

# Corporate Plan 2022/23 – 2026/27

## Marine Atlantic Inc

*May 13, 2022*



We would like to respectfully acknowledge that Marine Atlantic operates in Mi'kma'ki [Mi-g-ma-gui], the ancestral and unceded territory of the Mi'kmaq Peoples, and the island of Ktaqmkuk [uk-dah-hum-gook], the unceded, traditional territory of the Beothuk and the Mi'kmaq Peoples.

## Executive Summary

Marine Atlantic Inc. (MAI) provides an essential ferry service between the island portion of Newfoundland and Labrador (NL) and the rest of Canada. The route between Port aux Basques, NL and North Sydney, NS is constitutionally mandated and is operated year-round. It is the main transportation route for commercial goods – e.g., food, retail products, building materials, medical supplies, etc. – entering and leaving the island of NL, as well as a key tourism route for Canadians. The Port aux Basques – North Sydney route is supplemented in the summer months by a North Sydney, Nova Scotia (NS) to Argentia, NL route that is also a key economic driver for tourism in the province.

Throughout the pandemic, MAI has provided a safe and reliable mode of transportation for both passengers and goods to and from NL. Despite vessel capacity constraints, numerous Covid-19 protocols, and reduced traffic levels, the Corporation has maintained the service while protecting both its employees and its customers. Going forward, as the country recovers from the impacts of the Covid-19 pandemic, it is MAI's goal to contribute to the economic recovery efforts led by the federal government, while continuing to provide a safe, reliable, and efficient service to Canadians.

During the upcoming planning period from 2022/23 to 2026/27, MAI is focusing its effort on the following priorities:

1. To develop a business case supporting the removal of Vardy's Island in the harbour at Port aux Basques, thereby reducing the number of weather-related delays and improving the safety of both passengers and employees as the vessels enter and leave the harbour. MAI has applied under the National Trade Corridors Fund for funding for this initiative, and will proceed should the funds be approved.
2. To continue the acquisition of a new charter vessel for MAI's fleet to ensure the Corporation can continue to meet the traffic demand and provide a reliable and efficient service.
3. To improve MAI's information management systems and processes by continuing the implementation of SAP throughout the organization as part of the Business Process Renewal project.
4. Engage the Shareholder in principle-based discussions on the impacts of cost recovery, and ensuring MAI service is sustainable & affordable for all Canadians.
5. Through its application to the National Trade Corridors Fund, secure funding to develop a bi-level dock at the port of Argentia to improve the fluidity of the supply chain by ensuring service continuity if the Port aux Basques harbour is out of service or the Trans Canada Highway is impassable.
6. Develop and implement a Pandemic Recovery Plan that supports the Government of Canada's economic recovery efforts.
7. To continue to develop MAI's long-term fleet strategy, as the MV *Leif Ericson* approaches the end of its useful life, and the Corporation builds a long-term life cycle-based fleet replacement plan.
8. To continue construction of the PAB Administration building, ensuring the project comes in on time and on budget, and achieves the goals of improved safety and wellness for the employees who currently work in the PAB area.

There are several key risks that MAI must consider as it implements this plan:

1. Securing the lease of a fourth vessel to ensure service continuity until the new vessel is brought into service.
2. The current cost recovery target of 65% will challenge the Corporation's ability to provide consistent and reliable service levels going forward.
3. Ongoing impacts of Covid-19 on MAI's vessel capacity limits and traffic levels.
4. The impacts of climate change on the organization's operations.
5. The potential for delays in capital projects due to supply chain issues.
6. The rising cost of fuel and high inflation rates.

The Government of Canada recently announced funding for Marine Atlantic for the next three years. This Corporate Plan outlines how MAI will work within that funding allotment to achieve its strategic objectives.

## Contents

Executive Summary .....	2
Corporate Overview.....	6
Vision, Mission, and Values .....	7
Operating Environment .....	8
Internal Environment.....	8
External Environment .....	10
Recent Performance – 2021/22 Current Results.....	12
Key Performance Indicators.....	13
Strategic Initiatives Update.....	14
Organizational Changes .....	16
OAG Special Examination.....	16
Alignment with Government Policies and Objectives .....	17
Mobilizing in Support of Physical & Psychological Health & Safety .....	17
Advancing Anti-Racism, Diversity, Equity, and Inclusion.....	17
Economic Recovery/Pandemic Recovery .....	17
Fighting Climate Change .....	17
MAI’s Strategic Plan.....	18
Develop the PAB Harbour.....	20
New Vessel Procurement .....	20
Cost Recovery .....	22
Pandemic Recovery Plan.....	23
Long-term Fleet Strategy .....	24
Reference Level Funding.....	26
Business Process Renewal (BPR).....	26
Port aux Basques Administration Building .....	27
Other Areas of Focus .....	27
Equity, Diversity and Inclusion.....	27
Gender Equity .....	29
Innovation.....	29
Cyber Security .....	30
Argentia Bi-level Dock.....	31

Customer Experience Activities .....	31
Property Lease .....	32
Financial Overview.....	32
Rates .....	32
Fuel Surcharge .....	32
Traffic and Revenue .....	32
Charter Fees.....	<b>Error! Bookmark not defined.</b>
Fuel Expense .....	33
Travel, Hospitality, Conference and Event Costs.....	33
Climate-related Financial Disclosures.....	33
Other Costs .....	34
Capital Requirements .....	34
Financial Summary – to be updated .....	36
Cost Recovery .....	36
Appendix A Mandate Letter .....	37
Appendix B Corporate Governance Structure .....	40
Appendix C Planned Results.....	43
Appendix D Chief Financial Officer Attestation.....	44
Appendix E Financial Statements.....	45
Appendix F Borrowing Plan.....	58
Appendix G Enterprise Risk Management.....	59
Appendix H Compliance with Legislative and Policy Requirements .....	67
Appendix I Government Priorities and Direction.....	69
Appendix J OAG Management Action Report.....	75

## Corporate Overview

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 exists to fulfill that mandate.

Marine Atlantic was created on June 27, 1986 as a parent Crown Corporation through the *Marine Atlantic Inc. Acquisition Authorization Act*. As a Crown Corporation, Marine Atlantic is regulated under Part X of the *Financial Administration Act*. As per the Order in Council of March 12, 1987 (P.C. 1987-463), the Bilateral Agreement between Her Majesty the Queen and Marine Atlantic established the relationship between the Parties under which subsidiary operating and capital agreements relating to

the operation of specific ferry and coastal services in Atlantic Canada may be executed.

Marine Atlantic offers twice daily service for passengers and freight on its constitutionally mandated service between Port aux Basques, NL and North Sydney, NS. During the summer, the Corporation also offers service three times a week between Argientia, NL and North Sydney, NS.

Marine Atlantic Inc (MAI) provides an essential service to the island of Newfoundland, as it is the only daily transportation service that allows for the transport of goods onto the island – including fresh food and perishables, consumer products, and dangerous goods (e.g., medical oxygen and hospital

supplies). It is also the only daily service that allows for local companies to export their products to the mainland and to reach national and international markets upon which their business success depends. MAI also provides the most accessible means for travellers to enter and leave the island with their vehicles. As such, it is a very important enabler of the economy of Newfoundland and Labrador. MAI’s success drives the success of the province in that it is the main transportation link between the province and the rest of Canada.

Additional information regarding the Corporation is included in its Annual Report, which can be found on Marine Atlantic’s website.





## Vision, Mission, and Values

### **Vision Statement**

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

### **Mission Statement**

*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.*

### **Corporate Values**

#### ***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*



## Operating Environment

In October of 2021, MAI's Board of Directors held a facilitated strategic planning session and developed the following SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis. Some of these factors are addressed in more detail in the discussion that follows.

SWOT Analysis - Revised October 2021/22	
STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> <li>1 Dedicated and committed leadership</li> <li>2 Skilled and competent employees</li> <li>3 Significant investment in training</li> <li>4 Renewed infrastructure and technology</li> <li>5 Strong and well-established safety program</li> <li>6 Mature emergency preparedness and response program</li> <li>7 Positive relationship with Shareholder</li> <li>8 Investment in fleet renewal</li> <li>9 Corporate commitment to innovation</li> </ol>	<ol style="list-style-type: none"> <li>1 Cost recovery impacts on decision -making</li> <li>2 Ability to plan and execute limited by funding process</li> <li>3 Lack of diversity and inclusion</li> <li>4 Employee resistance to change</li> <li>5 Increasing pressure to raise rates will impact service affordability</li> <li>6 Extent and complexity of unionization</li> </ol>
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> <li>1 Pursue innovation opportunities</li> <li>2 Complete PAB Harbour improvements - phased approach</li> <li>3 Leverage the benefits of increased diversity and inclusion</li> <li>4 Capitalize on strong relationship with Shareholder</li> <li>5 Improve service levels to increase market share</li> <li>6 Leveraging the impacts of Covid19, opportunity to increase demand</li> </ol>	<ol style="list-style-type: none"> <li>1 Change in ministerial direction/public policy</li> <li>2 Potential for cancellation of vessel contract</li> <li>3 Reduction to three vessels</li> <li>4 IMO and changing regulatory requirements</li> <li>5 Impacts of Covid19 public health measures</li> <li>6 Inflationary pressures on collective bargaining</li> <li>7 Rate of policy change</li> </ol>

## Internal Environment

### Human Resources

Marine Atlantic employs approximately 1300 individuals (approximately 1100 full time equivalent employees), over 90% of whom are unionized across six bargaining units. Relationships with all unions are professional and productive. In compliance with the Government of Canada's vaccination mandate for federal employees, MAI developed its vaccination policy in fall 2021. As of the end of January 2022, 95% of MAI's employees were fully vaccinated. Only one person was approved for accommodation, and 8 employees were placed on Leave of Absence due to their unvaccinated status.

### Collective Bargaining

MAI's six collective agreements all expired on December 31st, 2019. Preparation for negotiations with all bargaining units began early in 2019 and bargaining commenced in early 2021 with two of six bargaining units. While it is difficult to predict key issues at any bargaining session, it is expected that wages will be an issue common to all bargaining units, particularly considering current inflation rates.

At the time of writing, the status of collective bargaining at MAI is as follows:

#### 1. Agreement A – CMSG – Licensed Officers

The Company met with the Canadian Merchant Service Guild on February 1-4 and March 11-12, 2021. The Parties were scheduled to continue negotiations September 13-15, 2021, but have been delayed until March 21-23, 2022.

2. Agreement B – Unifor – Unlicensed Vessel Personnel

The Company met with Unifor on September 27-30 and December 6-10, 2021. Additional dates of March 7-11, 2022 are currently scheduled.

3. Agreement C – Unifor – Shore Maintenance

The Company met with Unifor January 31 to February 3. The Parties bargained respectfully but agreed to proceed to Conciliation at the end of the session. Notice of Dispute has been filed by MAI and a Maintenance of Activities Agreement has been reached. Conciliation is scheduled for 15-17 March 2022.

4. Agreement D – USW/ILA – Clerical & Terminal Personnel

The Company met with the United Steelworkers and International Longshoreman Association on May 5, June 28-30, July 12-14, 2021 and October 12-14, 2021, when MAI advised the Union of its intention to request conciliation. The Union filed Notice of Dispute shortly after the session. Conciliation was scheduled for January 18-20, 2022; however, the Union requested to reschedule these dates because they want to conduct the session in person. Conciliation is now scheduled for April 11-13, 2022.

5. Agreement E – CMSG – Masters and Chiefs

On July 5, 2021, MAI participated in conciliation with the Canadian Merchant Service Guild. The Parties were unable to reach agreement and CMSG filed Notice of Dispute to progress to interest arbitration. The Parties have tentatively agreed on an arbitrator, but have recently agreed to participate in an additional conciliation session led by Federal Mediation and Conciliation Services on March 17, 2022.

6. Agreement F – PSAC – Shore Supervisors

Dates have not yet been scheduled to commence negotiations. When MAI reached out to request dates, PSAC noted that they would be meeting internally with their bargaining team in early November. Upon further follow-up, PSAC notified that they would contact the Corporation in February regarding potential dates.

### **Recruitment and Retention**

As noted in the 2021/22 Corporate Plan, replacing some highly skilled positions is becoming more and more challenging for MAI. Specialized vessel crew are in high demand. There are a limited number of professionals available in the rural communities in which the Corporation operates and attracting candidates to relocate to these communities has been difficult. To help mitigate this issue, MAI has been very proactive trying to develop its current workforce and grow the needed talent from within. Furthermore, as part of its Diversity and Inclusion initiatives, MAI is increasing its efforts to build a diverse workforce and to coordinate with organizations representing designated groups to source talent. Recruitment efforts have been hampered by Covid-19, as many employees who were impacted by temporary layoffs have taken jobs elsewhere. A recruiting campaign is currently underway, with a goal of securing 250 positions in advance of the summer tourism season.

## **Technological Changes**

MAI continues to seek out technology advances to find safer, more efficient ways to operate. MAI is looking to advance technology innovation to improve business processes, enhance the customer experience, and to support the fight against climate change.

An Innovation Steering Committee was established in 2021/22, and a high-level innovation strategy has been developed. The committee includes both executive members and senior managers from the organization, and has done regular outreach to other organizations, including Transport Canada, to gain a full perspective on various innovation initiatives. While the committee looks at all forms of innovation, technology innovation is a significant part of its mandate. The advent of electric cars, driverless vehicles, artificial intelligence, etc. will provide both opportunities and challenges for MAI's operations, and the company must be prepared to meet them.

## **External Environment**

### **Environmental Changes**

MAI operates in the Gulf of St. Lawrence, a very harsh environment, prone to extreme winds, waves, and ice. Climate change has led to more frequent, longer, and more violent weather events, resulting in increased cancellations. This necessitates a fleet of vessels with the capacity to quickly and efficiently clear up the significant backlog of cargo and passengers that results. Furthermore, the configuration of the PAB Harbour limits MAI's ability to operate in certain weather conditions, adding to the number of cancelled trips.

The recent rainstorm in southwestern NL is an excellent example of the impacts of worsening weather conditions. A major rainstorm washed out the highway between Port aux Basques and the rest of the island portion of NL, cutting off supply chains and stranding passengers on both sides of the Gulf. MAI's ability to turn up its operations in the port of Argentia helped manage what could have been a serious supply chain issue for the province. While the port of Argentia cannot handle the same volume of traffic that can be routed through Port aux Basques, the availability of the port allowed the Corporation to keep essential goods moving.

MAI's route also coincides with the migration path of the North Atlantic Right Whale, one of the species identified as most endangered of all large whales. MAI continues to comply with all restrictions that apply to vessels operating in the Gulf of St. Lawrence. MAI is also actively engaging with its counterparts at TC to ensure that collectively all appropriate measures are identified and implemented to preserve this whale species.

### **Regulatory**

The marine industry is highly regulated. As a federal Crown Corporation, MAI adheres to all regulatory requirements as outlined by Transport Canada's marine regulations and all applicable international regulations.

### **Alternative Providers**

There are two primary alternatives to the service that MAI offers.

For passengers, the airlines offer regular flights to and from the island and, in the past, were often viewed as more reasonably priced than MAI's service. Over the past several years, increasing airfare discounts and new entrants in the airline market increased the choices for consumers. However, the impact of Covid-19 on the airline industry has already resulted in a major reduction in service to the island, and as business returns to normal, higher than normal prices for flights. This may drive increased passenger traffic to MAI, although the long-term impacts are difficult to forecast.

Commercially, MAI supports the road transportation network, of which Oceanex is viewed as the closest alternative service provider. Oceanex transports approximately 35-40% of the goods to the Island via its cargo-only service. MAI's advantage is that it offers daily service for both cargo (drop trailer) and live commercial traffic, which aligns well with the supply chain needs of retailers and suppliers across the province.

More recently, a new entrant entered the market. A Dartmouth-based company called TMSI Ltd. began service in October 2019, and operates a 120-metre vessel called the Nolphan Ava, which has the capacity to carry more than 400, 20-foot equivalent unit containers. Given the ports that TMSI is operating from – Halifax to Argentia – this service is considered more of a competitor to Oceanex than MAI. There has been no impact on MAI's market share.

### **Economic Environment**

The economy of Newfoundland and Labrador is heavily dependent on the natural resource sector and the major projects that go along with extracting those resources. With the uncertainty around the price of oil, growing pressure to move towards a green economy, and the anticipated impacts of Muskrat Falls, the economic outlook for NL is not favourable over the long term.

The Conference Board of Canada just released its two-year outlook for the province of Newfoundland and Labrador entitled "The Conference Board of Canada. Looking for Better Days Ahead - Newfoundland and Labrador's Two-Year Outlook —January 7, 2022".

Its key findings are as follows:

- *After contracting by 5.5 per cent in 2020, the Newfoundland and Labrador economy is estimated to have grown by 3.3 per cent in 2021.*
- *Economic growth is forecasted at 2.9 per cent in 2022 and 3.0 per cent in 2023, based on increased electricity output from Muskrat Falls and the resumption of the Terra Nova expansion.*
- *Employment growth will fare slightly better, although weakness in the first half of 2021 will keep job levels below pre-pandemic levels until the middle of 2022.*
- *Disposable income has strengthened due to federal Covid-19 support payments.*
- *The unemployment rate has steadily moved downward in 2021 and will continue to fall in 2022.*
- *The province's fiscal deficit was forecast to decline in 2021, but work is needed to get debt levels under control.*

The key economic indicators for the province are highlighted below.

<b>Key Economic Indicators</b> (percentage change)			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Real GDP	3.3	2.9	3
Consumer price index	3.6	2.5	2
Household disposable income	2.1	-3.1	1.9
Employment	2.8	2.5	-0.1
Unemployment rate (level)	13	11.9	11.6
Retail sales	7.4	-2.8	1
Wages and salaries per employee	3.9	0.7	2.3
Population	-0.4	-0.3	-0.4

*Source: Conference Board of Canada; Statistics Canada*

In general, as economic activity increases or decreases, the demand for transportation services also tends to increase or decrease, i.e., the elasticity of demand with respect to economic activity is positive. With growth in the economy comes: an increase in population, an increase in per capita income, or both. The growth can spur the demand for transportation to and from the island of Newfoundland.

