

Ahead of the *Curve*



**The St. Lawrence
Seaway Management
Corporation**

**Corporation de Gestion
de la Voie Maritime
du Saint-Laurent**

our *mission*

We pass ships through a safe and reliable waterway system in a cost-effective, efficient and environmentally responsible manner for the benefit of all our stakeholders today and in the future.

our *vision*

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.
- Highly skilled people, supported by state-of-the-art technology enabling a seamless navigation system, provide outstanding customer service.
- Within an efficient, responsive organization, our versatile and motivated employees are empowered to succeed in an environment of continuous improvement and development.

our *values*

Respect, Integrity, Openness, and Innovation

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feedback

THE ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION (SLSMC), the successor to the St. Lawrence Seaway Authority, was established in 1998 as a not-for-profit corporation by the Canadian government, Seaway users and other interested parties. In accordance with provisions of the Canada Marine Act, the SLSMC manages and operates the assets of the St. Lawrence Seaway for the federal government under a long-term agreement with Transport Canada.



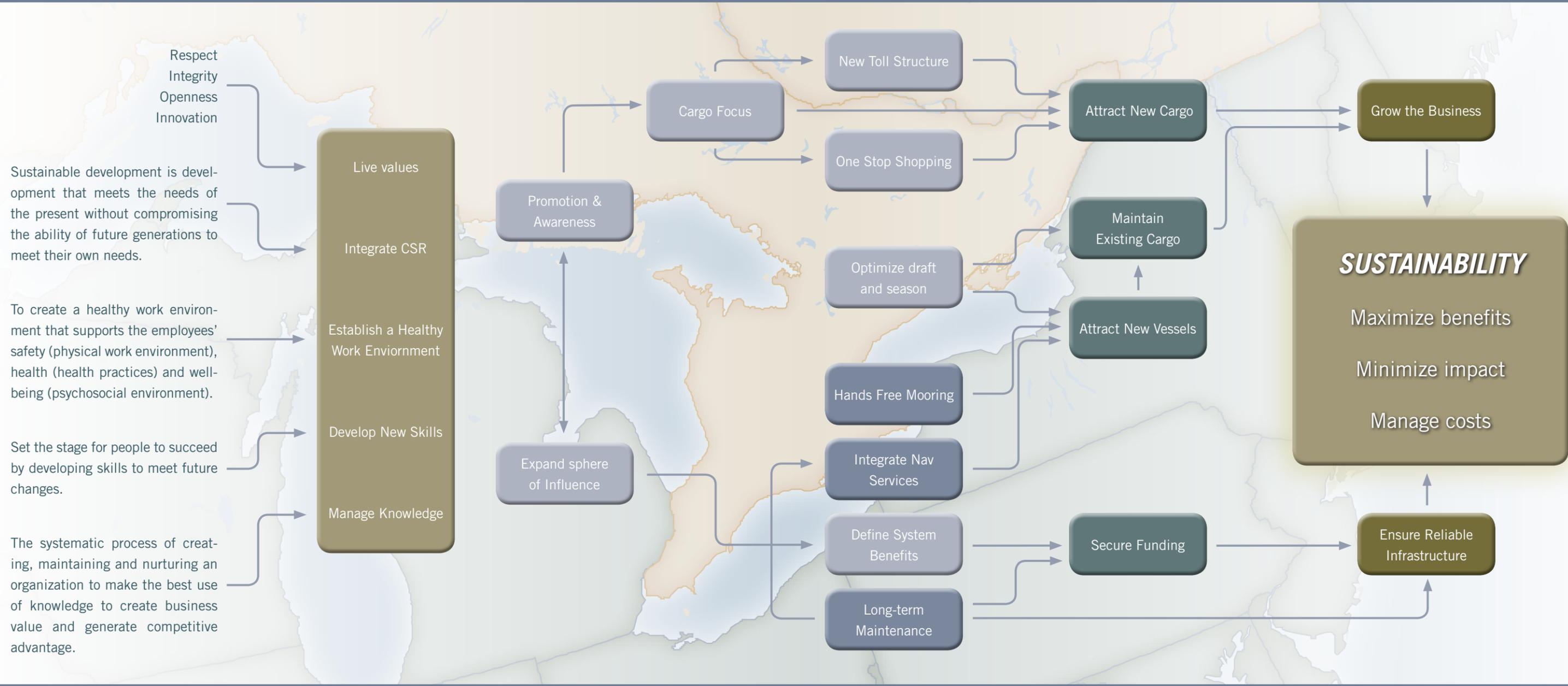
The Seaway is an essential part of the North American transportation infrastructure and a lifeline to business with the rest of the world. It moves raw materials and finished cargoes from a vast network of inland ports to worldwide markets in an environmentally and socially responsible manner.

The St. Lawrence Seaway serves cargo vessels, cruise ships and a multitude of other vessels through a series of locks and channels connecting Montreal to Lake Erie and providing access to 3,700 km of navigable waters. The SLSMC has:

- a dedicated professional workforce that prides itself on providing excellent customer service;
- a reliable operation consistently above 99 per cent availability;
- joint Canadian and U.S. government inspections at entry, thus eliminating duplication;
- the ability to handle large vessels measuring up to 225.5 metres in overall length, 23.8 metres in beam and 8.08 metres in draft;
- ISO 9001:2000 certification for operations and maintenance processes;
- high quality traffic management, using automatic vessel identification and real-time tracking;
- an excellent safety record; and
- a bi-national website, the most comprehensive single source of Seaway/Great Lakes information, with real-time navigation data, links to government and commercial marine transportation sites and complete e-business services.

our strategic map

Navigating towards Sustainability



Ahead of the *Curve*



To achieve our overriding objective of sustainability, we are

- **maximizing benefits** through increasing tonnage and traffic moving on the Seaway system;
- **minimizing impacts** through the Corporate Social Responsibility Charter, which delineates our commitment towards executing our mission and fulfilling our vision in a socially responsible manner; and
- **managing costs** to ensure efficient and effective use of our resources and ensuring that the system's long-term maintenance needs are met.

To reach our goal, we are

- **'setting the stage for our employees to succeed'** by training our staff, recruiting externally and planning for our future workforce.

By doing so, we are staying 'Ahead of the Curve' and positioning ourselves for the future.

In 2003, there was a shared feeling that we were at a crossroads. Serious challenges such as aging infrastructure, declining traffic levels, a changing workforce, and a transportation environment that was becoming more competitive through innovative approaches and new technology, led us to undertake a visioning exercise and engage the entire organization in setting a bold course towards a sustainable future. Vision 2012 and four corporate Values were developed and a new Mission statement was adopted.

Since moving cargo via the Seaway benefits North America economically, socially and environmentally; it makes sense to 'grow the tonnage' and maximize these benefits. We continue to use the Hwy H₂O initiative to raise awareness of the advantages provided by the Seaway system, which includes higher fuel efficiency, less greenhouse gas emissions and the ability to reduce congestion.

True leadership is demonstrated when an organization uses innovation to improve the services under its control. Today, the SLSMC is on the vanguard of technology with hands-free mooring and vessel self spotting, as well as hydraulic conversion projects. Know-how and advances in technology are being applied to push the limits of our present infrastructure, to maximize opportunities for current users and attract potential customers.

The success and sustainability of the Seaway is possible because our employees make it happen. We are working at building the organization depicted in our Vision and 'setting the stage for employees to succeed'. The significant number of employees who will be retiring between now and 2012 provides both challenges and opportunities for the Corporation. One challenge we are facing due to the high staff turnover is knowledge management, while one opportunity we now have is to develop and hire people with the skills required in the future.

The challenge of ensuring "reliability" with an aging infrastructure requires considerable investment in maintenance and rehabilitation. During the five-year period that has just terminated, the Corporation spent \$170 million on asset renewal, and the plan for the next five years will involve expenditures of \$270 million.

We recognize that as stewards of the St. Lawrence Seaway, we operate within a shared resource and face multiple demands from a diverse group of stakeholders. We serve commercial carriers, transporting cargo for thousands of businesses that depend on our marine highway. We recognize the interests of municipalities that border the Seaway and thousands of local residents and recreational boaters who enjoy the beauty and nature of our waters.

Over the past five years, the SLSMC has focused on growing the business; preparing the locks of the future; setting the stage for employees to succeed; raising awareness of the benefits of using the waterway; increasing its sphere of influence; and being an environmentally responsible organization. The upcoming 50th anniversary of the St. Lawrence Seaway is a reminder that the economic vitality and efficiency of marine transportation cannot be taken for granted. Waterborne movement is cost competitive, fuel efficient, safe, and possesses environmental advantages. When integrated with rail and trucking, it can greatly increase capacity with minimal negative impact on society.

