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## THE SEAWAY: A SHORT UPDATE

### The St. Lawrence Seaway Management Corporation

has been responsible for operating and maintaining the Canadian portion of the St. Lawrence Seaway since October 1, 1998. Established as a not-for-profit corporation by Seaway users and other interested parties, we derive our mandate from an agreement with the federal government, which is in force until March 31, 2018. In addition to the Seaway itself, we manage the Saint-Louis de Gonzague Bridge, the Valleyfield Bridge, the Townline Tunnel, and all Seaway-related leases and licenses on behalf of Transport Canada.

**Convenient, Environmentally Friendly, Energy-efficient and Safe** The Great Lakes/St. Lawrence Seaway System is the longest inland waterway in the world. Its 3,700-kilometre length forms a vital transportation route from the Atlantic Ocean to Lake Superior. A huge economic asset to the industrial centers of Canada and the United States for 42 years, this shortest route to the heart of North America for shippers from Europe continues to support more than 17,000 jobs in Canada and some 50,000 in the United States.

About 50 million tonnes of cargo pass safely through the Seaway each year. And every 10,000 tonnes of general cargo handled by a Great Lakes port brings more than half a million dollars in economic benefits to the local community.

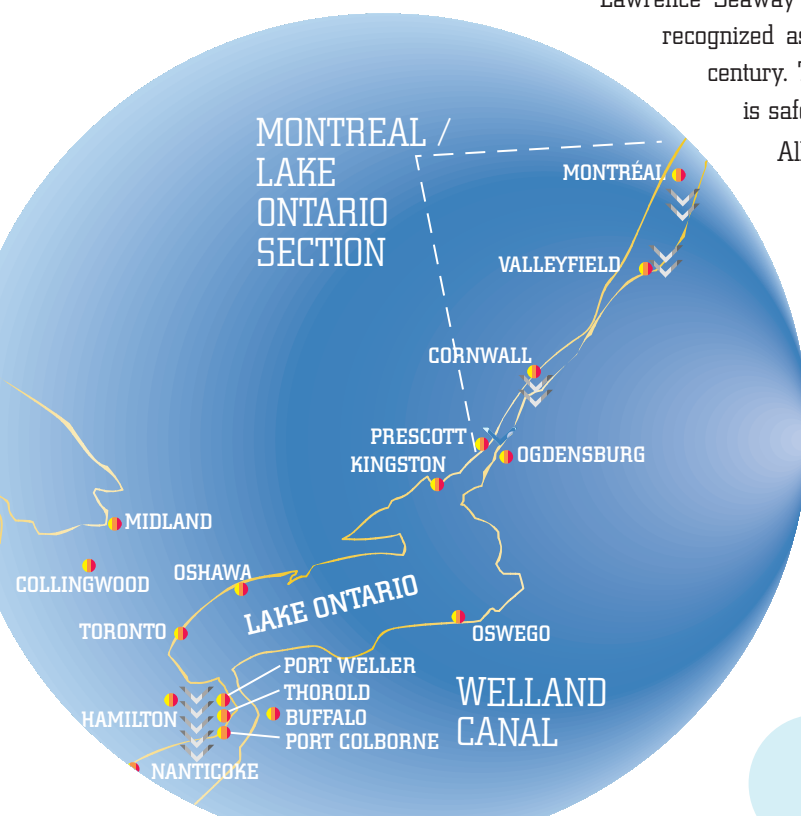
The Seaway is well integrated into North America's transportation infrastructure. More than 40 provincial and interstate highways and nearly 30 rail lines link Great Lakes ports with the rest of the continent. Seaway cargo shipping is the most environmentally friendly of all modes of transportation, with far lower emissions than rail or truck traffic, less noise, and no congestion. Marine traffic is also more energy-efficient than rail, highway or air transportation, and it is cost-competitive. And the Seaway's safety record is something to be proud of.

**Technology Reinvents the Seaway** When it opened in 1959, the St. Lawrence Seaway was already an engineering marvel, and it has been recognized as one of the top ten public works projects of the 20<sup>th</sup> century. Today, with 21<sup>st</sup> century technology, Seaway navigation is safer, more convenient and more efficient than ever.

All 15 locks between Montreal and Lake Erie are now computer-operated. A modern, high-tech traffic control system manages ship transits throughout the Seaway channels, allowing SLSMC to pinpoint the location of every vessel. An automatic vessel identification system (AIS), scheduled to be operational in the Seaway in the fall of 2001, will link traffic information to a "virtual Seaway" on computer displays both at the control centers and aboard ship. AIS will become mandatory for all commercial vessels on the Seaway in mid-2002. This year, we launched the first release of a new binational Web site, the single most comprehensive

### OUR MISSION:

*We pass ships through a safe and reliable waterway system in a cost-effective, efficient and environmentally friendly manner to meet our customers' transportation needs.*





*Chantal Gagné, Traffic Controller,  
Zone 2, St. Lambert*

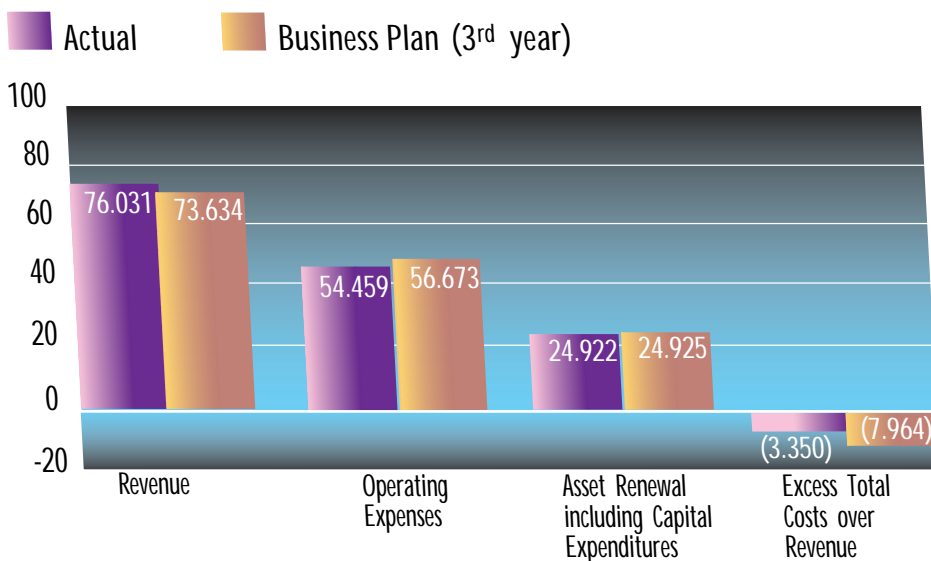
source of up-to-the-minute navigation, environmental and regulatory information from more than 50 government agencies, as well as all the ports and marine organizations associated with the Seaway and Great Lakes. By the fall of 2001, the Web site will be fully interactive. It will permit cargo matching, cost calculation, bill payments and other e-business functions, transforming completely how the Seaway does business with its customers.

**Water transportation is as old as commerce. The St.**

**Lawrence Seaway demonstrates it is also as modern as the latest technology can make it.** We continue to innovate every year, seeking new and better ways to make this great waterway safer, more efficient, and more cost-effective for those who rely on its services.