### Recent Performance – 2021/22 Current Results

MAI reports on numerous Key Performance Indicators monthly, with quarterly updates provided to the Board at their regular quarterly board meetings. It also provides regular updates as to the in-year status of its Strategic Initiatives, its risk dashboard, and on the management response activities of the OAG's special examination results.

The first table that follows outlines MAI's performance on its KPI's at time of writing. The second table outlines progress to date on its strategic initiatives. Status updates have been provided for Q1, Q2, and Q3, with proposed deliverables highlighted for the last quarter of the year.

## Key Performance Indicators

At time of writing, MAI is reporting the following Q3 performance results for 2021/22:

Marine Atlantic Key Performance Indicators				
Strategic Perspective	Measure	2021/22 YTD Target	End of Quarter 3 2021/2022	Variance to Target
Financial & Public Stewardship	Cost Recovery - YE Forecast:			
	Overall Service	65%	59.3	5.7%
	Revenue (\$M)	\$ 73.8	\$ 82.4	\$ 8.6
	Operating Expenditures (\$M)	\$ 180.7	\$ 178.1	\$ 2.6
	Capital Expenditures (\$M)	\$ 30.0	\$ 21.5	\$ 8.6
Customer & Stakeholders	CRV's	33,252	34,097	845
	Drops	36,349	36,247	102
	PRV's	77,874	82,787	4,913
	AEU's Carried	370,327	378,946	8,619
	Vessel Availability	≥ 97%	98.3%	1.30%
	On-time Performance	≥ 90	90%	0%
	Overall Customer Satisfaction - PRV	≥ 69%	81%	12%
	Overall Customer Satisfaction - CRV	≥ 60%	Not Avail	N/A
	Likelihood to Recommend	> 50%	59%	9%
	Media Score	Positive	Neutral	N/A
Internal Processes	Capacity Utilization*	≥ 70%	73.3%	3.3%
	Average Wait Time - Unrestricted Commercial Loads	≤ 9 hours	9.2	0.2
	Unplanned Service Interruptions	≤3%	2%	1%
	Lost Time Injury Frequency	≤1.7	2.4	0.7
	Passenger Injury Rate	≤0.82	1.0	0.2
	Funded Planning horizon	> 2 years	3 Months	21 Months
	Fuel Consumption	26.12M litres	25.95M Litres	0.17M litres
	Overtime (\$M)	\$ 1.91	\$ 1.99	\$ 0.08
	Cyber Risk Score	≤4	10.5	6.5
People, Tools, & Skills	Vacancy Rate of Key Positions	<5%	3.07%	1.93%
	Turnover Rate of Employees (Resignations)	< 4%	8.3%	4.3%

## Strategic Initiatives Update

	<b>Strategic Initiative</b>	<b>Q1 Status Update</b>	<b>Q2 Status Update</b>	<b>Q3 Status Update</b>	<b>Q4 Deliverables</b>
<b>1</b>	<b>Develop the PAB Harbour</b>	<ul style="list-style-type: none"> <li>• Engineering pre-work is complete</li> <li>• Project cost estimations received</li> <li>• Public consultation storyboards prepared for future consultations should project funding become available</li> </ul>	<ul style="list-style-type: none"> <li>• No change from Q1</li> <li>• Awaiting land transfer</li> <li>• No further activity/cost expenditures in Q2</li> </ul>	<ul style="list-style-type: none"> <li>• Initiated preparation of business case utilizing Treasury Board of Canada template. Expect to have draft complete by end of Q4.</li> <li>• Continue to proceed with land transfer</li> </ul>	(Pending approval) <ul style="list-style-type: none"> <li>• Development of Procurement Package 1 for site works</li> <li>• Development of expression of interest for Procurement Package 2 - dredging</li> </ul>
<b>2</b>	<b>Procure a New RoPax Vessel</b>	<ul style="list-style-type: none"> <li>• Contract execution complete</li> <li>• Team and reporting structure complete</li> <li>• Detailed design underway</li> </ul>	<ul style="list-style-type: none"> <li>• Project Steering Committee and Core Project Team established</li> <li>• Detailed Design phase ongoing</li> <li>• Design support including external and internal subject matter experts ongoing</li> <li>• Established Joint Working Group with Stena</li> </ul>	<ul style="list-style-type: none"> <li>• Joint Working Group meeting weekly, sorting issues related to detailed design</li> <li>• Ongoing reporting to project Steering Committee &amp; Core project team</li> <li>• Establishment of Customer Experience &amp; IM/IT working groups to support detailed design</li> <li>• Design support including external and internal subject matter experts ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of detailed design</li> <li>• Commence Vessel Construction</li> <li>• Monitor Construction</li> <li>• Report and track progress of build</li> </ul>
<b>3</b>	<b>Stakeholder Relationship Plan</b>	<ul style="list-style-type: none"> <li>• On track</li> </ul>	<ul style="list-style-type: none"> <li>• Goals, scope, and approach under development</li> <li>• Approval in principle being sought from Executive team &amp; GRS during Q3</li> </ul>	<ul style="list-style-type: none"> <li>• Approval in principle received for new approach to corporate level stakeholder relations plan</li> </ul>	<ul style="list-style-type: none"> <li>• Review progress, adapt as required</li> </ul>
<b>4</b>	<b>Cost Recovery Analysis</b>	<ul style="list-style-type: none"> <li>• Traffic RFP developed and released to provide a baseline for analysis</li> <li>• Work begun on principle-based rationale for cost recovery discussions with TC</li> </ul>	<ul style="list-style-type: none"> <li>• Traffic study RFP awarded</li> <li>• Discussions scheduled with TC representatives to discuss cost recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Traffic study completed</li> <li>• CP forecast updated to reflect approved forecast</li> <li>• Conference Board of Canada engaged to assess economic impacts of MAI</li> </ul>	<ul style="list-style-type: none"> <li>• Final analysis document completed and presented to Board for approval</li> <li>• Shared with TC for ongoing discussions</li> </ul>

	<b>Strategic Initiative</b>	<b>Q1 Status Update</b>	<b>Q2 Status Update</b>	<b>Q3 Status Update</b>	<b>Q4 Deliverables</b>
5	<b>Innovation Strategy</b>	<ul style="list-style-type: none"> <li>2021/22 initiative review has been initially reviewed and slotted in the Innovation Strategy Map</li> <li>Incremental opportunities being considered as part of the MAI Corporate planning process</li> <li>Development of draft strategy underway with facilitated sessions taking place/being planned with Division heads</li> </ul>	<ul style="list-style-type: none"> <li>Innovation Strategic Plan is currently under development</li> <li>Deliverable will include a five-year innovation plan with goals and projects that support the organization's innovation strategy map</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Plan on track for completion by March 31. Sessions are planned with Executive in Q4 to review initial draft.</li> </ul>	<ul style="list-style-type: none"> <li>Approval of five-year plan by Executive and Board</li> </ul>
6	<b>Business Process Renewal</b>	<ul style="list-style-type: none"> <li>Employee survey Release 1 completed.</li> <li>LMS project on target and is expected to be launched at the end of November 2021.</li> <li>Supply Chain/Finance project is also on target. <ul style="list-style-type: none"> <li>System expected to be "cutover ready" by end of October.</li> <li>Go-live will be determined based on alignment with other operational requirements for Finance.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>LMS on target to launch December 2nd</li> <li>Finance &amp; Supply Chain on target to launch December 1st</li> </ul>	<ul style="list-style-type: none"> <li>LMS and Finance / Supply Chain currently in hyper care phase with early feedback on go-live generally positive; no significant issues reported.</li> <li>Priority focus is on supporting the transition for highest volume users of supply chain processes.</li> </ul>	<ul style="list-style-type: none"> <li>LMS Production Cutover</li> <li>Finance and Supply Chain Cutover Ready</li> <li>Reporting Analytics solution target to commence in Q4</li> </ul>
7	<b>Psychological Health and Safety Program</b>	<ul style="list-style-type: none"> <li>External resource reviewed current environment to develop recommendations for a Psychological Health &amp; Safety Program</li> <li>Commenced procurement of external resource to develop program</li> <li>Targeted survey on harassment and bullying completed in Q4 of prior fiscal; final report expected Q2 of current fiscal</li> <li>All required training and procedural requirements of Bill C65 in process and on track</li> </ul>	<ul style="list-style-type: none"> <li>On track</li> </ul>	<ul style="list-style-type: none"> <li>Implement required provisions of Bill C-65</li> </ul>	<ul style="list-style-type: none"> <li>Review and revise the LMDP to improve leadership skills for participants in a post-pandemic work environment</li> </ul>



	<b>Strategic Initiative</b>	<b>Q1 Status Update</b>	<b>Q2 Status Update</b>	<b>Q3 Status Update</b>	<b>Q4 Deliverables</b>
<b>8</b>	<b>Foster a Culture of Diversity, Inclusion, and Respect</b>	<ul style="list-style-type: none"> <li>• Currently researching online resource for manager and employee awareness sessions relating to Indigenous history.</li> <li>• A Beacon with available educational resources was sent to all employees on National Indigenous Peoples Day.</li> <li>• Privacy impact assessment for easier self identification during recruitment in process.</li> <li>• Evaluation of Women's Mentorship Pilot Program commenced.</li> </ul>	<ul style="list-style-type: none"> <li>• On track</li> </ul>	<ul style="list-style-type: none"> <li>• Increase gender equity on Senior Leadership Team.</li> <li>• Develop inclusion guidelines for all under presented groups for managers, and develop awareness and education tools for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Develop an Equity, Diversity, and Inclusion Program to embed EDI actions and initiatives in all divisions across the organization</li> <li>• Senior Management representation at Industry Conferences &amp; Associations</li> </ul>
<b>9</b>	<b>New PAB Office Facilities</b>	<ul style="list-style-type: none"> <li>• Civil site work presently underway</li> <li>• Draft building functional program complete</li> <li>• Engineering design anticipated to commence Q2 due to change in engineering firm of record</li> </ul>	<ul style="list-style-type: none"> <li>• Civil site work complete</li> <li>• Pre-schematic design phase complete</li> <li>• Schematic design is ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Civil site work complete</li> <li>• Pre-schematic design phase complete</li> <li>• Schematic design ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Site Development Complete</li> <li>• Detailed engineering design ongoing</li> <li>• Commence development of tender documents for building construction</li> </ul>

### Organizational Changes

During fiscal 2021/22, the Board of Directors added an additional strategic initiative to the list of corporate initiatives. Specifically, the Board of Directors & CEO initiated a corporate organizational review to ensure that the structure of the organization is optimized to deliver on the Company's strategic plan. An external consultant was brought in to engage, assess, and identify areas for improvements. Results of the review have been shared with the Board; any changes to the organizational structure will be implemented in 2022/23.

### OAG Special Examination

In 2017/18, the OAG initiated a Special Examination of Marine Atlantic. The results of this examination were released to the public on February 12, 2019 and tabled in Parliament in May. The Corporation is pleased with the results of this examination, as it demonstrates significant progress since the last special examination that occurred in 2009.

The only significant deficiency noted in the OAG's most recent report relates to the delays in getting MAI's Corporate Plans approved, and the potential impact that this may have on MAI's long-term strategic planning, specifically its long-term fleet strategy. The final report of the OAG's special examination has been posted to MAI's website and can be found at:

[https://www.marineatlantic.ca/uploadedFiles/Content/About\\_Us/Corporate\\_Information/Marine\\_Atlantic\\_Inc.\\_Special\\_Examination\\_Report\\_2018.pdf](https://www.marineatlantic.ca/uploadedFiles/Content/About_Us/Corporate_Information/Marine_Atlantic_Inc._Special_Examination_Report_2018.pdf).

It should be noted that as of the writing of this plan, the Corporation has implemented activities to address all deficiencies identified by the OAG that are within MAI's control. Budget 2019 provided MAI with sufficient funds to implement its fleet strategy, and the Corporation continues to work with the Shareholder to ensure timely approval of its Corporate Plan.

Details of the status of the Management Action Items can be found in Appendix J.

## Alignment with Government Policies and Objectives

In his July 2021 mandate letter to the Chair of MAI's Board of Directors, the Minister of Transport indicated his expectation that *"...MAI will do its part by providing a safe, secure and efficient transportation service in support of economic recovery and growth for middle-class Canadians."*

### Mobilizing in Support of Physical & Psychological Health & Safety

One of the Government's key priorities is promoting the physical health and safety of Canadians. For MAI, this means protecting the health and safety of its passengers and employees while ensuring the continued flow of essential goods to and from the island of Newfoundland. It also means supporting the psychological health and safety of MAI's employees, both as they return to work as pandemic restrictions ease, and in the prevention and resolution of harassment and discrimination as the Corporation aligns its policies and processes with Bill C-65.

### Advancing Anti-Racism, Diversity, Equity, and Inclusion

As a Crown Corporation, MAI will support the government in its goals of advancing the Calls to Action from the Truth and Reconciliation report. This will include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

The Corporation will also ensure that diversity, equity and inclusion are key principles of its ongoing labour force practices so that MAI reflects Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups.

### Economic Recovery/Pandemic Recovery

In Budget 2021, the government indicated its intention to finish the fight against Covid-19 by creating jobs and growth, and to support a resilient and inclusive recovery. As a key part of Canada's transportation network, a key enabler of the economy of NL, and a key contributor to the success of NL's tourism industry, MAI is ideally positioned to support the government's ambitious economic recovery response and to build back a better Canada.

### Fighting Climate Change

Budget 2021 announced that Canada's Crown corporations would demonstrate climate leadership by adopting the *Task Force on Climate-related Financial Disclosures* standards, or more rigorous and acceptable standards as applicable to the public sector at the time of disclosure, as an element of their corporate reporting. The budget announcement set out that Crown corporations with less than \$1 billion in assets, such as the MAI, are expected to start reporting on their climate-related financial risks

for their financial years beginning in calendar year 2024 at the latest or justify why climate risks do not materially impact their operations. MAI intends to comply with these standards.

MAI will join in the fight against climate change by ensuring that opportunities to advance this cause are considered in the Corporation's priorities, plans, and operations. MAI has numerous initiatives underway as part of its Innovation agenda that supports the switch to a green economy and will contribute positively to lower carbon emissions.

Through its participation in the Green Marine program, as well as the establishment of annual environmental business targets that are reviewed and endorsed at a senior leadership level, MAI has already demonstrated its commitment to climate action. However, more action is required. MAI has recently engaged an engineering firm to help develop its roadmap to get MAI to NetZero by 2050. The current scope of work includes the following:

- Establish a baseline GHG inventory
- Develop KPIs and business processes to support Net Zero focus
- Centralize data so information is readily available and communicate via dashboard
- Identify low hanging fruit
- Assess current capital projects list for Net Zero opportunities
- Develop roadmap

Once established, MAI will report on the success of its climate activities in both its Corporate Plan and its Annual Report.

## MAI's Strategic Plan

In support to the government's priorities, the focus of MAI's 2022/23 – 2026/27 Strategic Plan is on reconnecting Canadians. By investing in new green-based infrastructure, undertaking infrastructure projects that will support job creation, improving safety measures for both employees and customers, and ensuring the service is affordable for all Canadians, MAI believes it can make a positive contribution to the country's economic recovery, all while providing a safe, secure and efficient transportation system.

As noted in the Minister's mandate letter:

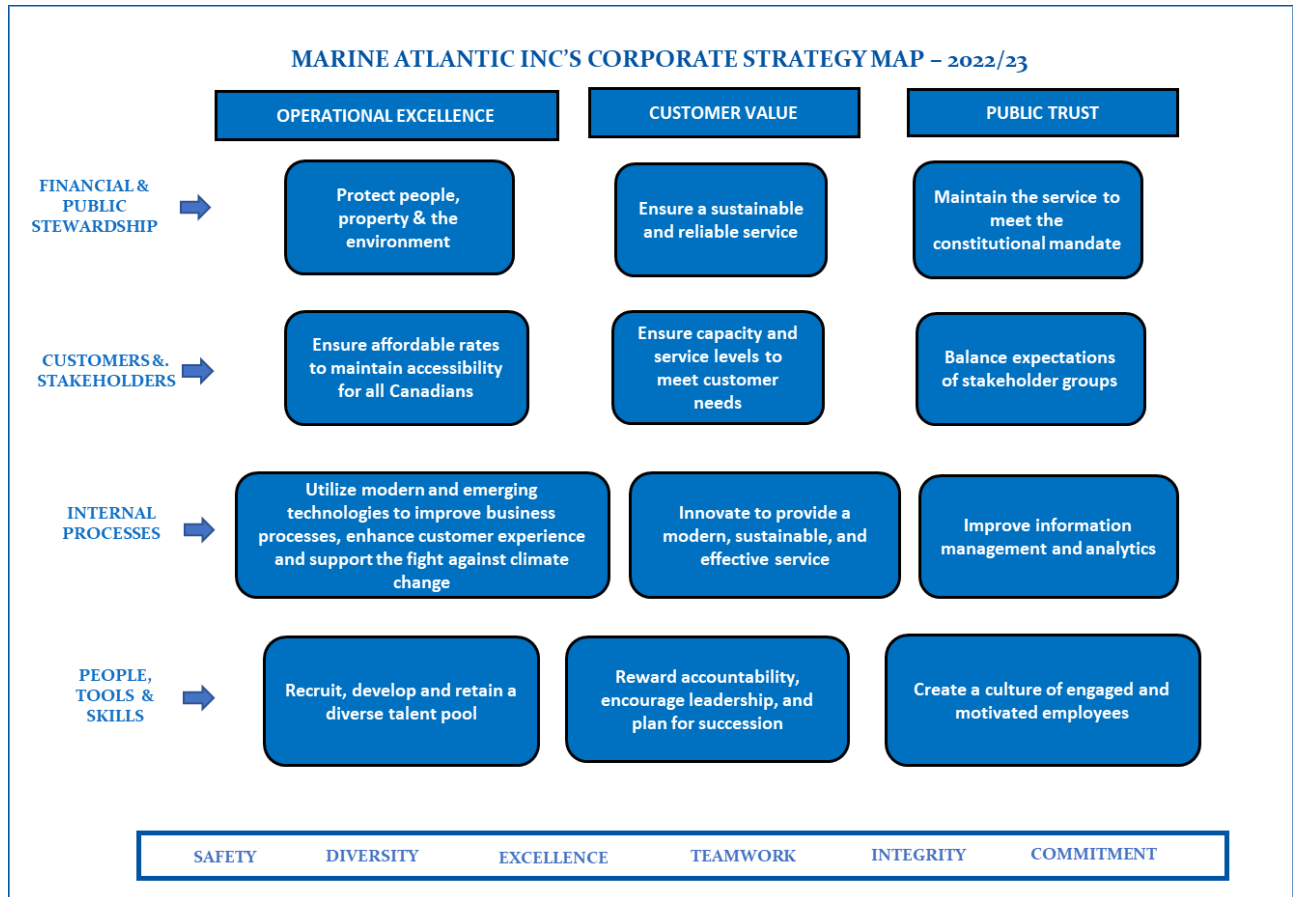
*Together, during these challenging times, we will position MAI to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, and stand up for fairness and equality.*

To promote the execution of the Strategic Plan, MAI uses the Balanced Scorecard (BSC) methodology, including the use of strategy maps. The Balanced Scorecard maps a corporation's strategic objectives to four different components of success - Financial and Public Stewardship, Customers and Stakeholders, Internal Processes, and People, Tools and Skills - all shown on the left side of the map.

