



The St. Lawrence Seaway Management Corporation  
Annual Report 2003/2004

ON COURSE TO THE FUTURE...



# The St. Lawrence Seaway Management Corporation

The St. Lawrence Seaway Management Corporation (SLSMC) was established in 1998 as a not-for-profit corporation by Seaway users and other interested

parties. The SLSMC manages and operates the Canadian assets of the St. Lawrence Seaway for the federal government under a long-term agreement with Transport Canada, as provisioned within the *Canada Marine Act*.

## How to contact us

Head Office  
202 Pitt Street  
Cornwall, Ontario  
K6J 3P7

Tel: 613-932-5170  
Fax: 613-932-7286

E-mail: [marketing@seaway.ca](mailto:marketing@seaway.ca)

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

## 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 VALUES



ANCHORED IN TRADITION... ON COURSE TO THE FUTURE

## OUR GUIDING PRINCIPLES

Maisonnette Region  
151 Écluse Street  
St. Lambert, Quebec  
J4R 2V6  
Tel: 450-672-4110

Niagara Region  
508 Glendale Avenue  
St. Catharines, Ontario  
L2R 6V8  
Tel: 905-641-1932

Photos: Thies Bogner, MPA, F/PPO  
Design: Walters & Greene Associates  
Printing: National Printers

June, 2004

## Table of Contents

iv	Overview / Performance Highlights
2	Highway H <sup>2</sup> O
3	President's Message
6	Charting our Future
7	Report on Operations
19	Governance
21	Financial Summary

# The Highest Standards of Service

The Great Lakes/St. Lawrence Seaway System serves cargo vessels and cruise ships with:

- 3,700 kilometres of navigable waters
- 15 locks and well-maintained connecting channels
- more than 65 ports with modern facilities
- lower charges than ocean ports for handling, wharfage, dockage and stevedoring
  - excellent intermodal connections
  - an unequalled safety record
- shortest route to the industrial and recreational centre of North America from many European ports
- joint Canadian and U.S. government inspections at entry, no duplication
- ISO 9002 certification for marine services and inspections
- state-of-the-art computerized traffic management system
- automatic vessel identification (AIS) system
- 24-hour navigation even in bad weather, throughout the nine-month season
- a bi-national Web site, the most comprehensive single source of Seaway/Great Lakes information



The Seaway is a significant economic asset to both Canada and the U.S.

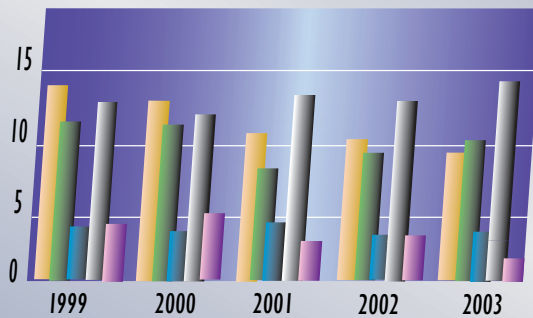
In 45 years of operation, it has carried more than 2.2 billion tonnes of cargo, worth over \$265 billion. More than 255,000 vessels from 50 countries around the world have passed safely through our locks.



## 2003/2004 Performance Highlights

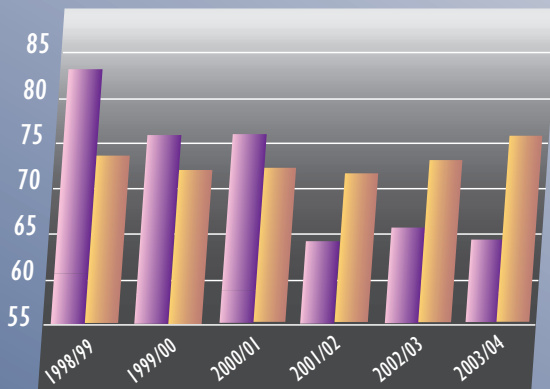
### Five Year Review of Combined Traffic by Commodity (millions of tonnes)

Grain Iron Ore Coal Other Bulk General



### Review of Revenues (millions of dollars)

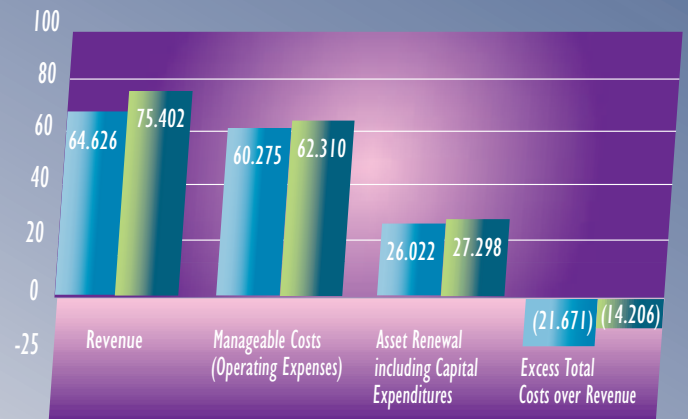
Actual Business Plan



### Comparison of Actuals to Business Plan

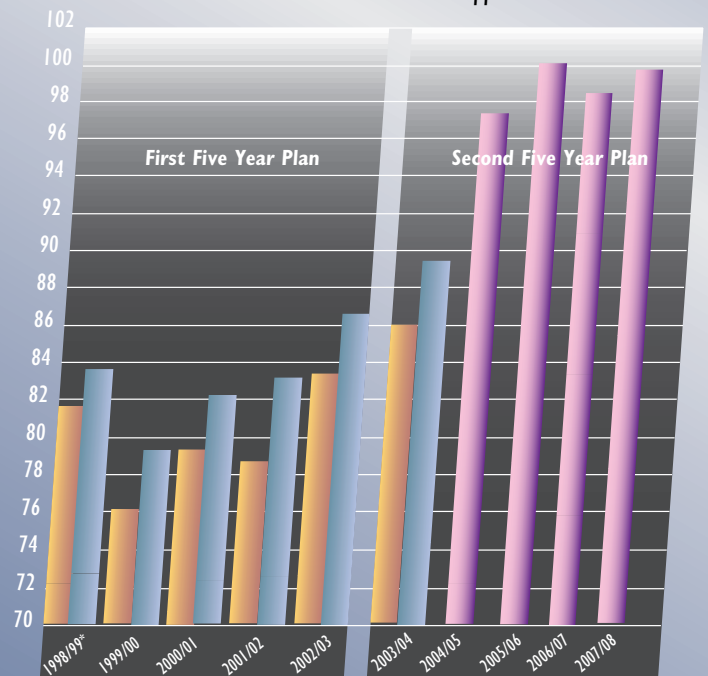
(millions of dollars)

Actual Business Plan



### Review of Overall Total Costs (millions of dollars)

Actual Business Plan Approved Business Plan



\* Includes 6 months of SLSA activity, and 6 months of SLSMC activity.