Overall, significant progress towards Vision 2012 has been made during the five-year period culminating in 2007/08 and, as such, we are now "Ahead of the Curve". Along with this, the Management Corporation is now in its second decade of managing this shared resource, and we are quickly approaching the second half century as stewards of the St. Lawrence Seaway.



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President's *message*

These days, with change coming about faster and faster, it seems that each year is a critical one in the life of an organization. While this may be so, 2007/08 was, without doubt, a pivotal year for the St. Lawrence Seaway Management Corporation.

It was the year that saw the release of the Great Lakes / St. Lawrence Seaway Study.

It was the year where the significant impact of new technologies became apparent.

It was the year where our demographics caught up with us through soaring retirements.

It was the year that heralded in the 50th navigation season on the Seaway.

It was the year that saw the end of the initial term of our management agreement with the Federal Government, and where we had to establish the terms for the Corporation to manage the Seaway entity for the next 10 years.

In summary, it was a year where we had to prepare for the future by capitalizing on all our initiatives to make the case for a new approach to the operation of the Seaway.

With the intersection of two timelines - the first 50 years of full-Seaway operation and the first 10 years of the Corporation's existence - the timing was appropriate to reinforce our vision, to ensure the system remained relevant to the transportation challenges of the day, and to position it to ensure ongoing sustainability.

Early in 2007, we laid out what we saw as the key strategies for the success of the overall system - how the system could provide maximum benefits to a wide range of stakeholders - and then concentrated on what role the St. Lawrence Seaway Management Corporation could play in achieving this.

By mid year, this had resulted in a "strategic map", which integrates the different initiatives we had envisaged as part of Vision 2012; lays out an approach geared to a clear 'sustainability' objective; and engages us to "maximize benefits, minimize impacts and manage cost". This became our roadmap going forward and ended up as the basis for discussions with Transport Canada to refocus the operation of the Seaway as an integrated part of an overall system that could bring significantly-increased benefits to industry, community and government alike.

Not working in isolation, we tested this approach as different events occurred throughout the year, and these 'reality checks' reinforced that we were both on the right track and heading in the right direction.

From an overall system point of view, this exercise moved the Corporation from an approach of striving to *maximize our revenue* to one of *maximizing the overall benefits that come from the Seaway system* – benefits that accrue not to the Corporation, but to a wide variety of stakeholders. It reinforced the existence of two key pillars for success – a reliable infrastructure and the ability to attract increased usage.

In the fall of the year, the Great Lakes / St. Lawrence Seaway Study was issued, providing a global view of the overall system after some 50 years of operation and projecting the 'economic, engineering and environmental' possibilities over the next 50 years. While this four-year study, carried out through the collaboration of seven U.S. and Canadian agencies including the SLSMC, covered considerable ground, the end results can be synthesized into a few key statements –

- The infrastructure is essential to its current users and critical to ensure the competitiveness of industries around the Great Lakes and St. Lawrence River;
- The ongoing maintenance and rehabilitation of this infrastructure requires significant investments, but these investments pale in comparison to the economic, environmental and social benefits that the system provides;
- There are significant opportunities to increase the use of the system and the resulting benefits, and this can be done by investing in technology and by working to reduce regulatory impediments.



In this regard, the Corporation completed the five-year Asset Renewal Plan as of March 31, 2008, spending just under the approved cap of \$170 million, while finalizing a plan for the next five years that will see an investment of \$270 million. This provides a sound base from which to meet the increasing rehabilitation requirements as the system infrastructure ages. At the same time, the Saint Lawrence Seaway Development Corporation, our U.S. counterpart, was able to put in motion its own asset renewal funding plans, ensuring that the overall system remains reliable into the future.

During the year, in lock step with these advances, we reviewed the requirements for continued success in the key pillar of sustainability. This led to a stronger focus, corporate-wide on engineering assessment

in support of our infrastructure management process and, in the regions, on operating excellence and execution.

Over the last number of years, the Corporation has made strides towards increasing business on the system. In the renewed context of sustainability we have initiated further actions to capitalize on what we can offer to current and potential customers.

Current users, both shippers and carriers, need to be encouraged to not just maintain existing volumes but to increase them – and to obtain the vessels necessary to do this – and, if we can increase carrying capacity, thus reducing unit transportation cost and emissions, then we help make the case to invest in new ships. At the same time, some of the potential new cargoes onto the system will be carried by other types of vessels, and we need to do what we can to make it financially worthwhile for them to trade in the system.

In this area, technology has paved the way. We are finding that we can simplify the use of the system for both current and future customers by the application and integration of emerging technologies to our infrastructure. Draft optimization and season extension have both benefited during the year from this, and the initial testing of hands-free mooring in our locks has provided a high degree of confidence in regards to its suitability for our system.

In March 2008, after several years of research and development and some pilot testing, we were extremely pleased to be able to launch our new tariff of tolls for the start of the 2008 season. This is a key cornerstone for many of the initiatives to increase system use, and it has set the stage for a new measure of success for the Corporation – one that focuses our attention on increasing traffic, rather than simply reducing costs.

And talking about setting the stage, none of the above has or will happen without the drive, expertise and engagement of the people who work for our Corporation; it is our employees who make the difference, who initiate and develop the ideas that keep us 'ahead of the curve' and who provide the balance between the service we provide to our different stakeholders. To ensure we are ready for a changing future, "training and

development" and "recruitment and retention" have invaded our vocabulary as we match future job and skill requirements.

The efforts put forward by our employees do not stop at our internal processes or with our direct customers; they migrate over to all our stakeholders, both communities and environmental interests, and can be observed in many aspects of our Corporate Social Responsibility agenda.

As transportation becomes a larger challenge throughout Canada, and with the Federal Government's Gateway and Trade Corridor initiative underway, I believe the Corporation is particularly well positioned to lead by example and to ensure that the Great Lakes St. Lawrence Seaway system contributes fully to the solution.

From an operational point of view, the 2007/08 year started in ice, the navigation season closed in thick ice, and this current season opened in even thicker ice. While it was a stressful time for people and equipment alike, knowing we were able to carry out our mission during these extraordinary times gives us a high level of confidence for the future.

In closing I hope you enjoy reading this year's Annual Report. I believe it provides a balanced lens through which to view the management and operation of the Canadian Seaway.



Grow the business

Since moving cargo via the Seaway benefits North America economically, socially, and environmentally, it makes sense to ‘grow the business’ and maximize these benefits. Transiting freight through the Seaway creates an opportunity to alleviate congestion on road and rail transportation networks, as well as at border crossings in the Great Lakes Basin and St. Lawrence River region.

Traffic Results

Total combined traffic for the 2007 season was 43.010 million tonnes (mt), a reduction of 8.8% compared to 2006 and comparable to the 2005 results. Traffic through the Montreal / Lake Ontario (MLO) section reached 31.959 mt, a decrease of 10.2% or 3.613 mt, while on the Welland Canal the figure was 34.936 mt, down 6.6% or 2.484 mt.

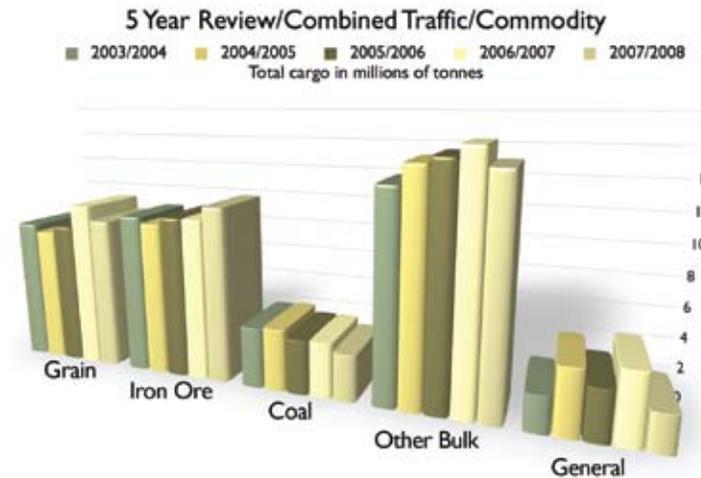
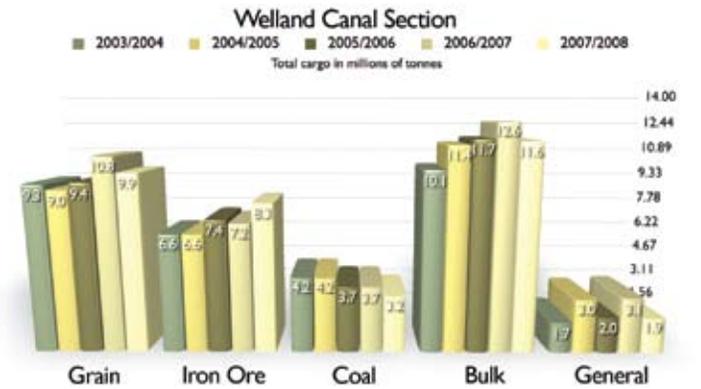
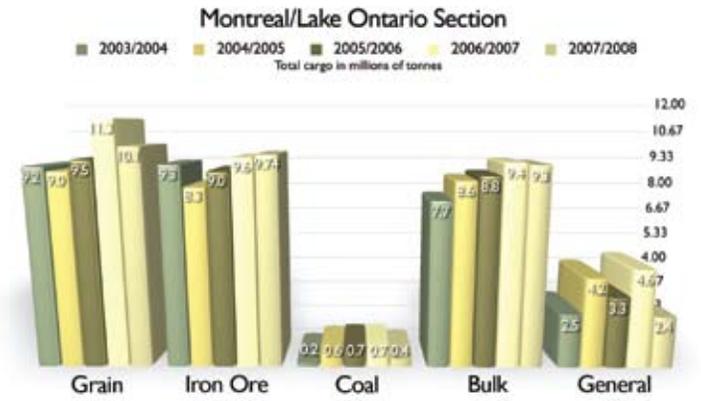
A number of factors contributed to the traffic decrease, including larger inventory levels due to a slower than anticipated U.S. economy and a shift of general cargo and steel movements to world markets benefiting from higher commodity prices. High ocean freight rates in other markets also had an impact, as globally-traded commodities were diverted from our system to more attractive markets.

