OVERVIEW

This review of the Corporation's financial condition and operating results after its third year of operation should be read in conjunction with the financial statements on the following pages. The results for 2001 cover the period from April 1, 2000, to March 31, 2001; the previous year's results, mentioned for comparison, cover the period from April 1, 1999, to March 31, 2000.

Financial Results

In the 2000/2001 fiscal year, before transaction costs and the contribution from the Capital Fund Trust, expenses exceeded revenue by $4.014 million; in the previous fiscal year, revenue exceeded expenses by $358,000. Overall, this represents a change in operating results of $4.372 million, caused by increases of $4.377 million in expenses and a small improvement of $5,000 in revenues.

The Corporation incurred $114,000 in transaction costs during this fiscal year for the transfer of employee pensions from the Public Service superannuation plan to the Corporation's pension plan; these costs are refunded to the Corporation from the Capital Fund Trust.

The contribution from the Capital Fund Trust of $2.307 million for 2000/2001 compares with $.624 million for 1999/2000. The elements included in the contribution are fully disclosed in the Notes to the Financial Statement (note 13).

The contribution from the Capital Fund Trust is treated as revenue to bring the final results for 2000/2001 to an excess of expenses over revenue of $1.821 million compared to the excess of revenue over expenses of $.630 million for last year.

Change in Accounting Policy

Effective April 1, 2000, the Corporation adopted a new accounting policy to recognize the costs of post-employment benefits, following recommendations made under Canadian Generally Accepted Accounting Principles (GAAP).

Implementation of the new policy increased operating expenses by $.266 million in 2000/2001. The impact of the change for the previous year is shown in note 5 of the Notes to the Financial Statements.

RESULTS OF OPERATIONS

Revenues

Total revenues for 2000/2001 amounted to $76.031 million, compared to $76.026 million for 1999/2000.

Toll revenues reached $73.4 million, a modest improvement of $149,000 over the previous fiscal year. The slight increase is due to the additional number of navigation days experienced in the fiscal year 2000/2001.

Revenues from other navigation activities and licence fees reached $2.2 million in 2000/2001, a 32.8% increase over the $1.7 million for 1999/2000.

The investment income of $0.371 million in 2000/2001 is $53,000 lower than in 1999/2000, because less short-term cash was maintained during the period. The Capital Fund Trust Agreement requires the Corporation to transfer all funds in excess of short-term requirements to the trust for reinvestment.

REVENUES (in thousands)

	Actual		
	2001	2000	% change
Tolls	$ 73,383	$ 73,234	0.2
Wharfage and other navigation revenues	1,208	1,161	4.0
License fees	1015	513	97.9
Investment income	371	424	(12.5)
Gain on disposal of assets	54	694	(92.2)
	$ 76,031	$ 76,026	

Expenses

Expenses for the management and operation of the Seaway infrastructure in 2000/2001 amount to $53.455 million, an increase of 4.3% over the operating expenses of $51.230 million for the fiscal year 1999/2000.

Salaries, wages and benefits, which account for 85.8% of the year's expenses, have increased by $1.9 million or 4.3% to reach $45.9 million; in 1999/2000, these expenses, at $44.0 million, also represented 85.8% of operating expenses. The other manageable expenses amount to $7.5 million for 2000/2001, compared to $7.2 million for the previous fiscal year, an increase of $.3 million.

The asset renewal program (the cost of maintenance and major repairs of locks, canal bridges, buildings and other infrastructure assets) totals $23.4 million for the year, compared to $20.9 million for the previous year.

The amortization expense of $3.2 million for the year is consistent with the accounting policy described in note 4d) of the Notes to the Financial Statements; $3.0 million was recorded for the fiscal year 1999/2000.

Liquidity and Capital Resources—Cash Flow

The Corporation's operating cash, before changes in working capital, decreased by $1.38 million during the period, from $2.96 million in 1999/2000 to $1.58 million in 2000/2001. This is attributed mainly to the net reduction for the contribution from the Capital Fund Trust of $1.68 million for net capital asset acquisition and $.24 million for transaction costs.