**2000/2001 Financial Highlights** The Corporation met business plan targets for the third year in a row, and increased its notional reserve account to \$8.475 million. As a result, we were able to reduce the 2% toll increase for the 2001 season, mandatory under our operating agreement, to 0.5%. A total of \$24.9 million was spent on repairs and maintenance under the asset renewal program. The Corporation ended the year with a \$1.8 million excess of expenses over revenue.

### Comparison of Actuals to Business Plan (million dollars)



*Expense categories in the Business Plan differ from the categories used in the Financial Statements. We have presented the financial results in this graph for purposes of comparison with the Business Plan.*



## PRESIDENT'S MESSAGE

**This report marks the conclusion** of The St. Lawrence Seaway Management Corporation's third year of operation and, for the third consecutive year, we can rightfully claim "mission accomplished" in relation to our business plan. We have once more met or exceeded our targets on all counts. Our primary measure of success, the corporate reserve, now stands at \$8.475 million, an increase of \$3.202 million over last year. This demonstrates sufficient financial stability to sustain the reduction in tolls permitted by our agreement with the federal government in the fourth and fifth years of our business plan. Accordingly, I am pleased to announce a 1.5% toll rebate for the 2001 navigation season, which I am sure is welcome news for Seaway users.



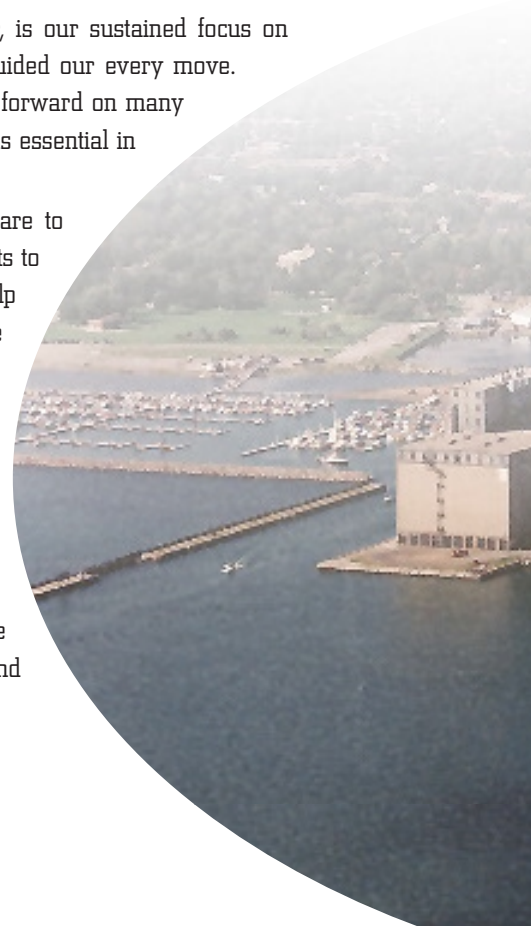
Despite unusually low water levels at the start of the 2000 season and a softening economy in the latter part of the year, the Seaway experienced average traffic flow. The total cargo amounted to 46.57 million tonnes, 2.6% below 1999 results, but 1.7% better than projected in the Business Plan. At 275 days, from March 27 to December 26, the 2000 navigation season was one of the longest in Seaway history, contributing to a small rise in toll revenues. In the same fiscal year, the March 23, 2001, opening was the earliest on record, reflecting our commitment to better service our clients.

Our revenue in the 2000/2001 fiscal year from tolls and other sources amounted to just over \$76 million, well above the business plan target. Operating expenses were 3.8% below business plan targets. Although our business plan foresaw a \$6.9 million operating deficit at the end of this fiscal year, the Corporation by managing its affairs tightly and

despite the substantial drop in revenues reduced the shortfall to only \$1.8 million.

**An important factor in reaching this level** of performance, year after year, is our sustained focus on strategic objectives and the careful, integrated and advanced planning that has guided our every move. Change at The St. Lawrence Seaway Management Corporation continues to move forward on many fronts at once, and we are patiently putting in place the elements that we foresee as essential in the years to come.

I have said from the beginning that the Seaway needs to re-invent itself if we are to continue to achieve successes. To a large extent it has now put in place the elements to do so, and the results so far prove we are moving in the right direction. With the help of organizational studies, process analysis and benchmarking, The St. Lawrence Seaway Management Corporation has made a variety of changes to its internal management and operations in the past three years. We have firmly established a process-centered and performance-based organizational culture. We have implemented and will continue to introduce new technologies to meet the challenges of ever-increasing competition. And we have formed solid partnerships with other government and private sector organizations concerned with marine transportation in the Great Lakes/St. Lawrence basin. These partnerships have already begun to accelerate the progress of change and to broaden its impact. We expect they will have an increasingly positive effect on the future of the Seaway and the region as a whole.



**Before looking at the broader perspective in more detail,** I would like to summarize the key internal changes we have brought about at The St. Lawrence Seaway Management Corporation in the past year. The reorganization plan announced last year has now been implemented, and we have restructured the Corporation around our regional core business processes: ship transit and maintaining our infrastructure. Engineering Services have been integrated with the Regions, while Finance and Administration, Human Resources, and Information Technology and Telecommunications, as support functions, are centralized at Head Office. Our Regional Vice-Presidents, as Corporate Process Leaders, now have more freedom to manage the key business processes, and more control over their engineering, maintenance and operations components. Greater alignment of business processes across Regions, through the Process Leaders, streamlines and standardizes customer service while reducing costs.

**Our new performance management and evaluation system** has now been implemented at all levels of the Corporation, and we continued to review and refine it as we proceeded through the annual cycle. The process is working to encourage commitment and alignment to our strategic goals through performance objectives for each employee, training, annual appraisals, and effective teamwork, and has brought new emphasis on results throughout the organization.

**We have made a firm commitment to technology** as the Seaway's route to greater competitiveness. In partnership with the Saint Lawrence Seaway Development Corporation, we retained the services of IBM last year to develop an interactive commercial Web site. In February 2001, we launched the first release of this new bi-national Web site, which will give us full e-business capacity by fall of 2001. We also started testing this year the new automatic vessel identification system (AIS). Based on a broadcast transponder system that uses Global Positioning System technology, it shows the exact location of vessels, their heading and speed on a "virtual Seaway" – a computer display screen aboard the vessels and at our traffic control centers. The computer display also shows all the environmental, navigation and safety information required for efficient and safe passage through the Seaway. AIS will become mandatory on all commercial vessels in the Seaway during the 2002 navigation season.

We have continued to streamline our operations as much as possible, and are experimenting now with two-man lock crews. Staff reductions have exceeded the business plan target of 671 full-time equivalents by 2001: we now operate with a staff complement of 637.

However, the strategy of cost-cutting measures is approaching the end of its usefulness and the Corporation is now bringing increased focus to technological innovation, external partnerships and revenue generation. To ensure improved capability to support these endeavors, last year we created the new





positions of Vice-President, Strategic and Business Development and Vice-President, Information Technology and Telecommunications. These functions are now staffed, and both are assuming ever-increasing importance in meeting the Corporation's strategic goals.

