,489
Leasehold improvements	2,770	5,598
Equipment	40,588	37,538
Work in progress	15,815	23,060
	\$ 369,308	\$ 387,925

Work in progress additions include those projects commenced in the current fiscal year and incomplete at year end. Transfers include those projects which have been completed and transferred to the appropriate category of tangible capital assets. These transfers include projects that may have commenced in prior fiscal periods and have been carried forward to the current fiscal period.

## 12. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The carrying amounts of financial assets and liabilities recorded at amortized cost or at fair value are as follows:

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	Accumulated Amortization 2021			
	Beginning Balance	Amortization Expense	Disposals	Ending Balance
Vessels	\$ 237,514	\$ 30,555	\$	\$ 268,069
Shore facilities	95,130	12,202	(9,888)	97,444
Leasehold improvements	39,725	5,512	-	45,237
Equipment	34,255	12,227	(4,111)	42,071
	\$ 406,624	\$ 60,496	\$ (13,999)	\$ 452,821

	Net Book Value 2022	Net Book Value 2021
Vessel	\$ 166,495	\$ 167,240
Shore facilities	143,640	154,489
Leasehold improvements	2,770	5,598
Equipment	40,588	37,538
Work in progress	15,815	23,060
	\$ 369,308	\$ 387,925

Work in progress additions include those projects commenced in the current fiscal year and incomplete at year end. Transfers include those projects which have been completed and transferred to the appropriate category of tangible capital assets. These transfers include projects that may have commenced in prior fiscal periods and have been carried forward to the current fiscal period.

## 12. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The carrying amounts of financial assets and liabilities recorded at amortized cost or at fair value are as follows:



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All derivatives have a monthly settlement schedule. At March 31, the Corporation had the following derivative financial instruments with positive fair values:

		2022		2021	
	Period	Fixed Price per Unit (Note)	Notional Quantity (Note)	Fair value	Fair value
Crude swap - #2 heating oil	2022		-	\$ -	\$ 2,122
Crude swap - #2 heating oil	2023	1.605-3.1497	5,208	7,470	653
Crude swap - #2 heating oil	2024	1.9775-3.1997	3,402	2,711	122
Crude swap - #2 heating oil	2025	2.479-2.71	1,260	661	-
				\$ 10,842	\$ 2,897

Note: Quantities are based on US gallons; prices (CAD) are per US gallon.

At March 31, the Corporation had the following derivative financial instruments with negative fair values:

		2022		2021	
	Period	Fixed Price per Unit (Note)	Notional Quantity (Note)	Fair Value	Fair Value
Crude swap - #2 heating oil	2023	3.355-3.42	630	\$ (2)	\$ (752)
Crude swap - #2 heating oil	2024	-	-	-	(781)
Crude swap - #2 heating oil	2025	3.21-3.221	588	(17)	-
				\$ (19)	\$ (1,533)

Note: Quantities are based on US gallons; prices (CAD) are per US gallon.

		2022		2021	
	Period	Forward Rate CAD/EURO	Notional Quantity (Euros)	Fair value	Fair value
Foreign exchange forwards	2022	-	-	\$ -	\$ (845)
Foreign exchange forwards	2023	1.5155	6,272	(785)	(154)
				\$ (785)	\$ (999)

### 13. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board of Directors is responsible for developing and monitoring the Corporation's risk management policies.

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The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its training and corporate policies, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Corporate Governance, Risk and Strategy Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation.

The Corporation is primarily exposed to credit risk, market risk and liquidity risk as a result of holding financial instruments in the normal course of business.

- Credit risk:** Risk that a third party to a financial instrument may fail to meet its obligations under the terms of the financial instrument.
- Market risk:** Risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. The Corporation is exposed to currency risk, interest rate risk and commodity price risk.
- Liquidity risk:** Risk that the Corporation may encounter difficulty in raising funds to meet commitments associated with financial instruments.

This note presents information about the exposure to each of the above risks, including the Corporation's objectives, policies and processes for measuring and managing each risk. Further quantitative disclosures are included throughout these financial statements. There are significant challenges related to the ongoing uncertainties associated with the Russia-Ukraine conflict. These challenges are compounded by rising inflation as well as on-going supply chain issues that began during the COVID-19 pandemic, some of which involve shortages of key components required for the Corporation's operations. Additional activities, processes and procedures were put into place to mitigate the risks.

### (a) Credit risk

The carrying amount of cash, accounts receivable and derivatives represents the Corporation's maximum exposure to credit risk. The Corporation minimizes credit risk on cash and derivative financial instruments by dealing only with reputable and credit worthy financial institutions. The Corporation's exposure to credit risk on trade accounts receivable is reduced by applying a credit policy that establishes limits on the concentration of risk and requires assessing and monitoring of counterparty credit risk. Due to the pandemic, the Corporation implemented enhanced monitoring of trade accounts to identify the potential risk of defaults. There was no increase in allowance for doubtful accounts.