The cash used in investing amounts to $2.68 million; the main outlays cover the cost of capital acquisition of $1.67 million and a $1.1 million increase in the amount receivable from the Capital Fund Trust to cover the payment of liabilities assigned by Transport Canada on October 1, 1998.

The net cash outflow of $2.1 million for the period leaves $454,000 available on March 31, 2001.

Three-Year Review (period ending March 31, amounts in thousands)

	2001	2000	1999 (6 months)
Revenue			
Tolls	**$73,383**	$73,234	$28,675
Other navigation revenue	**1,208**	1,161	395
License fees	**1,015**	513	261
Investment income	**371**	424	552
Gain on sale of capital assets	**54**	694	-
	76,031	76,026	29,883
Expenses			
Operating expenses	**53,455**	51,230	27,921
Asset renewal	**23,398**	20,898	16,964
Amortization of capital assets	**3,192**	3,028	1,262
	80,045	75,156	46,147
Excess of (expenses over revenue) revenue over expenses	**(4,014)**	870	(16,264)
Departure incentives	-	(512)	(913)
Transaction costs	**(114)**	(352)	(1,085)
Contribution from Capital Fund Trust	**2,307**	624	19,452
Net excess of (expenses over revenue) revenue over expenses	**$ (1,821)**	$ 630	$ 1,190

Management's Report

The accompanying financial statements of The St. Lawrence Seaway Management Corporation and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include some estimates, which are based on management's best judgements. Information contained elsewhere in the Annual Report is consistent, where applicable, with that contained in the financial statements.

To meet management's responsibility and to assure the integrity and reliability of financial reporting, the Corporation maintains a system of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded, and that transactions and events are properly recorded.

Our external auditors have full and free access to the members of the Audit Committee, who oversee management's responsibility for maintaining adequate control systems and the quality of financial reporting through the Board of Directors.

The independent auditors Deloitte & Touche LLP, whose report follows, have audited the financial statements.

Guy Véronneau
President & CEO

Carol Lemelin
Vice-President, Finance and Administration

Cornwall, Ontario

May 2, 2001

Auditor's Report

To the Members of
The St. Lawrence Seaway Management Corporation

We have audited the balance sheet of The St. Lawrence Seaway Management Corporation as at March 31, 2001 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Canada Corporations Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte & Touche
Chartered Accountants

May 2, 2001

Statement of Revenue and Expenses

YEAR ENDED MARCH 31, 2001 ($000's)

	2001	2000
Revenue		
Tolls	$ 73,383	$ 73,234
Other navigation revenue	1,208	1,161
License fees	1,015	513
Investment revenue	371	424
Gain on sale of capital assets	54	694
	76,031	76,026
Expenses		
Operating	53,455	51,230
Asset renewal	23,398	20,898
Amortization of capital assets	3,192	3,028
	80,045	75,156
Excess of (expenses over revenue) revenue over expenses before the undernoted	(4,014)	870
Departure incentive (Note 16)	-	(512)
Excess of (expenses over revenue) revenue over expenses before transaction costs and contribution from Capital Fund Trust	(4,014)	358
Transaction costs (Note 15)	(114)	(352)
Contribution from Capital Fund Trust (Note 13)	2,307	624
Excess of (expenses over revenue) revenue over expenses for the year	$ (1,821)	$ 630

FINANCIAL STATEMENTS APPROVED BY THE BOARD

Robert J. Swenor
Director

Guy Véronneau
Director

(See accompanying notes to the financial statements.)