**Two years ago, we laid the foundations for our new direction** when we began to work with the Waterway Strategic Issues Forum, a group of Seaway-Great Lakes stakeholders who joined forces to develop system-wide strategic objectives for the entire waterway. It did not take long for the entire marine industry to embrace wholeheartedly the idea of collaboration to strengthen the efforts of individual groups to achieve their goals. We have since been working with many other maritime interests – among them five associations that represent the collective interests of more than 500 stakeholders with a shared goal of promoting the health and enhancing the competitiveness of the marine industry in central North America. We are also involved in the Great Lakes Management Forum, sponsored by the U.S. Coast Guard. For the first time, all partners in the marine community are working together, looking at the broader picture beyond their own narrow interests.

As a result of these industry-wide discussions, two seminal reports have recently been published: the final recommendations of the **Waterway Strategic Issues Forum**, and **"The Great Lakes/St. Lawrence Waterway: A 20/20 Vision for the Future."** Both show a consensus among maritime interests that we must work more closely than ever, and act in unison in making representations to government, and in business development as well. They provide a common voice to guide government policy and strategic vision to build a competitive, safe and environmentally sound marine transport system for the future. By participating in these joint endeavors, the Corporation is positioning itself for greater advances in efficiencies and new business opportunities in the future. Our involvement has also brought the SLSMC some credibility and recognized leadership status. Further, our launch of a joint Strategic and Business Development Plan with the Saint Lawrence Seaway Development Corporation now opens an avenue for the exploration of concerted measures for revenue generation, as well as facilitating customer service. The two Seaway Corporations have agreed to a three-year plan to participate in the implementation of the Vision 20/20 recommendations and those of the Waterway Strategic Issues Forum (WSIF), and to take joint action in other areas. Our plans range from review and modernizing of the navigation services provided on the waterway, to establishing a joint level-of-service definition, common service standards and a harmonized complaints management system, to joint trade missions.

Our main thrust in the coming year will be on further developing and exploiting the capabilities of our Web site and marketing the Seaway to new customers. At the same time, we are exploring the possibility of extending our advanced traffic control system, combined with AIS, beyond the Seaway to the rest of the St. Lawrence River and the Great Lakes. Consolidation of all traffic control for the waterway would bring seamless service to customers and increase operational efficiency.

**Planned, continual change is becoming a way of life** at the Seaway, a necessity if we are to maintain and increase our competitiveness. The committed participation of our employees is our prime asset. It is therefore appropriate that, in closing, I extend my sincere thanks for their ability to accept and implement change, and their active and willing contribution to the Corporation's success. I also want to underline the dedication and support of both the members of the Board and my colleagues of the Management Committee. I am thankful for their active participation.



Guy Véronneau





# STRATEGIC PLANNING: THE BROADER VISION

The **Vision 20/20 recommendations** and those of the Waterway Strategic Issues Forum show a strong commonality of views. There is clear consensus in the marine industry about what is necessary to ensure a healthy future for the Great Lakes-St. Lawrence Seaway, and for the regional economies it helps sustain. The St. Lawrence Seaway Management Corporation supports these recommendations, and is already working to actualize them.

## **Vision 20/20 Recommendations**

1. Partnership with Government to develop and implement a common strategic plan for the waterway
2. Bi-national partnership for the Great Lakes and the Seaway – a coordinated, efficient and shared approach to operation and governance
3. Partnership with the Western Canadian grain trade for equity in grain transportation, and to promote sales of Canadian grains to markets that can be economically served by the Waterway
4. Partnership for workforce training with federal and provincial governments
5. Recognition of marine environmental and safety benefits in transportation policy and investments in transportation infrastructure
6. Full integration of innovation and technology in waterway management
7. Reducing costs of Canadian Coast Guard services to users
8. Policies and legislation to maintain a strong waterway port network
9. A more flexible, cost-effective, and safe pilotage system as recommended by the Canadian Transportation Agency
10. Develop Government policy for a sustainable marine transportation service
11. Marine transportation infrastructure investment
12. Promotion of the marine industry and the waterway among Canadians

## **Waterway Strategic Issues Forum Recommendations**

1. Long-term user fee agreement with Coast Guard and incentives for cost reductions
2. Implement AIS technology throughout the entire Great Lakes/Seaway system and establish a comprehensive Web site for the waterway
3. Increase competitiveness of grain transportation through the waterway by improving services and reducing costs in the Port of Thunder Bay
4. Joint SLSMC and SLSDC strategic and business development plan
5. Review and modernize marine navigation services on the waterway to implement best practices and achieve optimum efficiency
6. Joint Canada-U.S. Great Lakes navigation system review to determine feasibility of extending navigation season, deepening channels, expanding infrastructure and implementing bi-national management
7. Streamlining the regulatory environment
8. Marketing and trade development by all stakeholders to increase traffic
9. Public relations – study economic impact of waterway on Canadian and U.S. economies, communicate results and build positive awareness among public and all levels of government

**The Corporate Strategic Plan** ● **Our Mission:** We pass ships through a safe and reliable waterway system in a cost-effective, efficient and environmentally-friendly manner to meet our customers' transportation needs. ● **Our Vision:** The SLSMC and its partners...the transportation system of choice. ● **Our Values:** • We are strongly results-driven and customer-focused • We stand by integrity and open communication • We seek continuous improvement • We insist on wise spending • We appreciate and reward our committed employees

**Integrated Strategic Planning** Our corporate emphasis on planning is no accident. Like the rest of the commercial world, the Corporation operates in a complex web of forces and demands. To keep up with our keenly competitive environment, we must think strategically, find new ways to use technology and form partnerships with others who share our goals. For that reason, SLSMC is now involved in two tiers of planning. To complement our own corporate strategic planning process, we have joined with the other major stakeholders in Great Lakes/St. Lawrence transportation to develop strategic objectives and action plans for the entire system.

As a result, our own strategic planning cycle includes review and integration of the recommendations of such organizations as the Waterway Strategic Issues Forum, which has developed plans for action in four key areas: waterway management and cost reduction, long-term competitiveness, securing government support, and increasing grain shipments. It became clear long before the Forum issued its final report that technology is one of the important keys to streamlining and improving service for the marine industry on our waterway. AIS and an improved Web site were among the preliminary recommendations from a number of groups; both these projects are already well underway.

In addition, we have developed and are beginning to implement a joint Strategic and Business Development Plan with the Saint Lawrence Seaway Development Corporation, which will go far towards ensuring seamless service for our customers throughout the Seaway, as well as adding more power to our marketing efforts. Both Seaway entities have embraced the 20/20 Vision and the Forum recommendations as their guide and have identified four key results to achieve through the joint plan:

- Improving waterway management as one seamless system
- Increasing trade
- Increasing competitiveness
- Increasing customer satisfaction

Co-ordinating our activities with SLSDC and other organizations will give us new impetus and ensure that we stay on course.



*Irene Lee and Wally Osadczuk,  
E-Business Specialists, in front of the  
Web server consoles in Cornwall*



**Priority Projects** Strategic planning is an annual cycle, with a three-year horizon. The year 2000 represented the second cycle of the process, and focused largely on completing projects started in the first year. There are 49 projects in the present 2001–2003 strategic plan, of which 14 have been defined as priorities.