Interpreting MAI's strategy map, all activities and objectives are guided by the three strategic pillars noted at the top of the map: Operational Excellence, Customer Value, and Public Trust. Foundational to MAI's success are the Corporation's values, noted at the bottom of the map. Strategic Objectives are developed to support these pillars, which are then used to develop the organization's strategic initiatives that the Corporation will focus on for the upcoming planning period.

Several of MAI’s strategic objectives, as outlined in the Strategy Map below, have been highlighted to support the alignment with the Government’s objectives:

1. Ensure rates are affordable for all Canadians.
2. Recruit, develop and retain a diverse talent pool.
3. Ensure a sustainable and reliable service.
4. Innovate to provide a modern, sustainable, and effective service.
5. Utilize modern and emerging technologies to improve processes and to support the fight against climate change.



The initiatives to support these objectives, with associated timeframes, are also provided in the chart that follows.

2022/23 Strategic Initiatives																									
		2021/22				2022/23				2023/24				2024/25				2025/26				2026/27			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Develop the PAB Harbour																									
Procure a New RoPax Vessel																									
Cost Recovery																									
Pandemic Recovery Plan																									
Long-term Fleet Strategy																									
Reference Level Funding																									
Business Process Renewal																									
PAB Office Administration Building																									

## Develop the PAB Harbour

For the past several years, MAI has been exploring the possibility of removing Vardy's Island from the harbour in Port aux Basques. Vardy's Island is in the centre of the harbour and not only interferes with maneuvering in and out of the harbour, but also contributes to an increased number of cancelled sailings, as the island makes docking and undocking in PAB during high winds particularly difficult.

The existing navigation channel and turning basin do not meet the current design criteria specified by the World Association for Waterborne Transport Infrastructure (PIANC) and requires advanced vessel maneuvering for access to berths and docking at the MAI terminal in Port aux Basques. It also requires the vessels to have harbour specific design characteristics such as additional thrusters & high lift rudders to enable docking, which increases the cost of vessel acquisition.

In 2019/20, MAI began to explore the potential costs and operational impacts of making significant changes to the PAB harbour and in 2020/21, MAI commenced work on three streams of activities to support the PAB Harbour project, including preliminary engineering, environmental assessments, and stakeholder consultation.

In 2021/22, MAI began the development of a business case to support the removal of the island, with the draft plan due to be completed in Q4. The Corporation also began discussions with the Province of Newfoundland and Labrador to obtain ownership of the island. The provincial government has signaled its intent to transfer the island to MAI at no cost, which is expected to be completed in April 2022. MAI intends to take ownership of the island, regardless of whether the harbour development project is approved, as it is currently the site of MAI's navigational equipment and weather stations. Taking ownership of the island will allow MAI to make any improvements that it might need, now or in the future.

In fiscal 2022/23, MAI is requesting funding to continue the business case development for the removal of Vardy's Island and to ensure project readiness. A project team has been established, under the supervision of the VP of Operations, to drive this project forward. MAI has engaged an engineering firm to develop detailed costs for the project, as well as a detailed implementation plan. Should the project be approved, other activities that will occur in 2022/23 include:

- Public engagement activities to ensure all local, provincial and national Stakeholders are fully apprised of the plan
- Ongoing environmental consultation to ensure that the project meets the expectations of the Shareholder and the public with respect to environmental protection
- An assessment of the impact of the project on the operations with respect to changing weather patterns and increasingly severe weather events because of climate change.

MAI has applied under the National Trade Corridors Fund for the required funding for the Vardy's Island project. Should the funding be approved, MAI is seeking the authority to proceed with this project through the CP process.

## New Vessel Procurement

In July 2021, following a competitive procurement process that was open to both domestic and international bidders and overseen by an independent fairness monitor, MAI announced that the Corporation has entered into a 5-year charter agreement with Stena North Sea Ltd. to supply a new

RoPax vessel for the fleet. Following the five-year charter agreement, Marine Atlantic will have an option to purchase the vessel.

The new vessel will represent MAI's green shift and commitment to the environment. When delivered it will be one of the most advanced vessels of its type in the world. The design includes energy efficient green technology, aligning with the Government's current focus on reducing carbon emissions. The vessel will incorporate dual-fuel technology allowing for the use of both traditional and alternate fuels – including Liquid Natural Gas and bio diesel once available in market. The anticipated reduction in fuel costs is currently being studied by DNV. For financial planning purposes, MAI assumed the new ship's fuel costs would be in line with the Seabridgers, which is a significant reduction from the fuel costs required to operate the *MV Atlantic Vision*. It will be equipped with batteries to further reduce its carbon footprint. The energy storage solutions onboard will offset significant emissions which traditionally occur in maneuvering modes. Automation within its port interface arrangement will reduce energy requirements during berthing operations. Onboard operational systems including lighting, heating, and ventilation include modern waste energy reduction and recovery solutions. The ship will be constructed with specific measures to reduce underwater noise, thereby reducing the impact on marine life. Significant allowances in the design are focused on supporting the Electric Vehicle surge. The vessel will also offer enhanced power and thruster capability for maximum maneuvering ability 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 1000 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.



Characteristic	Proposed Vessel
Length Overall	202.9 m
Maximum Breadth	28.4 m
Design Draft	6.45 m
Deadweight	6600 tonnes
Deadweight margin	11%
Number of Decks	10 deck (1 hoistable)
Total lane meters	2906 m
Weather deck space	282 m
Hoistable/alternate deck space	343 m
Cabins & Pods	261 (146 Pax, 75 Crew, 40 Pods)
Contract Speed	23 knots
Service Speed	18 knots
Propulsion system	Dual fuel (MDO & LNG and battery supplement)
Engine Power	2x 13740 kW
Thruster Power	3x 2400 kW

The following chart presents the high-level project plan and major milestones.

New Vessel Project	2021/22				2022/23				2023/24				2024/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract Effective Date	■															
Basic Design	■	■														
Detail Design		■	■	■	■											
Vessel Construction					■	■	■	■	■	■						
System Installation & Commissioning							■	■	■	■						
Sea Trials											■	■				
Delivery													■	■		
Transit															■	■
Training/Vessel Familiarization										■	■	■	■			
Vessel in-service																■

The Corporation has established a robust project structure to manage this procurement, led by the Corporation's executive team, that includes dedicated internal resources and supplementary external resources. MAI updates Transport Canada on the progress of the project on a regular basis, and will continue to do so over the course of the planning period.

Funding for the vessel was approved in Budget 2019 and a re-profiling request was approved in December 2021 to align the required cashflows with the updated project schedule. The financial tables in this Corporate Plan reflect the approved reprofile request.

### Cost Recovery

Under the current cost recovery formula, MAI has two levers to pull to impact cost recovery results – rates and expenses. However, inflationary pressures and expense increases have a disproportionate impact on cost recovery, forcing MAI to either raise rates and/or implement continued and ever-increasing expense reductions that would negatively impact the reliability of and access to the service for its users.

MAI's customers have seen increasing tariff rates in the past decade, with passenger related vehicle (PRV) and commercial related vehicle (CRV) rates increasing faster than the rate of inflation. As such, one of MAI's key goals is to ensure that the service is affordable for customers, particularly considering the economic impact that Covid-19 has had on the country and the province. Given that rates have significantly outpaced inflation, many residents consider the essential service is no longer affordable.

Alternatively, the magnitude of the expense decreases required to meet 65% cost recovery is no longer achievable without impacting service levels. For every \$1 in revenue that MAI forgoes, it must achieve an expense reduction of approximately \$1.50 to have the same impact on cost recovery. To illustrate, 1% in cost recovery means a change of revenue of \$1.7M or a change in expense of \$2.7M. 30% of MAI's operating costs are fixed, and do not change with service levels. The remaining 70% of costs include salaries (58%), fuel (21%), and terminal operating costs (21%), most of which are beyond MAI's control or are dictated by collective agreements.

It should also be noted that both policy and regulatory changes can have significant impact on MAI's cost of operations. Changes to the Canada Labour Code to implement both Personal Leave Days and 10 Paid Sick Days for federally regulated industries, along with regulations regarding mandatory



training and hours of work have significant impacts on MAI's cost to operate. For example, MAI estimates that the Personal and Sick Day regulations will increase expenses by approximately \$4M annually.

To continue to achieve the 65% cost recovery target, MAI must reduce its expenses to the point that service levels will be impacted, or significantly increase its rates. In previous years, a combination of increasing rates and decreasing expenses has helped MAI meet the target, but because of the ratio of revenue to expense is not equal, it is not sustainable in the long term.

MAI has engaged several external consultants to provide a ten-year traffic forecast, a high-level analysis of the impact of MAI's operations on the economies of both NL and Canada, and an in-depth look at the cost of MAI's service on the travel and tourism industries in Atlantic Canada. In 2022/23, MAI will utilize the results of the various consultants' reports to inform discussions with Transport Canada regarding cost recovery and its impact on the service and Canadians.

### Pandemic Recovery Plan

MAI recently engaged the Conference Board of Canada (CBOC) to update its previous work on the economic impacts of MAI on the provincial and national economies. CBOC had previously done this work for another party, and MAI requested that the study be updated to reflect the most recent traffic numbers and economic conditions.

The study, entitled '*Across the Cabot Strait: The Impact of a Change in Ferry Service Fees on Newfoundland and Labrador's Economy, 2022 Update*' concluded that changes to MAI's fares could have important implications for the economy. As stated on page 4 of the report:

*...Marine Atlantic's real GDP has grown at an average annual rate of 2.1 per cent between 2015 and 2020—directly contributing roughly 0.24 per cent to Newfoundland and Labrador's GDP in 2020. This includes a decline of 3.3 per cent in 2020 due to the economic fallout of the COVID-19 pandemic. Moreover, through its supply chain, Marine Atlantic's operations support many more jobs and economic activity across the Atlantic provinces and other regions in Canada.*

The benefits to the economy of a rate decrease go beyond the province, however. The report states that MAI's activities generate supply chain impact on other industries. Using Statistics Canada data, the CBOC concluded that "*...the economic multiplier associated with water transportation suggests that a \$1 increase in water transportation activity results in a gain of \$2.50 in Canada's GDP.*" When adjusted directly to MAI, the report concludes:

*Thus, we assume that each \$1 directly attributed to Marine Atlantic's GDP generates an additional \$1.5 in GDP nationwide. Likely, some of the additional economic activity is generated in the Atlantic region, but a more detailed analysis is required to isolate regional impacts. Similarly, the multipliers for labour suggest that for every full-time employee at Marine Atlantic, another 1.4 full-time jobs are supported in other industries nationwide.*

Given the significance of these findings, MAI submits that it can play a significant role in the Government of Canada's ambitious economic recovery response to the Covid-19 pandemic. In 2022/23, MAI will use the consultants' findings to inform discussions with TC to develop a rate strategy that will enable MAI to boost GDP, increase household consumption, support job creation, and play a significant role in the post-pandemic economic recovery. MAI has already seen increased demand for its services,



with its bookings far ahead of where they normally are at this point in the year. This can be attributed to both pent-up demand because of Covid-19 travel restrictions being lifted, and to the much-anticipated 2022 Come Home Year Celebrations, a tourism program developed by the Government of Newfoundland and Labrador.

### Long-term Fleet Strategy

Vital to MAI's continued success is having a safe, reliable, and efficient fleet, not only to ensure it can continue to meet the traffic demand, but also to achieve the key performance targets established by the Shareholder, such as cost recovery, on-time performance, vessel reliability, and customer satisfaction levels. An established long-term fleet strategy permits a stable and efficient fleet renewal program which ensures the appropriate fleet configuration, timely vessel renewal and replacement, better value in expenditures, staffing efficiencies, and the flexibility to meet service expectations.

MAI's current fleet consists of four Canadian flagged ice-class ferries: *MV Blue Puttees*, *MV Highlanders*, *MV Atlantic Vision* and the *MV Leif Ericson*. A fleet of four RoPax vessels not only provides the Corporation with the ability to recover quickly from service interruptions, which are common in MAI's operating environment, but also allows the Corporation to reduce its operational risk by having four vessels that can move the passenger traffic when needed. For example, if MAI experiences a breakdown during the busy summer season, the other remaining RoPax vessels allow the Corporation to continue to meet the traffic demand and minimize delays to passengers. From an operational perspective, having four RoPax vessels is one of MAI's key risk mitigation factors in delivering the essential year-round service.

The *MV Atlantic Vision* will be replaced with the new vessel currently being acquired, the details of which are discussed later in this section. Meanwhile, the *MV Leif Ericson*, which recently underwent its thirty-year survey, is expected to remain a part of the service until 2026/27, when it reaches the end of its useful life at 35 years. Given the long lead times associated with finding a replacement vessel for the service, funding approval and authority to replace this vessel must be addressed in the next two years. As such, MAI has added a strategic initiative to its 2022/23 Strategic Plan regarding Long-term Fleet Strategy, which will initially focus on the need to replace the *MV Leif Ericson*, but ultimately address the need for a consistent, well-planned fleet replacement strategy based on the life cycle of the vessels.

The following chart outlines the current fleet and the key milestones associated with MAI's long term fleet requirements.

Vessel	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<i>MV Blue Puttees</i>					20 Yr Mid-life Refit					Begin Replacement Process
<i>MV Highlanders</i>						20 Yr Mid-life Refit				
<i>MV Atlantic Vision</i>										
New Vessel		Feb 2024 - Vessel Delivery								
		Feb 2024 - Jun 2024 (4-mths) Vessel Workup & Final Integration								
		Charter for 5 yrs - delivery Feb 1, 2024 / in-service Jun 1, 2024								
								Feb 2029 - Purchase		
<i>MV Leif Ericson</i>		Retire from Service 31-Oct-2026 (35 yrs) / Sell								
Replacement Vessel for <i>MV Leif Ericson</i>			Feb/Mar 2025 - Funding Approval							
				Apr - Dec 2025 - Charter Vessel Acquisition Process						
				Jan 2026 - Charter Party Contract in Place						
				Jan - Dec 2026 - Vessel Modification & Integration						
				Jan 2027 - Vessel Delivery						

### *MV Atlantic Vision*

This plan assumes that the *MV Atlantic Vision*, or a similar vessel, will be included in the fleet until the new vessel is brought into service.

### *MV Blue Puttees and MV Highlanders*

The sister ships the *MV Blue Puttees* and the *MV Highlanders*, built in 2006/2007, brought into service in 2011 and purchased in 2016, form the base of MAI's fleet. Both vessels are required to undergo their twenty-year surveys in 2026/27 and 2027/28 respectively. Given the heavy usage that these vessels have undergone since entering the fleet, MAI is forecasting that their useful life will be 30 years of service. Therefore, as noted in the chart above, the replacement process for these vessels will have to begin towards the end of the ten-year planning period.

### *MV Leif Ericson*

Budget 2019 provided sufficient capital for the Corporation to complete the *MV Leif Ericson's* 30-year survey, which was completed in 2021/22. This investment in the vessel will extend its useful life out to 35 years, or 2026/27. Given the long lead times required for vessel replacement, and the limited supply of RoPax vessels on the market, MAI will have to begin the replacement process for this vessel during the upcoming planning period. This Corporate Plan assumes that the *MV Leif Ericson* will be sold in the last year of the plan.

### Replacement Vessel for the *MV Leif Ericson*

MAI does not anticipate any significant change in its traffic patterns over the next ten years, as supported by the traffic analysis completed by HDR Corporation in November 2021. As a result, MAI is assuming that it will continue to operate a four-vessel fleet of RoPax vessels for the foreseeable future. To ensure continuity of service, MAI will have to begin the vessel acquisition process for the

replacement of the MV *Leif Ericson* in 2025/26 at the latest, with funding approval required prior to that.

### Reference Level Funding

Another initiative on MAI's 2022/23 Strategic Plan is the request to address MAI's reference level funding. MAI currently receives \$19M in reference level funding, which is not sufficient to continue operations beyond the first month of the year. In years when funding approvals are delayed, or in instances like this year, when MAI had no ongoing funding approved beyond March 31, 2022 and did not get a funding decision until May, MAI's low reference levels means it must either cash manage funds from other projects if available – like the new vessel procurement funds – to cover operating expenses, or request interim/emergency funding. MAI will work with Transport Canada to determine a realistic reference level for the Corporation that supports the ongoing operations of the business and seek that increase from the Minister of Finance in the next funding request.

### Business Process Renewal (BPR)

While initially delayed due to Covid-19, MAI regained traction on the BPR project in 2021/22, with several projects launched, including SAP Cloud Migration, SuccessFactors Learning (LMS), Finance & Supply Chain Management (SCM). During the upcoming planning period, the Corporation's focus will be on two key areas - SAP Plant Maintenance and HR Talent Management functions.