Balance Sheet

AS AT MARCH 31, 2001 ($000's)

	2001	2000
Current assets		
Cash	$ 454	$ 2,581
Accounts receivable (Note 6)	4,183	4,328
Supplies inventory	2,238	2,132
Prepaid expense	392	331
	7,267	9,372
Due from Capital Fund Trust (Note 7)	39,051	25,966
Capital Assets (Note 8)	13,714	15,269
Due from Employee Termination Benefits Trust Fund (Note 10)	12,502	12,469
Accrued Benefit Asset (Note 9)	2,696	-
	$ 75,230	$ 63,076
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	15,443	14,619
Employee Benefits Payable	1,359	2,040
Due to Employee Termination Benefits Trust Fund (Note 10)	16	179
Deferred revenues	1,071	1,045
	17,889	17,883
Employee Termination Benefits (Note 4(e))	12,502	12,469
Due to Receiver General for Canada (Note 11)	1,046	2,092
Accrued Benefit Liability (Note 9)	14,818	-
	28,366	14,561
	46,255	32,444
Net assets		
Invested in capital assets	13,714	15,269
Secured contribution of Canada (Note 12)	36,000	36,000
Contribution to Capital Fund Trust (Note 1)	(24,000)	(24,000)
Contributed capital (Note 14)	3,261	3,363
	28,975	30,632
	$ 75,230	$ 63,076

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2001 ($000's)

	2001	2000
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of (expenses over revenue) revenue over expenses	$ (1,821)	$ 630
Items not affecting cash		
Amortization of capital assets	3,192	3,028
(Gain) on disposal of capital assets	(54)	(694)
Employee future benefits variance	266	-
	1,583	2,964
Changes in non-cash operating working capital items	(8)	(2,039)
Changes in employee termination benefits	25	(66)
Decrease in due to Receiver General for Canada	(1046)	(1,047)
	554	(188)
Investing		
Increase in due from Capital Fund Trust	(1,065)	(5,821)
(Increase) decrease in Employee Termination Benefits Trust Fund	(33)	73
Acquisitions of capital assets	(1,677)	(4,113)
Proceeds from disposal of capital assets	94	1,149
	(2,681)	(8,712)
Net Cash Outflow	(2,127)	(8,900)
Cash, beginning of year	2,581	11,481
Cash, end of year	$ 454	$ 2,581

Statement of Changes in Net Assets

YEAR ENDED MARCH 31, 2001 ($000's)

	Invested in Capital Assets	Secured Contribution of Canada	Contribution to Capital Fund Trust	Contributed Capital	Operating Deficit	Total 2001	Total 2000
Balance, beginning of year	$ 15,269	$ 36,000	$ (24,000)	$ 3,363	$ -	$ 30,632	$ 30,002
Retroactive employee future benefits adjustment (Note 5)	-	-	-	164	-	164	-
Restated balance, beginning of year	15,269	36,000	(24,000)	3,527	-	30,796	30,002
Excess of (expenses over revenue) revenue over expenses	-	-	-	-	(1,821)	(1,821)	630
Net investment in capital assets	1,637	-	-	-	(1,637)	-	-
Employee future benefits variance	-	-	-	(266)	266	-	-
Amortization of capital assets	(3,192)	-	-	-	3,192	-	-
Balance, end of year	$ 13,714	$ 36,000	$ (24,000)	$ 3,261	$ -	$ 28,975	$ 30,632

Notes to the Financial Statements

YEAR ENDED MARCH 31, 2001 ($000's)

1. Incorporation

The St. Lawrence Seaway Management Corporation (the Corporation) was constituted as a not-for-profit corporation under Part II of the *Canada Corporations Act*, on July 9th 1998. Pursuant to an agreement with her Majesty, certain assets of The St. Lawrence Seaway Authority (SLSA), a Crown Corporation, were transferred effective October 1, 1998, to the Corporation. These assets relate to the operation of The St. Lawrence Seaway comprising a deep waterway between Montreal and Lake Erie (the Seaway). As a result of a further agreement with the Minister of Transport, the Corporation assumed responsibility for the management, operation and maintenance of the Seaway for a period of ten years (renewable for a further ten years).

The transferred assets included all of the movable capital assets, intangibles and working capital of SLSA. Ownership of the real property, locks, bridges, buildings and other fixtures was transferred to the Government of Canada on wind-up of SLSA.