## Hwy H<sub>2</sub>O: Better for Everyone

The Great Lakes/Seaway system provides an alternative transportation route in the busy Québec to Windsor corridor, relieving pressure on overtaxed road arteries. Environmentally friendly and safe, the Seaway has enormous potential to reduce costs, congestion and pollution.



Go to: [www.hwyh20.com](http://www.hwyh20.com)

- Ships use only 10% to 20% of the energy required by trucks.
- A single laker can carry as much cargo as three 100-unit trains, providing highly competitive costs.
- On a single litre of fuel, one tonne of freight can travel 240 km by ship. By train, the distance drops to less than 100 km and by truck, to less than 30 km.
- Seaway-max ships that are twice as long and half as wide as a football field carry cargoes equivalent to the loads of 870 trucks.



- Ships emit 1/10 the environmental pollution of trucks and 1/2 that of trains (in grams/tonne-kilometre).
- Only one marine accident is recorded for every 13.7 rail accidents and 74.7 truck accidents.
- Only one marine spill is recorded for every 10 rail spills and 37.5 truck spills.
- Very low noise levels, reduced

energy use, lower costs, and a safety and spill record superior to those of road and rail, make shipping via the Seaway a substantial benefit to the health, welfare and prosperity of current and future generations of Canadians.

## President's Message

**A**t The St. Lawrence Seaway Management Corporation, 2003/2004 was a year of important new beginnings. The Corporation has made a successful transition to a new President and a simpler organizational structure; we began to implement a new 5-year Business Plan; and, over the course of the year, we renewed our corporate Vision and Values, leading to a new Strategic Plan with a more aggressive marketing thrust.

Our new Vision, and the resulting Strategic Plan, impel the Corporation forward on three fronts:

- growing our business
- innovating to optimize the current system
- setting the stage for success through people.

We recognize that the future success of the Corporation will come from a combination of these factors.

We believe that the new emphasis on marketing will, over time, position the Corporation to take maximum advantage of any economic growth and turn around the Seaway's traffic and revenue figures. Last year, while matters under the Corporation's control progressed smoothly overall, it became obvious that the general economic upturn was not increasing Seaway traffic. Our total revenue for the fiscal year 2003/2004 was almost \$11 million below budget at \$66.56 million, due mostly to lower volumes, especially in steel and steel slabs. In comparison to last year, total revenue dropped \$0.3 million or 0.4%.

Manageable costs for the year totalled \$59.2 million, an increase of just 1.26% over the previous year and within the amount targeted in the Business Plan. Full-time equivalent staff were budgeted at 599; the actual number at the end of the year was 600, down from the previous year's 606. The Corporation invested \$26 million in maintenance and capital, compared to the approved Asset Renewal Plan of \$27.3 million. The result of this performance was an increase in the Corporation's notional reserve of \$2.8 million, helping to protect our customers from toll increas-



es higher than the 2% per year under the current Business Plan.

I am pleased to report the successful implementation of AIS throughout the Seaway last year, with positive responses from shipmasters and few technical or administrative problems. We have

become the first inland waterway to require AIS as part of regular operations, and we are proud of our partnerships with the U.S. Seaway and the trade that brought this about. The same collaborative approach has been evident in the security arena, where we have proactively implemented improvements, ensuring we meet all the requirements of the ISPS code, while minimizing the disruption to the smooth flow of commerce.

And, after an intensive campaign on our part to promote Canadian involvement, the Great Lakes St. Lawrence Seaway Study began with full Canadian participation. Transport Canada (TC) and the U.S. Department of Transportation (DOT) signed a Memorandum of Cooperation to work together to ensure the future viability of the Great Lakes/Seaway System as a commercial navigation waterway. The 30-month phase of the study to determine baseline conditions for the environment, engineering features, and economy of the Great Lakes/Seaway System is now underway.

Another encouraging development during 2003/2004 was the *Canada Marine Act* Review Panel's conclusion that the Seaway's commercialization has been a success. The Panel challenged government to determine the role that the Seaway should play as a necessary part of the transportation network, and recommended that SLSMC continue exploring new and creative methods of realizing the waterway's potential. Further, the Panel suggested that increased use

*Lock 6—Welland Canal: Hydraulic conversion project*



of marine transportation could help achieve Kyoto protocol targets; that government should absorb marine navigation fees, dredging and security costs on the waterway; that public awareness of the importance of marine transportation needs to be raised; and that pilotage changes should be expeditiously implemented to ensure a competitive marine transportation industry.

The Panel's conclusions dovetail with the results of our own corporate visioning exercise, "Charting our Future ... 2012." We devoted a good deal of time during 2003 to ensuring that all employees and the Seaway's major stakeholders provided their input. Now that this blueprint has been developed, we are working to make it a reality through our new Strategic Plan, which puts the emphasis on growing our business and innovation to take maximum advantage of the opportunities available in the present system.

Our Vision provides the incentive to take action today, even if that action will not necessarily reap immediate rewards. It promotes creativity and pushes us to take initiatives that will grow our business, rather than just shrink costs. It encour-

ages us to look at optimizing what we have at our disposal now, while planning for the future; and shows how to get the best from our employees by putting the most into their development.

If the Corporation succeeds, it is thanks to our employees at all levels. We recognize their contribution, and we know that by providing training and a healthy work environment, by expanding job and career opportunities, we will see their contribution – and our success – grow proportionately.

We started implementing the broad outline of our Vision already in 2003/2004, while it was still being refined. Growing our business is pivotal. To do this, the Corporation began to develop new mar-

*Lock 1—Welland Canal at Port Weller (looking north)*





kets, both to increase use of the entire system by our present customers, and to attract those who should be using the Seaway but have not yet entered our waters. A new Director of Market Development was appointed to spearhead this work. We will find out what cargoes need to be moved and act to propose effective marine solutions, working in partnership with ports and other modes of transportation to provide attractive, cost-effective options and new delivery methods. One goal is to position the Seaway system as part of the solution to the growth in containerized cargo; another is to promote growth in short-sea shipping.

We are optimizing our operations wherever we can in the short term, while planning for the longer-term needs of the system. Each innovation we introduce makes the Seaway more flexible, and opens up new options for improved customer service. AIS, for example, in addition to its obvious benefits, has made it possible for us to increase draft by 3" to 26'6" on the waterway in 2004, and will eventually play a role in opening up the Seaway for a longer navigation season. The six-year hydraulic conversion project we began last winter on the Welland Canal will also contribute to this goal, as well as reducing maintenance costs and improving safety.

And finally, we are promoting the environmental and economic benefits of the Seaway/Great Lakes System to business and governments. We initiated our planning, in conjunction with our partners, during 2003. Three billboards promoting the benefits of the marine mode of transportation began appearing on the 400-series of highways in the Toronto-Hamilton-Windsor corridor on March 29, 2004, just before the new fiscal year. Together with other promotional and lobbying initiatives, we

expect this campaign to bring about general awareness that marine transportation is the cleaner, safer and more energy-efficient alternative for a wide range of cargoes.