The SAP Plant Maintenance project will be implemented in two phases. This first phase of the project will enable MAI to fully decommission the aging legacy IFS platform and allow the implementation of a fully integrated requisition-to-pay process. The second phase will include rolling out the Plant Maintenance processes and SAP software on the MAI vessels, and will include offline functionality to ensure vessel-based maintenance processes can continue while the ships are at sea.

The Talent Management project will focus on recruiting and onboarding new employees. It will include a streamlined process for internal and external recruiting, integration of job postings to career sites, and a standardized onboarding process for new employees. These modules will build on the projects successfully launched in BPR Release 1 - Employee Central, SAP Benefits, Timekeeping & Scheduling, and Learning Management Systems.

With the BPR project, MAI has developed a core foundation of HR systems and processes that are now scalable and easily integrated into the remaining SuccessFactors Talent Management suite. The benefits of the system are numerous. With each additional component of SuccessFactors that is launched, the MAI employee workforce will be further engaged and connected on a single platform.

- MAI employees can now access employee information and learning management data from any device, and will no longer have to be on-site or connected directly to MAI's network.
- Employees have access to all training and qualification-related data.
- Employees are notified of upcoming expiries on their qualifications and be able to proactively request training.
- Employee learning plans will be migrated with employees as they move into various roles throughout the organization.
- Employees are now notified when registered for a class and will eventually be able to attend classes virtually within the LMS.
- Elimination of numerous manual paper-based processes within the recruiting process

- Utilization of enhanced reporting and analytics tools

With the implementation of SAP Finance and the decommissioning of MAI's multiple legacy systems, MAI has converted all core finance functions to a single platform, with numerous outcomes:

- Elimination of the requirement to balance and reconcile two systems
- Automation of accounts receivable functions
- Enabling self serve budget reporting
- Reduction of the risk of systems failure.

Furthermore, with a fully connected ERP, MAI will see a decrease in manual journal entries, an increase in automated business controls throughout the finance and SCM processes, and a significant improvement in the ability to track and monitor contract spend and leakage, which were all previously handled offline via spreadsheets.

With each additional module and release of BPR, MAI continues to build a foundation that will be used as part of its Innovation Strategy for years to come.

### Port aux Basques Administration Building

In Fiscal 2021-22, the site works were completed for the building, along with the conceptual, schematic, and detailed designs for a modern facility for MAI's administration functions in Port aux Basques.

During 2022-23, early work will include document preparation for the tendering process, which will allow construction to begin in the short building season in the region. 2022/23 will see the completion of the facility's frame structure and shell, along with base building systems, mechanical and engineering systems, and utility connections. Completion of the facility's fit-up, interior systems, commissioning and occupancy will take place in 2023/24.

The new administration building will allow administrative employees in the Port and Basques area to co-locate in the same building, will reduce the number of offices being rented and maintained in the area, and most importantly, will address the health and safety issues that are present in the Marine Drive location where most employees are currently located.

### Other Areas of Focus

#### Equity, Diversity and Inclusion

Equity, Diversity and Inclusion remains a key area of focus for the organization. While it is no longer listed as one of the Corporation's strategic initiatives, the outcomes of the EDI action plan have become embedded in the organization's ongoing operations, and is being managed, tracked and reported through the HR department. EDI targets and measures also remain a key part of the CEO's Accountability Agreement, and is a focus of the Board of Director's HR Committee.

MAI's diversity and inclusion initiatives will focus on the four Federal Government identified underrepresented groups:

1. Women
2. Persons with Disabilities
3. Visible Minorities
4. Indigenous Peoples

The targets set for the duration of the Corporate Plan are as follows:

Targeted Group	Baseline Representation (2017)	2020 Results	2021 Results*	2026/27 Target
Women	37.10%	37.2%	TBD	48%
Indigenous People	3.70%	4.40%	TBD	5.50%
Visible Minorities	1.50%	1.80%	TBD	2.50%
Persons with Disabilities	4.80%	5.70%	TBD	TBD

\*2021/22 Results will not be available until June 2022

In 2021/22, the Corporation developed an Equity, Diversity and Inclusion Action Plan with the following objectives:

1. Develop and implement an action plan to foster diversity, equity, and inclusion in the workforce, helping make positive contributions to social inclusion and workforce participation.
2. Create a psychologically safe and healthy workplace free from bullying, harassment, and all forms of disrespectful behavior.
4. Create policies and programs that advance gender equality in the workplace.
5. Create a workplace which is fair, safe and inclusive of 2SLGBTQ+ individuals and of all people regardless of their sexual orientation, gender identity/expression or intersex status.
6. Strengthen MAI's partnership with Indigenous communities in Newfoundland and Nova Scotia to collaborate on initiatives to create a workplace which is representative, fair, safe and inclusive of Indigenous peoples.
7. Create a workplace which is fair, safe, accessible and inclusive of persons with disabilities; and
8. Create a workplace which is fair, safe and inclusive of visible minorities.

In adherence with Canada's new Pay Equity legislation, MAI is developing its Pay Equity Plan. The plan is currently under development, with a required implementation date of September 2024. The Corporation is in the process of developing an RFP for external resources to help identify gender dominant positions within the organization and evaluate whether a pay gap exists. It is also establishing a Pay Equity committee, which will include both management and union representatives, to guide the development of the pay equity plan. Estimates for incremental expenses are not available at this time, but the impacts for any potential pay increases are not anticipated until later in the planning period.

MAI will be focusing on the key stages of the employment life cycle – recruitment, inclusion, professional growth, and active contribution and leadership. At each of these stages, MAI will be looking to ensure barriers are removed so that all individuals have opportunity to thrive, so that MAI remains competitive from a recruitment perspective, and both employee performance and employee morale increase, resulting in reduced turnover, greater efficiencies, and a happier, healthier workforce. While some of the activities identified in the Equity, Diversity and Inclusion plan are slightly delayed due to the pandemic, MAI is exploring alternative delivery modes to ensure that the Corporation can continue to meet its targets.

## Gender Equity

The current breakdown on MAI's workforce by gender as of the end of 2021 is shown in the table.

<b>Employment Equity Occupational Group</b>	<b>Total Employees</b>	<b>Total Women</b>	<b>Percentage</b>
01 Senior Managers	9	2	22.22%
02 Middle and Other Managers	56	20	35.71%
03 Professionals	37	27	72.97%
04 Semi-Professionals and Technicians	144	13	9.03%
05 Supervisors	32	17	53.13%
06 Supervisors: Crafts and Trades	8	0	0.00%
07 Administrative and Senior Clerical Personnel	28	23	82.14%
08 Skilled Sales and Service Personnel	64	26	40.63%
09 Skilled Crafts and Trades Workers	70	0	0.00%
10 Clerical Personnel	99	59	59.60%
11 Intermediate Sales and Service Personnel	90	70	77.78%
12 Semi-Skilled Manual Workers	377	60	15.92%
13 Other Sales and Service Personnel	191	131	68.59%
<b>Totals</b>	<b>1205</b>	<b>448</b>	<b>37.18%</b>

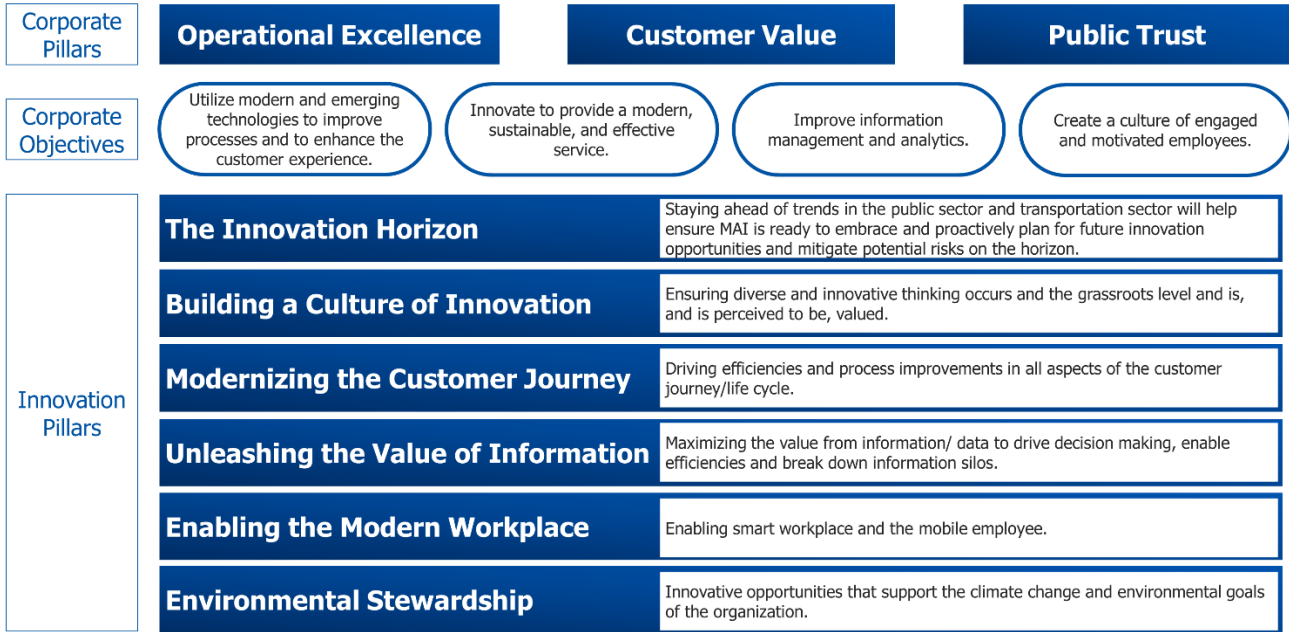
## Innovation

The Innovation Strategic Plan is currently under development, with anticipated finalization by the end of 2021/22. The goal is to create an innovation strategy that is optimized to harness the organization's strengths, achieve the delivery of critical objectives and support the development of a robust innovative culture at Marine Atlantic.

The desired outcomes of the innovation plan include the following:

- Increase overall efficiency
- Improve internal process to reduce manual intervention
- Modernize the internal and external touchpoints for technology, infrastructure, and experience
- Automate where possible
- Enhance the customer experience to meet expectations in a changing global market.

The Innovation strategy aligns well with MAI's Corporate Strategy, as it supports multiple corporate objectives. The pillars upon which the innovation plan will be based are described below.



The 2022/23 deliverable includes a five-year innovation plan that outlines key goals and projects that support the organization's innovation journey. Initiatives on the plan may be innovative or deliver upgrades to infrastructure and services to support long-term innovation activities. Additionally, the plan will include strategic and tactical recommendations for engagement, internal marketing and idea generation. Tactical execution of innovation activities on the plan will begin in 2022/23, once approved by the Board of Directors.

**Cyber Security**

Given the current state of world events, and the successful cyber attacks experienced by several enterprises over the past year, cyber security is very high on MAI's risk radar. The corporate risk statement that "...MAI fails to adequately manage the integrity, protection and availability of information" monitors MAI's approach to managing cyber security. The organization has developed a Cyber Risk KRI at the corporate level, which is reviewed and updated quarterly. MAI's Cyber Risk score is a measure based on the overall maturity of MAI's cyber program. The IT/IM Division evaluates and monitors the score as part of its regular risk management process.

MAI has also developed an IT Security Control Framework based on the Government of Canada's IT Security Risk Management Lifecycle publication (ITSG-33). The control framework includes a roadmap of initiatives that will specifically reduce MAI's overall risk profile, and includes projects targeting education and awareness, technology advancements and process change requirements.

In addition to the Control Framework, MAI has an active project aimed to align MAI's processes with the International Maritime Organization (IMO) Marine Safety cyber security requirements. For context, the IMO Maritime Safety Committee recently passed a resolution that encourages organizations to ensure that cyber risks are appropriately addressed in existing safety management systems.

Also worth noting, MAI's IT/IM Division is working to strengthen its relationship with the Canadian Centre of Cyber Security (CCCS), the Government of Canada's lead authority on cyber security. The



Corporation has regular dialogue with CCCS and receives its cyber alerts; CCCS is also included in MAI's Cyber Incident Response plan. Finally, MAI is exploring an opportunity with Shared Services Canada to explore ways that SSC services may be deployed within MAI to help strengthen its cyber security response.

#### Argentia Bi-level Dock

MAI operates through two ports in NL: Port aux Basques and Argentia. The Gulf service between Port aux Basques North Sydney, NS is the shortest route, and is used year-round for MAI's daily service. The impacts of climate change, however, have increased the severity and frequency of weather events in Port aux Basques, which can render this route inaccessible. In such a situation, MAI must be able to rely on the Argentia port to maintain its critical trade and transportation corridor. This dependence was recently evidenced in November 2021 when a washout of the Trans-Canada Highway prohibited travel between PAB and the rest of the island for nearly a week.

A recent assessment of the Argentia port concluded that its most efficient level of operation is at approximately 60% of vessel capacity due to existing infrastructure constraints – specifically the ability to load and unload traffic at the port. ARG's existing infrastructure does not accommodate the bi-level decks on MAI vessels, resulting in capacity restrictions, vessel turnaround delays, cargo flow inefficiencies and potential supply chain challenges of essential goods (food, propane, medical oxygen, etc.). MAI has applied for funding through the National Trade Corridors Fund to construct a bi-level linkspan dock at the port of Argentia, which would increase the fluidity and redundancy of NL's supply chain by allowing full capacity utilization of MAI's vessels at both ports in NL. Should the funding be approved, MAI is seeking the authority to proceed with this project through this CP.

#### Customer Experience Activities

As the economy starts to rebound from the impacts of the pandemic, MAI is planning several marketing activities to help stimulate demand and support the country's economic recovery, and to ensure that Canadians can access the service.

MAI's Customer Experience department includes both marketing and promotional activities, brand management, and overall management of the customer journey – from the first interaction a customer has on the website or with a Customer Service Representative, to the booking experience, and to the end-to-end onboard customer experience. The following activities are scheduled for 2022/23:

- Booking campaigns – currently planning a 22% discount campaign for the spring and fall to stimulate demand in the shoulder seasons
- Weekend pop-up sales, also designed to stimulate demand outside the summer tourism season
- HR recruitment campaign – a brand campaign aimed to increase awareness of MAI as a desirable place to work
- Renewed focus on partnerships, including but not limited to Newfoundland and Labrador Tourism, Parks Canada, and the Newfoundland & Labrador Outfitters Association
- Trade show participation
- Improved onboard passenger experience during peak season
- Enhanced focus on digital marketing initiatives, including:
- Website continuous improvement



- Email marketing
- Digital signage
- CrowdRiff visual marketing platform

### Property Lease

MAI is currently working with Transport Canada to develop lease arrangements for its three ports. While MAI owns the buildings on these properties, the land is owned by Transport Canada. Developing a lease agreement for each of the locations is intended to formalize the arrangement, and will have no impact on operations.

## Financial Overview

The financial projections in this corporate plan are based on the following assumptions:

- MAI will continue to operate with a four-vessel fleet for the duration of the five-year plan.
- MAI will continue to operate both routes - Port aux Basques to North Sydney and Argentia to North Sydney - for the foreseeable future.
- Traffic levels will be returning to normal levels in 2022/23.
- Passenger limits to accommodate social distancing for both customers and crew will no longer be required.

### Rates

To limit the impacts of rates on our customers and encourage customers to return to the service as restrictions associated with the pandemic begin to lift, MAI has maintained its current rates for MAI's passenger and PRV customers on all routes for the duration of the plan.

As noted in a previous section, MAI intends to work with the Shareholder to ensure that MAI can continue to provide an affordable service to Canadians, while also supporting Canada's economic recovery efforts and meeting its agreed upon targets.

### Fuel Surcharge

For planning purposes, the Corporation is forecasting that the fuel surcharge will remain unchanged at 13% for duration of the planning period. While the price of fuel is rising, MAI believes an increase to its fuel surcharge will have a negative impact on customer demand and will work against the goals of economic recovery. However, the fuel surcharge will be reviewed regularly, and any required changes implemented as needed.

### Traffic and Revenue

Based on the projected rate increases and fuel surcharge strategy, as well as the impacts of Covid-19 on the economy overall and MAI's traffic levels in particular, MAI has developed a five-year traffic forecast. Traffic levels are not expected to rebound to pre-Covid-19 levels until 2022/23.

The projected traffic forecasts and the planned rate strategy result in the following revenue forecast over the next five years.

Revenues (000's)	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Total Revenues	\$ 113,039	\$ 114,190	\$ 120,325	\$ 122,523	\$ 125,547	\$ 595,623

\* Numbers may not add due to rounding

## Fuel Expense

Fuel is, and will continue to be, a large portion of the Corporation's operating budget, accounting for upwards of 15% of total operating expenses, excluding amortization. MAI endeavours to minimize the cost of fuel through contractual commitments with suppliers and bulk purchases. Furthermore, has just completed upgrades of the propellers on the MV *Highlanders* to help reduce fuel consumption, with similar upgrades planned for 2022/23 for the MV *Blue Puttees*.

For planning purposes, the Corporation has assumed the following prices for Marine Diesel Oil.

Fuel Type	2022/23	2023/24	2024/25	2025/26	2026/27
Marine Diesel Oil	87.00	88.74	90.51	92.33	94.17

## Travel, Hospitality, Conference and Event Costs

The Corporation's travel, hospitality and events policies and procedures were updated in 2016/17 to align with those of the Treasury Board Secretariat (TBS).

From a reporting perspective, MAI has set up a process for initiating, routing and tracking the approvals required for travel, hospitality, conferences and events to comply fully with the 2015 Governor in Council directive. The Corporation reports on travel expenses monthly on its website as well as annually in its Annual Report.

In general, MAI's travel costs include travel for training and travel to MAI's various offices. Hospitality costs are mostly related to training, interdepartmental managers' meetings, and employee recognition events. This forecast includes planned travel for oversight of the new vessel build.

The Corporation's forecasted travel, hospitality and conference expenses are as follows:

(000's)	Actual	Forecast	Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Travel	255	930	1,315	1,341	1,368	1,395	1,423
Conferences	15	71	101	107	109	111	113
Hospitality	45	144	234	246	244	251	256
	<b>315</b>	<b>1,145</b>	<b>1,650</b>	<b>1,694</b>	<b>1,721</b>	<b>1,757</b>	<b>1,792</b>

## Climate-related Financial Disclosures

Budget 2021 included direction related to climate-related financial disclosures for Crown Corporations:

- *Crown corporations with less than \$1 billion in assets will be expected to start reporting on their climate-related financial risks for their financial years beginning in calendar year 2024 at the latest or provide justification as to why climate risks do not have material impact on their operations.*

Accordingly, MAI will start reporting on its climate-related financial risks before 2024.