With below-anticipated Canadian grain harvests and a strong Canadian dollar, grain shipments were much lower than in 2006. The MLO reported a decrease of 16.2% or 1.149 mt, while on the Welland Canal it fell by 12.6% or 0.807 mt.

U.S. grain traffic had a slow start because of low steel imports but, following a good harvest, rebounded to close just 1.2% below the 2006 level.

Iron ore shipments in 2007 increased by 1.8% or 0.173 mt on the MLO section and by 14.8% or 1.065 mt on the Welland Canal. Iron ore exports via Quebec City increased and offset the reduction of upbound shipments to Great Lakes steel mills.

Lower demand for steel production and other industrial activity led to lower levels of coal traffic, with shipments decreasing 38.6% or 0.264 mt on the MLO and 14.4% or 0.535 mt on the Welland Canal. With reduced steel and construction activity, 2007 movements of other bulk



commodities decreased on the MLO by 1.5% or 0.141 mt and on the Welland by 7.8% or 0.985 mt. While this resulted in an “other bulk” traffic decrease of 7.4% or 1.213 mt, potash increased by 21%, petroleum by 13% and other ores by 9%.

With reduced economic activity in the United States, movements of general cargo on both sections were considerably lower than 2006. The significant slow down in the steel industry translated into reductions of 47.0% or 2.137 mt on the MLO and 37.9% or 1.943 mt on the Welland Canal. Steel slab imports were down on the MLO by 54%, but domestic movements contributed to an increase of 17% on the Welland Canal.

New Cargo Incentive

The new cargo program, first introduced in 2005 on the Welland Canal, was in its third year and covered the whole system, although new cargoes were defined independently for each section.

The incentive program brought a total of 308,851 tonnes of new cargo into the system in 2007, generating \$978,749 of additional revenue. Compared to 2006, this was a reduction of 42.8%. Windmills parts, urea ammonium nitrate, grains, aluminum, b-scrap, sulphuric acid, sugar, cocoa beans and gypsum were the main commodities benefiting from the incentive, accounting for 83% of the volume.

In addition to the cargo eligible for the incentive program, a substantial amount of new business transited the Seaway in 2007. During the season, 633,000 mt of new business movements, providing revenue of \$1.242 million, were reported. This was an improvement of 215% compared to 2006 and included 318,000 mt of grains, iron ore and bauxite.

The new cargo incentive program concluded in 2007, and a revised tolls structure was introduced at the start of the 2008 navigation season which underscores the commitment of the SLSMC and Transport Canada to increase the use of the Seaway system.

'By maintaining stable rates through the 2008, 2009 and 2010 seasons and by introducing targeted incentives, we are setting the stage for our stakeholders to aggressively seek new business in an era of escalating costs, and to advance their business plans with a greater degree of certainty'.

Richard Corfe, President & CEO, SLSMC

To assist customers in applying for the incentives, the SLSMC has established a tariff@seaway.ca e-mail address. Clients and potential clients may submit their inquiries to this address or visit our website www.greatlakes-seaway.com for more information.

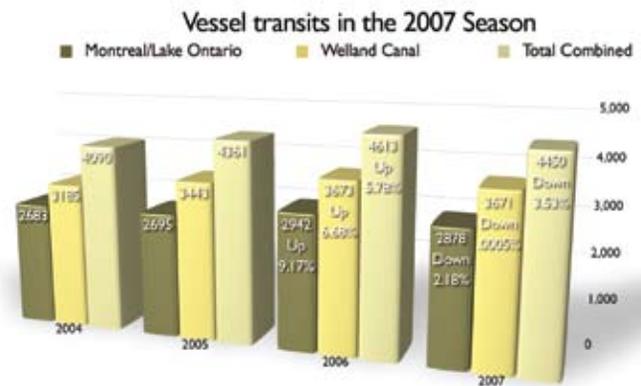
"Freezing the tolls and adding incentives for increased Seaway usage is a promising and important first step by the Canadian Government in recognizing the need to help Canadian industry compete on the global stage. We appreciate the efforts put forth by all parties to develop creative ways to help attract new business on the Seaway / Great Lakes System.

ArcelorMittal Dofasco relies on marine transportation as an efficient, safe and environmentally responsible mode of transportation."

*ArcelorMittal Dofasco's Mike Kennedy,
Manager, Purchasing & Logistics*

Navigation Season

To maintain and grow our customer base, it is important that we continue to maximize the length of the navigation season. For the second year in a row, our locks and canals were open for a record 283 days. Not only did the Welland Canal have its earliest opening ever on March 20th, but 2007 marked the 75th anniversary of the fourth Canal which opened in 1932. The Montreal/Lake Ontario section of the Seaway started its 49th shipping season on March 21st.



In 2007, 62 new ships transited the Seaway (35 general cargo carriers, 25 tankers, 2 bulk carriers).



System Reliability and Dependability

Reliability and dependability are two essential elements to achieving sustainability. We stay “ahead of the curve” by providing consistent, safe vessel transits, by scheduling appropriate and timely preventive maintenance, as well as implementing rigorous maintenance schedules and carefully investigating all breakdowns. We have maintained a level of system reliability above 99 per cent for the last five years, which is a direct result of the investments made to maintain our structures.

Promotion and Awareness

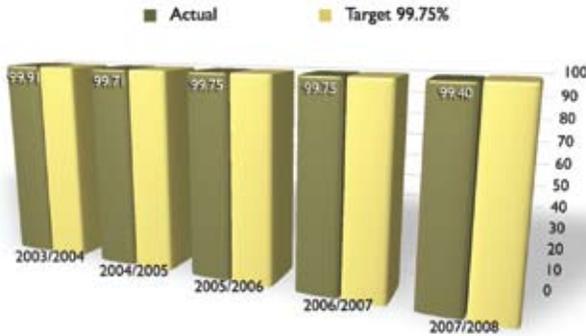
Since 2003, the SLSMC has taken a lead role in the development of promotional and awareness initiatives. Along with stakeholders and associations, we have worked to raise the profile of the system through the development of activities which encourage all stakeholders to join together to promote the benefits of the waterway. Key to the success of these activities has been the Hwy H₂O initiative, which continues to gain traction within the transportation industry as an effective platform from which to promote the system.



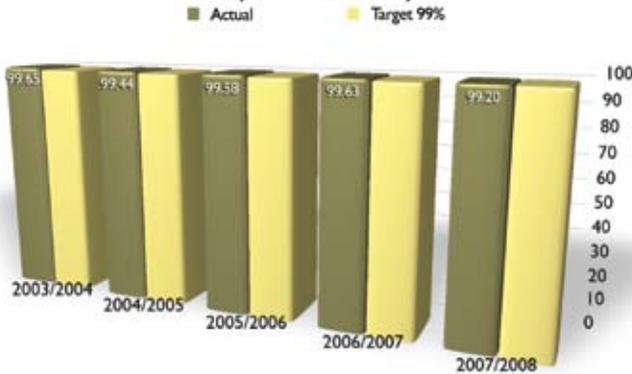
As part of the Hwy H₂O series of workshops, the SLSMC organized a Supply Chain Management workshop in June 2007. The workshop was attended by third-party logistics providers and shippers, as well as marine mode stakeholders more familiar with the system, such as port authorities and carriers. The workshop introduced opportunities for marine transportation to add value to the supply chain. It included presentations and encouraged open discussion amongst participants on topics such as the role the Great Lakes / St. Lawrence Seaway System can play in reducing surface congestion, repositioning of empty containers, and transportation needs of a large retailer.