Our Vision shows us where we want to be, and the Strategic Plan shows us the way forward. Equally important, however, is how we go about getting there; and this comes from our values, restated in 2003 as integrity, respect, openness and innovation. These values guide our actions and we are doing our best to ensure they are observable in our behaviour. We strive to hold ourselves to high ethical standards, do what is right and meet our commitments, while valuing the contributions of employees and partners and respecting our clients and the environment. Building partnerships, fostering creativity and open communication, promoting wellness and a climate of continuous improvement are essential for our future success.

The year 2004 begins the countdown to the Seaway's 50<sup>th</sup> anniversary. It also marks the 175<sup>th</sup> anniversary of the opening of the historic Welland Canal. SLSMC is working to make sure it will also mark a renewal for the Seaway, and bring about its emergence once more as the pivotal hub of an integrated, seamless transportation system.

In closing, I would like to express my sincere gratitude to the SLSMC staff and management for their excellent performance, and to the Board of Directors for their willing support and guidance. Both have made my first year as President a successful one and I look forward to continuing our partnership.

Richard Corfe



## Charting Our Future... 2012: the SLSMC Vision

SLSMC launched its new Vision initiative in December 2002, establishing an Internal Stakeholders Representative Group, which included Union representatives, to support the process.

Through 34 input sessions between January and April 2003, a total of 486 employees (86%), shared their views on what the Corporation should look like in 10 years. A team of 18 people from across the organization consolidated the vast

amount of data that had been gathered into a final draft.

The Vision was presented to various stakehold-

Stakeholders also supported amalgamating and simplifying services, increased flexibility in setting toll rates, and joint promotion of the System.

Transport Canada accepted the new Vision statement as the basis for continued discussion of amendments to the commercialization agreement.

Concurrently with the visioning process, the Corporation modernized its values statement to better align it with our new Vision, and developed a 3-year strategic plan towards the realization of both vision and values. In December 2003, the Board accepted the Vision and Strategic Plan and gave their approval to proceed with the business development and promotional activities in the new Strategic Plan.

### Our Vision for 2012

The SLSMC and its partners ....  
the transportation system of choice

Based on its ship transit services, the Corporation has grown its business by diversifying into related marine services and by leveraging other business opportunities.

Outstanding customer service is provided by highly skilled people, supported by state of the art technology enabling a seamless navigation system.

With an efficient, responsive organization, our versatile and motivated employees are empowered to succeed in an environment of continuous improvement and development.

1. Grow the top line
2. Innovate to improve service across the System
3. Set the stage for employees to succeed

### Strategic Objectives and Projects



ers in separate sessions between the end of August 2003 and January 2004: the Board of Directors, the Union, SLSDC, the Shipping Federation, the Canadian Shipowners Association, the Chamber of Maritime Commerce (in Montréal, Toronto and Winnipeg), and Transport Canada.

In all cases, the Vision was well received, and no changes were considered necessary. More specifically, there was general agreement that business growth and new cargoes are essential.

### HIGHLIGHTS OF NEW STRATEGIC PLAN: OBJECTIVES FOR 2004

- Define new cargo available to the system, including container cargo, develop customers, and begin passing the first new shipments through the Seaway.
- Increase scope of partnerships and develop concrete plan and timeline for year-round, door-to-door service.
- Measurably reduce transit costs for 2005 season, by identifying and putting in place whatever new technology and procedures will do the job.
- Complete integration of traffic management and other navigation services for the overall system.
- Identify and put in place the changes in organizational systems and procedures that will produce measurable improvements in:
  - trust, consideration and mutual respect among employees
  - open and complete communication
  - creating the in-house skills and aptitudes that will enable promotion from within

## Report on Operations

### LENGTH OF THE 2003/2004 NAVIGATION SEASON

- The Seaway opened March 31, 2003, six days later than initially announced due to severe ice conditions.
- New procedures reduced average lockage times by about 30%, compared to the opening days of 2001 under similar ice conditions.
- One-way navigation was in force until April 7 and daylight navigation until April 13, when channels became ice-free.
- Passage of the *CSL Laurentien* through the Iroquois Lock on December 26, 2003, marked the closing of navigation on the Montreal-Lake Ontario section (MLO) after a season of 273 days.
- Three days later, the *CSL Laurentien* was also the last vessel through the Welland Canal, which officially closed to navigation on December 29.

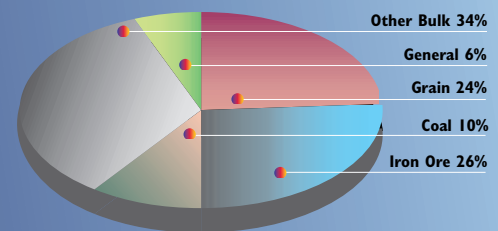
A new method was piloted to establish the closing and opening dates for the season. A small working group, including representatives of the inland and ocean trade, ports and both Seaway Corporations,

The feasibility of extending season length permanently will be researched as part of the initiatives to grow our business and also within the Great Lakes St. Lawrence Seaway Study. In the meantime, the Corporation will continue to increase the length of the season incrementally when conditions permit, in consultation with Seaway users.

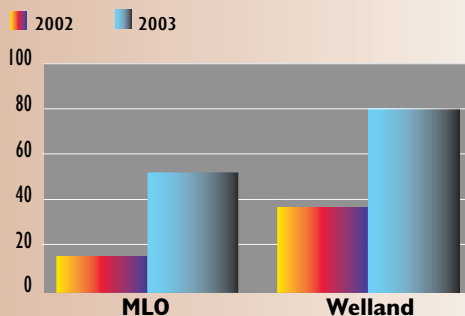
### CARGO TRAFFIC HIGHLIGHTS

Strong economic activity in China last year affected maritime transportation world-wide and was a

Combined Traffic by Commodity 2003/2004



Extended Season Transits



was convened in September 2003 to critically review the process, and will continue work in 2004. The season was extended beyond the usual closing dates in response to customer requests. Between December 21–28, transits increased by 36 over the previous year (200%) in the MLO and by 50 in the Welland Canal (166%).

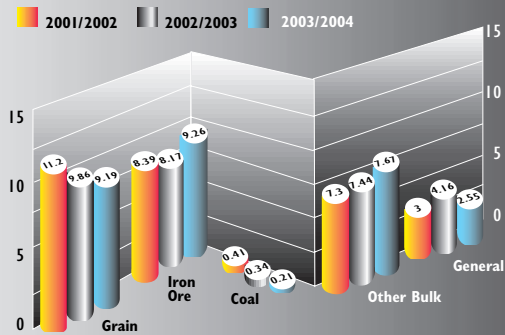
major factor in reducing Seaway traffic. The weak U.S. dollar, combined with a U.S. tariff on steel, led to a sharp decline in imports of steel and steel slabs and contributed to reducing Seaway ocean vessel transits to the fewest since 1993.

Although harvest results were better than in recent years, strong competition among exporting countries, fewer ocean vessels and high ocean freight rates contributed to a slight decline in overall grain movements.