### Cash

Cash other than restricted cash is held in a Canadian chartered bank. Restricted cash is held in a euro-denominated escrow account in a German bank. The designation of this bank as escrow agent was imposed as a condition of a vessel charter agreement. As the vessel's owner is bound under a number of security instruments, the vessel's owner was obliged to use this bank to hold the escrow funds.



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At March 31, 2022, the German bank held a baseline credit assessment of Ba2, a guaranteed long-term rating of Baa2 and an unguaranteed short-term rating of P-2 from Moody's.

### Accounts receivable

The Corporation's total accounts receivable is \$14,438 as at March 31, 2022 (2021– \$6,595) and consists of trade receivables of \$4,652 (2021– \$3,547) and other accounts receivable of \$9,786 (2021– \$3,048) of which \$859 (2021 – nil) is recoverable insurance claims.

Trade accounts receivables are incurred in the normal course of business and are due on demand. The Corporation provides services to numerous customers. However, five customers represent 55% of the trade receivables (2021– five customers represent 52% of the trade receivables). The Corporation does not consider there to be any significant credit risk associated with accounts receivable.

As at March 31, 2022, approximately 15% (2021 – 1.1%) of trade accounts receivables were over 30 days past due. Historically, the Corporation has not incurred any significant losses with respect to bad debts. The Corporation's allowance for doubtful accounts was \$41 at March 31, 2022 (2021 – \$32). The allowance for doubtful accounts is based on an account by account analysis that considers the aging of the account and the current creditworthiness of the customer.

### Derivatives

The Corporation's derivative financial instruments are contracted with Canadian chartered banks, which are credit worthy counterparties. The Corporation considers that it is exposed to minimal credit risk in the event of non-performance as the counterparty is considered to be of high credit quality.

### (b) Market risk

#### (i) Currency risk

Currency risk arises due to fluctuations in foreign currency rates. The Corporation uses derivatives (foreign exchange forwards) to manage this risk. The Corporation makes monthly lease payments for the charter of the MV *Atlantic Vision* in the amount of €840 over the term of the lease. To minimize this risk, the Corporation purchased forward contracts for 100% of the amount of the monthly lease payments to November 2022. The Corporation has reduced exposure to currency risk given that these lease payments have been hedged. A fluctuation of 5% in foreign currency rates would not have a significant impact on the financial statements.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate for the Corporation's cash balances varies based on changes in the prime rate. The Corporation has no significant exposure to interest rate risk. A variation of 1% in the interest rate would affect the amount of investment income earned on cash balances, but would not have a significant impact on the financial statements.

#### (iii) Commodity fuel price risk

In order to manage the risk associated with increased fuel price variation, the Corporation enters into heating oil derivative contracts (swaps) with financial intermediaries. The objectives of the Corporation's fuel hedging policy are to stabilize fuel budget variances and the fuel surcharges



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charged to customers. A 10% increase in the market price of derivatives for the year ended March 31, 2022 would decrease crude oil derivative liabilities by \$401 and increase crude oil derivative assets by \$3,474 while a 10% decrease would have an equal and opposite effect. The market volatility resulting from the COVID-19 pandemic and the Russian-Ukraine conflict resulted in greater than expected gains related to the current year fuel derivative contracts.

**(c) Liquidity risk**

The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without unacceptable losses or risking damage to the Corporation's reputation.

The Corporation strives to maintain sufficient resources to meet expected operational expenses for a period of 30 days plus a reserve. This includes the servicing of financial obligations, but excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Corporation prepares cash flow forecasts that are regularly monitored by management and the Board of Directors. The forecasts are adjusted as necessary to reflect expected cash inflows and outflows to ensure the adequacy of cash to meet financial obligations. The Corporation receives government funding on a monthly basis.

The Corporation's bank has provided an irrevocable letter of credit on the Corporation's behalf in favour of the Workplace Health, Safety and Compensation Commission of New Brunswick to guarantee payment of future liabilities in the amount of \$4,200 (2021- \$4,200) for an indefinite period. The Corporation receives approval from the Minister of Finance on an annual basis to enter into the letter of credit.

The carrying amount of accounts payable and accrued liabilities other than government remittances payable and derivative financial liabilities represents the Corporation's exposure to liquidity risk. The Corporation's carrying value of accounts payable and accrued liabilities other than government remittances was \$26,944 (2021 - \$30,432). The carrying value of accounts payable as at March 31, 2022 was \$4,968 (2021- \$11,880) and 93% are all due within 60 days. The Corporation's accrued liabilities had a carrying value of \$8,893 as at March 31, 2022 (2021- \$9,638).