On wind-up of SLSA, a trust was created to fund the accumulated entitlement of the Seaway employees who were to be transferred to the Corporation, in respect of their vested termination benefits, known as The Employee Termination Benefits Trust.

Furthermore, on wind-up of SLSA, the surplus funds of the Corporation were transferred to a second trust created for the purpose of funding future deficits arising from the operation and maintenance of the Seaway. This trust, the Capital Fund Trust, was created on October 1, 1998 with a capital of $29,401. The current assets and current liabilities of SLSA as at that date were transferred to the new corporation with the requirement that the net proceeds from realization of accounts receivable, after discharging the transferred debts of SLSA, would be paid into the Capital Fund Trust on a quarterly basis.

Immediately following the transfer of assets to the Corporation from SLSA on October 1, 1998, pursuant to a directive from the Minister of Transport, the Corporation transferred $24,000 to the Capital Fund Trust to increase the funds available to $53,401 to fund future operating deficits in accordance with the terms of the Management, Operation and Maintenance Agreement. Transfers of funds to the Corporation to cover future deficits as they occur will be accounted for as revenue in the statement of revenue and expenses.

The Corporation is the Trustee for both of these trusts.

The navigation season of the Seaway is a period of approximately nine months commencing around the beginning of April each year and ending about the end of December. As a consequence the revenue is earned in the first nine months of the fiscal year (which begins on April 1) while most of the maintenance and asset renewal costs are incurred during the period of time when the Seaway is closed (January to March).

2. Operating Agreement

The Corporation was mandated to manage, operate and maintain the Seaway in accordance with a Management, Operation and Maintenance Agreement, which requires the Corporation to submit five-year business plans throughout the term of the agreement, to the Minister of Transport. The business plan includes anticipated revenues and operating costs and an "Asset Renewal Plan". The Corporation is authorized to charge tolls and other revenues to finance the operation and maintenance of the Seaway, and to recover from the Government of Canada such additional funds, to eliminate operating deficits when required, in accordance with the terms of agreement.

The above agreement also provides for the formation of a "Capital Committee" comprising two representatives of the Corporation and two representatives of the Crown who will review annual plans for the capital, maintenance and asset replacement requirements of the assets under administration of the Corporation. The Committee reviews the Asset Renewal Plan each year and determines if it is appropriate or whether any changes are warranted.

3. Corporation's Reserve Account

The Corporation is mandated under the Management, Operation and Maintenance Agreement to establish a notional reserve account with an initial balance of $NIL. The account is to be increased in respect of recoveries of operating costs incurred by the Corporation, through government contribution, insurance or indemnity, as well as favourable variances in operating costs and asset renewal costs between those incurred in any year and the projected costs according to the business plan. The notional reserve is reduced by unfavourable variances in actual operating costs and other adjustments. The notional reserve is to be used as an indicator of the amount by which future toll increases may be adjusted, when taking into account the future operations of the Seaway, as evidenced by the Corporation's business plan. The Corporation's notional reserve as at 2001 is $8,475 (2000 - $5,273).

4. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies follows:

a) *Revenue*

Toll revenue and other service charges are recognized as revenue when earned.

b) *Supplies inventory*

Supplies inventory comprises equipment and supplies used in the operation and maintenance of the Seaway. It includes spare parts which were transferred to the Corporation on October 1, 1998. Certain parts were transferred at nominal value. Supplies are recorded at average cost.

c) Income taxes

The Corporation is exempt from income tax under section 149(1) (*l*) of the *Income Tax Act*.

d) Capital assets

Capital assets of the Corporation consist of temporary structures, movable assets such as motor vehicles; small vessels employed in the operation of the Seaway; office furniture and equipment, including computers and related software. Such assets are capitalized if they have an initial cost of at least $3,000 (three thousand dollars).

Additions are recorded at cost. The cost of assets sold, retired or abandoned, and the related accumulated amortization are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Amortization is recorded using the straight-line method based on the estimated useful service lives of the assets.