Traffic in 2003 decreased by 3.8% or 1.1 million tonnes on the MLO section and by 0.7% or 232,000 tonnes on the Welland Canal, ending up at 28.9 million tonnes on the MLO section and 31.9 million tonnes on the Welland Canal.

Combined Seaway traffic totalled 40.85 million tonnes, a decrease of 1.3% from the 2002 result of 41.39 million tonnes.

### Montreal-Lake Ontario Section (millions of tonnes)



### Grain

After years of dry conditions, 2003 harvests improved in Canada, especially in Ontario. However, low Western grain inventories still affected cargo movements. Canadian grain traffic amounted to 5.8 million tonnes on the MLO section (a 4% increase), but reached only 5.5 million tonnes (a 2.2% decrease) on the Welland Canal.

In general, harvests were also good in the United States. However, the limited availability of ocean vessels in the Great Lakes contributed to a decline in traffic. U.S. grain shipments were down by 20.3% on the MLO section, at 3.37 million tonnes, and by 17.8% on the Welland Canal, for a total of 3.76 million tonnes.

Total grain movements were down 6.8% on the MLO section and by 9.5% on the Welland Canal, as the decline in U.S. grain more than offset the modest Canadian increase.

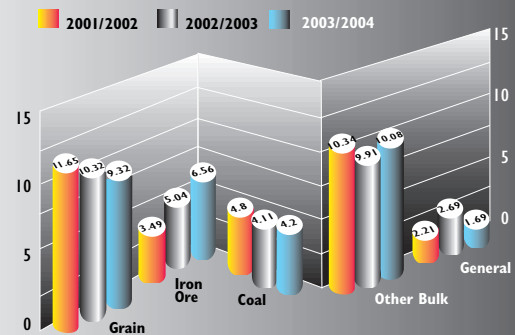
### Iron Ore

A new transfer of Labrador iron ore to a steel mill on the Great Lakes was initiated in 2003. It contributed to an increase in iron ore shipments of 13.4% on the MLO section and 10.5% on the Welland Canal, with total volume reaching 9.26 million tonnes and 6.56 million tonnes on the MLO section and Welland Canal respectively.

### Coal

Coal traffic decreased by 36.2% on the MLO section for a total of 215,000 tonnes and increased by 2.1% on the Welland Canal for total shipments of 4.2 million tonnes. Coal demand for power generation increased, but was offset by reductions in coal movements for steel making and other industrial production.

### Welland Canal (millions of tonnes)



### Other Bulk

Other bulk movements increased slightly by 2.8%, to 7.64 million tonnes, on the MLO section and by 1.7%, to 10.1 million tonnes, on the Welland Canal. Salt shipments grew on the Welland Canal and cargoes of potash, ores, chemicals and gypsum increased on both sections. Petroleum products led the increase in both regions with 375,000 tonnes on the MLO section and 285,000 tonnes on the Welland Canal. On the other hand, stone and salt volumes decreased on the MLO section, as did cement and coke on both sections.

### General Cargo

General cargo traffic (mainly steel) was strongly affected by the U.S. import tariff, slower economic activity in the U.S. and the weak U.S. dollar. Movements on both sections decreased – by 38.8% on the MLO section and 37.4% on the Welland Canal – for a total volume of 2.54 million tonnes on the MLO section and 1.68 million tonnes on the Welland Canal.

Steel slab shipments were down by 62.5% on the MLO section and 99.1% on the Welland Canal. On the Welland Canal, slab shipments decreased from 553,000 tonnes to 5,000 tonnes.

### Revenue from Tolls for the Navigation Season

Toll revenue followed the tonnage downward in 2003. The large reduction in steel and steel slab imports into the U.S. offset the effects of the increase in toll rates. Combined revenue decreased by 2.3% to \$62.26 million, compared with \$64.7 million in 2002.



## Outlook

For the next few years, with somewhat better economic conditions anticipated in Canada and the U.S., total Seaway traffic is expected to improve slightly.

Grain shipments from both Canada and the U.S. should increase over the low levels of the past few years. Iron ore shipments are also likely to increase, due to the strengthening demand for steel.

Based on environmental concerns, North American demand for coal is expected to fall and future coal movements through the Seaway will follow suit. In the steel industry, coke production in the Great Lakes area will be decreasing, lowering the requirement for coal. As in the past, the overall trend in other bulk commodities will follow economic activity. Steel movements should increase slightly, since the U.S. tariff on steel imports has now been removed.

## PERFORMANCE RESULTS

With few exceptions, our joint level of service objectives were met in 2003. Commitments on system reliability, physical condition, and continued availability were exceeded for the fourth year in a row. Overall, 91% of transits were within the accepted time standard. Our Reliability Index increased from 3.04 in 2002 to 3.11 in 2003. The Uptime Indicator was 99.73%, just slightly below our target value of 99.75%. As for vessel safety, there were only 1.3 vessel incidents per 1000 transits in 2003. This is the best performance since tracking of incidents began in 2000.

## Customer Satisfaction Survey

During the winter of 2004, SLSDC and SLSMC conducted a survey of 16 randomly selected vessel agents/owners/operators to gauge their level of satisfaction with the service provided by the Seaway and partner agencies, and obtain comments and suggestions for improvements. Interviews were conducted in-person or by telephone, and lasted approximately 45 minutes to two hours. The last such survey was carried out in 2000.

The survey captured responses for some 50 questions grouped into five core areas of performance, communications, inspections, billing administration and customer service. Results were summarized using a mean score based on a 5-point Likert scale (5/Excellent – 1/Poor). A rating of four or five indicates that the respondent is satisfied with the service; the minimal acceptable mean score is 3 (Fair).

Overall customer satisfaction ratings were favourable, especially in the area of inspections, which scored an overall rating of 4.6. Vessel integrity, the Seaway Handbook and pre-arrival information all rated 4.5 or above. Overall survey results achieved a mean score of 4.1.

Service factors that were rated below 3 by clients included the areas of costs (pilotage costs/double piloting), notification of system delays, access to information on initiatives of importance to customers (such as the draft increase) and pilotage (delays caused by lack of availability, accountability of pilots for maintaining allowed speeds).

The comments and suggestions for improvements were generally favourable; however, areas of common concern related to deposits for damages, security deposits and assessment of fines.

Although 70% of respondents did not want a quarterly newsletter, many showed interest in improvements to the Web site and on-line accounts, and e-mail ranked the highest of all preferred ways to receive information. The opportuni-



*Gate rehabilitation on the Beauharnois Locks.*

ties for improvement by the Seaway mentioned most often were toll reduction, deeper drafts, extension of the season and pilotage improvements. Respondents expressed interest in interfacing AIS technologies with other technologies on the Lakes to complete the System, and listed scheduling delays, speedy transit times, pilotage issues and safety as the most important aspects of Seaway navigation.

The two Corporations have incorporated comments of concern and low ratings into an action list for follow-up.