## Other Costs

### Foreign Exchange Rate

The Plan assumes an exchange rate of 1.75 CAD = 1 EUR. Given the number of factors that can influence the exchange rate in the longer-term planning horizon, MAI is particularly conservative with this forecast to ensure that it has sufficient funding for operations and to reduce its financial risk.

### Hedging Strategy

The Corporation utilizes a foreign exchange hedging strategy to proactively mitigate exposure to foreign currency. The Corporation secured forward contracts with a financial institution for a portion of the Euro currency requirements over the remaining charter period of the MV *Atlantic Vision*.

MAI's hedging strategy has been successful in bringing stability and cost certainty to the charter obligations for the duration of the charter agreements. MAI will continue to employ a hedging strategy for the new vessel, should it be required.

### Inflation Rates

Canada's inflation policy, as set out by the Government of Canada and the Bank of Canada, aims to keep inflation at two per cent. For the purposes of this Corporate Plan, MAI has assumed an inflation rate of 2% for expenditures.

### Pension Costs

Marine Atlantic's pension plan is a defined benefit plan. The Corporation is following the Order in Council requiring its pension plan to be cost shared 50:50 between employer and employees. There is currently no requirement for pension solvency payments based on the performance of the Corporation's Pension Plan.

## Capital Requirements

MAI's capital plan is based on the following requirements: fleet and shore-based maintenance, and investments needed to carry out MAI's Strategic Plan, including longer-term asset renewal and its innovation strategy. Many of the activities outlined also support the Shareholder's goal of managing climate change.

MAI requested a reprofiling of the funds allocated for the new vessel in 2021/22 for the funding profile to match the timing of the projected cashflow requirements. A similar request was made for the PAB Administration Building. These requests have since been approved and are reflected in the capital plan.

### Vessel Maintenance Capital

Regular dry-dockings are a mandatory requirement for MAI's vessels. The MV *Highlanders* is scheduled for dry dock in 2022/23., the MV *Atlantic Vision* the year after, assuming the vessel is still part of the fleet, and the MV *Blue Puttees* in 2024/25.

MAI issues the RFP several months prior to the planned dry-docking to secure time in the shipyard. Budget estimates are based on historical costs and anticipated work required. Final costs are based on actual work completed.

### **Shore Maintenance Capital**

For shore-based projects, MAI employs the services of an external engineering firm to help develop detailed estimates once capital projects are tentatively approved by the capital committee. Final approval of projects is then confirmed once detailed estimates are developed, assuming the final project costs are reasonable and can be accommodated within the overall budget. All capital decisions are made by the Capital Committee, which meets once per month. Any change to project costs more than \$500,000 must receive MAI Board of Directors' approval.

The shore maintenance capital budget includes monies for the regular upkeep of terminals, docks, marshaling yards and buildings, fueling facilities, vehicles and equipment. It covers regular capital maintenance and repair requirements like paving, roof repairs, lighting and signage, as well as the regular replacement of equipment.

MAI Information Technology requirements are also included in this category, including:

- IT infrastructure including assets such as physical servers, digital display systems, on-premises software and storage, and
- networking infrastructure including assets such as shore and vessel-based communications equipment.

### **Strategic Initiative Capital**

As part of its strategic planning process, MAI determined that it would be beneficial to track the investments required for its strategic initiatives separately. Any strategic initiative that requires a capital investment will be tracked and reported on as a separate line item.

## Financial Summary

Based on all the assumptions stated, the following table summarizes the Corporation's projected financial performance for the upcoming planning period.

### 2022/23 – 2026/27 Financial Projections

<i>(in \$ thousands)</i>	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
Revenues	90,184	110,485	114,190	120,325	122,523	125,547
Funding Requirement	140,010	153,830	185,406	155,220	177,776	191,741
Funding Available	149,876	186,194	169,709	156,234	45,999	45,999
Surplus/(Deficit)	9,866	32,363	(15,697)	1,014	(131,777)	(145,743)
Reprofiled Operating Funding	(1,902)	(33,827)	7,197	(1,014)	(1,014)	(1,014)
Reprofiled Capital Funding	(7,964)	1,464	8,500	-	-	-
<b>Remaining Surplus/(Deficit)</b>	-	-	-	-	<b>(132,791)</b>	<b>(146,756)</b>

## Cost Recovery

As noted in the discussion above, MAI manages both its revenues and costs to reach the 65% cost recovery target established by the Shareholder. With the impacts of Covid-19, however, the Corporation did not meet its cost recovery target for the past two years, and has received authority from the Shareholder to target 62.5% cost recovery this fiscal year.

## Appendix A      Mandate Letter

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

Mr. Gary O'Brien  
Chair of the Board of Directors  
Marine Atlantic Inc.  
10 Fort William Place  
Baine Johnston Centre  
St. John's NL A1C 1K4

Dear Mr. O'Brien:

It is an honour to serve Canadians as the Minister of Transport and a privilege to be able to work with key partners such as Marine Atlantic Inc. (MAI) during this pivotal time for both the transportation sector and the country as a whole.

Given that the world has changed significantly because of the COVID-19 pandemic, now more than ever, our collaboration is essential to advance the government's priorities and policy objectives. As I undertake these responsibilities, I look forward to deepening a strong working relationship that fosters open communication and a shared commitment to advancing the government's priorities and objectives, and ensuring that MAI remains a key component of Canada's transportation system.

In supporting my accountability to Parliament for your organization, I will work with you to ensure that Canada's transportation system supports the government's ambitious economic response and recovery efforts to fight the pandemic and build back a better Canada. Together, during these challenging times, we will position MAI to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, and stand up for fairness and equality.

The fight against climate change remains of paramount importance to this government. I expect that MAI will provide its support by ensuring that opportunities to advance this cause are considered in your organization's priorities, plans, and operations.

In Budget 2021, this government indicated its intention to finish the fight against

COVID-19, to create jobs and growth and to support a resilient and inclusive recovery. I expect that MAI will do its part by providing a safe, secure and efficient transportation service in support of economic recovery and growth for middle-class Canadians.

- 2 -

When Indigenous people experience better outcomes, all Canadians benefit. I expect that MAI will join us as we continue to walk the road to reconciliation. This should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

I also expect that, per the *Accessible Canada Act*, MAI will ensure that it is doing its part to help make the transportation system more accessible for persons with disabilities.

Together, we must also continue to deliver real results for Canadians. This includes tracking and publicly reporting on the progress of our work, assessing our work's effectiveness, aligning resources with priorities, and adapting to events as they unfold. In this vein, I note that your corporation's corporate plan remains the most important vehicle by which my colleagues and I can oversee MAI's results, and the annual report is the most important mechanism to assess those results.

We must also continue to work together to improve how we collectively approach the approval of Crown corporations' corporate plans. This need was underscored by the concerns raised in the Office of the Auditor General's spring 2018 Report, tabled in Parliament on May 29, 2018. Transport Canada, Transport Portfolio Crown corporations and central agencies each have a role to play. To this end, I ask for your continued support in ensuring that, to the extent that circumstances are within MAI's control, MAI's future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chairperson, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council. By extension, my expectation is that MAI incorporates a similar focus on the abovementioned populations in all its labour force practices.

Recognizing the value of incumbents to ensuring consistent good governance, for those individuals previously appointed through an open process, I will consider recommending reappointment based on past performance and the Board's current needs in terms of diversity and skills. My officials will engage with you to assess any incumbent's performance and contribution being considered for reappointment.

- 3 -

Furthermore, as always, the legal and ethical obligations of public office holders remain paramount. All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A. All boards should also ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the *Lobbying Act* and the *Conflict of Interest Act*.

Following the Budget 2019 announcement, MAI initiated an open, transparent and competitive process to procure a new vessel. I understand that this process is well advanced, and nearing completion. I encourage you and your staff involved in this process to continue your concerted efforts for the successful delivery of a suitable new vessel on time and on budget. I would also like to recognize MAI's efforts for the past several (pre-COVID) years to operate within its appropriation level and meet its overall cost recovery target.

Last but not least, I want to underscore how I appreciate the prudent measures that MAI has put in place to respond to the COVID-19 pandemic. In protecting the health and safety of its passengers and employees while ensuring the continued flow of essential goods to and from the island of Newfoundland, MAI was a key contributor to the pandemic response and has served Canadians well.

I look forward to continuing to work with you in advancing your corporation's plans, priorities and challenges.

Sincerely,



The Honourable Omar Alghabra, P.C., M.P. Minister of  
Transport



## Appendix B Corporate Governance Structure

The Corporation's Board of Directors has representation from both Newfoundland and Labrador and Nova Scotia, with backgrounds covering Law, Accounting, Transportation and Business. The Board of Directors meets at least once a quarter, with other meetings scheduled as needed. The Board has established four sub-committees:

1. Audit and Finance Committee
2. Innovation and Infrastructure Committee
3. Corporate Governance, Risk and Strategy Committee
4. Human Resources Committee

Each committee reports directly into the Board of Directors, and each meets at least quarterly, with additional meetings scheduled as required.

### Board Members – Term Expiry Dates

Board Member	Appointed	Expiry Date	Location
Gary O'Brien	November 24, 2020	November 23, 2025	Port aux Basques, NL
Carla Arsenaault	February 5, 2019	February 4, 2022	Sydney River, NS
Janie Bussey	December 14, 2017	December 13, 2021	Logy Bay, NL
John Brent Chaffey	December 14, 2017	December 13, 2021	St. David's, NL
John Butler	November 25, 2020	November 24, 2024	St. John's, NL
Owen Fitzgerald	December 14, 2017	February 4, 2025	Sydney, NS
Craig Priddle	December 14, 2017	February 4, 2025	Corner Brook, NL
Catherine Lynn Kendall	June 1, 2021	May 31, 2025	Corner Brook, NL
Ann-Margret White	December 14, 2017	February 4, 2025	St. John's, NL
Murray Hupman	April 15, 2019	April 14, 2024	North Sydney, NS

As per the Government of Canada's guidelines, compensation for MAI's Board of Directors is as follows:

#### Chairperson

Per diem (\$310 - \$375)

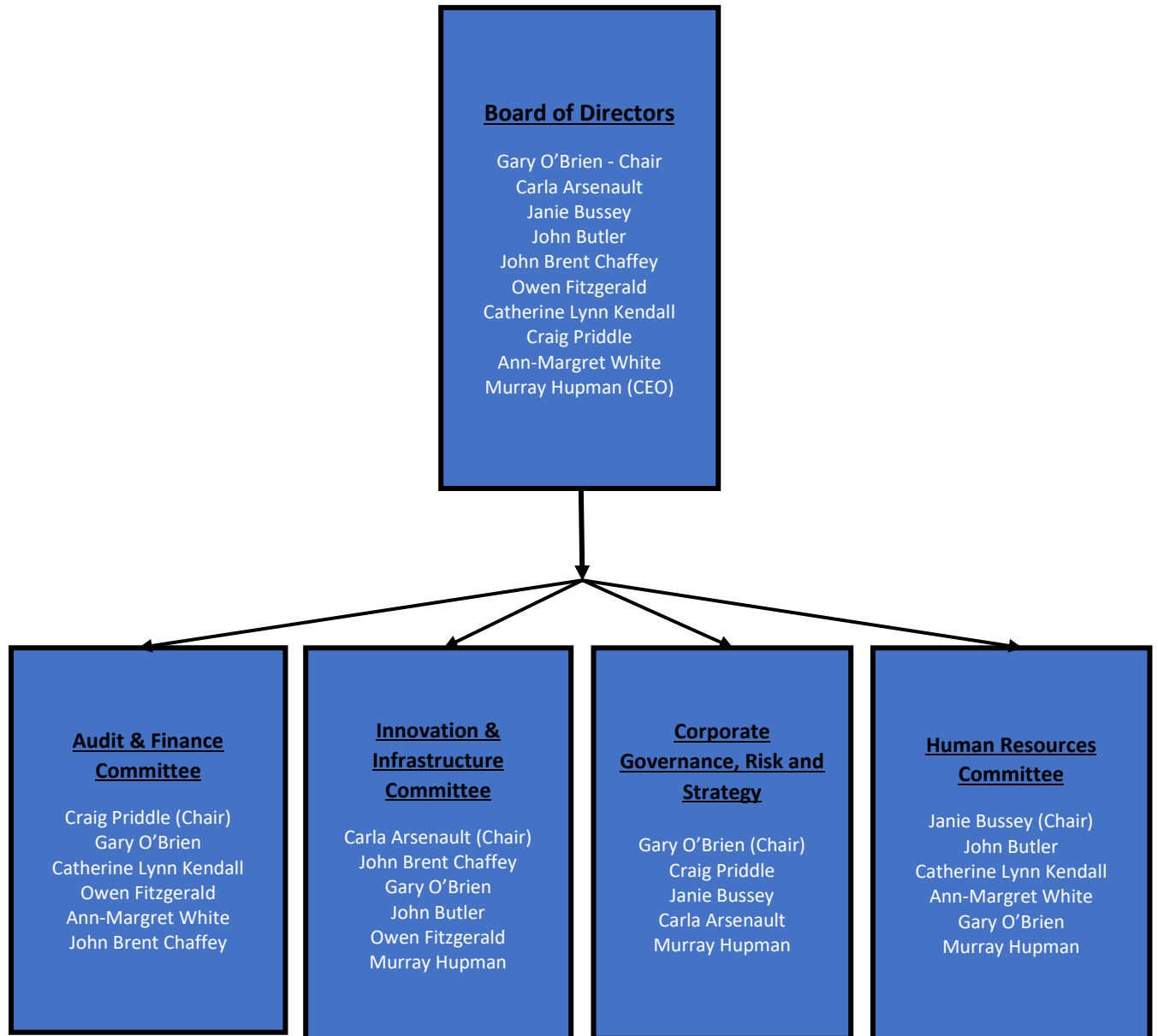
Position; annual (\$8,000 - \$9,400)

#### Director

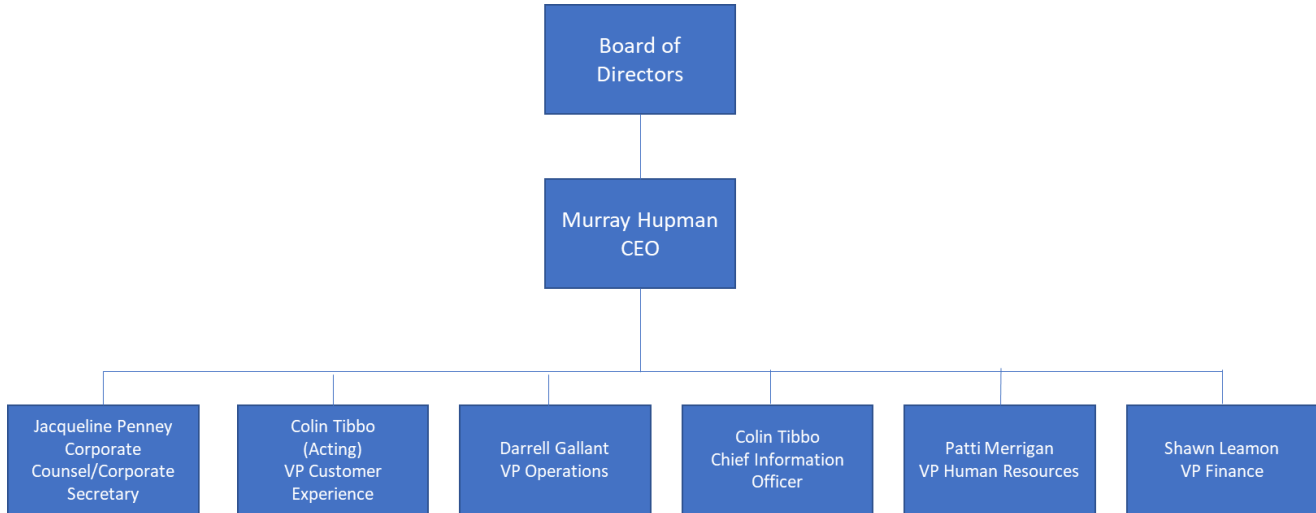
Per diem (\$310 - \$375)

Position; annual (\$4,000 - \$4,700)

## Committee Structure and Membership (September 2021)



## Executive Team



## Appendix C Planned Results

Marine Atlantic Planned Results		
Strategic Perspective	Measure	2022/23 Forecast
Financial & Public Stewardship	Cost Recovery - YE Forecast:	
	Overall Service	63%
	Revenue (\$M)	\$ 113.0
	Operating Expenditures (\$M)	\$ 273.3
	Capital Expenditures (\$M)	\$ 50.2
Customer & Stakeholders	CRV's	85,134
	PRV's	125,323
	AEUs Carried	487,518
	Vessel Availability	≥ 97%
	On-time Performance	≥ 90
	Overall Customer Satisfaction - PRV	≥ 69%
	Overall Customer Satisfaction - CRV	≥ 60%
	Likelihood to Recommend	> 50%
	Media Score	Positive
Internal Processes	Capacity Utilization	≥ 70%
	Average Wait Time - Unrestricted Commercial Loads	≤ 9 hours
	Unplanned Service Interruptions	≤3%
	Lost Time Injury Frequency	1.7 - 2.10
	Passenger Injury Rate	≤0.82
	Funded Planning horizon	> 2 years
	Fuel Consumption	33.7M litres
	Overtime (\$M)	\$ 1.45
	Cyber Risk Score	≤4
People, Tools, & Skills	Vacancy Rate of Key Positions	<5%
	Turnover Rate of Employees (Resignations)	< 4%


## Appendix D Chief Financial Officer Attestation

### Marine Atlantic Inc.'s CFO Attestation

In my capacity as Chief Financial Officer of Marine Atlantic Inc., I have reviewed the 2022-2023 to 2026- 2027 Corporate Plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision making.