The SLSMC organized its 3rd Annual Hwy H₂O Conference which was held in November 2007. The topics focused on current cargoes, such as grain, and new business opportunities, including development of the biodiesel industry within the Great Lakes region and the movement of project cargo through the system. The conference also included a session on the growing importance of corporate social responsibility and examples of how the marine transportation industry can incorporate environmentally sustainable practices into their operations.

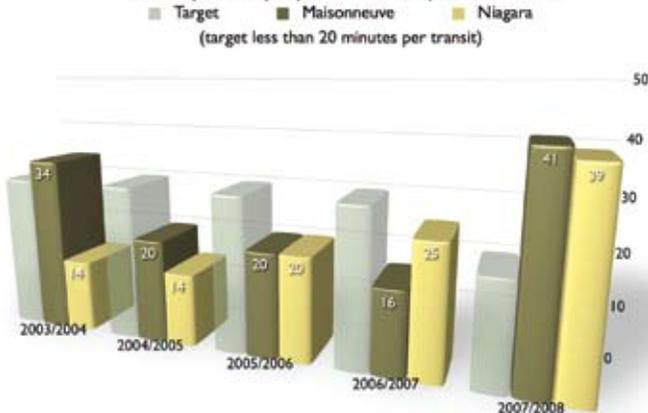
System reliability



System Availability



Seaway Delays per Transit, per Section



***If opening and closing weeks of the 2007/08 navigation season were excluded (ice conditions), the Seaway Delays per transit for the Maisonneuve would be 15 minutes. We lowered our target time to 20 minutes in 2007.*



An environmental campaign, "Blue is Green" was initiated in 2007 to deliver the message that the marine mode has significant environmental and social benefits. The campaign was launched in mid-April and billboards were placed in communities surrounding the waterway across Ontario and Quebec. In addition to the billboards, the campaign included radio advertisements in Quebec and closed-caption television spots in Ontario.



In October 2007, the St. Lawrence Seaway Management Corporation and the U.S. Saint Lawrence Seaway Development Corporation led a delegation of twenty marine transportation executives to Brazil to promote the inland waterway to key Brazilian industries. The purpose of the week-long trade mission was to raise the profile of the system and increase U.S. and Canadian maritime commerce with Brazil. Given Brazil's prominence in mining, agricultural,

and manufacturing industries, significant potential exists for movements of new cargoes into the Great Lakes / St. Lawrence Seaway System.

Sphere of Influence

A new approach to market development, focused on partnerships, has been introduced in recent years. The Corporation strives to build upon various industry partnerships to maximize its momentum and provide opportunities for stakeholders to grow the business. By expanding the SLSMC's sphere of influence, the necessary changes for successful business development on the waterway are being addressed.

Trade Corridor Initiatives

On July 30, 2007, the Federal and Provincial Transportation Ministers signed a Memorandum of Understanding on the Ontario-Quebec Continental Gateway and Trade Corridor. The three governments will be working with private sector stakeholders to find transportation solutions to ensure economic prosperity and sustainable development for the provinces of Ontario and Quebec, as well as Canada as a whole. This agreement complements the existing St. Lawrence Great Lakes Trade Gateway and the Southern Ontario Gateway Council that have now been integrated under the federal/provincial umbrella.

Ontario Marine Transportation Forum (OMTF)

A collaboration of the marine community – ports, carriers, SLSMC and other key service providers – formed the OMTF in 2005 to integrate marine transportation into Ontario's transportation infrastructure for the benefit of the province of Ontario. The Seaway has been on board since the beginning and earlier this year, Mr. Michel Drolet, Vice-President of the Niagara Region, was appointed President of the OMTF.

Ontario's roads and borders are becoming increasingly congested. Transportation safety and environmental impacts are of great political and public concern. The Ontario Ministry of Transportation has been supportive of the work being carried out by the OMTF. The two organizations are co-sponsoring an economic marine study in Ontario and identifying opportunities for the marine sector.



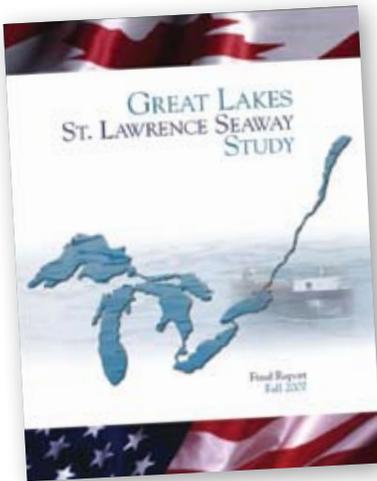
Maximizing Benefits

Port of Halifax Alliance

The SLSMC signed a Memorandum of Cooperation with the Port of Halifax in September 2007. The objective is to enhance cooperation and discussion between the two organizations, particularly in the area of business development. Through this agreement, we will promote awareness and interest in the Port of Halifax and the St. Lawrence Seaway as an important gateway to the North American interior.



Report on the Great Lakes / St. Lawrence Seaway Study (GLSLS)



The bi-national Great Lakes St. Lawrence Seaway Study, completed in 2007, cites a number of key attributes offered by the Seaway. It is seen as an asset that will continue to pay dividends for years to come by providing a cost-effective and sustainable means of transporting goods, complementing the existing, intermodal transportation networks. The study provided a 50-year roadmap for a

modernized, sustainable marine system, one that could attract new markets while potentially serving as a means of reducing surface congestion.

The four main observations in the report are:

- The GLSLS system has the potential to alleviate congestion on the road and rail transportation networks as well as at border crossings in the Great Lakes Basin and St. Lawrence River region.
- A stronger focus on short sea shipping would allow the GLSLS system to be more closely integrated with the road and rail transportation systems, while providing shippers with a cost-effective, timely and reliable means to transport goods.
- The existing infrastructure of the GLSLS system must be maintained in good operating condition in order to ensure the continued safety, efficiency, reliability and competitiveness of the system.
- The long-term health and success of the GLSLS system will depend in part on its sustainability, including the further reduction of negative ecological impacts caused by commercial navigation.

Revised Seaway Website

During 2007, the Seaway website was revamped, taking into consideration comments and suggestions received from clients and stakeholders. The revamped, bi-national www.greatlakes-seaway.com website provides an effective means of conveying the Seaway's integral role in serving Canadian-U.S. transportation needs and promoting the marine mode of transportation.

Having undergone a complete overhaul, the site content is now divided according to the interests of each user group frequenting the site. Special sections also exist to meet the needs of business and industry, students and educators, communities bordering the Seaway, and the media. The Seaway map has been completely redesigned, employing Google Maps technology.



Innovate to Improve *Service* Across the System

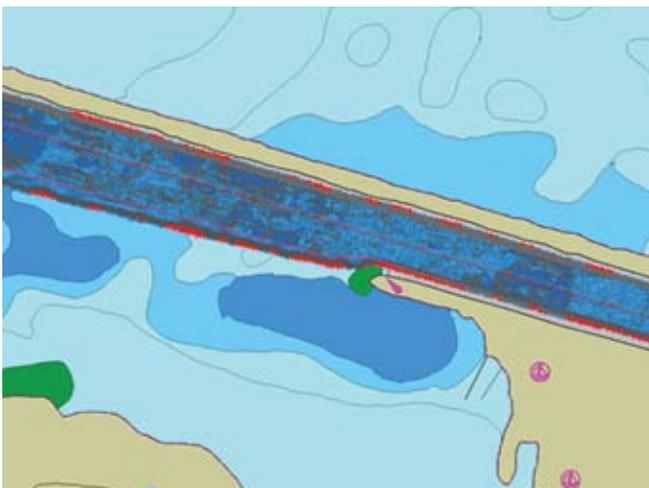
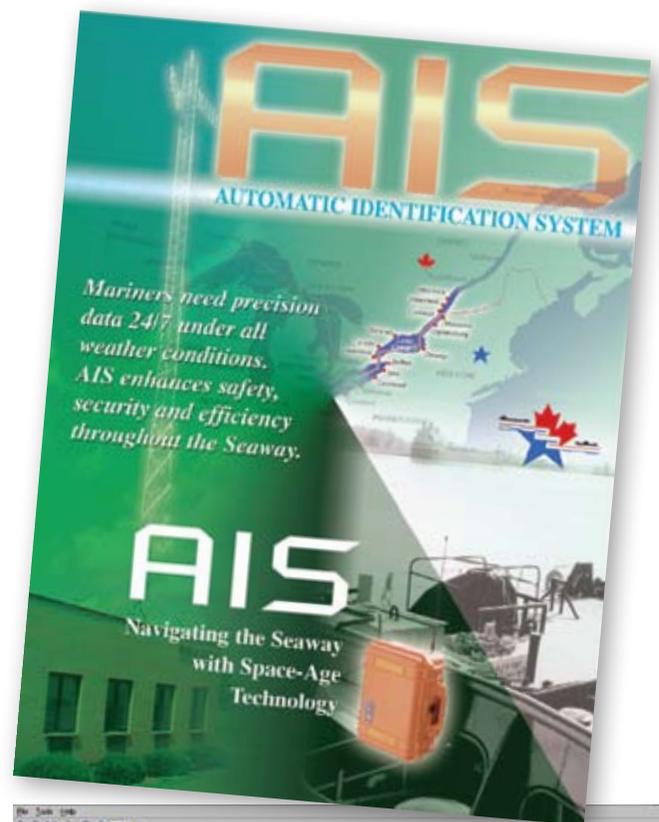
Advances in technology must be applied to our current infrastructure to maximize opportunities for the current users and attract potential new customers. The SLSMC is actively pursuing the implementation of state of the art technology, such as the hands free mooring system. These improvements continue at a steady pace, pointing to a system that is continually building on its strengths, while approaching its 50th anniversary in 2009.