#### ***Comparison of 2000 & 2004 Customer Surveys***

<b>Core area</b>	<b>2000</b>	<b>2004</b>
Performance	3.7	3.9
Communications	3.9	4.0
Inspections	4.4	4.6
Billing		
Administration	4.3	4.2
Customer		
Service	4.3	4.0
<b>Overall Satisfaction</b>		
<b>Rating</b>	<b>4.1</b>	<b>4.1</b>

## **ASSET RENEWAL**

### **Asset Renewal Plan**

SLSMC's new five-year plan for asset renewal calls for a total expenditure of \$170 million to support both day-to-day operations and the long-term integrity of the Seaway's infrastructure and equipment. In 2003/04, the Corporation invested \$26

million in asset renewal, compared to the approved amount of \$27.3 million for the year. The savings of \$1.3 million or 4.9% resulted from better prices in a slow contract market and less than expected wear and tear on timbers, as well as the completion of some of the scheduled work by our own employees.

### **Winter Works Program**

Each winter, major components of the Seaway infrastructure are overhauled during an 11-week shut-down period. Although weather at times impeded the work, more than 73 projects were completed by contractors in the Niagara Region at an under-budget cost of \$13.6 million, and projects amounting to \$6.6 million were carried out in the Maisonneuve Region.

#### *Maisonneuve Region:*

- Gate quoin rehabilitation and re-tensioning of gates at Beauharnois Lock
- Bridge 10 cleaning & painting, Phase II
- Dyke repairs, river side, Kahnawake
- Alkali-Aggregate Reaction Study
- Côte Ste-Catherine Lock sub-station rehabilitation

#### *Niagara Region:*

- Remote control of Bridge 21
- Bridge 4 painting
- Lock 8 unwatering gate recesses stoplog slots
- Locks 4 & 7 stoplog repairs
- Hydraulic conversion of drives on operating equipment at Lock 6 East
- Construction of new operations control centre

### **Hydraulic Conversion Project**

As part of a \$40 million program, a hydraulic conversion pilot project was successfully carried out at Lock 6 East in the Welland Canal, replacing aging mechanical drives with state-of-the-art hydraulic drives. Hydraulic drives have several advantages: they are safer, more reliable and cost-effective, simpler to operate and maintain; and they provide better cold-weather performance and superior technological control. Over the next five years, all mechanical drives in the Welland Canal will be converted to hydraulic drives.

## NAVIGATION AND CUSTOMER SERVICE

### Vessel Draft Increase

Work on our project to increase draft reached a successful conclusion in 2003/2004. Various studies brought improvements in the accuracy of channel sounding devices and the water level gauge network. In the autumn of 2003, SLSMC performed deep-draft tests in both sections of the Seaway with the participation of a number of shipping companies. As a result of these tests and the speed monitoring capabilities of AIS, we were able to increase allowable draft to 26' 6" in the Welland Canal, for all inland vessels and ocean vessels equipped with bow thrusters, at the beginning of the 2004 navigation season. In the Montreal/Lake Ontario section, the draft increase to 26' 6" for the same vessel types was delayed because of ice and the need for further testing until May 24, 2004. Other classes of ocean vessels will be tested and drafts will be increased for them based on performance.



### Automatic Identification System (AIS)

AIS was integrated with the Traffic Management System (TMS) and implemented in all Seaway waters starting March 31, 2003. AIS provides SLSMC with real-time information on the position and speed of all vessels in Seaway waters. It also

provides shipmasters with data on other ships in their vicinity and important navigation information from Traffic Control such as water levels, hazards, and their order of turn at locks. The system worked smoothly during the whole season, with only minor teething problems. The St. Lawrence Seaway was the first inland waterway in the world to implement AIS.

### Operations Control Centre

During 2003, a state-of-the-art Operations Control Centre was designed and constructed, on time and on budget, at the Glendale complex on the Welland Canal. The functions of traffic control and remote operation of two bridges are now implemented from the Centre. Various sources provide data on vessel locations, weather conditions, water levels, equipment status, and vehicular, train and pedestrian activity. Fed into the centre through computer networks, VHF radio, telephone systems, fibre-optic and coaxial cable, data appears on a 25ft. by 4.5 ft. wall display and on desktop monitors to be analyzed and used to pass vessels safely and efficiently through the canal. The display wall is a giant computer screen driven by four high-resolution projectors that show text, graphics and video images simultaneously and in any combination desired.

The Operations Control Centre was designed to allow expansion to new activities, such as remote operation of additional bridges and weir structures, canal water level management, infrastructure monitoring and performance of security functions. This expansion will be completed over the next two years to take full advantage of the new facility.

### Transportation Safety Board Recommendations

The Transportation Safety Board (TSB) held an enquiry into the Windoc incident of August 11, 2001, and issued its report in January 2003. The TSB made several recommendations on bridge operations, emergency preparedness, shipboard firefighting and medical fitness of employees. SLSMC has acted upon these recommendations.

*High-level rescue exercise, Welland Canal–  
Glendale Bridge*

Mechanisms were put in place to ensure appropriate supervision of bridge operators. Sensors to prevent accidental lowering of the bridges were installed on two bridges and are presently being tested. If the test results are positive, the sensors will be installed on all other vertical lift bridges.

The Corporation updated its Emergency Response Plan and conducted exercises to familiarize employees with its implementation. An outside expert provided training in how to respond to oil pollution incidents. The Corporation is presently working with fire departments in the Welland Canal area to provide shipboard fire-fighting services.

SLSMC addressed the issue of employee medical fitness in a Drug and Alcohol Abuse Prevention in the Workplace policy, implemented in 2003 to create safer conditions for employees, clients and the public. Related training for supervisors, managers, union executives and representatives of the Joint Health and Safety Committees in all regions included a complete review of the policy, briefing by an external expert on the use and abuse of drugs and alcohol, and a communication plan for informing all employees about the policy. Supervisors and managers received a complete manual with detailed procedures for early, situational and post-incident interventions.

## **SEAWAY SECURITY**

Certain aspects of the International Ship & Port Facility Security Code (ISPS), which comes into effect July 1, 2004, apply to Seaway facilities and to the operation of the entire Great Lakes/St. Lawrence Seaway System. The implementation of new security measures to meet the requirements of the Code has been a top priority for SLSMC over the past year and will continue.

The Corporation has been proactive in meeting our obligations under the new regulations, with the completion of assessments and the development of a Site Facility Plan.

To help ensure continuity and seamlessness for our clients, SLSMC and SLSDC have created a

Binational Security Committee, which also includes Transport Canada and the United States Coast Guard (USCG) as observers.

The overall Corporate Security Program will be updated to include the new ISPS related measures and will be included in the general Enterprise Risk Management approach.

## **WORKPLACE HEALTH AND SAFETY**

Safety is fundamental at SLSMC. We advocate a proactive approach, in which all employees are encouraged to participate in safety interventions, and we have implemented a number of programs that contribute to our excellent safety record. The Corporation is also committed to a Wellness Program that will ensure the work climate necessary for success both for the Corporation and its employees.