Project	Status
• Develop negotiation strategy for next 5-year Business Plan	in progress
• Establish conditions for toll reduction in year 4 of Business Plan	achieved
• Negotiations (collective agreement)	in progress
• Develop model for new tariff structure	in progress
• Implement performance management	achieved
• Moving to a process centred organization	achieved
• Implement new job evaluation	achieved
• Implement lock crew reorganization	in progress for 2001
• Establish partnership priorities and plans (WSIF)	achieved
• SAP HR/Payroll implementation	achieved
• TMS (Traffic Management Systems) planning and training	in progress for 2001
• Web site and e-business	in progress for 2001
• Develop succession plan	achieved; ongoing
• Implement new compensation program	in progress for 2001

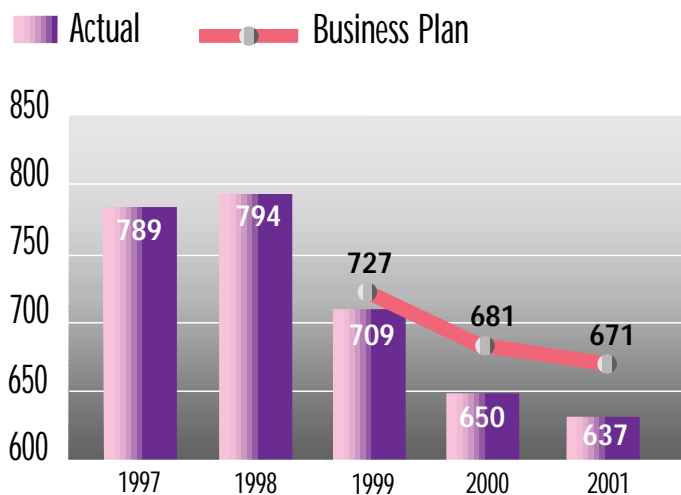
**The Corporation pursues five strategic objectives:**

- be self-sufficient
- increase customer satisfaction
- increase infrastructure reliability
- increase competitiveness
- increase employee commitment

Analysis of business results shows that the Corporation has essentially met its strategic objectives for 2000.

Success in reducing the number of staff and total costs are the indicators used to assess the results for the self-sufficiency objective. As shown by the Financial Statements, the Corporation has continued to exceed its cost targets for the third year in a row. Staff reductions have surpassed targets.

### St. Lawrence Seaway Employees (Full Time Equivalents)

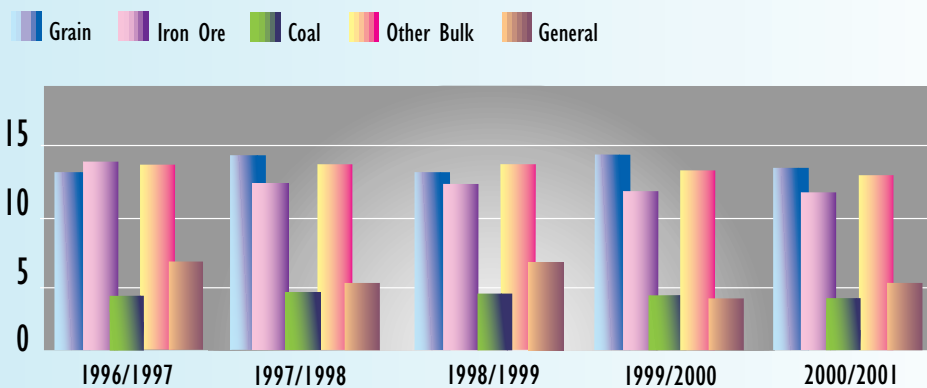


# OPERATIONAL REPORT

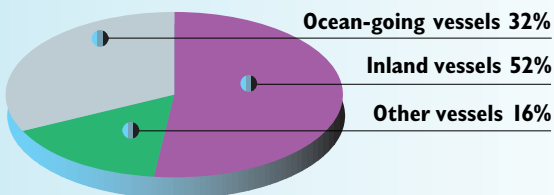
## Ship Transit

**Traffic Results:** The Seaway opened to traffic on March 27, 2000, and closed on December 26, for a 275-day navigation season. While low water levels in 2000 affected heavy bulk loaders in the upper Great Lakes, they did not hinder Seaway traffic to any great extent. The Seaway was able to maintain its full draft of 26 feet 3 inches for virtually the entire 2000 navigation season. However, ice began to build early in the channels, making the closing weeks of navigation more challenging and expensive than they have been in the past three years.

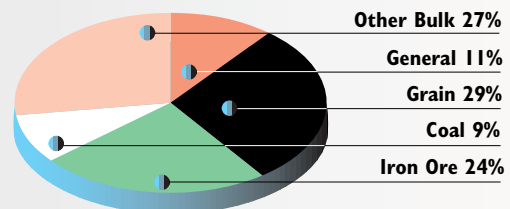
### Five Year Review of Combined Traffic by Commodity (million tonnes)



### Combined Vessel Transits 2000/2001



### Combined Traffic by Commodity 2000

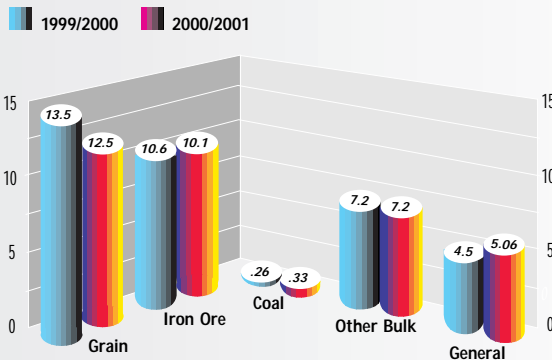


Traffic exceeded 1999 levels for most of the season; however, a downturn in the last three months reduced the total combined tonnage to 46.57 million tonnes, 2.6% below 1999. Stronger steel imports were offset by lower Canadian and U.S. grain exports.

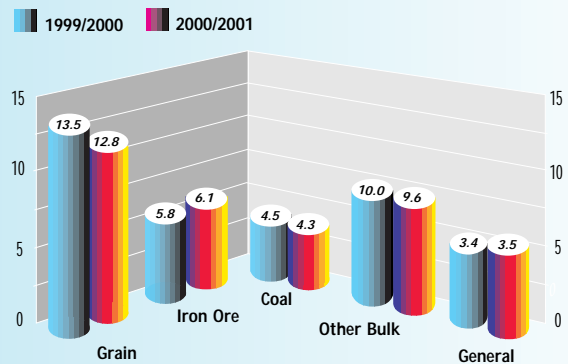
The **Montreal-Lake Ontario (MLO) section** passed 2,978 vessels through its locks. They carried 35.41 million tonnes of cargo, a 2.7% (0.99 million tonnes) decrease from 1999. The **Welland Canal** was used by 3,351 ships to deliver 36.57 million tonnes, a decrease of 2.3% (0.85 million tonnes).

Among the various commodities, only general cargo (mostly steel) registered a slight overall increase (10.7% on the MLO section, 1% on the Welland Canal). However, the strong traffic in the early part of the year dwindled in the last three months, to start a downward trend that is expected to continue in 2001. Grain, iron ore, coal and other bulk cargo all registered slight overall decreases.