Draft Optimization

The SLSMC is pursuing draft optimization to maximize the use of the present system. In 2007, 13% of inland and 7% of ocean upbound vessels took advantage of drafts greater than 8.0 m in the MLO section. For downbound traffic, 7% of both inland and ocean vessels were loaded at drafts more than 8.0 m. In the Welland Canal, the upbound figures were 6% and 5% for inland and ocean vessels, while the downbound numbers were 12% and 8%, respectively. These numbers are lower than previous years due to water levels on Lac St. Louis at, or approaching, historical low levels beginning in late summer. Consequently, the maximum permissible draft in the MLO section was reduced to 8.0 m from September 1, 2007 to the end of the navigation season.

3D Navigation Map

Even with low water levels in 2007, the Seaway continued its “draft optimization” initiatives. Soundings of critical areas in the Montreal / Lake Ontario section were completed and converted to high-definition format, and the criteria were established to allow for further testing of the industry’s 3-D navigation model in 2008.



Maximizing Benefits

Navigation Simulation Model

The Corporation has developed a computerized simulation model of the Montreal / Lake Ontario section and the Welland Canal, in order to test the impact of certain changes on performance. The model can simulate various situations and was first used to validate and quantify the usefulness of the tie-up walls on the Welland Canal. The model can also simulate the effect of various staffing levels on transit times, predict windows of time to conduct maintenance and look at the impact of various traffic levels on key transit time indicators.

Hands-Free Mooring

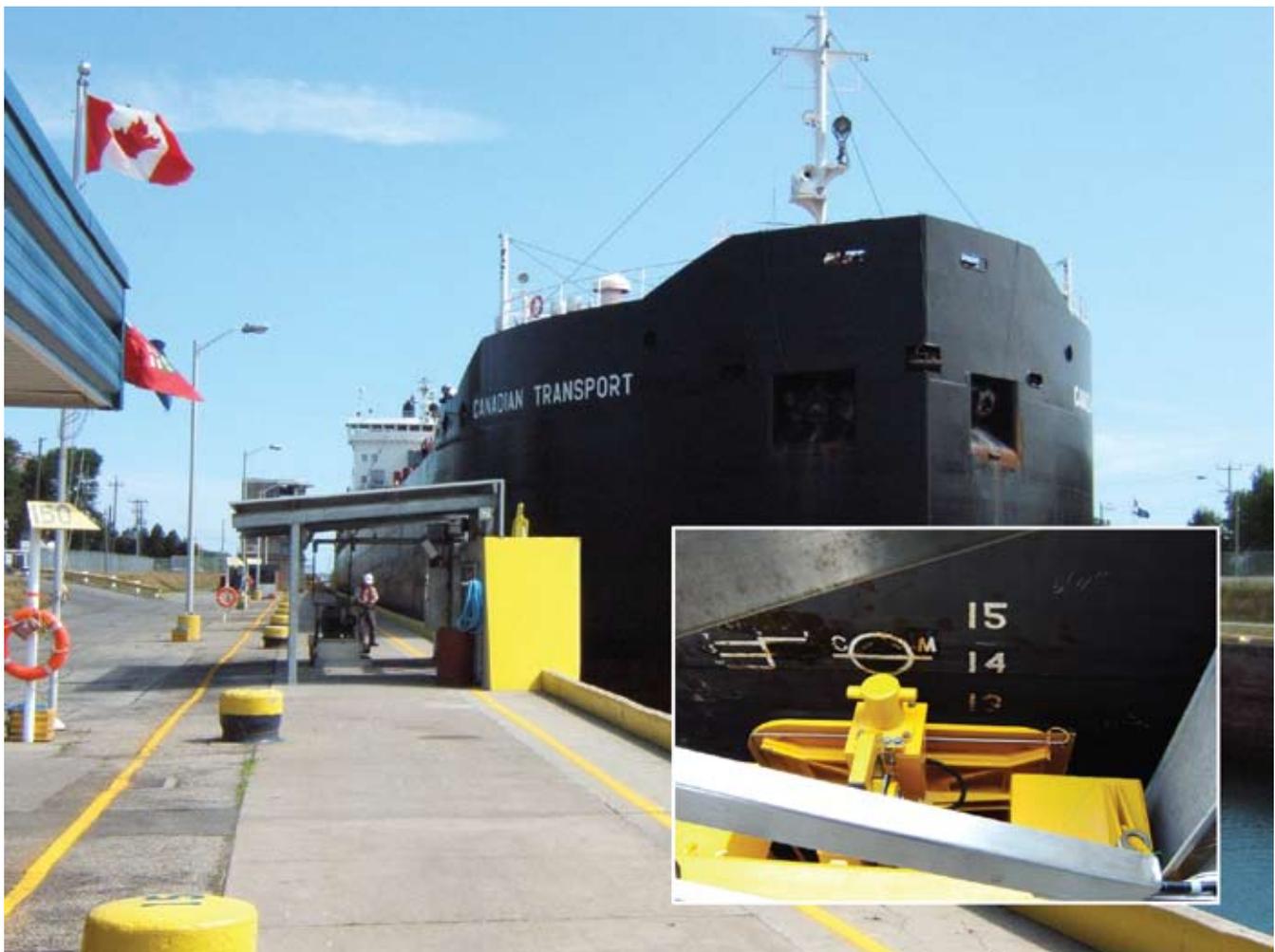
As an alternative to manually securing vessels, using casting lines from the ship to the lock wall, the Corporation has sought ways of providing a hands-free mooring experience for vessels.

Following the prototype testing results at Lock 8 in 2007, with a single vacuum pad, it was decided that the technology

warranted further trials in a deep lock, utilizing two separate vacuum pad units. Modifications were made to the design and a new unit was ordered from the manufacturer, Cavotec MoorMaster of New Zealand. Additionally, the existing unit used at Lock 8 was modified. Trials will take place at Lock 7 in the Welland Canal during the 2008 navigation season.

Consistent with our strategic plan vision of 'innovate to improve service across the system', the hands-free concept will improve on the safety aspect of processing vessels and allow ships that are not Seaway-fitted to transit the system, while reducing the cost. Hands-free mooring will reduce ergonomic strain on our workforce by eliminating the onerous task of tying-up a ship.

In addition, looking for value-added customer service improvements led to the testing of 'less than 4 lines' mooring at Lock 3 in the Welland Canal, starting in mid-2007. As a result of the testing and feedback, service trials of "less than 4 lines" will be implemented at all locks in 2008.



Vessel Self-Spotting System

Development of the vessel self-spotting system continued this year with tests conducted on prototype equipment at both Maisonneuve's Côte Ste-Catherine Lock and Niagara's Lock 8. The system uses innovative three-dimensional laser scanning and image recognition techniques to detect and track the position of the most forward portion of the vessel for various hull shapes, drafts and final mooring positions.



Overall results have been favourable and we will continue testing in 2008 at Lock 7, in conjunction with the hands-free mooring trials. Engineering enhancements have been added to the prototype system design to address deficiencies identified during testing and improve its performance. A more robust, reliable, and accurate "production" system will be installed at Lock 7 and we anticipate testing will commence in late June 2008.

The self-spotting system will provide the vessel master with visual and audio indications of the vessel's position in the lock relative to the final mooring position. It will reduce lockage time for customers by having all lock personnel available for mooring operations sooner in the process. Ultimately, in conjunction with the hands-free mooring system, it sets the stage for the lock of the future.