The Corporation treats all major maintenance and refurbishment costs, as well as any additions to existing capital assets of the Seaway which were transferred to Canada on the wind-up of SLSA, (defined as "existing managed assets,") as operating costs.

e) Employee termination benefits

Employees of the Corporation are entitled to specified benefits as provided for under labour contracts and conditions of employment. These benefits include accumulated sick leave and furlough leave which are payable upon termination of employment. Usually, the benefits correspond to the greater of a week's salary (two weeks for the first year of service) for each year of service, up to a maximum of 28 weeks or 75 % of the balance of the employee's accumulated sick leave days. Employees are allowed 15 days of sick leave per year. The liability for benefits is recorded in the accounts as the benefits accrue to the employees.

f) Pension plan

All former employees of SLSA who were transferred to the Corporation on October 1, 1998 are covered by the Public Service Superannuation Plan administered by the Government of Canada for service up to March 31, 1999. The Corporation has established its own defined benefit pension plan and employees were allowed the option of transferring their entitlement to the new plan or remaining with the Public Service Superannuation Plan. New employees, effective April 1, 1999, become members of the Corporation's pension plan.

The Corporation is not required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

5. Change in Accounting Policy

On April 1, 2000, the Corporation adopted the provisions of Section 3461 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, which requires the Corporation to accrue its obligations under employee benefits plans and the related costs, net of plan assets, as the underlying services are provided. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit actuarial cost methods prorated on services and reflects management's best estimate of expected plan investment performance, salary growth, future terminations, expected health care costs, mortality rates and retirement ages of plan members. For the purposes of calculating the expected returns on plan assets, those assets are valued at fair value. Prior to the adoption of the new standard, the cost of employee future benefits for post employment was recognized on a "pay as you go" basis.

The Corporation has adopted this new standard on a retroactive basis without restatement of prior year comparative figures. The estimated amount of the non-pension post employment benefit obligation at April 1, 2000 was $13,584 as calculated by an independent actuary. The estimated amount of the pension post employment transitional assets at April 1, 2000 was $1,728. The adoption of the new provisions that causes a non-pension post employment benefit obligation as at October 1, 1998 related to employees of the former St. Lawrence Seaway Authority (SLSA) in the amount of $12,020 is due from the Capital Fund Trust. The opening balance of the contributed capital has been restated by $164 for the difference between the net obligation for employee future benefits at October 1, 1998 and April 1, 2000, as part of the change in accounting policy for post employment benefits.

YEAR ENDED MARCH 31, 2001 ($000's)

6. Accounts Receivable, Accounts Payable and Accrued Liabilities

These accounts are incurred in the normal course of business. They are usually receivable or payable within a month and are non-interest bearing. The carrying amount of each approximates fair value.

7. Due from Capital Fund Trust

The Corporation has an amount receivable from the Capital Fund Trust to cover specific Seaway support obligations such as the Corporation's deficits and other short-term cash requirements in accordance with the Trust Agreement.
Changes in the balance due from the Capital Fund Trust at March 31, were as follows:

	2001	2000
Net balance, beginning of year	$ **25,966**	$ 20,145
SLSA post employment benefit obligation	**12,020**	-
Settlement of workers compensation liability	**(1,046)**	(1,046)
Net set off of opening accounts receivable and accounts payable	**(196)**	6,243
Contribution receivable for operating expenses	**2,307**	624
Net balance, end of year	**$ 39,051**	$ 25,966

8. Capital Assets

	Annual Amortization Rate	**2001**			2000
		Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Information technology systems	20%	**$ 14,682**	**$ 9,174**	**$ 5,508**	$ 6,893
Vehicles	10-20%	**5,019**	**3,429**	**1,590**	1,761
Floating equipment	2-20%	**4,312**	**3,090**	**1,222**	1,367
Machinery and office equipment	2-20%	**4,750**	**3,141**	**1,609**	1,624
Infrastructure equipment	2-20%	**6,423**	**3,435**	**2,988**	3,213
Assets under construction	-	**797**	-	**797**	411
		$ 35,983	**$ 22,269**	**$ 13,714**	$ 15,269