Montreal/Lake Ontario Section (million tonnes)

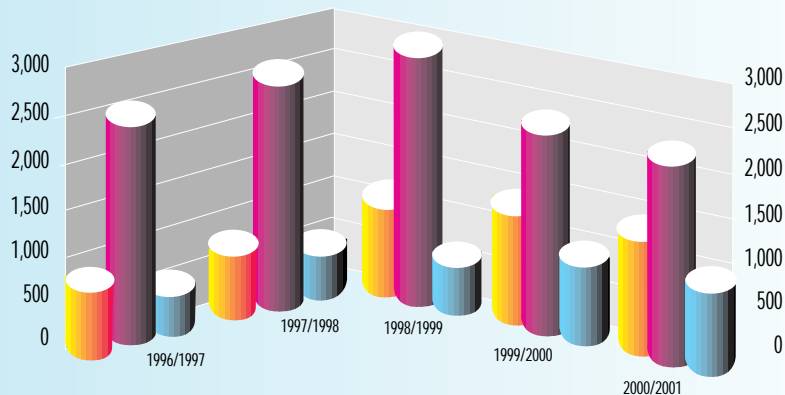


Welland Canal (million tonnes)

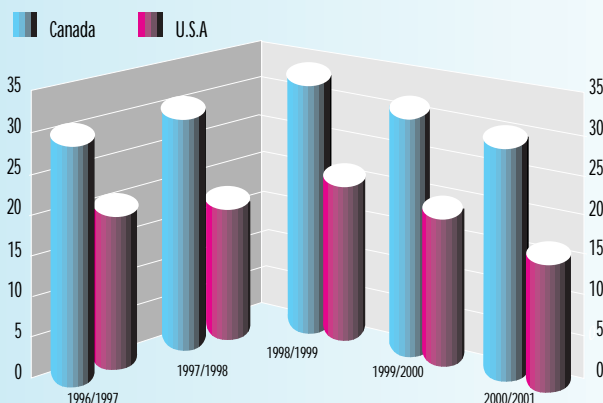


Five Year Review of Combined Vessel Transits

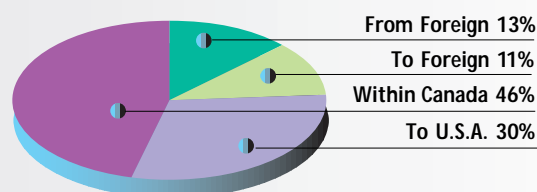
■ Ocean-going vessels
 ■ Inland vessels
 ■ Other vessels



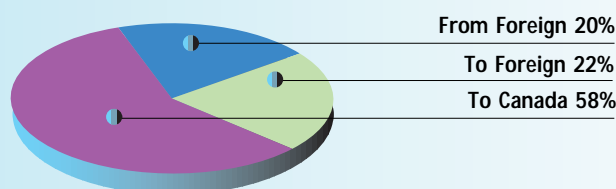
**Total combined traffic to/from Canada and the U.S.A. (million tonnes)**



**Traffic to/from Canada 2000/2001**



**Traffic to/from U.S.A. 2000/2001**



**Outlook for 2001** With the economy softer in Canada and the United States, traffic volumes in 2001 are expected to be lower than in 2000, though still within the average of the past 10 years.

Little change is expected in Canadian grain movements during the 2001 season, as there has been no change in the amount of grain available for export and strong rivalry among export routes tends to favor Seaway competitors. Fewer steel imports and sparser general cargo traffic may also cause a slight reduction in U.S. grain movement.

Iron ore traffic in 2001 is expected to decrease below the 2000 level, given currently high steel inventories and the closing of a blast furnace in Hamilton. Coal movements on the Montreal-Lake Ontario Section are expected to remain at previous levels, while on the Welland Canal there may be fewer coal shipments to steel mills and power plants.

The overall trend in other bulk commodities and general cargo will follow the economic trends and fluctuate around the low levels experienced in the last few years. Salt traffic, however, because of the heavy snowfall of the 2000/2001 winter, could increase in both regions. In addition to the steady flow of cargo through the Seaway, we expect the number of cruise vessel transits through the waterway to more than double, with about 14,000 passengers sailing the Great Lakes and St. Lawrence Seaway in 2001.

**Asset Renewal** Our **Managed Asset Agreement** with the federal government calls for a total expenditure of \$126M on infrastructure maintenance and capital projects over the five-year period of the business plan. The expenditure target for 2000/01 was \$24,925,000. The actual cost came in at \$24,922,000, which brought the total expenditures of the first three years to \$74 million or 59% of the overall plan.

The Asset Renewal Plan is overseen by the Capital Committee, which is made up of two representatives each from the SLSMC Board of Directors and the Government. The committee approves the asset renewal projects annually, and meets regularly to review and approve changes to the plan as required to ensure the reliability of the system.

During 2000/01, our Engineering and Maintenance services were merged and restructured to fit the process-centered organization model. The new organization structure enables a more streamlined process and better integration of technical and front-line workers, thereby improving efficiency and productivity in infrastructure maintenance.

**Winter Works Program** The majority of maintenance projects were, as usual, carried out after the end of the navigation season. The 2000/01 winter maintenance program, most of it compressed into an eleven-week schedule, was a particularly demanding one, owing to inclement weather conditions and the early opening of the 2001 navigation season. Despite the challenges, all the contracts, as well as the maintenance work carried out by our own workforces, were completed on schedule and slightly under budget.

**Main Projects, Maisonneuve Region:**

- Lock wall control system for Iroquois Lock
- Grouting of cracks in St. Lambert Lock
- Gate quoin rehabilitation at Beauharnois Lock
- Channel dredging

**Main Projects, Niagara Region:**

- Lock 8 lock wall control system
- Gate painting and repairs
- Mechanical rehabilitation of lock gates and valves
- Canal bank stabilization
- Concrete repairs to Flight Locks and Lock 8

The work on Lock 8 of the Welland Canal and the Iroquois Lock completes our lock controls modernization program. All Seaway locks are now computer-controlled. New PLC-based controls for Bridge 4 in the Niagara Region were also installed before the opening of the 2001 season.

*Marjorie McCullough,  
Service Person,  
greasing the gate  
at Lock 1,  
Welland Canal*





## The St. Lawrence Seaway—One of the Top Ten Public Works Projects of the Century

The American Public Works Association recently selected the ten most outstanding public works projects of the 20<sup>th</sup> century. Projects of all sizes by agencies at all levels of government in the United States and Canada were reviewed.

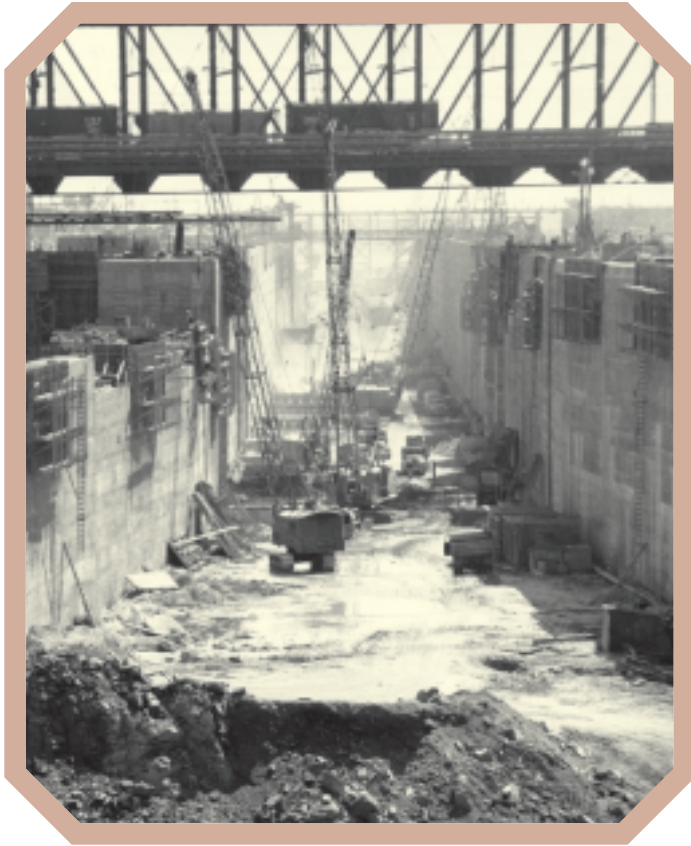
The primary criterion used in selecting the winners was how the project affects the quality of life in the United States or Canada. Other criteria included:

- The improvements and advancement the project provided, how it addressed public needs and met the defined objectives
- How difficult the project was to design, construct, or operate
- The circumstances of the project's era
- The use of innovative or pioneering techniques, materials, management systems, or operating approaches – was the project “first of a kind” or did it advance professional or industry standards
- Protection of the natural and social environment

Listed below are the ten winning projects, in no particular order:

- Golden Gate Bridge
- Grand Coulee Dam and Columbia Basin Project
- **St. Lawrence Seaway/Power Project**
- Interstate Highway System
- Hoover Dam
- Hyperion Treatment Plant
- Reversal of the Chicago River
- Tennessee Valley Project

- Panama Canal
- Bay Area Rapid Transit District (BART)



*St. Lambert lock under construction, August 1957*

**Increased Draft Study** Tests began during the 1999 navigation season in the Welland Canal to assess the effect of passage by vessels with a draft deeper than the current 26' 3". The results for a draft of 26' 6" were promising and we retained the services of a contractor to continue the feasibility study in 2000.

We carried out on-the fly squat measurements to confirm ship squat in the Seaway and further testing at 26'6" in the Welland Canal to evaluate the effect of the increased draft on ship meets, lockage times and overall transit times. Work also continued on Phase II of the project, to evaluate the effects of increasing draft beyond 26'6". An impressive volume of high quality field data was gathered using DGPS technology in the fall of 2000.

Our research will make an important contribution to the study of the Great Lakes Navigation System begun last year by the U. S. Army Corps of Engineers, which involves the two Seaway Corporations as well as other stakeholders. This study focuses on lock expansion, dams, harbours, ports, and channels, and will contribute to our own and the Waterway Strategic Issues Forum's research on increasing the Seaway's competitiveness.

**Automatic Vessel Identification (AIS)** The joint project involving the Trade, SLSDC and SLSMC to implement an AIS system for the Seaway is proceeding. AIS equipment meeting the draft IMO specifications is now

*Stéphane Bilodeau,  
Traffic Controller,  
Zone A1, St. Lambert*



available and a number of units were purchased in March 2000 for initial testing. The VHF frequency for prototype testing has been approved and the U.S. Coast Guard has obtained permanent allocation of the required AIS frequencies for the U.S. Great Lakes area. The same frequencies have been confirmed on the Canadian side. The interface with the TMS has been designed and tested, and the requirements for messages to and from ships have been established with the input of the Trade. We are also working with the U.S. and Canadian Coast Guards to ensure that all vessels throughout the lakes will use the same AIS equipment.

Agreements have been reached with the Canadian Shipowners Association and The Shipping Federation of Canada to share the implementation cost equally with the Seaway Corporations. The shipowners' contribution is \$0.006 Cdn per gross registered tonne (GRT) for each segment of Seaway transit, upbound and downbound. All ships were required to pay this levy, even if not equipped with AIS, starting May 1, 2000, until the end of the 2001 navigation season. The maximum annual contribution per ship is Cdn. \$5,000.

AIS will be fully tested in the fall of 2001, and will become mandatory for all commercial vessels in mid 2002. Using Global Positioning System (GPS) technology, any vessel carrying the AIS transponder transmits its exact location both to the Seaway's Traffic Control Centers and to other ships on the waterway. As the vessel passes through the locks and channels, its location is instantly plotted on a "virtual Seaway" both at Traffic Control and aboard ship. The computer screens show exactly where the vessel is, and its estimated time of arrival at the next lock. The Seaway's TMS adds in such information as local wind speed and direction, water depth, ice conditions, the direction of the vessel's next change of course, and safety-related messages as dictated by circumstances, providing the ship's captain with all the data needed to navigate the Seaway safely.

The system is expected to improve safety on the Seaway by transmitting precise environmental information to vessels and by showing them where other vessels are, with their course and speed. It will also reduce transit time and improve fleet management for shipowners. Since vessel arrival times can be accurately known, there will be less waiting for passage through the locks, and pilots and inspectors can be sent out exactly when needed. Other benefits include more efficient traffic management and better speed control, with a faster response time for accidents/incidents, especially important in the case of hazardous cargoes. The system enables 24-hour navigation for all vessels in various weather conditions throughout the entire navigation season. The potential savings for shipowners have been calculated at U.S. \$300,000 annually.

**Transit Times Standards Adjustments** A SLSMC committee worked with representatives of the Trade to review the ownership of delays. As a result, delays caused by a ship to other ships, previously assigned to SLSMC, will now be assigned to the "others" category.

The corporate transit time target for 2000 of 87% of ships passing through the waterway at the standard time plus two hours was successfully met.

**Traffic Control ISO Certification** The Seaway's Marine Services received ISO certification in 1998. We are now completing the groundwork to extend ISO certification to Traffic Control Services. Traffic Control personnel in each region have received introductory ISO training, and the traffic control manuals have been updated and made available electronically. The project is scheduled for completion in 2001/02, as integration of AIS took priority in the past year.

**Traffic Management Training** The development of traffic control planning and training modules continued in 2000/01. Separate modules for each region have been developed to take into account regional variations, and the modules will be deployed in the next fiscal year.

**Lock Operations** Following a review of locking procedures, training, and documentation, and based on the completion of the computer controls for lock walls, we developed a new two-person locking procedure. Implementation is delayed so that safety issues raised by our regional health and safety committees can be resolved with the aid of Human Resources Development Canada and Transport Canada Ship Safety.

We have also tested alternative methods for mooring vessels in the Welland Canal; tests will be carried out on the Montreal/Lake Ontario section in the next navigation season before the new procedures are implemented. In addition, our research into new equipment for mooring vessels has led to the design of a prototype quick-release mooring hook, which will be installed and tested during 2001. This equipment has the potential to significantly reduce the physical effort required to handle mooring wires; as well as speeding up ship transits, it has the benefit of reducing the risk of back injuries to lock personnel.

**Customer Service Customer Satisfaction Survey** In May 2000, a joint SLSMC/SLSDC team set out to measure customer satisfaction with the Seaway. The project was included in the strategic plans of both Seaway corporations, and also formed part of our joint Strategic and Business Development Plan. The interviews were conducted in January and February of 2001.

Altogether, we surveyed 19 clients of the Seaway corporations: 12 organizations representing vessel owners/operators and agents that generated 79% of SLSMC's toll revenues in 1999; and one third, by random selection, of the next 23 organizations, which generated 10% of our toll revenues, as well as the Shipping Federation of Canada, representing foreign ocean-going vessels. The survey questions covered the transit experience, navigating the Seaway, communications, inspections, billing administration, and opportunities for improvement.