Hydraulics Conversion Project

The hydraulic conversion project, which started with a business case in 2001 and implementation during the winter of 2003/04, is nearing completion. During the winter of 2007/08, Locks 2 and 3 were successfully converted to hydraulic drive systems. All work was completed within budget. Locks 1 and 8 will be converted next winter and the two remaining mitre gates at Lock 6 East will be converted in 2009/10.

The net operational and maintenance benefits from the hydraulics conversion project are estimated at \$13.5 million over thirty years. There has been a significant decrease in the maintenance costs over the last two years. Other benefits derived from hydraulics include equipment standardization, increased reliability and safety, better control, smoother operation of equipment, and improved environmental factors. As part of protecting our environment, the SLSMC is considering using biodegradable synthetic hydraulic oil for the hydraulic systems at Locks 1 and 8.

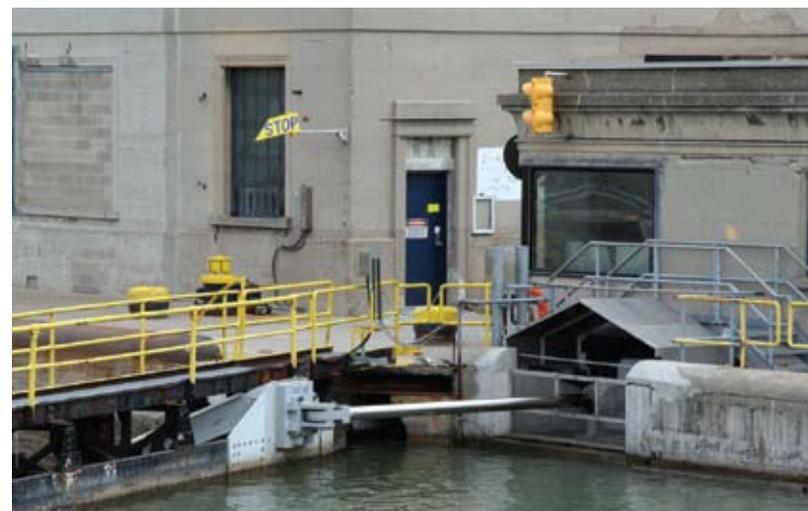
Testimonial from Bosch Rexroth Canada

"The Welland Canal hydraulic conversion project had many factors with a common purpose that needed to come together to ensure success. Bosch Rexroth Canada (BRCA) showed specific knowledge of this technology through international references and then demonstrated BR-local and BR-global expertise in this field.

One of our challenges was to quickly grow our existing computer modeling and simulation abilities which helped us verify different design concepts. The challenge and success of the Welland Canal hydraulic conversion project has greatly contributed to BRCA becoming a North American leader in 3D computer design and modeling for our industry.

Immeasurable to our success was a good cultural and professional fit between the Rexroth team and that of the SLSMC."

*Wayne Scutt, CET
Project Administrator: Welland Canal Project
Technical Consultant: Hydraulic Business Unit
Bosch Rexroth Canada*



Maximizing Benefits

Iroquois Walk Through



In the Maisonneuve Region, options for hands-free mooring have also been considered. At the Iroquois Lock, a walk-through procedure has been established which allows eligible vessels to transit without tying up. The process started in July 2007 with more than 800 transits occurring in a safe and reliable manner. This is now standard operating practice at Iroquois and translates into time gains for vessels.

Remote Operation of Bridges



The 2007 season was the first full year for remote operation of the Saint-Louis-de-Gonzague Bridge. Following an early shutdown to repair operating cables, the bridge was fully operational all year, with no major problems reported. Trained staff operated the bridge from the traffic control center (80 km away) in St. Lambert, while lock personnel from the nearby Beauharnois locks and maintenance center were trained to operate the lock from the bridge station in case of an emergency and for regular maintenance needs.



Environmental *awareness*

Ballast Water Regulations

The SLSMC further strengthened its ballast water management practices for the 2008 season. The regulatory initiative regarding ballast water management introduced by its U.S. partner, the Saint Lawrence Seaway Development Corporation, will result in all ocean vessels being subjected to a consistent and rigorous inspection process in Montreal, before entering the Great Lakes / Seaway system.

Since 2006, all ocean vessels bound for a Canadian port have been subjected to ballast water inspections, to ensure that water within the ballast tanks adheres to a minimum level of salinity of 30 parts per thousand. With the harmonization of U.S. and Canadian standards, all vessels entering the Seaway, irrespective of their destination, will be subjected to the same inspection process.

Beginning with the 2008 navigation season, 100% of ocean vessels, including those with “no ballast on board”, will be subject to mandatory ballast water tank tests and inspection. This joint effort between the SLSMC, SLSDC, Transport Canada and the U.S. Coast Guard demonstrates the resolve of the marine industry to effectively manage ballast water.

Land Management

The SLSMC’s mandate includes management of land, much of it leased for industrial use, and we have been more proactive when it comes to the environmental impact of activities being undertaken on these lands. In line with new land management strategies, the SLSMC initiated environmental conformance verifications of industrial and commercial lessees to identify any significant potential environmental issues and risks on the properties. Reports and recommendations were issued following the audits, and required actions will be carried out in 2008/09. The SLSMC also aims to improve aesthetics and general security on properties under its management.

Green Marine

The Green Marine program was officially launched in October 2007 and the SLSMC was one of the initial members. The program targets marine industry sectors active on the St. Lawrence and Great Lakes and calls for companies to improve environmental performance ‘beyond compliance’.

Working with First Nations

Following the signing of the Memorandum of Understanding in 2006, the three-year joint observation study on the physical impact of ice breaking on the shoreline was undertaken and we expect results from the first year in June 2008. In addition, regular meetings are held with members of the First Nations to discuss operational issues and factors determining our opening date.

Weir Power Generation

The SLSMC entered into a twenty-five year agreement with Rankin Renewable Power Inc. for the lease of properties along the Welland Canal at Weirs 1, 2 and 3 where three hydro-electric generating facilities will be constructed. Each generating station will be nominally 2 MW, with total projected annual energy production approaching 36 000 MW hrs. This is enough energy to displace the yearly energy consumption of between 2 000 and 3 000 homes.

Construction began in December 2007 at Weirs 1 and 2, with commissioning anticipated in the fall of 2008. Work on the generating station at Weir 3 will start in December 2008, with commissioning set for fall 2009.

“Rankin Construction are delighted to have been selected to develop this renewable energy project using surplus and otherwise unused waters at Weirs 1, 2 & 3 to develop three (3) 2MW hydro turbines. This project will be mutually beneficial to both parties and help reduce green house gas omissions 38,900 tonne the equivalent of taking 8,420 cars off the road for 1 year if displacing coal fired generated electricity”

Tom Rankin, Rankin Construction

Corporate Social Responsibility

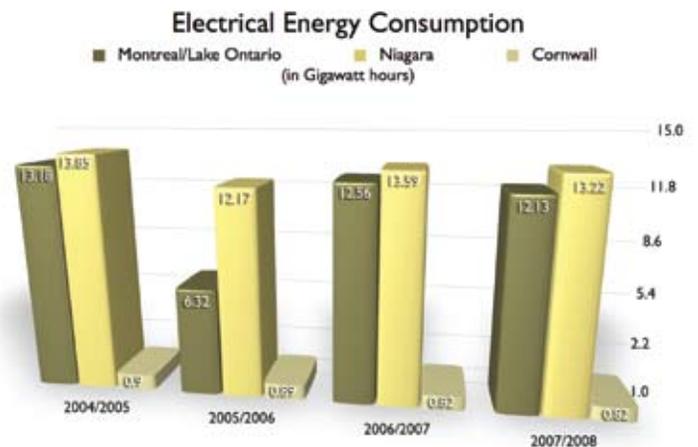
The SLSMC recognizes that, as stewards of the St. Lawrence Seaway, we operate within a shared resource. Understanding and minimizing the impact of marine transportation on the environment is very important to us. By modifying behaviours, changing habits and proactively looking for new solutions, the Corporation aims to be a model for the industry.

The Corporation has taken steps to integrate the principles of Corporate Social Responsibility into its daily work practices. Corporate Social Responsibility (CSR) decision-making tools have been developed to help SLSMC employees incorporate CSR into their day-to-day activities.

In 2007, the commitment of our employees to corporate social responsibility was demonstrated in many ways throughout the Corporation.

- To do its part in fighting climate change, the Corporation intends to reduce its GHG emissions by 15%, by January 1, 2010, as compared to the reference period (2003 to 2005).
- A program for recycling oily and greasy wastes at all locks in the Maisonneuve Region was implemented, thereby diverting these materials from the landfill. A similar program will soon be implemented in the Niagara Region.
- All locks in the Maisonneuve Region have a program to divert paper, cardboard, plastic, metal and glass from the landfill. A similar system for Niagara's locks will be implemented shortly.
- Both Niagara and Maisonneuve Regions have a program to collect used fluocompact tubes. The regions also have a recycling program for small batteries (AA, AAA, etc.)