YEAR ENDED MARCH 31, 2001 ($000's)

9. Post Employment Benefits

The Corporation has defined benefits pension plans for employees and also provides post employment benefits, other than pension including supplemental health and life insurance for retired employees. Information about the defined benefit plan and post employment benefits, other than pension, is as follows:

	Pension Benefit Plan	Supplementary Pension Benefit Plan	Other Benefits Plan
Accrued benefit obligation			
Balance at beginning of year	$ 3,718	$ 76	$ 25,973
Current service cost (employer)	3,377	37	950
Interest cost	453	7	1,905
Member contributions	1,472	-	-
Benefits paid	(200)		(1,168)
Public Service Superannuation Transfer assumed	12,844		
Actuarial loss	858	9	3,178
Balance at the end of the year	$ 22,522	$ 129	$ 30,838
Plan assets			
Fair value at beginning of year	$ 4,496	$ -	$ 12,389
Return on plan assets	576	-	
Corporation contribution	5,172	-	1,741
Public Service Superannuation Transfer	12,844	- -	
Member contributions	1,472	-	-
Benefits paid	(200)	-	(1,168)
Fair value at end of year	$ 24,360	$ -	$ 12,962
Funded status plan surplus (deficit)	$ 1,838	$ (129)	$ (17,876)
Unamortized net actuarial loss	858	9	3,178
Accrued benefit asset (liability) recognized	$ 2,696	$ (120)	$ (14,698)

Significant assumptions

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows: (Weighted average assumptions as of January 1, 2001)

	Pension Benefit Plan	Supplementary Pension Benefit Plan	Other Benefits Plan
Discount rate	7.00%	7.00%	7.00%
Expected rate of return on plan assets	6.75%	6.75%	0.00%
Rate of compensation increase	2.50%	2.50%	2.50%

For measurement purposes, a 12% health care cost trend rate was assumed for 2001, decreasing gradually to 5% in 2007 and remaining at that level thereafter.

The expected rate of return on other benefits plan is 0% because the terms whereby the Employee Termination Benefits Trust Fund was established provide that all the income earned by the Trust Fund is to be transferred to the Capital Trust Fund.

YEAR ENDED MARCH 31, 2001 ($000's)

10. Employee Termination Benefits Trust Fund

This amount represents the funds set aside for the accrued employee termination benefits liability of the Corporation which is represented by the assets in the Employee Termination Benefits Trust Fund.

11. Due to Receiver General for Canada

This balance represents the liability for workers' compensation in respect of the former employees of SLSA which was assumed by the Corporation on wind-up of SLSA. The funds to discharge the obligation were transferred to the Capital Fund Trust on October 1, 1998 and will be drawn down by the Corporation as claims are paid by the Government of Canada and reimbursed by the Corporation.

12. Secured Contribution of Canada

Upon transfer of certain assets of SLSA to the Corporation on October 1, 1998, the Corporation signed a general security agreement with the Government of Canada covering all the assets of the Corporation, evidenced by a limited recourse term promissory note with a face value of $36,000. The note is payable without interest on the earlier of (a) March 31, 2018, and (b) the termination for any reason whatsoever, of the Management, Operation and Maintenance Agreement. Recourse by the government of Canada is limited to a) the collateral as defined in the general security agreement; and b) the Hypothecated Property (as defined in the Deed of Movable Hypothec between the Corporation and SLSA); and set off against the Purchase Price (as defined in the Option Agreement between the Corporation and Her Majesty).

13. Contribution from the Capital Fund Trust

The Corporation is entitled to a contribution from the Capital Fund Trust to fund the operating deficit in accordance with the Operations and Management Agreement. The contribution is equal to the excess of expenses over revenue, increased by the net capital asset acquisitions in the period and transaction costs related to the commercialization of the Seaway adjusted for the non-cash items for amortization expense, the undepreciated cost of capital assets disposed of, and the post retirement benefits variation.