Of these areas, inspections got the highest satisfaction rating, while navigating the Seaway ranked lowest. In general, the overall customer satisfaction level was 84%.

Customers ranked the Seaway highly on:

- maintaining vessel integrity
- system reliability
- the *Seaway Handbook*
- courtesy and helpfulness during inspections
- accuracy of invoicing, quality of communication with our billing and administration personnel
- how we handle complaints, especially the timeliness of our response



*Dave Berry,  
Service Person,  
greasing the wheels  
that open up the  
locks at Lock 5,  
Welland Canal*



We got lower marks from customers on:

- transit costs
- ice breaking management and damage deposits
- information about implementing AIS
- requesting security deposits

As expected, what is most important to customers about the Seaway is transit time, immediately followed by costs and safety. They want efficiency and cost-effectiveness from us, with no delays, and many suggested they want information on vessel positioning in the Seaway to be available on the Internet, possibly using Web cameras. Once the third release of our Web site is operational and AIS becomes mandatory next year, we will be able to supply this information for all commercial vessels, along with real-time information on potential delays, water levels, cost calculations, pilot availability, and vessel draft, all of which were requested during the survey.

We are currently taking action on what we have learned.

**Web Site and E-Business** The SLSMC and the U.S. SLSDC are using innovative Web technology to increase the availability of information on the Seaway and Great Lakes and create efficiencies both for us and our customers in vessel transit operations and administration.

In February 2001, the two Seaway Corporations launched their new binational Web site, designed to become the major source for all information related to Great Lakes/Seaway shipping. It provides full environmental data, including water levels and wind speeds, shipping and navigation information, rules, regulations and official forms, and links to every organization, port, and government agency involved with the Great Lakes and Seaway.

The site, located at [www.greatlakes-seaway.com](http://www.greatlakes-seaway.com), is being developed in three releases. Release 2, with real-time information and a search engine, is now available. Release 3, a fully interactive site with cargo matching, cost calculator, and full e-business capacity, will be ready in September 2001.

Until now, Seaway customers had to go to more than fifty sources, including federal, state, provincial and port authorities, to get all the information now centralized on one site.

Some of the information has never before been

available in "real-time" form. By September 2001, shipping companies will be able to do almost all their business with the Seaway on-line, from finding cargo to fill empty vessels on their return voyages, to obtaining pre-clearances, paying their bills and scheduling passage through the locks.

**Strategic Business Development Grain Workshop** On October 25 and 26, 2000, under the chairmanship of SLSMC, a small and diverse group of senior representatives from key organizations with a strong interest in the viability of the Great Lakes/St. Lawrence Seaway for moving grain participated in a workshop in Thunder Bay. The purpose was to improve the competitiveness of the system for Canadian grain. The group focused on volume and cost targets, and action plans for a more competitive corridor.



The workshop participants agreed on two key plans:

- An Operations Committee will examine ways to improve services and reduce costs in the Port of Thunder Bay. Issues will include providing service as required (virtual 24/7 operations) and inter-agency co-ordination. The railways, terminals, labor unions, vessel operators, CGC, Port Warden/Marine Safety, and Agriculture Canada will be involved, with the goal of implementing new processes.
- A Port Model/Rationalization Committee will develop a business model and plan to rationalize the terminal elevators and rail service in the Port, based on developing the least-cost model to achieve 8 million tonnes of grain throughput per year. An independent consultant will determine the optimum number of terminals needed to efficiently service incoming rail shipments and outgoing ship movements, as well as suggesting how the rail service should be provided. A senior executive from each of the railways, terminal, labor, and vessel operators will participate. Stakeholders will share the cost of the study.

**Trade Mission to Greece and Turkey** SLSDC, with the participation of SLSMC, led a delegation of Canadian and American Great Lakes executives on a trade mission to Greece and Turkey in June 2000. The mission was part of a concentrated effort to increase understanding and use of the Great Lakes system by European shippers. The group staffed a booth at the Posidonia Biannual Shipping Trade Show in Piraeus, Greece, made formal presentations to shipping operators in Athens and Istanbul, and also met with many individual customers to update them on the Seaway's advantages and customer services.

## Management and Human Resources

**New Management Structure** One of the major corporate strategic planning initiatives, implementation of the new process-centered organizational structure, was completed in 2000/2001. The required adjustments to staff and management responsibilities and reporting relationships have been made, and the new structure is working well. We will now focus attention on continued evaluation and refinements.

**Job Evaluation and Compensation Program** A nine-member committee representing all groups of Seaway employees has been working with a consultant for some time to develop a job evaluation

system for all positions – 220 separate jobs in all. SLSMC employees and supervisors completed a multi-factored questionnaire to provide information about all jobs in the Corporation. The questionnaire included 24 factors, ranging from the specialized knowledge or skills required by a job, to the level of communication, physical effort, dexterity, autonomy, leadership, and the physical environment and stress level involved. The group has reviewed and updated all job descriptions in a new summary format, based on this input.

All active Seaway jobs have now been evaluated and ranked, and management and union executives are reviewing the results.

The development of the second phase of the Corporation's new global compensation plan has been completed. A number of Seaway jobs were matched by an experienced consultant with jobs at selected other companies to compare rates of pay at the Seaway with those at other organizations. New and equitable salary and wage scales have been developed.

**Negotiations** The proposed new salary and wage scales and the ranking of unionized positions are being reviewed as part of current contract negotiations for the Operational and Maintenance and Supervisory groups.



*Hapag-Lloyd's C. Columbus, in its fourth consecutive season in the Lakes, travelling under the Garden City Skyway in St. Catharines, Ontario*



The collective agreements covering these 500 or so employees expired on December 31, 2000, and the process of renewing them with the Canadian Automobile and Aerospace Workers of Canada locals started in late fall 2000, as required by the Canadian Labour Code. Negotiations are ongoing.

**Performance Management** All levels of the Corporation are now participating in the performance management process established last year. The process enables each team member to establish personal performance objectives that support organizational goals, and includes identification of training and development needs. Quarterly reviews and an annual performance appraisal, including self-appraisal, are carried out. We are finding that the process improves trust, encourages open and constructive dialogue, and supports continuous improvement based on individual contribution and more effective teamwork.

**Succession Planning** Succession planning is a dynamic process that has now been fully integrated into corporate operations. Each year, adjustments are made to align the plan more closely with the organization's future needs, and the appropriate mentoring and development programs are put into place. This will become a major challenge for the Corporation as 50% of the workforce should be renewed within the next nine years.

**Worker Safety** Amendments to the health and safety legislation – Part II of the Canada Labour Code –came into effect October 1, 2000, increasing both employer and employee responsibilities for workplace health and safety.

A corporate Health and Safety Policy Committee has been formed in compliance with the Code. This Committee is responsible for developing health and safety policies for the Corporation and meets quarterly. A new SLSMC Health and Safety Policy was developed to reflect changes in the Code, and employee training has been carried out. Safety inspections are carried out by managers at least twice a year, and by the Regional Vice-Presidents annually.