- Maisonneuve's back-up traffic control centre was built by recycling consoles, parts of stations, and computer monitors from the old St. Lambert centre and Côte Ste-Catherine centre
- An energy audit was completed in 2007 in Cornwall with the broad objective to review building performance from an energy use perspective and identify activities that would reduce energy consumption.



Community *involvement*

The SLSMC recognizes the impact the waterway has on surrounding communities. We work with municipalities and local residents to maximize the economic benefits of marine transportation and to minimize the impact of our operations. We value open communication with communities along our waterway in contributing to the understanding of our system.

In 2007, we participated in the following community initiatives:

- As part of the City of Brossard's 50th Anniversary celebrations in August 2007, the Seaway agreed to stop all commercial navigation during a two-hour aerial show by Canada's Snowbirds. The SLSMC's involvement in this event was appreciated by the City of Brossard and the thousands of spectators.
- In August 2007, the SLSMC partnered with the recreational services department of the City of Beauharnois in celebration of BeauVENTois. This is a family day dedicated to flying kites. The SLSMC provides the grounds and some technical support (electricity and manpower), as well as finances a portion of the costs.
- More than 200 000 cyclists annually use the bicycle paths in Niagara, Beauharnois Park and on the dike between St. Lambert and Ste-Catherine.
- The SLSMC announced its support for the Galop Canal Revitalization Committee's undertaking of a Camp Site Feasibility Study. The study will consider whether lands immediately north of the Iroquois Lock are suitable for the establishment of a camp site. The SLSMC will provide the committee with consultative input, and access to the lands in question for the completion of the study. Pending the outcome of the feasibility study, the SLSMC will make a recommendation to Transport Canada concerning the use of the lands in question.
- The SLSMC participated in Port Colborne's Marine Heritage celebrations in the summer of 2007. The Seaway had a significant presence at the event, with representatives of the Seaway present to mark the 75th Anniversary of the Welland Canal.

As stewards of the St. Lawrence Seaway, we recognize the interests of the thousands of recreational boaters who enjoy the beauty of our waters, as well as the local residents who live and work along the waterway.

- The public can access our website to find out which bridges are available for road traffic and, therefore, plan their travel accordingly. This information is available for all bridges in the MLO and Niagara regions. The location of ships in the system can also be seen.
- Following a request from pleasure craft owners in the Beauharnois area, a daily schedule for pleasure craft lockages was posted last summer to better inform users of transit opportunities. The feedback has been very positive and following this success, the South-Shore canal will attempt a similar system during the summer months of 2008.
- The Seaway developed new windshield cards to distribute at various marinas and pleasure craft launch sites. These cards indicate safety tips and remind pleasure boaters of hefty fines for those who do not use the system responsibly. This campaign was initiated to control potentially dangerous activities in Maisonneuve's South Shore Canal. In addition to this new campaign, a revised pleasure craft guide was also published.
- For the second consecutive year, the Maisonneuve Region sent a team to represent the Seaway at the Montreal Boat Show. The objective of attending the event is to promote safety throughout the waterway and respond to the public's questions.



Minimizing Impacts

The SLSMC encourages the support of community programs and is proud of the contributions made by its employees during 2007/08:

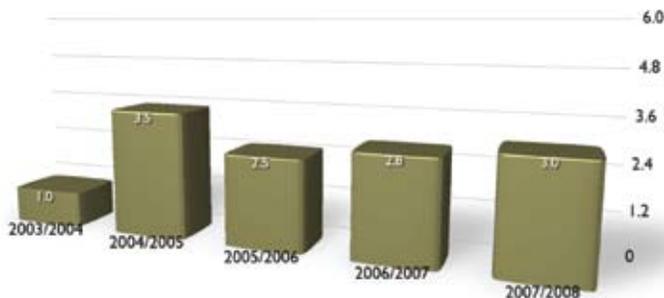
- A total of \$47,797 was donated by the employees and the SLSMC to the United Way during the 2007 campaign. A further \$10,579 was donated by the Corporation to various schools and charities as part of the 'Survivor Niagara' wellness initiative.
- St. Lambert employees donated approximately \$900 in profits from the sale of coffee to charitable causes. Contributions were donated to Reach School in St. Lambert (provides Realistic Educational Alternative for Children with Handicaps). Les Greniers de Joseph (a family assistance organization) and the local Charles Lemoyne Hospital for the registration of five employees who participated in Défi Vélo Onco event.
- For the 23rd year, Cornwall office employees contributed to the Salvation Army Christmas campaign, directly sponsoring three families. A total of \$1,215 was raised and the funds were used to purchase groceries for two weeks and gift certificates for each family, as well as a Christmas gift for each child.
- Niagara Region employees donated 75 Christmas gifts to Community Care of St. Catharines for distribution to families registered with the organization. As well, many non-perishable food items were gathered for the local food bank.
- With the support of Cornwall office employees, a team consisting of a SLSMC employee and family members participated in a January walk for the Alzheimer's Society. The team contributed a total of \$910 of which over 50% came from Seaway employees.
- A group of Seaway employees and their families represented the SLSMC at a charity bowling event held in February 2008. A total of \$385 was raised and donated to the Big Brothers and Big Sisters of Cornwall.



Safety & Security

Marine transportation on the Seaway occurs in a safe, secure manner with minimal pollution and, in 2007, there were 3.0 ship accidents per 1,000 transits. The 19 accidents registered ranged from groundings to contacting structures. One resulted in a minor spill and, with the rapid reaction of our employees in calling Marine Emergency, resulted in an immediate clean-up. There was no damage to our structures and navigation was stopped only briefly.

Vessel Accident Rate
(Accidents per 1000 transits)



Security Access

A combination of “break beam and shaker fence” was installed at the Côte Ste-Catherine Lock to detect intrusion. The equipment is being tested to determine whether one or a combination of these technologies would be required at the locks.

Also, a considerable quantity of fencing, gates and signage were installed at Locks in the Welland Canal. External and internal training of new and existing employees was provided. Meetings with service providers, lessees and shipping companies were held in the Niagara Region to explain the access control protocols.

Seaway Compliance with Security Program

Building upon its reputation as a safe and reliable transportation artery, the SLSMC achieved compliance with Transport Canada’s Marine Transportation Security Clearance Program (MTSCP) ahead of the December 15, 2007 deadline.

In November 2006, Transport Canada announced amendments to the Marine Transportation Security Regulations to strengthen Canadian marine security by requiring background checks for workers at marine facilities who perform specific security duties or have access to designated restricted areas.

At the outset of the new program, Seaway employees who regularly work within or require access to the Seaway’s Traffic Control / Operations Centre were identified. In 2007, we successfully passed a Transport Canada inspection and are in compliance with the new regulations.

Network Security

In 2007, an Information Security group was created. This new group is led by the Corporate Information Security Officer, a newly created position, who reports periodically on information security issues to the Executive Committee.

An Information Security Policy and a Corporate Information Security Directives document, based on the ISO 27002:2005 Standard, were prepared. As well, the services of an information security firm was retained to obtain advice on the best practices to deal with recommendations included in the Threat and Risk Assessment report, tabled in 2007. This latter work will be used as the basis for formulating two major information security projects, and various other security activities, that will occur in the 2008/09 fiscal year.



Minimizing Impacts

Emergency Preparedness

Preparing for the unexpected is the best way to be ready for an emergency. In 2007, the SLSMC conducted a series of simulated emergencies.

- A large-scale training exercise implicating the SLSMC, Niagara Region Emergency Operations Centre and Site Teams, as well as outside emergency service agencies was carried out in October 2007. The mock scenario took place at Lock 7 on the Welland Canal and included personal injury and damage to the infrastructure and surrounding area. There were several benefits to the exercise. All involved became more familiar with the plans and their various roles and responsibilities. Additionally, through the planning and execution of the scenario, the SLSMC strengthened its relationships with the various service providers and became more aware of their capabilities.
- A separate exercise involving the SLSMC Emergency Operations Centre and our Operations Control Centre was conducted in February of this year. The scenario was based on severe and adverse weather-related conditions which led to vehicular accidents on our structures and damage to our infrastructure. Among other things, the scenario tested our ability to effectively respond to unforeseen circumstances and helped us to identify areas of improvement.
- The SLSMC organized a simulation emergency response training exercise in partnership with local organizations at St. Lambert Lock in the Maisonneuve Region. The scenario consisted of a ship intentionally colliding with a ship arrestor and included incidents in the surrounding areas. The exercise involved local emergency service agencies and the RCMP. Transport Canada safety inspectors assisted with all aspects of the training exercise. CN rail participated in the development of a strategic plan that allowed continued movement by rail and water with only one operational bridge at St. Lambert lock.