	2001	2000
Excess of expenses over revenue (revenue over expenses)	**$ 4,014**	$ (358)
Plus: Transaction costs	**114**	352
Net capital asset acquisitions	**1,677**	4,113
Gain on sale of assets	**54**	694
Less: Proceed from sale of capital assets	**(94)**	(1,149)
Post retirement benefits	**(266)**	-
Amortization	**(3,192)**	(3,028)
Contribution from Capital Fund Trust	**$ 2,307**	$ 624

14. Contributed Capital

The amount recorded as contributed capital arises from the write-up of assets, other than capital assets transferred from SLSA to the Corporation for one dollar ($1) on October 1, 1998, to their book value prior to transfer. Contributed capital was adjusted in the year for the post retirement benefits variance.

15. Transaction Costs

Costs associated with the transfer of assets and operating responsibility of the Seaway from SLSA to the Corporation, as defined in the Management Operation and Maintenance Agreement, which are not anticipated to recur, have been separately charged to operations as transaction costs.

16. Departure Incentive

Upon assumption of operating responsibility and maintenance of the Seaway, certain staff positions were considered redundant and accordingly, the Corporation continued a program originally instituted by SLSA to allow certain employees to take early retirement. The costs associated with this program, which are not anticipated to recur are included in a separate charge to operations described as departure incentive.

17. Recoverable Expenses

In the normal course of business, the Corporation performs services for other entities and can be reimbursed for expenses incurred relating to maintenance and labour costs. In the current year, the total of expenses recovered is $3,380 (2000 - $3,716) which has been treated as a reduction in operating expenses.

18. Commitments

As at March 31, 2001, contractual commitments for capital and other expenditures amounted to $1,782 (2000 - $956).

19. Contingencies

The Corporation, in the normal course of business, experiences claims for a variety of reasons. Claims outstanding at March 31, 2001 are $1,380 (2000 - $181) have not been provided for in the accounts. Management is of the opinion that these actions will not result in any material losses to the Corporation. Claims relating to operation and maintenance of the Seaway incurred by SLSA prior to October 1, 1998 became the obligation of Transport Canada.

20. Directors' and Officers' Remuneration

(See table following; overleaf.)

21. Comparitive Figures

Certain of the comparative figures have been changed to conform to the presentation of the current year.

20. Directors' and Officers' Remuneration

As required by the Canada Marine Act, the remuneration earned by the directors and officers, in actual dollars, was as follows:

a) Directors' remuneration comprises a fixed fee and a per diem based on attendance at meetings of the Board and its committees.

Name	*Appointment date*	*Committee and position*		*Remuneration in 2000/2001*
Robert J. Swenor	July 1998	Board Governance Human Resources	Chairman Member Member	**$ 26,000**
Allan J. Donaldson	July 1998	Board Audit	Director Chairman (to November 2000)	**12,900**
Georges H. Robichon	July 1998	Board Governance	Director Chairman	**16,800**
Adrian D.C. Tew	July 1998 December 1999	Board Human Resources	Director Member	**19,200**
Alan R. Holt	August 1998	Board Human Resources	Director Chairman	**20,600**
Denise Verreault	September 1998 November 2000	Board Governance Audit Audit	Director Member Member Chairman (from November 2000)	**17,800**
John E. F. Misener	September 1998 December 1999	Board Audit	Director Member	**17,600**
Marc Dulude	November 1998	Board Human Resources	Director Member	**20,000**
Douglas Smith	December 2000	Board Audit	Director Member	**5,600**
Total of directors' remuneration for the period				**$ 156,500**

b) Directors' remuneration in respect of their responsibilities as members of the Capital Committee:

Name	*Appointment date*	*Committee and position*	*Remuneration in 2000/2001*
Allan J. Donaldson	September 1998	Chairman	**$ 1,800**
Alan R. Holt	September 1998 January 2001	Member Chairman	**3,800**
Douglas Smith	December 2000	Member	**1,600**
Robert Swenor	November 2000	Chairman	**1,600**
			$ 8,800

c) Remuneration paid for the (8) officers, including remuneration as directors, was $1,133,853.