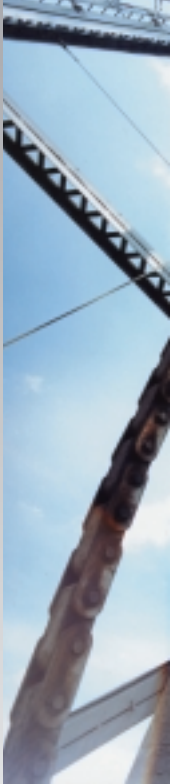
Our lost time injury statistics continue on a downward trend with a frequency rate of 1.15 per 100 person-years in 2003, compared to 1.47 per 100 person-years in 2002. The severity rate has also improved, from 24.89 per 100 person-years in 2002 to 4.75 per 100 person-years in 2003. The Niagara Region achieved a period of 543 days without a lost time accident, while at Iroquois there have been no lost time injuries in the last 10 years.

Each year, SLSMC designates the first week of May as Health, Safety and Wellness Week. A variety of activities, including joint rescue efforts with the local fire departments, fire drills, practice deployment of safety equipment, and fitness awareness training are scheduled.

We have taken the initial steps to develop an ergonomic program for the Corporation in preparation for anticipated changes in legislation. Ergonomic principles were applied in building the new Operations Control Centre.

## **ENVIRONMENTAL MANAGEMENT**

Both the federal and provincial governments regulate the environmental impacts of Seaway opera-





tions. To ensure that its lands, structures and storage facilities conform to all regulations, SLSMC has been working to identify and clean up environmentally threatened areas within its holdings. An Environmental Management System has been developed, and preliminary performance indicators defined and quantified.

Each year, the Corporation completes environmental assessments of major maintenance projects and updates the database of potentially contaminated sites. In 2003, the Melocheville Maintenance area, including a recently fenced waste disposal area, was targeted and investigations will continue there in 2004. Also in the Maisonneuve Region, suspect areas of the South Shore Canal, including a snow dump at St. Lambert, the Brossard Maintenance Centre and the Baillargeon Wharf in Côte Ste. Catherine were targeted for investigation. In the Niagara Region, reports from consultants' studies of nine sites along the Welland Canal are ready for analysis.

Underground storage tanks for petroleum products have been removed throughout the system and any contamination has been cleaned up. The only remaining SLSMC-operated underground petroleum product storage tank in Quebec is located at the St-Lambert office. It complies with local and provincial guidelines. In Ontario, underground tanks have all been removed and soil clean-up has been completed where required, except for one sand-filled tank that remains at the headquarters building in Cornwall. The site will be analyzed this year.

Obsolete above-ground petroleum storage tanks used to fuel SLSMC equipment and to store used oil and solvents have been replaced or upgraded according to plan.

The Corporation still operates PCB

storage sites at Melocheville and St. Catharines. These sites will be decommissioned as soon as possible.

Last year, SLSMC developed databases accessible to all employees through its Intranet to improve the accuracy of its halocarbon inventory and management practices. Halocarbons are regulated by the federal government because of their impact on the ozone layer.

An environmental screening study for a channel maintenance project on the South Shore Canal was submitted for federal approval in 2003. This project is planned for the fall of 2004 and 2005. Mitigating measures, especially project scheduling to avoid spawning seasons, will be taken to minimize the impact of the project on fish as required by the *Fisheries Act*. With the help of the environmental section of Public Works and Government Services Canada, compensation measures will also be identified and agreed upon with the Federal Department of Fisheries and Oceans as required by the department's policy, which targets no net loss of fish productivity.

## BUSINESS DEVELOPMENT

In accordance with the new corporate Vision, SLSMC is working with SLSDC on various joint initiatives to encourage increased use of the system by current customers, develop new markets and attract new cargoes. One such initiative is the promotion of short-sea shipping – the movement of cargo by ship between ports that are relatively close together. This may involve cargoes that are currently shipped by other means such as truck, or the introduction of

**Clear  
Your  
Passageways**



**Support  
Marine  
Transport**



LESS POLLUTION, LESS TRAFFIC CONGESTION, LESS NOISE, BETTER FUEL EFFICIENCY

new cargoes to the Seaway system. Europe began to cultivate short-sea shipping approximately 15 years ago, and it now forms a vital part of their transportation network, accounting for more than 42% of all European import/export cargoes. A Memorandum of Understanding to promote short-sea shipping within and between Canada and the U.S. was signed by Minister of Transport Collette and U.S. Secretary of Transport Mineta on July 22, 2003.

Aluminum, aggregates, wood products, slag, and even garbage are being targeted as possible cargoes for vessels and tug-barge combinations. Engendering cooperation among the various transportation modes and working closely with all our stakeholders, such as the Great Lakes Ports, will enhance the overall competitiveness of the supply chain, increase transportation capacity in Canada and the U.S. and ensure a value-added, competitive logistic solution for our Great Lakes-dependent industries.

Container shipping is also a target for development. In the spring of 2003, another joint initiative of the two Seaway Corporations was to establish a forum that might bring containers to the Great Lakes/Seaway System. This group was made up of a cross-section of interested parties from both countries. Within the forum, a subcommittee was formed to evaluate the commercial viability of operating a full container service between an East Coast port and a Great Lakes port, as a feeder service for the main ocean carriers. A number of barriers must be overcome before this kind of container feeder service can be competitive, such as our limited navigation season, given the demand for year-round and just-in-time service, and the cost of operating a Canadian-flagged and crewed vessel. We are soliciting gov-

ernment assistance to provide a regulatory and economic environment that would allow profitable operation of such a feeder line. In addition, we are looking at innovative vessel designs to reduce operating costs, and the potential for a more profitable combination of international and domestic cargoes.

These and other initiatives come together in a Joint Marketing Plan, which has been developed between the two Corporations and structures the marketing strategy, tactics and programs to achieve our Vision 2012 goals and objectives.

### **Billboard Campaign**

Billboards promoting the benefits of marine transportation began appearing on 400-series highways along the Toronto-Hamilton-Windsor corridor on March 29, 2004. The campaign aims to raise awareness of the benefits of marine transportation versus other modes among the public and ultimately to influence decision makers and opinion leaders. Three rotating visuals, all with the same theme, are running for up to six months and are supported with information on a Web site: [Hwyh20.com](http://Hwyh20.com). Radio and newspaper ads began on May 10 and will be sustained by a media relations campaign. This concept is scalable and may be used elsewhere to further promote marine transportation.