 Name <b>Shawn Leamon</b>	Date <b>May 22, 2022</b>
Chief Financial Officer, Marine Atlantic Inc.	

# **2022/23 - 2026/27 Corporate Plan**

## **Financial Statements**

**Statement A: Statement of Financial Position****Marine Atlantic Inc.****Statement of Financial Position - Year Ended March 31<sup>st</sup>**

As at March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Financial assets</b>							
Cash (Note 1)	\$ 10,648	\$ 10,648	\$ 10,648	\$ 10,648	\$ 4,007	\$ (128,784)	\$ (275,540)
Accounts receivable	6,595	6,595	6,595	6,595	6,595	6,595	6,595
Receivable from Government of Canada	13,899	13,899	13,899	13,899	13,899	13,899	13,899
Inventories held for resale	362	362	362	362	362	362	362
Derivative financial instruments	2,897	2,554	-	-	-	-	-
Accrued pension asset	156,014	156,014	156,014	156,014	156,014	156,014	156,014
	<b>\$ 190,415</b>	<b>\$ 190,072</b>	<b>\$ 187,518</b>	<b>\$ 187,518</b>	<b>\$ 180,877</b>	<b>\$ 48,086</b>	<b>\$ (98,670)</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	31,839	34,713	\$ 31,718	\$ 31,718	\$ 31,718	\$ 31,718	\$ 31,718
Derivative financial instruments	2,532	-	-	-	-	-	-
Deferred revenue	2,851	2,851	2,851	2,851	2,851	2,851	2,851
Payable to Government of Canada	29	29	29	29	29	29	29
Accrued vacation pay	5,932	5,932	5,932	5,932	5,932	5,932	5,932
Accrued pension liability	2,951	2,951	2,951	2,951	2,951	2,951	2,951
Accrued liability for non-pension post-retirement benefits	51,363	51,363	51,363	51,363	51,363	51,363	51,363
Accrued liability for post-employment benefits	11,452	11,452	11,452	11,452	11,452	11,452	11,452
	<b>108,949</b>	<b>109,291</b>	<b>106,296</b>	<b>106,296</b>	<b>106,296</b>	<b>106,296</b>	<b>106,296</b>
<b>Net financial assets (debt)</b>	<b>\$ 81,466</b>	<b>\$ 80,781</b>	<b>\$ 81,222</b>	<b>\$ 81,222</b>	<b>\$ 74,581</b>	<b>\$ (58,210)</b>	<b>\$ (204,966)</b>
<b>Non-financial assets</b>							
Tangible capital assets	387,925	379,261	372,872	363,647	344,522	334,302	316,938
Inventories held for consumption	22,436	23,346	20,351	23,492	29,973	29,973	29,973
Prepaid expenses	6,409	2,709	2,709	21,095	17,291	13,487	23,313
	<b>416,770</b>	<b>405,316</b>	<b>395,932</b>	<b>408,234</b>	<b>391,786</b>	<b>377,762</b>	<b>370,224</b>
<b>Accumulated surplus (deficit)</b>	<b>\$ 498,236</b>	<b>\$ 486,097</b>	<b>\$ 477,154</b>	<b>\$ 489,456</b>	<b>\$ 466,367</b>	<b>\$ 319,552</b>	<b>\$ 165,258 46</b>

The accompanying notes are an integral part of these financial statements

**Notes to Statement A - Statement of Financial Position**

1. Cash includes \$6,641 held in escrow as security for the lease of the MV *Atlantic Vision* and therefore is restricted and not available to fund operations. Variations in cash beyond 2020/21 are due to changes in the Corporation's funding levels.
2. Numbers may not add due to rounding.



## Statement B: Statement of Operations

### Marine Atlantic Inc.

#### Statement of Operations

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	Actual	Budget	Forecast	Budget				
	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Total Revenues</b>	83,242	88,012	95,377	113,039	114,190	120,325	122,523	125,547
<b>Expenditures</b>								
Wages and benefits	82,308	88,644	90,070	97,940	98,593	103,163	104,111	106,701
Charter fees	16,768	17,156	16,610	17,833	27,671	28,168	25,601	29,976
Charter importation taxes	-	-	-	-	634	3,804	3,804	4,521
Fuel	14,559	19,519	27,125	29,531	29,615	27,908	27,959	28,515
Materials, supplies and services	27,463	26,845	31,868	33,304	29,413	34,820	36,391	37,458
Repairs and maintenance	8,146	8,074	8,564	8,361	7,468	8,366	9,215	9,341
Insurance, rent and utilities	8,072	8,312	8,188	8,233	8,591	8,659	8,856	9,092
Travel	254	1,010	930	1,315	1,341	1,368	1,395	1,423
Administrative costs	843	1,985	1,684	2,482	2,435	2,679	2,425	2,502
Fleet renewal costs/PAB harbour improvements	1,709	4,098	4,098	5,500	9,971	5,500	18,120	16,242
Employee future benefits	688	11,244	4,879	11,960	12,460	12,899	12,945	13,255
Realized loss on derivative financial instruments	8,493	-	-	-	-	-	-	-
Loss on disposal of tangible capital assets	2,600	-	-	-	-	-	-	-
Amortization	60,496	63,800	55,700	56,800	59,100	61,300	63,500	65,800
<b>Total Expenditures</b>	232,399	250,688	249,714	273,258	287,293	298,634	314,322	324,826
Deficit before government funding	(149,157)	(162,676)	(154,338)	(160,220)	(173,104)	(178,309)	(191,800)	(199,279)

**Marine Atlantic Inc.**  
**Statement of Operations**

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Government funding</b>								
Operations	109,822	94,876	94,876	137,247	128,334	120,700	40,999	40,999
Capital	30,745	55,000	55,000	48,947	41,375	35,534	5,000	5,000
Approved Funding	140,567	149,876	149,876	186,194	169,709	156,234	45,999	45,999
Reprofiled operating funding	-	(1,902)	(1,902)	(33,827)	7,197	(1,014)	(1,014)	(1,014)
Lapsed operating funding/timing adjustment	553	-	-	-	-	-	-	-
Reprofiled capital funding	1	(7,964)	(7,964)	1,464	8,500	-	-	-
	141,121	140,010	140,010	153,830	185,406	155,220	44,985	44,985
Operating surplus (deficit)	(8,036)	(22,666)	(14,328)	(6,389)	12,302	(23,089)	(146,815)	(154,294)
Accumulated operating surplus (deficit), beginning of year	504,865	496,829	496,829	482,500	476,111	488,413	465,325	318,510
<b>Accumulated operating surplus, end of period</b>	<b>\$ 496,829</b>	<b>\$ 474,163</b>	<b>\$ 482,500</b>	<b>\$ 476,111</b>	<b>\$ 488,413</b>	<b>\$ 465,325</b>	<b>\$ 318,510</b>	<b>\$ 164,216</b>

1. Employee future benefits expenses for 2020/21 are based on actuarially determined numbers. For 2022/23 and future years, expense is assumed to equal cash requirements for non-pension employee future benefits and current service pension cost payments.
2. Numbers may not add due to rounding.

**Statement C: Statement of Remeasurement Gains and Losses****Marine Atlantic Inc.****Statement of Remeasurement Gains and Losses**

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	Actual	Forecast	Budget				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Accumulated remeasurement gains (losses), beginning of year</b>	\$ (8,364)	\$ 1,407	\$ 3,596	\$ 1,042	\$ 1,042	\$ 1,042	\$ 1,042
<b>Remeasurement gains (losses) arising during the year</b>							
Unrealized gain (loss) on foreign exchange of cash	(384)	-	-	-	-	-	-
Unrealized gain (loss) on derivatives	1,662	7,382	-	-	-	-	-
<b>Reclassifications to the statement of operations</b>							
Realized (gain) loss on derivatives	8,493	(5,193)	(2,554)	-	-	-	-
<b>Net remeasurement (losses) gains for the year</b>	9,771	2,189	(2,554)	-	-	-	-
<b>Accumulated remeasurement (losses) gains, end of year</b>	\$ 1,407	\$ 3,596	\$ 1,042	\$ 1,042	\$ 1,042	\$ 1,042	\$ 1,042

1. Numbers may not add due to rounding.

**Statement D: Statement of Change in Net Financial Assets****Marine Atlantic Inc.****Statement of Change in Net Financial Assets**

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	<b>Actual 2020/21</b>	<b>Forecast 2021/22</b>	<b>Budget 2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Operating surplus (deficit)</b>	\$ (8,036)	\$ (14,328)	\$ (6,389)	\$ 12,302	\$ (23,089)	\$ (146,815)	\$ (154,294)
<b>Change in tangible capital assets</b>							
Acquisition of tangible capital assets	(31,627)	(47,036)	(50,411)	(49,875)	(42,175)	(53,280)	(48,436)
Amortization of tangible capital assets	60,495	55,700	56,800	59,100	61,300	63,500	65,800
Loss (Gain) on disposal of tangible capital assets	2,600	-	-	-	-	-	-
<b>(Increase) decrease in tangible capital assets</b>	31,468	8,664	6,389	9,225	19,125	10,220	17,364
<b>Change in other non-financial assets</b>							
Acquisition of inventories held for consumption	(26,916)	(27,135)	(28,744)	(32,011)	(33,621)	(27,161)	(27,686)
Use of inventories held for consumption	16,465	26,225	31,739	28,870	27,140	27,161	27,686
Purchase of prepaid expenses	(19,122)	(16,610)	(17,833)	(46,057)	(28,168)	(25,601)	(39,802)
Use of prepaid expenses	15,441	20,310	17,833	27,671	31,972	29,405	29,976
<b>Decrease (increase) in other non-financial assets</b>	(14,132)	2,790	2,995	(21,527)	(2,677)	3,804	(9,826)
Net remeasurement (losses) gains	9,771	2,189	(2,554)	-	-	-	-
Increase (decrease) in net financial assets	19,071	(685)	441	0	(6,641)	(132,791)	(146,756)
Net financial assets (debt), beginning of year	62,395	-	-	-	-	-	-
<b>Net financial assets (debt), end of year</b>	\$ 81,466	\$ (685)	\$ 441	\$ 0	\$ (6,641)	\$ (132,791)	\$ (146,756)

1. Numbers may not add due to rounding.

**Statement E: Statement of Cash Flow****Marine Atlantic Inc.  
Statement of Cash Flow**

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	<b>Actual 2020/21</b>	<b>Forecast 2021/22</b>	<b>Budget 2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Operating transactions</b>							
Cash receipts from customers	\$ 83,406	\$ 90,101	\$ 110,335	\$ 114,040	\$ 118,941	\$ 122,373	\$ 125,397
Other income received	186	83	150	150	150	150	150
Government funding - operations	104,679	94,876	137,247	128,334	120,700	40,999	40,999
Government funding - operations (reprofiled)	-	(1,902)	(33,827)	7,197	(1,014)	(1,014)	(1,014)
Government funding - capital	30,955	55,000	48,947	41,375	35,534	5,000	5,000
Government funding - capital (reprofiled)	-	(7,964)	1,464	8,500	-	-	-
Cash paid to suppliers and employees	(177,567)	(178,278)	(201,944)	(237,260)	(227,112)	(234,073)	(255,597)
Cash paid for employee future benefits	(10,873)	(4,879)	(11,960)	(12,460)	(12,899)	(12,945)	(13,255)
	30,786	47,036	50,411	49,875	34,300	(79,511)	(98,320)
<b>Capital transactions</b>							
Purchase of tangible capital assets	(30,956)	(47,036)	(50,411)	(49,875)	(42,175)	(53,280)	(48,436)
	(30,956)	(47,036)	(50,411)	(49,875)	(42,175)	(53,280)	(48,436)
(Decrease) increase from effect of exchange rate changes on cash	(384)	-	-	-	1,234	-	-
Net increase (decrease) in cash	(554)	-	0	(0)	(6,641)	(132,791)	(146,756)
Cash, beginning of year	11,202	10,648	10,648	10,648	10,648	4,007	(128,784)
<b>Cash, end of year</b>	<b>\$ 10,648</b>	<b>\$ 10,648</b>	<b>\$ 10,648</b>	<b>\$ 10,648</b>	<b>\$ 4,007</b>	<b>\$ (128,784)</b>	<b>\$ (275,540)</b>
Cash consists of:							
Restricted Cash	\$ 6,641	6,641	6,641	6,641	-	-	-
Unrestricted Cash	4,007	4,007	4,007	4,007	4,007	(128,784)	(275,540)
	<b>\$ 10,648</b>	<b>\$ 10,648</b>	<b>\$ 10,648</b>	<b>\$ 10,648</b>	<b>\$ 4,007</b>	<b>\$ (128,784)</b>	<b>\$ (275,540)</b>

**Notes to Statement E - Statement of Cash Flow:**

1. Cash paid for EFBs (Employee Future Benefits) includes cash paid for pension, worker's compensation and other non-pension employee future benefits.
2. Cash includes amounts held in escrow as security for the lease of the MV Atlantic Vision and therefore is restricted and not available to fund operations.
3. Numbers may not add due to rounding.

**Statement F: Operating Budget****Marine Atlantic Inc.  
Operating Budget**

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	Actual	Budget	Actual	Budget				
	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Total Revenues</b>	83,242	88,012	95,377	113,039	114,190	120,325	122,523	125,547
<b>Expenditures</b>								
Wages and benefits	82,308	88,644	90,070	97,940	98,593	103,163	104,111	106,701
Charter fees	16,768	17,156	16,610	17,833	27,671	28,168	25,601	29,976
Charter importation taxes	-	-	-	-	19,020	-	-	14,348
Fuel	14,559	19,519	27,125	29,531	29,615	27,908	27,959	28,515
Materials, supplies and services	27,463	26,845	31,868	33,304	29,413	34,820	36,391	37,458
Repairs and maintenance	8,146	8,074	8,564	8,361	7,468	8,366	9,215	9,341
Insurance, rent and utilities	8,072	8,312	8,188	8,233	8,591	8,659	8,856	9,092
Travel	254	1,010	930	1,315	1,341	1,368	1,395	1,423
Administrative costs	843	1,985	1,684	2,482	2,435	2,679	2,425	2,502
Fleet renewal costs/PAB harbour improvements	1,709	4,098	4,098	5,500	9,971	5,500	18,120	16,242
Employee future benefits - Pension	(1,821)	8,580	1,741	8,740	9,150	9,470	9,500	9,730
Employee future benefits - wcb & other non-pension	2,509	2,664	3,138	3,220	3,310	3,429	3,445	3,525
Realized loss on derivative financial instruments	8,493	-	-	-	-	-	-	-
Expense related working capital adjustments	24,305	24,305	(5,664)	-	3,141	6,481	-	-
<b>Total Expenditures</b>	193,608	211,193	188,350	216,458	249,720	240,011	247,018	268,852

**Marine Atlantic Inc.**  
**Operating Budget**

For the Year Ended March 31, 2021 and Projected for 2021/22 to 2026/27

<i>(in \$ Thousands)</i>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Operating deficit before government funding	(110,366)	(123,181)	(92,974)	(103,420)	(135,531)	(119,686)	(124,496)	(143,305)
<b>Operating funding from government</b>								
Approved operating funding	109,822	94,876	94,876	137,247	128,334	120,700	40,999	40,999
Reprofiled operating funding	-	(1,902)	(1,902)	(33,827)	7,197	(1,014)	(1,014)	(1,014)
Lapsing operating funding/timing adjustment	553	-	-	-	-	-	-	-
<b>Net available operating funding from government</b>	<b>110,375</b>	<b>92,974</b>	<b>92,974</b>	<b>103,420</b>	<b>135,531</b>	<b>119,686</b>	<b>39,985</b>	<b>39,985</b>
<b>Net operating income/(loss) - cash basis</b>	<b>\$ 9</b>	<b>\$ (30,207)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (84,511)</b>	<b>\$ (103,320)</b>

1. Numbers may not add due to rounding







## Appendix F      Borrowing Plan

Marine Atlantic's bank line of credit is currently approved at \$4,200,000 until June 30, 2022. This amount is required as security against long-term liabilities arising from Marine Atlantic employees' past injury claims and this Corporation's status as a "deposit account company" with the New Brunswick Workers' Compensation Board.

The Corporation is currently seeking approval from the Minister of Finance for a line of credit sufficient to handle the \$4,200,000 requirements for the Workers' Compensation Board requirement through to the end of 2022-23. Currently, there is no additional borrowing planned the remainder of the planning period.

## Appendix G

## Enterprise Risk Management

Marine Atlantic is committed to risk management and recognizes it as a means to ensuring the Corporation's future success. Marine Atlantic considers risk management to be a shared responsibility. The Corporation's risk management governance structure can be summarized as follows

Group	Responsibility
Board of Directors and Audit and Risk Committee	Ensure that management has established and maintains an effective risk management process
Corporate Strategy & Enterprise Risk Management Committee	Monitor emerging risks and significant shifts in the known risks in the company's enterprise risk level inventory
Corporate Strategy and Risk Department	Champion the effective management of risk across the company by facilitating the development and deployment of techniques, tools and processes to assess in managing risks
Risk Liaisons	Support risk owners by organizing opportunities to formally discuss risk, monitoring the effectiveness of controls/mitigations and coordinating reporting.
Risk Owners	Effectively manage risk within their area of responsibility in alignment with the risk tolerance and risk appetite of the company.

MAI's key risks continue to be directly linked to the Corporation's Strategic Objectives and as such, the ERM program plays a critical role in ensuring that the Corporation can achieve its overall goals.