### The Safety Record

	Accidents with Loss of time	Days Lost	Costs incurred	Medical consultation	Temporary assignment (days)
1999	12	143.82	\$ 23,773.52	51	653.5
2000	8	240.19	\$ 39,352.14	38	240.16

# GOVERNANCE

**The St. Lawrence Seaway Management Corporation** is governed by a nine-member Board, which meets as frequently as necessary to set and oversee the direction of the Corporation and review financial results. Their ultimate responsibility is to secure the long-term viability of the SLSMC, and of the Seaway as an integral part of Canada's transportation infrastructure. To this end, the Board ensures that our operations will establish credibility with customers and with the Saint Lawrence Seaway Development Corporation by providing high quality, efficient service to all users without preference, fostering the competitive advantages of the Seaway, and ensuring a safe environment for our employees and customers.

As part of its stewardship of the Corporation, the Board has responsibility for strategic planning, risk management, succession planning, communications policy, and the integrity of the Corporation's internal control and management information systems. It also defines the limits of management's authority and accountability, and rules on any activities or expenditures that vary from or are not foreseen in the business plan or in the Corporation's formal agreements with Government or other parties.

Through the Governance Committee, which also administers the Code of Conduct, the Board ensures that the Corporation's annual objectives reflect its commitments under the business plan, the Letters Patent, and the *Canada Marine Act*, and ensures that no conflicts of interest arise. This Committee also oversees and reports to the Board on the systems that manage the principal risks of the business, including environment, scheduled maintenance and occupational health and safety.

The Human Resources Committee ensures the development of succession plans for all senior management positions, evaluates the performance of senior executives, reviews and fixes senior management salary and compensation policies, and oversees the performance of the Corporation's pension plan.

The Audit Committee, responsible for reviewing financial statements and for audit of the Corporation, also evaluates accounting and financial reporting policies, systems and internal controls.

## *Board of Directors*

*left to right*

*Front row:*

*Marc Dulude,*

*Guy Véronneau,*

*Robert Swenor,*

*Denise Verreault,*

*John E.F. Misener*

*Back row:*

*Georges Robichon,*

*Adrian Tew, Alan Holt,*

*Doug Smith*



## Members of the Corporation

### Board of Directors

Robert J. Swenor <sup>1 2</sup>  
Chairman  
Steel and Iron Ore Representative

Allan J. Donaldson <sup>3 4</sup>  
Domestic Carrier Representative  
till Nov. 5, 2000

Marc Dulude <sup>2</sup>  
Executive Vice-President and Chief  
Operating Officer  
IMTT- Quebec  
Quebec Provincial Government  
Representative

Alan R. Holt <sup>2 \* 4 \*</sup>  
Other Members Representative

John E. F. Misener <sup>3</sup>  
Ontario Provincial Government  
Representative

Georges H. Robichon <sup>1 \*</sup>  
Senior Vice-President and  
General Counsel  
Fednav Limited  
International Carrier  
Representative

Doug Smith <sup>3 4</sup>  
Domestic Carrier Representative  
since Nov. 30, 2000

Adrian T.C. Tew <sup>2</sup>  
Vice-President  
Louis Dreyfus Corporation  
Grain Representative

Guy C. Véronneau  
President & Chief Executive Officer  
The St. Lawrence Seaway  
Management Corporation

Denise Verreault <sup>1 3 \*</sup>  
President  
Groupe Maritime Verreault Inc.  
Federal Government  
Representative

### Officers

Guy C. Véronneau  
President and Chief Executive  
Officer

Joseph V. Contala  
Vice-President,  
Information Technology and  
Telecommunications

Richard Corfe  
Vice-President,  
Maisonneuve Region and  
Corporate Process Leader for  
Infrastructure Maintenance

Michel Drolet  
Vice-President, Niagara Region  
and Corporate Process Leader for  
Ship Transit

André Latour  
Vice-President, Human Resources

Carol Lemelin  
Vice-President, Finance  
and Administration

Camille G. Trépanier  
Vice-President, Strategic and  
Business Development

Yvette Hoffman  
Counsel and Secretary

### Industry Members 2000/2001

#### Grain

ADM Agri-Industries Limited  
Windsor, Ontario

Agricore  
Winnipeg, Manitoba

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

Bunge Canada Ltd.  
Québec, Québec

Cargill Limited  
Winnipeg, Manitoba

James Richardson International  
Limited  
Winnipeg, Manitoba

Louis Dreyfus Canada Ltd.  
Calgary, Alberta

Range Grain Company Ltd.  
Winnipeg, Manitoba

Saskatchewan Wheat Pool  
Regina, Saskatchewan

The Canadian Wheat Board  
Winnipeg, Manitoba

United Grain Growers  
Winnipeg, Manitoba

#### Steel and Iron Ore

Dofasco Inc.  
Hamilton, Ontario

Iron Ore Company of Canada  
Montreal, Quebec

Québec Cartier Mines  
Montréal, Québec

Stelco Inc.  
Hamilton, Ontario

#### Other Members

AGP Grain, Ltd.  
Minneapolis, Minnesota

Essroc Canada Inc.  
Mississauga, Ontario

IMC Kalium Canada Ltd.  
Regina, Saskatchewan

Keystone Industry Co.  
Montréal, Québec

Lafarge Canada Inc.  
Hamilton, Ontario

McAsphalt Industries Limited  
Scarborough, Ontario

McKeil Marine Limited  
Hamilton, Ontario

Omnisource Corporation,  
Burlington, Ontario

Ontario Power Generation Inc.  
Toronto, Ontario

Petro-Canada  
Oakville, Ontario

Redpath Sugars  
Toronto, Ontario

Sifto Canada Inc.  
Goderich, Ontario

The Canadian Salt Company  
Limited  
Pointe-Claire, Québec

#### *Domestic Carriers*

Algoma Central Corporation  
St. Catharines, Ontario

Blue Circle Cement  
Toronto, Ontario

Canada Steamship Lines Inc.  
Montréal, Québec

Groupe Desgagnés Inc.  
Québec, Québec

N.M. Paterson & Sons Ltd.  
Thunder Bay, Ontario

P & H Shipping Division  
Mississauga, Ontario

Upper Lakes Group Inc.  
Toronto, Ontario

#### *International Carriers*

Christensen Shipping Corporation  
Montreal, Québec

Cleveland Tankers Inc.  
Cleveland, Ohio

Colley Motorships Limited  
Westmount, Quebec

Compass Marine Services  
Montreal, Québec

Fednav Limited  
Montreal, Quebec

Gibson Canadian &  
Global Agency Inc.  
Montreal, Quebec

Gresco Ltée  
Montréal, Québec

Inchcape Shipping Services  
Montréal, Québec

Inland Lakes Management Inc.  
Alpena, Michigan

Montship Inc.  
Montreal, Quebec

Navitrans Shipping Industries Inc.  
Montreal, Quebec

Robert Reford (a division of  
MRRM (Canada) Inc.)  
Montréal, Québec

Robin Maritime Inc.  
Montréal, Québec

Scandia Shipping Agencies Inc.  
Montréal, Québec

#### **Members of:**

- 1 Governance Committee**
- 2 Human Resources Committee**
- 3 Audit Committee**
- 4 Capital Committee**
- \* Committee Chairman**

#### **Head Office**

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#### **Niagara Region**

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St. Catharines, Ontario  
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(905) 641-1932

#### **E-mail:**

<marketing @seaway.ca>

#### **Web site:**

[www.greatlakes-seaway.com](http://www.greatlakes-seaway.com)