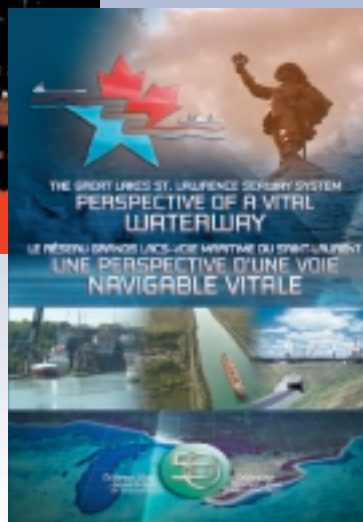
*SLSMC exploring new cargo potential.*



### Marine Transport High School Essay Contest

Supporting the billboard campaign, and to further promote the benefits of marine transportation, SLMSC launched an essay competition for students enrolled in Grade 12 in the 785 secondary schools in Ontario and in Grade 11 at the 485 high schools in Quebec. Each student may submit one essay (up to 1,500 words) in English or French, on the advantages and benefits of marine transport in Canada versus other modes, its environmental aspects and future potential. The deadline for submissions is May 21, 2004.

Six individual scholarships will be awarded to the student writers of winning essays who place first, second and third in the English and French categories. The two first prizes will be \$3,000 scholarships, the two second prizes, \$1,500 and the two third prizes \$1,000. In addition, each school that has one or more winning submissions will receive a single award of \$1,000. An independent committee composed of two marine and two language specialists will judge the essays and will award prizes at their sole discretion. The winners will be announced in June 2004.



### Consumer Video

A year in the making, with three organizations involved (SLSMC, SLSDC and the U.S. Army Corps of Engineers), the new 22-minute consumer video entitled *The Great Lakes St. Lawrence Seaway System – Perspective of a Vital*

*Waterway* is now available in English and French in both VHS and DVD formats. This binational film captures the rich history, grandeur and diversity of the waterway. It was produced both as an educational tool for those who want to learn more about the System and as a promotional tool to create further public awareness. So far, it has been distributed to 1,270 high schools in Ontario and Quebec. A copy of the film is being sent with a news release to all television stations bordering the Great Lakes and St. Lawrence River and to museums that wish to promote the waterway.

### Trade Mission to Belgium and the Netherlands

The two Seaway Corporations led a 20-member trade mission of Canadian and American Great Lakes executives to Belgium and the Netherlands from October 3 to 11, 2003. The delegation represented a cross-section of the maritime industry: port and terminal operators, shipowners and operators, shipping agents and labour.

In Belgium, delegates visited the Ports of Ghent, Zeebrugge, and Antwerp, one of the largest container ports in Europe. The delegation also spent two days in the Netherlands, splitting its time between the ports of Amsterdam and Rotterdam.

In addition to meeting with steel experts and seeking new customers, the participants learned about short-sea shipping operations and how this concept could be adapted to the Great Lakes/St. Lawrence Seaway System. Also of interest were discussions concerning policies uniformly applied to promote the use of inland waterways in Europe,

implementation of a road tax recently introduced in Germany and its possible effects on the inland waterway system, revenue diversification (hydro generation, windmills) widely practiced by ports, the nature of competition (passenger rail service only), implementation of a Green Award program at the Port of Rotterdam, future amalgamation of port services on one Web site and an all-weather terminal.

### **Chinese Delegation**

In November 2003, a group of eight senior engineers and directors from the Yangtze River Three Gorges Dam Project (TGP) Shiplock Division attended a 10-day course on the operation, management and maintenance of the flight locks in the Welland Canal. The training was developed at the request of the TGP Development Corporation, through a partnership between SLSMC and Dalhousie University Continuing Technical Education (CTE). SLSMC developed the curriculum, delivered the training, and lent the facilities and resources of the corporation. Dalhousie University CTE wrote the course proposal in consultation with SLSMC, developed and administered the contract, selected the on-site translator and arranged logistics for the visiting group.

Presented in St. Catharines, the course included classroom sessions, field visits and hands-on practice using the Seaway's flight locks simulator. The curriculum covered the Seaway organizational structure, enabling and regulatory legislation, AIS and traffic management, flight lock operating principles and procedures, risk management, security and safety measures, emergency procedures, maintenance, ship inspections and employee evaluation and development. Much interest was expressed in the type of control equipment used by the Seaway, AIS, Enterprise Risk Management concepts, and the way that the Canadian regulatory framework and Seaway policies support suc-



cessful management by providing a clearly defined jurisdiction and responsibility for employees.

Each organization shared its perspectives on technology, management and operational issues, influenced by the participants' different cultural, political and technical traditions. The visitors gave a presentation on the Three Gorges project to SLSMC personnel, who were keen to learn about the state-of-the-art facilities at the new TGP locks. Of particular interest are the centralized TGP operations control centre and the use of hydraulic drives on all lock gates and valves, both of which are currently being installed on the Welland Canal. The course was considered a success and a repeat session for 10 more TGP Shiplock personnel is scheduled for May 2004.

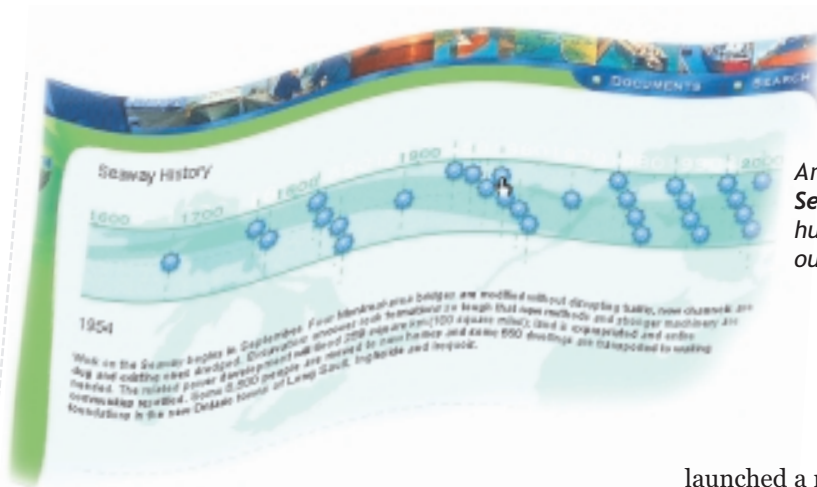
### **Marine Days**

The third Quebec Marine Day was held on October 28, 2003, in Quebec City. More than 60 marine industry representatives assembled to raise awareness of the importance of marine transportation to the province. An Ontario Marine Day was held in Toronto on March 24, 2004. SLSMC participated in both events.

### **WWW.GREATLAKES-SEAWAY.COM**

The binational St. Lawrence Seaway Web site went platinum in September 2003, with a million page-print requests since the beginning of the year. On-line since February 2001, its popularity and growth, especially in the past year, have been impressive.

The site uses the latest information technology to provide Seaway stakeholders with a well used one-



An interactive timeline detailing **Seaway History** is just one of hundreds of items to be found on our web site

stop-shopping outlet. It gives immediate access to comprehensive and up-to-the-minute commercial navigation information—important Seaway updates, navigation data, safety announcements, the latest news releases and reports, and more detailed, subscription-based, e-business software applications.

Web site traffic statistics show requests for port profiles, transit declarations and other forms as the resources in greatest demand. Vessel transit pages showing where a Seaway vessel is at a given moment are popular too, followed by the Seaway site map. Next in line are various pages that give general information about Seaway locks and channels, competitiveness, the history of the waterway, employment opportunities, news releases, and links to agents, carriers, and other Seaway-related Web pages.