MAI's Risk Matrix

Marine Atlantic Risk Matrix					
Likelihood					
Impact	1.Rare	2.Unlikely	3.Possible	4. Likely	5.Almost Certain
5. Very High	Medium	High	High	Very High	Very High
4. Major	Medium	Medium	High	Very High	Very High
3. Significant	Low	Medium	Medium	High	High
2. Minor	Low	Low	Medium	Medium	High
1.Insignificant	Low	Low	Low	Medium	Medium

IMPACT ( See specific criteria to be considered below)
<b>5. Very High:</b> A risk event that, if it occurs, will have a severe impact on the organization's operations and/or achieving desired results, to the extent that multiple key objectives for the Corporation will not be achieved. ( See Criteria for guidance in the table below)
<b>4. Major:</b> A risk event that, if it occurs, will have a major impact on the organization's operations and/or achieving desired results, to the extent that at least one of the Corporation's key objectives will not be achieved. ( See Criteria for guidance in the table below)
<b>3. Significant:</b> A risk event that, if it occurs, will have a significant impact on the organization's operations, to the extent that Corporations' objectives may be met and may only be to a minimum level. ( See Criteria for guidance in the table below)
<b>2. Minor:</b> A risk event that, if it occurs, will have a minor impact on achieving desired results. All of the Corporations' objectives will still be met to satisfactory levels.(See criteria for guidance in the table below)
<b>1. Insignificant:</b> A risk event that, if it occurs, will have an insignificant impact on achieving desired results and corporate objectives. (See criteria for guidance in the table below)

RATING
<b>Low Risk</b> Less than or equal to 4
<b>Medium Risk</b> Greater than 4 but less than 10
<b>High Risk</b> Equal to or greater than 10 but less than 16
<b>Very High</b> Equal to or greater than 16

LIKELIHOOD
<b>5. Almost Certain:</b> Will undoubtedly happen/recur, possibly frequently
<b>4. Likely:</b> Will probably happen/recur, but it is not a persisting issue/circumstance
<b>3. Possible:</b> Might happen or recur occasionally
<b>2. Unlikely:</b> Do not expect it to happen/recur but it is possible it may do so
<b>1. Rare:</b> This will probably never happen/recur

RATING	ACTIONS
<b>Low</b> 1-4	Periodic monitoring is recommended to account for any changes that might affect the risk. No additional mitigation activities are required.
<b>Medium</b> 5-9	Further review is required to see if the risk can be reduced to Low. This involves the evaluation of resources to ensure the cost/benefit is balanced. Regular monitoring is recommended.
<b>High</b> 10-15	Additional mitigation activities are required to further reduce the risk. Active risk monitoring is necessary and secondary plans should be considered.
<b>Very High</b> 16-25	Immediate attention to additional mitigation activities is required to further reduce the risk. Continuous risk monitoring is required and secondary plans need to be established.

### MAI's Risk Dashboard

		<table border="1"> <tr><td>Very High</td></tr> <tr><td>High</td></tr> <tr><td>Medium</td></tr> <tr><td>Low</td></tr> </table>		Very High	High	Medium	Low				
Very High											
High											
Medium											
Low											
Strategic Objective(s)	Risk Statement	Q2 2021-2022	Projected Risk Outlook	Commentary	Key Risk Indicators						
					Measure	2021/2022 Q2 Forecast	2021/2022 Q2 Actuals	Variance to Target			
Ensure a sustainable and reliable service  Maintain the service to meet the constitutional mandate.	The risk that MAI is not able to effectively deliver the service within its approved funding levels.			<ul style="list-style-type: none"> <li>MAI is currently operating within its appropriations; risk is mitigated by expense reductions, changes in operating plans, as well as strong commercial traffic levels.</li> <li>Canadian wide travel continues. Passenger limits are still in effect and are currently set at a maximum of 375.</li> <li>Vaccinations continue, resulting in increased optimism relative to travel.</li> <li>The uncertainty relative to the 4th wave and its impact on MAI will be monitored closely.</li> <li>Recovery time to normal operations post weather or mechanical related delays is a growing concern, with reduced fleet capacity and current scheduled sailings at /near capacity</li> <li>Changes in customers' travel habits may have impact on MAI traffic levels in longer term.</li> <li>In-year, MAI is managing within its approved funding levels; however, uncertainties around unplanned events/unforeseen costs keep this risk elevated.</li> </ul>	Operating Expenditures	\$121.29M	\$118.98M	2.31M			
					Capital Expenditures	\$21.95M	\$15.40M	\$6.55M			
					CRV's	23,223	24,244	1,021			
					Drops	26,145	25,022	1,123			
					PRV's ( Paying)	64,417	55,214	9,203			
					PRV's ( Non- Paying)	1,250	1,649	399			
Protect people, property & the environment	The risk that MAI does not have adequate safety governance, policies and practices, putting customers, employees, and facilities at risk.			Risk has been reduced to a low: <ul style="list-style-type: none"> <li>Implementation of the Safe start Program</li> <li>Robust Organizational response with respect to management of the pandemic is ongoing</li> <li>Corporate training initiative implemented</li> <li>Implementation of other components of the 5 year safety plan will continue to keep the risk stable</li> <li>Most recent External ISM audit from Lloyd's resulted in a 5 year renewal of the Document of Compliance.</li> </ul>	Lost Time Injury Frequency	≤1.7	2.47	0.77			
					Passenger Injury Rate	≤0.82	0.77	5%			
Protect people, property & the environment	The risk that MAI is responsible for the Contamination of the Environment and/or fails to respond in an adequate manner.			The following programs and plans are all in place: <ul style="list-style-type: none"> <li>Environmental management system</li> <li>Level 3 Green Marine ( Note: Achieving level 4 in some areas)</li> <li>Waste management Plan</li> <li>Tank management plan</li> <li>Environmental inspection and audit program</li> <li>OPEP</li> <li>Incidents and proactive trending in right direction</li> <li>Completion of fuel automation project</li> </ul>	Total Recordable Environmental Incidents	0 Class A's	0	0			

Strategic Objective(s)	Risk Statement	Q2 2021-2022	Projected Risk Outlook	Commentary	Key Risk Indicators			
					Measure	2021/2022 Q2 Forecast	2021/2022 Q2 Actuals	Variance to Target
Create a culture of engaged and motivated employees	The risk that Corporation's actions and/or employees' behaviors fail to reflect the established values of Safety, Diversity, Teamwork, Commitment, Integrity and Excellence			<ul style="list-style-type: none"> <li>Impacts of the COVID-19 Pandemic on employee wellness are unknown, resulting in the need to closely monitor this risk.</li> <li>Uncertainty remains regarding the long-term impact of measures put in place to manage the pandemic (i.e., staffing implications, Passenger #'s, cleaning regimes, remote working).</li> <li>Unknown workplace implications with the lifting of public health measures (ex. masking, double occupancy of crew cabins, vacation rates.)</li> <li>Rising concern relative to the 4th wave and its impact.</li> <li>Findings from the Employee Engagement survey indicated that 30% of employees have been a victim of bullying or harassment; mitigation efforts will therefore remain a continued focus (i.e., Respectful workplace Initiatives)</li> <li>As a result of Bill C-65 the reported incident rate may go up due to increased training and awareness.</li> <li>Impacts of vaccination requirements are as yet unknown (i.e. numbers of unvaccinated employees and potential operational impacts.)</li> </ul>	New Metric being considered			
Ensure capacity and service levels to meet customer needs Maintain the service to meet the constitutional mandate	The risk that MAI fails to adequately maintain and renew its infrastructure leading to negative impacts on its operations and service levels.			<ul style="list-style-type: none"> <li>Risk remains elevated due to supplier issues</li> <li>Sufficient supply has been secured from an alternate source through the winter season</li> <li>RFP for fuel supply is being finalized</li> <li>A standing arrangement to use tank wagons mitigates the risk from going to a very high.</li> <li>Worldwide supply chain issues are a growing concern; the potential impact on MAI's operations/capital projects are hard to predict</li> <li>A risk register to help manage the risks associated with Dry docking during the pandemic was developed; will continue to be used as long as is needed</li> <li>The IFS system is very closely monitored to minimize impacts of system disruptions; transition to SAP is underway</li> </ul>	Overdue, High Risk Preventative Maintenance Cards	0.0	1.0	1.00
					New metric being considered			
					Supply Chain Requests Deemed as Emergency, Expedited or Urgent	≤ 0.5%	0.00%	0.50%
Protect people, property, and the Environment	The risk that MAI's response to a catastrophic event such as natural disaster, act of sabotage/terrorism, grounding, etc. is inadequate.			<ul style="list-style-type: none"> <li>MAI's response to the Covid-19 pandemic has demonstrated that MAI's ability to respond to these types of events is robust.</li> </ul>	Unplanned Service Interruptions	≤3%	2.50%	0.50%

Strategic Objective(s)	Risk Statement	Q2 2021-2022	Projected Risk Outlook	Commentary	Key Risk Indicators			
					Measure	2021/2022 Q2 Forecast	2021/2022 Q2 Actuals	Variance to Target
<p>Maintain rates at an affordable level to ensure customer accessibility;</p> <p>Maintain the service to meet the constitutional mandate</p>	<p>The risk that MAI fails to provide a quality service that is affordable and accessible resulting in reduced customer satisfaction and traffic levels.</p>			<ul style="list-style-type: none"> <li>Some degree of customer frustration because of Covid-19 restrictions is expected; however the risk is potentially trending up as customer expectations change and public health measures are lifted</li> <li>To mitigate the risk, MAI continues to communicate with consistent messaging around the decisions being made re: safety and protecting the essential service</li> <li>A recent survey re: MAI's Covid restrictions and protocols revealed a positive perception from PRV customers.</li> <li>However, commercial customers were not surveyed; as a result, this risk could begin trending toward orange and will need to be monitored closely.</li> <li>A commercial customer survey is being planned</li> <li>The results of the Traffic Analysis conducted by TC which supports a three vessel fleet poses a significant risks for MAI and its' capacity to deliver the service.</li> <li>The announcement of the NL Come Home Year raises growing concerns relative to MAI's capacity to respond to the pressures especially if the airlines are limited. This could also be further exacerbated by staffing shortages.</li> <li>Our disposition to be risk adverse both as Province and an Organization will likely impact our ability to recover and re-establish a " Normal Service offering"</li> <li>Risk will be monitored closely</li> </ul>	<p>Likelihood to Recommend</p>	<p>≥ 50%</p>	<p>60.0%</p>	<p>10.0%</p>
<p>Balance expectations of stakeholder groups</p>	<p>The risk that MAI does not effectively engage its Stakeholders leading to the erosion of its reputation and the loss of confidence in the service.</p>			<ul style="list-style-type: none"> <li>Rate increase announcement resulted in significant pushback; decision made to roll back the increases helped mitigate this risk</li> <li>Further attention required re: how MAI interacts with associations such as the APTA to better understands the impacts of decisions (i.e., 60 day notice)</li> <li>The stakeholder management initiative will focus on opportunities for meaningful connections with our key stakeholders</li> <li>The pandemic has required a higher degree of engagement with a wide variety of stakeholders; as a result, MAI has forged relationships that can be used go forward</li> </ul>	<p>Media Score</p>	<p>Positive</p>	<p>Neutral</p>	<p>N/A</p>



Strategic Objective(s)	Risk Statement	Q2 2021-2022	Projected Risk Outlook	Commentary	Key Risk Indicators			
					Measure	2021/2022 Q2 Forecast	2021/2022 Q2 Actuals	Variance to Target
<p>Ensure a sustainable and reliable service</p> <p>Maintain the service to meet the constitutional mandate</p> <p>Innovate to provide a modern, sustainable, and effective service</p>	<p>The risk that MAI is not able to plan and execute on its medium-long term strategy due to a lack of control over its Corporate Plan and the funding approval mechanisms.</p>			<p>The risk remains elevated:</p> <ul style="list-style-type: none"> <li>MAI's lack of control over the drivers of this risk keeps it an orange</li> <li>A long-term funding decision could reduce the risk for a period of time.</li> <li>Risk is validated by findings of the last OAG Special Examination</li> <li>Approval of the 21/22 plan has been pushed out to January.</li> <li>TC has confirmed that it will be seeking short-term funding (2-3 yrs.) rather than longer-term funding through an MC</li> <li>MAI is currently awaiting the final report of the traffic study which will inform the next funding submission</li> <li>TC's own Traffic Analysis supports a three vessel fleet; this poses a significant risk for MAI</li> <li>MAI is less than 5 months away from the beginning of a non-funded year.</li> </ul>	Funded Planning horizon	≥ 2 years	6 months	18 months
<p>Improve Information Management and Analytics</p> <p>Innovate to provide a modern, sustainable, and effective service;</p> <p>Utilize modern and emerging technologies to improve processes and to enhance the customer experience</p>	<p>The risk that MAI's policies, planning and processes are inadequate to allow MAI to manage effectively.</p>			<p>Risk remains at the medium:</p> <ul style="list-style-type: none"> <li>The impacts of Covid-19 are challenging the organization's ability to deliver on some of its strategic initiatives</li> <li>There are examples where Covid-19 has also forced MAI to become more efficient (i.e., a paper reduction strategy; better utilization of video-conferencing capabilities.)</li> <li>Covid-19 has also allowed for the identification of opportunities for innovation in the future.</li> <li>Focus on increased standardization for project delivery.</li> <li>Continued emphasis on integrating OCM framework for project delivery.</li> <li>Scheduling and Operation planning committee is proving to be effective for cross divisional decision making.</li> </ul>	Fuel Consumption	18.90M Litres	18.58M Litres	0.32M litres
					Overtime	\$1.14M	\$1.25M	\$0.11 M

Strategic Objective(s)	Risk Statement	Q2 2021-2022	Projected Risk Outlook	Commentary	Key Risk Indicators			
					Measure	2021/2022 Q2 Forecast	2021/2022 Q2 Actuals	Variance to Target
Improve Information Management and Analytics	The risk that MAI fails to adequately manage the integrity, protection and availability of information.			<p>No change anticipated for this risk at this point:</p> <ul style="list-style-type: none"> <li>IT security/vulnerability will require constant monitoring given the rapidity of technological change.</li> <li>A number of active projects commenced from the Cyber-Security Framework which will help further mitigate the risk. As part of this, there has been an increased focus on cybersecurity from a vessel/marine perspective.</li> <li>IMO standards will raise the accepted level of maturity for cyber security on the vessels and in our SMS</li> </ul>	Information Management Maturity Score	≥ 3	2.5%	0.5%
					Cyber Risk Score	≤ 4	7.50	3.5
Recruit, develop and retain a diverse talent pool	The risk that MAI does not have sufficient people resources with the necessary skills and competencies to operate and manage the business and achieve its strategic objectives			<p>Risk remains at high.</p> <ul style="list-style-type: none"> <li>Continued pressures on the ability to recruit the required skill sets for some key positions remains a critical consideration for this risk.</li> <li>Unknowns re: additional waves of the pandemic and potential impact on capacity levels will also keep this risk elevated.</li> <li>Covid Fatigue could potentially impact our ability to deliver on our commitments.</li> <li>MAI has experienced multiple resignations which maybe related to Covid- as a result of people leaving to work elsewhere during the pandemic.</li> <li>Insufficient crew resulted in a recent cancelled sailing reflects the growing concerns associated with the impacts of staff shortages.</li> <li>Media announcements of a reported Global labour shortage means this risk could broaden beyond the traditional areas of concern</li> <li>Attempting to mitigate the risk by contracting crew.</li> <li>Monitoring potential resource constraints/capacity for the execution of incremental initiatives/projects.</li> </ul>	Vacancy Rate of Key Positions	<5%	9%	4%
					Turnover Rate of Employees (Resignations)	< 4%	5.40%	1.40%

Strategic Objective(s)	Risk Statement	Q2 2021-2022	Projected Risk Outlook	Commentary	Key Risk Indicators			
					Measure	2021/2022 Q2 Forecast	2021/2022 Q2 Actuals	Variance to Target
Innovate to provide a modern, sustainable, and effective service;  Utilize modern and emerging technologies to improve processes and to enhance the customer experience	The risk that MAI fails to embrace or invest in innovation that allows it to keep pace with changing customer expectations and to realize continued process improvements and ongoing efficiencies			<ul style="list-style-type: none"> <li>The Corporate Strategy Map outlines Innovation as a key Strategic Objective aimed to drive continued business efficiencies.</li> <li>An Innovation steering committee has been launched as part of moving this agenda forward.</li> <li>Resource constraints/capacity for the execution of this agenda will need to be monitored.</li> <li>Resistance to change may impact the pace of acceptance relative to innovation initiatives.</li> </ul>	New Metric Under Development			
Reward accountability, encourage leadership, and plan for succession	The risk that the Corporation fails to create an organizational culture that recognizes employee performance and provides opportunity for growth and advancement.			<ul style="list-style-type: none"> <li>The employee survey revealed:                             <ul style="list-style-type: none"> <li>43% of the respondents indicated that they received regular and consistent feedback on their performance</li> <li>34% of respondents had received recognition or praise for good work in the past two weeks preceding the survey.</li> </ul> </li> <li>Continuation of LMDP -provides opportunities for growth and advancement</li> <li>MAI has a wide array of Training opportunities available</li> <li>MAI has an Annual employee recognition program</li> </ul>	New Metric Under Development			

## Appendix H Compliance with Legislative and Policy Requirements

### Official Languages Act

Marine Atlantic has assigned two Official Languages champions to monitor and promote the use of official languages within the Corporation. Marine Atlantic ensures that all public communication is available bilingually and has bilingual employees in key public facing positions throughout the Corporation.

### Access to Information and Privacy Act

*The Access to Information Act*, guided by the principles that government information should be available to the public, subject to certain specific and limited exceptions, provides individuals and organizations with a right of access to information in records under the control of government institutions.

*The Privacy Act* helps to ensure that the right to individual privacy is respected by government institutions by limiting the collection, use and disclosure of personal information. It further gives individuals the right to access the personal information about them held by these institutions.

Marine Atlantic completes an Annual Report on the Access to Information and Privacy related requests and activities ongoing at the Corporation each year. This Report can be found on the Corporation's website. The corporation also posts summaries of previously released requests through the Government's Open Data Portal.

### Directive on Travel, Hospitality, Conferences and Event Expenditures

As directed under section 89 of the Financial Administration Act, MAI has established a policy outlining the reimbursement of expenses required for the purposes of business travel, hospitality, conferences and events in accordance with Government of Canada direction. The policy includes processes for the preparation and approval of expenses for reimbursement. The Corporation's compliance with this policy is audited annually by the Office of the Auditor General.

Marine Atlantic reports monthly on its website information regarding travel, hospitality, conference and events expenditures. This is done for senior executives and directors of the Corporation.