The following table summarizes the contractual maturities for accounts payable and accrued liabilities other than government remittances payable and derivative financial liabilities as at March 31:

2022					
	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Total
Accounts payable and accrued liabilities	\$ 26,702	292			\$ 26,994
Derivative financial liabilities	\$ 222	521	44	17	\$ 804
2021					
	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Total
Accounts payable and accrued liabilities	\$ 30,432	-	-	-	\$ 30,432
Derivative financial liabilities	\$ 144	279	423	1,686	\$ 2,532

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**14. ACCUMULATED SURPLUS**

The accumulated surplus is comprised of:

	2022	2021
Accumulated operating surplus	\$ 490,818	\$ 496,829
Accumulated remeasurement gains	10,677	1,407
Accumulated surplus	\$ 501,495	\$ 498,236

Accumulated operating surplus includes share capital in the amount of \$258,530 (2021– \$258,530). The authorized share capital of the Corporation is comprised of an unlimited number of common shares of no-par value. As at March 31, 2022, 517,061,000 shares (2021– 517,061,000 shares) at \$0.50 per share (2021– \$0.50 per share) have been issued and fully paid.

**15. RELATED PARTY TRANSACTIONS**

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the senior leadership team and members of the Board of Directors and their close family members.

The Corporation enters into transactions with these entities in the normal course of business under the same terms and conditions to those adopted if the parties were dealing at arm's length. In addition, transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Corporation incurred expenses of \$1,642 (2021– \$1,661) with other related parties. In addition to these transactions, the Government of Canada provides funding to the Corporation as described in notes 2(a) and 5. The Corporation is given the right to use the Crown land on which the terminals sit free of charge by Transport Canada. No amount is recorded since the fair value related to the use of these lands received free of charge is not reliably measurable.

**16. CONTRACTUAL OBLIGATIONS**

(a) The following table presents the contractual obligations of the Corporation.

	Capital	Operating	Total
2022-23	\$ 8,399	\$ 2,011	\$ 10,410
2023-24	1,795	628	2,423
2024-25	-	196	196
2025-26	-	196	196
2026-27	-	97	97
	\$ 10,194	\$ 3,128	\$ 13,322

(b) The Corporation leases certain facilities and equipment. There is a charter agreement for the MV *Atlantic Vision* as well as a signed agreement for the lease of a new vessel currently in construction



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with a delivery date of February 26, 2024. The minimum future annual lease payments are as follows:

	Charter	Other	Total
2022-23	\$ 9,728	\$ 299	\$ 10,027
2023-24	2,055	121	2,176
2024-25	22,063	-	22,063
2025-26	22,063	-	22,063
2026-27	22,063	-	22,063
2027-28	22,123	-	22,123
2028-29	18,436	-	18,436
	\$ 118,531	\$ 420	\$ 118,951

The *MV Atlantic Vision* is accounted for as an operating lease; therefore, no liabilities are recognized on the statement of financial position.

#### 17. CONTINGENT LIABILITIES

In connection with its operations, the Corporation is the claimant or defendant or otherwise involved in pending claims and lawsuits. At March 31, 2022, the Corporation is in receipt of claims estimated at \$10 (2021- \$87) where the occurrence of the confirming future event is considered likely and this amount has been accrued in the financial statements. There are additional claims estimated at \$105 (2021- \$105) where the occurrence of the confirming future event is not determinable, and this amount has not been accrued. These estimates are derived based on management's judgment and maximum exposures which are limited due to insurance deductibles which are in place.

#### 18. CONTINGENT ASSETS

The Corporation has two appeal proceedings before the Tax Court of Canada arising under the *Excise Tax Act* in regard to input tax credits (ITCs) claimed during the audit period of January 2006 to January 2012. The Corporation has determined that it is likely to receive \$9,814 (2021- \$9,814) in net ITCs for that period and another \$4,712 in ITCs for the post-audit period to March 31, 2022 (2021- \$4,168).

#### 19. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from the corporate planning process and approved by the Board of Directors. The Corporation has not exceeded its total expenditure or investing authority limits in the year.

The originally approved budget for employee future benefits was \$11,244, which was based upon estimated cash payments. The Corporation adjusted the budgeted employee future benefits on the statement of operations using the accrual method to \$nil, consistent with Canadian public sector accounting standards.



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**20. COMPARATIVE FIGURES**

In the prior year's statement of cash flow, the cash flows related to the settlement of derivatives were presented in the "Cash payments to suppliers" line. In the current year, a new line item "Cash receipts (payments) for settlement of derivatives" has been created to separately present the cash flows related to the settlement of derivatives. The comparative information has been reclassified to conform to the current year presentation.



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