All planned elements of the Web site have been in place and running long enough to provide evaluation data. Accordingly, SLSMC and SLSDC

launched a review last year of Web and E-Business activities. This review will bring about some rationalization of applications. In particular, the subscription fee, seen as a barrier to use by some customers, provides minimal revenue and may well be dropped.

## MANDATORY INITIATIVES

### Pension Advisory Committee

The Pension Advisory Committee was formed in June 2003 in compliance with requirements of the SLSMC Pension Plan and the *Pension Benefits Standards Act of Canada*. The main functions of the committee are:

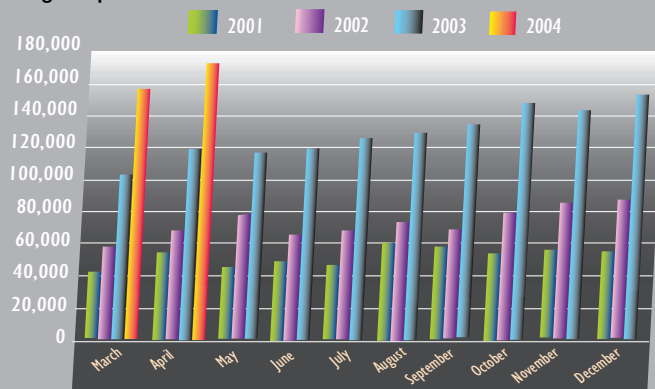
- To promote awareness and understanding of the pension plan among members and employees who may become members
- To review, at least once in each plan year, the financial, actuarial and administrative aspects of the Plan
- To carry out other administrative duties and functions as prescribed by the *Pension Benefits Standards Act*

An actuarial evaluation of the pension plan was undertaken in 2003 to ensure that the plan can continue to meet its obligations; the report and recommendations will be available in 2004.

### Employment Equity

In 2001, the Canadian Human Rights Commission (CHRC) carried out an audit to assess the Corporation's compliance with

**Monthly Web Traffic**  
Page Requests for March-December



the *Employment Equity Act*. SLSMC acted on recommendations in CHRC's interim report and issued a final progress report on June 27, 2003. This report contains a comprehensive summary of our work in several areas:

- Employment Equity Survey (participation rate was 93%)
- Workforce analysis and hiring and promotion goals
- Employment Equity Barrier Removal Action Plan
- Employment Systems Review
- Plans to monitor, review and communicate progress

Implementation of the CHRC recommendations is continuing on the schedule agreed with the Commission.

### **Personal Information Protection**

All commercial organizations, including federally regulated organizations such as the Seaway, must now comply with *the Canadian Personal Information Protection and Electronic Documents Act* (PIPEDA). PIPEDA sets out ground rules for how organizations can use or disclose personal information in the course of commercial activities, and confirms the obligation to protect personal information. SLSMC has set up a privacy team to implement a compliance program.



## Governance

The St. Lawrence Seaway Management Corporation is governed by a nine-member Board that is responsible for ensuring the long-term viability of the Corporation and the Seaway as an integral part of Canada's transportation infrastructure. The Board oversees many aspects of SLSMC's mandate including strategic planning, risk management, succession planning, communications policy and the integrity of the Corporation's internal control. It also reviews SLSMC's financial results and future direction and sets limits on management authority, accountability and unforeseen expenditures.

Board committees focus on governance, human resources, audit and asset renewal.

### **Members of the Corporation**

#### ***Board of Directors***

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

Richard J. Corfe  
President & Chief Executive Officer  
The St. Lawrence Seaway Management Corporation

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

W. Nick Fox  
Grain Representative  
Vice-President, Terminals & Eastern Operations  
James Richardson International

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

Ian MacGregor <sup>3</sup>  
Ontario Provincial Government Representative  
Fasken Martineau DuMoulin LLP

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

J. Douglas Smith <sup>3 4</sup>  
Domestic Carrier Representative

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

#### **Members of:**

1. Governance Committee
  2. Human Resources Committee
  3. Audit Committee
  4. Asset Renewal Committee
- \* Committee Chairman

### ***Officers***

Richard Corfe  
President and Chief Executive Officer

Michel Drolet,  
Vice-President, Niagara Region

Adina Juster  
Vice-President, Maisonneuve Region

Carol Lemelin,  
Vice-President, Finance and Administration

Camille G. Trépanier,  
Vice-President, Strategic and Business Development  
Until October 1, 2003

Yvette Hoffman,  
Counsel and Secretary

### **Industry Members**

**2003/2004**

#### **Grain**

ADM Agri-Industries Ltd  
Windsor, Ontario

Agricore United  
Winnipeg, Manitoba

Alfred C. Toepfer (Canada) Ltd  
Winnipeg, Manitoba

Bunge Canada Ltd  
Québec, Québec

Cargill Limited  
Winnipeg, Manitoba

James Richardson Int'l Ltd  
Winnipeg, Manitoba

Louis Dreyfus Canada Ltd  
Calgary, Alberta

Saskatchewan Wheat Pool  
Regina, Saskatchewan

The Canadian Wheat Board  
Winnipeg, Manitoba

### **Steel and Iron Ore**

Dofasco  
Hamilton, Ontario

Iron Ore Company of Canada  
Montréal, Québec

Québec Cartier Mines  
Montréal, Québec

Stelco Inc.  
Hamilton, Ontario

### **Other Members**

AGP Grain Ltd  
Minneapolis, Minnesota

Essroc Canada Inc.  
Mississauga, Ontario

IMC Canada Ltd  
Regina, Saskatchewan

Keystone Industry Co.  
Montréal, Québec

Lafarge Canada Inc.  
Hamilton, Ontario

OmniSource Corporation  
Burlington, Ontario

Ontario Power Generation  
Toronto, Ontario

Petro-Canada  
Oakville, Ontario

Redpath Sugars  
Toronto, Ontario

The Canadian Salt Company Ltd  
Pointe-Claire, Québec

### **Domestic Carriers**

Algoma Central Corporation  
St. Catharines, Ontario

Canada Steamship Lines Inc.  
Montréal, Québec

Groupe Desgagnés Inc.  
Québec, Québec

Lower Lakes Towing Ltd  
Port Dover, Ontario

McKeil Marine Ltd  
Hamilton, Ontario

St. Marys Cement Co.  
Toronto, Ontario

Upper Lakes Group Inc.  
Toronto, Ontario

### **International Carriers**

Canfornav Limited  
Montréal, Québec

Christensen Shipping Corp.  
Montréal, Québec

Colley Motorships Limited  
Westmount, Québec

Fednav International Ltd  
Montréal, Québec

Inchcape Shipping Services  
Montréal, Québec

Montship Inc.  
Montréal, Québec

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

Robin Maritime Inc.  
Montréal, Québec

Scandia Shipping (Canada) Inc.  
Montréal, Québec