### Pension Plan Reforms

Marine Atlantic's pension plan is a defined benefit plan. Over the past number of years Marine Atlantic, as a Crown Corporation, has been aligning its plan with the requirements announced in a 2014 Order in Council:

*"...a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017..."*

To achieve the 50-50 cost sharing target, MAI started a process to gradually increase employee contributions and by 2017 MAI reached its target with MAI and its employees sharing equally in the cost of benefits being accrued in any year. The Corporation is following the Order in Council.

Other acts and regulations governing Marine Atlantic

- Canada Labour Code
- Marine Occupational Safety and Health Regulations
- Transportation of Dangerous Goods Acts and Regulations
- Marine Liability Act and Regulations
- Canada Shipping Act, 2001
- Canada Marine Act
- Coasting Trade Act
- Domestic Ferry's Security Regulations
- Marine Transportation Security Regulations
- Financial Administration Act
- Pay Equity Act
- Accessibility Act

## Appendix I Government Priorities and Direction

MAI did a reconciliation of the Minister of Transport's mandate letter to the Chair – included in Appendix A - with its 2021/22 Strategic Plan. The results are highlighted below.

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
<p><b>Economic response/pandemic recovery</b></p> <p>"...providing a safe secure and efficient transportation system to support economic recovery."</p>	<ol style="list-style-type: none"> <li>1. Protect people, property and the environment</li> <li>2. Ensure a sustainable, reliable and accessible service</li> <li>3. Maintain rates at an affordable level</li> <li>4. Ensure capacity and service levels to meet customers needs</li> </ol>	<ul style="list-style-type: none"> <li>• Develop the PAB harbour</li> <li>• Procure a new Ropax vessel</li> <li>• PAB Office Administration Building</li> <li>• Establish a psychological health and safety program</li> </ul>	<ul style="list-style-type: none"> <li>• Perform annual Pandemic Plan Review.</li> <li>• Engage with the Healthy Workplace Advisory Committee to assist in developing a program to address psychological health and safety.</li> <li>• Implement harassment and violence prevention requirements of the Canada Labour Code (Bill C-65).</li> <li>• Based on recommendations and lessons learned from the Senior Leadership Development pilot and a qualitative assessment of the Leadership Management Development Program (LMDP), review and revise the LMDP to improve leadership skills for participants in a post-pandemic work environment.</li> <li>• <b>PAB Harbour</b> <ul style="list-style-type: none"> <li>○ Development Project Certification Documents submitted to regulators.</li> <li>○ Environmental Site Works</li> <li>○ RFP Package Completed</li> </ul> </li> <li>• <b>Fleet Renewal</b> <ul style="list-style-type: none"> <li>○ Contract completed for preferred proponent.</li> <li>○ Post RFP Project Governance &amp; Framework developed.</li> <li>○ Vessel Detailed Design Specifications Completed</li> </ul> </li> <li>• <b>PAB Admin Building</b> <ul style="list-style-type: none"> <li>○ Site Work Tender Package Released</li> <li>○ Project Management Governance Structure in place</li> </ul> </li> </ul> <p><b>HSE Objectives:</b></p> <ul style="list-style-type: none"> <li>• Safety <ul style="list-style-type: none"> <li>○ Lost Time Injury Frequency</li> <li>○ Total Recordable Injury Frequency (TRIF)</li> <li>○ Certificate Renewals (External DOC and ISM Audits)</li> </ul> </li> </ul>

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
			<ul style="list-style-type: none"> <li>○ Incident Reporting</li> <li>● Security – Certificate Renewals (External TC Audits)</li> <li>● Emergency Preparedness – Annual Exercise</li> <li>● Pandemic Plan – Annual Program Review Corrective Actions</li> <li>● Annual Program Review               <ul style="list-style-type: none"> <li>○ Safety</li> <li>○ Environment</li> <li>○ Emergency Preparedness</li> </ul> </li> </ul>
<p><b>Fight climate change</b></p> <p>“...opportunities to advance this cause are considered in organization’s priorities, plans and operations”</p>	<ol style="list-style-type: none"> <li>1. Protect people, property and the environment</li> <li>2. Utilize modern and emerging technologies to improve processes and to enhance the customer experience</li> <li>3. Innovate to provide a modern, sustainable, and effective service</li> </ol>	<ul style="list-style-type: none"> <li>● Develop the PAB harbour</li> <li>● Procure a new Ropax vessel</li> <li>● Develop and begin implementation of a comprehensive innovation strategy</li> </ul>	<p><b>PAB Harbour</b></p> <ul style="list-style-type: none"> <li>● Development Project Certification Documents submitted to regulators.</li> <li>● Environmental Site Works</li> <li>● RFP Package Completed</li> </ul> <p><b>Fleet Renewal</b></p> <ul style="list-style-type: none"> <li>● Contract completed for preferred proponent.</li> <li>● Post RFP Project Governance &amp; Framework developed.</li> <li>● Vessel Detailed Design Specifications Completed</li> </ul> <p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>● BPR – LMS Module</li> <li>● BPR – Finance / Procurement</li> </ul>
<p><b>Deliver real results to Canadians</b></p> <p>“This includes tracking and publicly reporting on the progress of our work, assessing our work’s effectiveness, aligning resources with priorities, and adapting to events as they unfold.”</p>	<ol style="list-style-type: none"> <li>1. Ensure a sustainable, reliable and accessible service</li> <li>2. Maintain rates at an affordable level.</li> <li>3. Ensure capacity and service levels to meet customer needs.</li> </ol>	<ul style="list-style-type: none"> <li>● Develop the PAB harbour</li> <li>● Procure a new Ropax vessel</li> <li>● Undertake an in-depth analysis to better understand the impact of cost recovery on the Corporation.</li> <li>● Develop and begin the implementation of a comprehensive</li> </ul>	<ul style="list-style-type: none"> <li>● <b>PAB Harbour</b> – as above</li> <li>● <b>New Ropax vessel</b> – as above</li> <li>● <b>Customer Impacting Results:</b> <ul style="list-style-type: none"> <li>○ On Time Performance</li> <li>○ Unplanned Service Interruption</li> <li>○ Return to Service after Weather/Mechanical Delay</li> <li>○ Overall PRV Satisfaction (Score of 8, 9 or 10)</li> <li>○ Overall CRV Satisfaction (Score of 8, 9, or 10)</li> <li>○ PRV Very Likely to Recommend Service</li> </ul> </li> <li>● <b>Financial Planning/Results</b> <ul style="list-style-type: none"> <li>○ PRV Traffic Budget</li> <li>○ CRV Traffic Budget</li> <li>○ Corporate Revenue Budget</li> <li>○ Corporate Expense Budget</li> </ul> </li> </ul>

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
		<p>innovation strategy</p>	<ul style="list-style-type: none"> <li>○ Corporate Capital Expense Budget</li> <li>● <b>Annual Report</b> <ul style="list-style-type: none"> <li>○ Final Draft Approved by Board</li> </ul> </li> <li>● <b>Stakeholder Relations</b> – External <ul style="list-style-type: none"> <li>○ Annual Public Meeting Held</li> <li>○ Community Stakeholder Meetings</li> <li>○ Prov/Fed Elected Representatives – Meetings as per stakeholder strategy</li> </ul> </li> </ul>
<p><b>Walk the road of reconciliation</b></p> <p>“...consulting Indigenous communities/incorporating Indigenous perspectives in operations and processes”</p>	<ol style="list-style-type: none"> <li>1. Protect people, property and the environment</li> <li>2. Balance expectations of stakeholder groups</li> <li>3. Recruit, develop and retain a diverse talent pool</li> </ol>	<ul style="list-style-type: none"> <li>● Develop and implement the Stakeholder Relationship Plan</li> <li>● Disseminate and integrate diversity and inclusion throughout MAI</li> </ul>	<ul style="list-style-type: none"> <li>● Coordinate and deliver Truth and Reconciliation awareness sessions.</li> <li>● Develop and deliver information sessions highlighting MAI and careers in Marine Industry in High Schools in Indigenous communities, targeting grades 9,10,11 and 12.</li> <li>● Stakeholder Management -Complete stakeholder management targets and objectives.</li> </ul>
<p><b>Improve accessibility</b></p> <p>“MAI will ensure that it is doing its part to help make the transportation system more accessible for persons with disabilities.”</p>	<ol style="list-style-type: none"> <li>1. Ensure a sustainable, reliable and accessible service</li> <li>2. Maintain rates at an affordable level</li> <li>3. Ensure capacity and service levels to meet customers needs</li> <li>4. Balance expectations of stakeholder groups</li> </ol>	<ul style="list-style-type: none"> <li>● Develop the PAB Harbour</li> <li>● Procure a new Ropax vessel</li> <li>● Develop and implement the Stakeholder Relationship Plan</li> <li>● Undertake an in-depth analysis to better understand the impact of cost</li> </ul>	<ul style="list-style-type: none"> <li>● <b>PAB Harbour</b> – as above</li> <li>● <b>New Ropax vessel</b> – as above</li> <li>● <b>PAB Administration building</b> – as above</li> <li>● <b>Stakeholder Management</b> -Complete stakeholder management targets and objectives.</li> </ul>



Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
		recovery on the Corporation.	
<p><b>Approval of Corporate Plans</b></p> <p>“ to the extent that circumstances are within MAI's control, MAI's future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.”</p>	<ol style="list-style-type: none"> <li>1. Ensure a sustainable, reliable and accessible service</li> <li>2. Balance expectations of stakeholder groups</li> <li>3. Improve information management and analytics</li> </ol>	<ul style="list-style-type: none"> <li>• Undertake an in-depth analysis to better understand the impact of cost recovery on the Corporation.</li> </ul>	<p><b>Corporate Plan</b></p> <ul style="list-style-type: none"> <li>• Draft submitted to Board</li> <li>• Substantial Final Draft Approved by Board</li> </ul> <p><b>Stakeholder Relations</b></p> <ul style="list-style-type: none"> <li>• Meetings with TC/Shareholder</li> </ul>
<p><b>Diversity and Inclusion</b></p> <p>“(Board) Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups.</p>	<ol style="list-style-type: none"> <li>1. Recruit, develop and retain a diverse talent pool</li> </ol>	<ul style="list-style-type: none"> <li>• Disseminate and integrate diversity and inclusion throughout MAI</li> <li>• Establish a psychological health and safety program</li> </ul>	<ul style="list-style-type: none"> <li>• Gender Equity - Continue recruitment and succession planning with a focus on MAI female employees including participation in LMDDP and mentorship programs Conduct an evaluation of the pilot Women's Mentorship Program and develop an annual Women's Mentorship Program for organization.</li> <li>• Increase gender equity on Senior Leadership Team.</li> <li>• Develop inclusion guidelines for all under presented groups for managers, and develop awareness and education tools for employees</li> <li>• Develop an Equity, Diversity and Inclusion Program to embed EDI actions and initiatives in all divisions across the organization.</li> <li>• Senior Management representation at Industry Conferences &amp; Associations.</li> <li>• Corporate Organizational Review</li> </ul>

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
<p>"my expectation is that MAI incorporates a similar focus on the abovementioned populations in all its labour force practices."</p>			
<p><b>Ethics and accountability</b>            "All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A."             "... ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the <i>Lobbying Act</i></p>	<p>1. Reward accountability, encourage leadership, and plan for succession</p>		<ul style="list-style-type: none"> <li>• Demonstrates personal behavior and organizational practices that reflect the ethics and integrity expected in a federal public service</li> <li>• Ensures that the Executive Team and any associated working groups engage with MAI customers, clients, stakeholders, and colleagues in a manner consistent with MAI's Values by modeling these behaviors, recognizing behaviors in others that reflect these Values, and by proactively addressing instances where individuals act in a manner contrary to these Values.</li> <li>• Takes the required actions to ensure that the Executive and Directors of the organisation accept and support MAI's vision and promote that vision positively throughout the organization.</li> <li>• Generates excitement, enthusiasm and commitment in respect to the future MAI within the Executive Team and the organization.</li> <li>• Promotes MAI's vision outside of the organization via speaking engagements, attendance at external meetings and via the media.</li> <li>• Leads by example and positively engages the Executive and management teams to achieve MAI's goals and objectives.</li> </ul>

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
and the <i>Conflict-of-Interest Act</i> ."			
<p><b>New vessel procurement</b></p> <p>"the successful delivery of a suitable new vessel on time and on budget"</p>	<ol style="list-style-type: none"> <li>1. Protect people, property and the environment</li> <li>2. Ensure a sustainable, reliable and accessible service</li> <li>3. Ensure capacity and service levels to meet customers needs</li> </ol>	<ul style="list-style-type: none"> <li>• Procure a new Ropax vessel</li> </ul>	<p><b>Fleet Renewal</b></p> <ul style="list-style-type: none"> <li>• Contract completed for preferred proponent.</li> <li>• Post RFP Project Governance &amp; Framework developed.</li> <li>• Vessel Detailed Design Specifications Completed</li> </ul> <p><b>Stakeholder Management</b> -Complete stakeholder management targets and objectives.</p>
<p><b>Cost Recovery/Appropriations</b></p> <p>"Recognize MAI's efforts for the past several (pre-COVID) years to operate within its appropriation level and meet its overall cost recovery target"</p>	<ol style="list-style-type: none"> <li>1. Maintain rates at an affordable level.</li> <li>2. Balance expectations of stakeholder groups</li> </ol>	<ul style="list-style-type: none"> <li>• Undertake an in-depth analysis to better understand the impact of cost recovery on the Corporation.</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Cost Recovery</li> </ul>

Appendix J OAG Management Action Report

Recommendation	Response	Owner	Q1 Update
The Corporation should continue to engage with relevant government officials to help ensure the timely approval of its corporate plans and to resolve the Corporation's long-term fleet-renewal strategy, along with funding requirements to support ongoing fleet renewal.	<i>The Corporation will continue to engage with relevant government officials to help ensure the timely approval of its corporate plans and the resolution of the Corporation's fleet-renewal strategy, along with funding requirements to support ongoing fleet renewal.</i>	Murray Hupman	<ul style="list-style-type: none"> <li>• Budget 2019 included funding for MAI's long-term fleet strategy</li> <li>• Timely approval of the CP is largely beyond MAI's control as CP cycles don't always line up with the timing of funding approvals</li> <li>• Will continue to work with TC to improve alignment</li> <li>• The 2021/22 CP is not yet approved</li> </ul>
The Corporation should use its balanced scorecard to monitor all key performance indicators and targets set by the Minister.	<i>The Corporation will incorporate all performance indicators and targets set by the Minister in its balanced scorecard by the end of the fourth quarter of the 2018–19 fiscal year.</i>	Murray Hupman	<ul style="list-style-type: none"> <li>• The Corporation reports on all key performance indicators and targets set by the Minister.</li> <li>• Updated results have been included in the 2022/23 – 2026/27 CP and the Annual Report</li> </ul>
The Corporation should develop an environmental management plan that states the Corporation's objectives for environmental protection and the activities, timelines, and related resource requirements needed to achieve them. The Corporation should also develop key performance indicators to monitor progress against its strategic objective to protect the environment.	<p><i>The Corporation will develop, enhance, and monitor key performance indicators for environmental protection during the 2018–19 fiscal year. This will augment its participation in an industry-accepted marine environmental certification program.</i></p> <p><i>The Corporation will also establish a formal environmental management plan that clearly documents the current and future plans in the area of environmental protection, as well as the timelines and resources required to execute it, by the second quarter in 2020.</i></p>	Kris Parsons	<ul style="list-style-type: none"> <li>• Completed</li> </ul>
The Corporation should ensure that it has a common understanding with the government on how to calculate cost recovery for non-constitutional services.	<i>The Corporation reports on the cost-recovery targets in its corporate plans. The Corporation will continue its consultation with the Department of Transport to finalize the revised approach to the cost-recovery calculation for the non-constitutional services. This will be completed prior to the end of the 2018–19 fiscal year.</i>	Shawn Leamon	<ul style="list-style-type: none"> <li>• Approach has been finalized and agreed to for the current CP</li> <li>• MAI is suggesting that the matter be revisited, as the target set is unachievable</li> </ul>
The Corporation should improve its monitoring of compliance with its internal training requirements.	<p><i>The Corporation will review the current training policies and monitoring processes in the 2018–19 fiscal year with a goal to realizing improvements by the fourth quarter of that year.</i></p> <p><i>Addressing the challenges associated with the timeliness and accuracy of the training tracking system and related reporting has been identified as a key deliverable in the scope of the Corporation's enterprise resource planning project. The Corporation is</i></p>	Colin Tibbo	<ul style="list-style-type: none"> <li>• Completed</li> </ul>

	<p><i>confident that the project will effectively meet its training management needs and address the identified limitations and information gaps once fully deployed. The first phase of this multi-year project will be implemented in 2019. The learning management module will be implemented in the 2020–21 fiscal year and is expected to yield the greatest benefits in the training area.</i></p>		
<p>The Corporation should be more diligent in applying its incident reporting policies and procedures for classifying and documenting corrective actions in a timely way. The Corporation should ensure that its tracking system guidance is updated to reflect its revised classification system.</p>	<p><i>In October 2017, the Corporation rolled out a half-day incident reporting training session designed to educate employees on its current methods of incident management. The training is ongoing and to date, over 80% of employees have received this training.</i></p> <p><i>The Corporation established an Incident Management Review Committee in July 2018 to pursue improvements in the current processes and procedures in incident management.</i></p> <p><i>In addition, the Corporation is working with ferry industry authorities to develop new injury reporting definitions and guidelines. Upon completion, these will be communicated to employees and incorporated into the classification system.</i></p>	Kris Parsons	<ul style="list-style-type: none"> <li>• Completed</li> </ul>
<p>The Corporation should ensure that the enterprise resource planning solution under development meets its scheduling needs and effectively addresses the limitations and information gaps in its current systems.</p>	<p><i>The Corporation’s scheduling and information requirements were fully documented and considered as a key deliverable during the selection of its new enterprise resource planning solution.</i></p> <p><i>The Corporation is confident that the solution and processes will be deployed to meet the relevant regulatory, collective agreement, and information requirements. The first phase of this multi-year project will be implemented in 2019.</i></p>	Colin Tibbo	<ul style="list-style-type: none"> <li>• Completed</li> </ul>