The SLSMC was commended by its emergency response partners for the excellent teamwork and the dynamism shown by employees.

Safe and Healthy Workplace

The SLSMC is committed to maintaining a safe and healthy workplace for its employees, and is proactive in implementing programs within its safety umbrella. We strive to be accident-free and are proud of the 15-year no lost time accident milestone reached by Iroquois employees, as well as the full year without any reported lost time accidents in Beauharnois. These achievements are thanks to the care and dedication of our employees and we take these opportunities to celebrate their successes.

- Training was provided to all Head Office employees under the SafeStart program which focused on a daily awareness of one's surroundings and accident prevention both at work and at home.
- The Corporation earmarked the week of May 6th to 12th to underscore the importance it gives to the health and safety of its employees. In Maisonneuve, the week was an opportunity for a refresher on safety fundamentals, from the use of fire extinguishers to the inspection of safety equipment. In the Niagara Region, fire drills and a mock emergency water rescue were carried out.
- Nine teams from the Cornwall office participated in the Eastern Ontario Health Unit "On the Go Ontario" challenge in 2007. The event consisted of "crossing" Ontario by doing one minute of physical activity for each of the 5,154 kilometres required to traverse the province.
- The first annual Corporate Wellness Day was held on September 26, 2007. The day was made possible by the involvement of all regional Wellness Committees who organized local events, and numerous volunteers.
- The Cornwall office Wellness Committee was the recipient of the Wellness in the Workplace **Gold Award** presented during the Eastern Ontario Health Unit's Workplace Promotion Workshop in November 2007. The Niagara Region Wellness Committee received, for the third year, the Healthy Living Niagara **Gold Award** demonstrating excellence in creating a work environment that encourages, supports and sustains healthy choices for their employees. They were also recipients of the **Platinum Award**, this year being the first year for this level of award. The SLSMC has been recognized as demonstrating great efforts in adopting psychologically healthy workplace practices in the categories of *Employee Involvement, Work-life Balance, Employee Growth & Development, Health & Safety, and Employee Recognition.*



Ensure Reliable *infrastructure*

A reliable infrastructure is an essential component to sustainability and is dependent on a thorough knowledge of the condition of the infrastructure and sufficient funds to ensure necessary rehabilitation is carried out. During the year, action was taken to position the Corporation for success into the future.

The responsibilities of the corporate and regional engineering groups were redefined to ensure that a thorough knowledge of the condition of the infrastructure is maintained, as well as to respond to the increasing volume of asset renewal, planned at \$270 million for the next five-year period.

In 2007/08, a total of \$38.287 million was spent on asset renewal. During the 2008 winter works, significant projects were completed to improve the condition and reliability of our infrastructure, including the previously noted hydraulic conversion at Locks 2 and 3. Attention to planning identified work enables the SLSMC to schedule large amounts of work activities within tighter windows during the winter period.

Some of the other major projects completed in the Welland Canal during the winter period include:

- Bridge 6, change of seating dampers and locking mechanisms with new systems.
- Vertical Lift Bridges, added stairs on spans to allow safer access to towers for maintenance
- Rehabilitation of sealing and pivots of Lock 4 valves for improvement of sealing and elimination of vibration of valve bodies
- Restoration of concrete facing at Lock 6 centre wall
- Repair of Lock 8 flooring system to reduce spalling and removal of debris from lock gate function
- Addition of several cameras and camera towers for operational improvements to remote bridge operations.

Some of the major projects executed during the winter shut down in the Montreal Lake / Ontario section include:

- Repair of ice flushing gates in the St. Lambert Lock
- Repair of edge seals of Taintor Valves in St. Lambert Lock
- Replacement of operating cables at the St. Louis vertical lift bridge
- Upgrades to navigation panels, approach limit detection system and position indicators on lock mitre gates
- Fender replacement on approach walls
- Communication and control system modifications to allow remote operation of Valleyfield Bridge in 2008 season
- Concrete repairs in the lock chamber in St. Lambert Lock (dewatered for the winter shut down).





Gate Replacement

In June 2007, the crew of the VM/S Hercules, the Beauharnois and South Shore Maintenance Teams and members of the Technical Team worked together to replace Gate 4 at the lower Beauharnois Lock which had been damaged the previous year.

The lock gate measured more than 40 x 80 feet and weighed more than 280 tonnes. It was an exacting operation, with the winds faced by the VM/S Hercules crew and Maintenance Teams, and the planned eight-hour stoppage of navigation to complete the task.

Partnership with the University of Sherbrooke

The SLSMC has been involved with Canada's National Research Council industrial chair in non-destructive investigation techniques for concrete infrastructure at the University of Sherbrooke. Through financial contributions and employee commitment, we have participated in the development of new, non-destructive testing techniques specifically developed to monitor the evolution of damage caused by alkali aggregate reaction. These technological breakthroughs will allow us to better deal with our structures affected by alkali aggregate reaction and, at the same time, they will benefit technical and scientific communities at large.

communication

Staying ahead of the curve, the Corporation believes, can only be achieved through the dedication of its people. And effective communication is an essential ingredient in setting the stage for employees to make this happen. Understanding the “big picture”, where the organization is heading and how it proposes to get there, is a crucial first step towards engagement and the reason why ongoing efforts are deployed to constantly improve communication.



In June 2007, the management team used the concept of strategic mapping to illustrate how the Corporation's various strategic initiatives link and contribute to the achievement of sustainability. The resulting map has been an important tool, both internally and externally, to better communicate and understand future directions.

The internal key messaging matrix, which was developed during 2007, is another important instrument geared to foster more effective communication. The matrix serves as an internal guide by translating the overriding objective of sustainability and its supportive strategies into concrete action-oriented messages for employees, from management to the front line.

The communication arsenal would not be complete without a mechanism to verify that the strategies are bearing the promised fruits. The Corporation's Measurement System, implemented in 1997, underwent a facelift last year. The portfolio of indicators was examined and adjusted to better fit how the Corporation's vision for the future had evolved with the changing business environment. Targets continue to be set yearly and performance reviewed monthly during the regular management and team meetings.



Succession and Manpower *planning*

The Corporation continues to plan for the jobs of the future and has positioned itself 'Ahead of the Curve' by developing highly skilled employees to manage the ever-changing and improved Seaway system.

Significant progress has been made in anticipating our future manpower requirements, changes in jobs and related skill sets. We continue to "set the stage for people to succeed" and provide sustainability in our workplace by providing employees with opportunities to grow and develop their skills and knowledge.

During the 2007/08 fiscal year, 44 employees retired across the Seaway, representing a turnover of 8.1% of our permanent workforce. This means that in the last year, we have had 44 opportunities to bring about change in our organization and we have done so. This has been accomplished in part through the recruitment blitzes and the development of a new external career website and recruitment materials.

Through our succession planning process we continue to mitigate the risks associated with the pending turnover of our management ranks, as well as key specialized and unique positions within the SLSMC.

This year we incorporated in our succession planning meetings not only a three-year horizon but a special focus on positioning ourselves for the organization of 2012. As a result, a number of different strategies and actions emerged dealing with shorter and longer-term needs.

To meet more immediate needs we created new Corporate and Regional Engineering Manager positions and we have also taken other proactive recruitment measures to create shift supervisor trainee positions as steppingstones for the future. We have also staffed key positions "in advance" to shadow exiting employees where imminent turnovers were foreseen.

For the longer term, we reorganized our regional structures to better align them with the 2012 operational realities they will face. This supports the long-term staffing and manpower plans developed for each year up to 2012.

Following successful completion of a 30-month development program in all areas of the Corporation, we assigned two of our three Transitional Managers to line manager positions as of December 2007.

We continue to recruit through our succession planning efforts by balancing both internal opportunities for existing employees, as well as recruiting external personnel. This combination gives us a well-balanced workforce of internal experts and outside 'new thinking'. This is crucial in our supervisory ranks as it is a cornerstone strategic initiative to ensure that SLSMC Supervisors are well equipped with the necessary leadership and technical skills to support the technologies and the new workforce of the future.



Career Development & *training*

Technical Training: CST Internships

The Canal Service Technician (CST) Internship program is now firmly established and provides participants with hands-on training on the operation of our locks and bridges, as well as an orientation to the application of their mechanical or electrical trade on our equipment. These jobs, which have permitted us to acquire valuable talent, have been successfully filled by hiring external candidates with a breath of mechanical or electrical experience, and the benefits of having the combination of skilled trade with operating skills is becoming evident.

As of March 2008, the Maisonneuve Region had three qualified CSTs, in addition to ten others who are undergoing their CST internship training, for a total of 13. In the Niagara Region, there are seven qualified CSTs, fifteen external recruits in training and two internal candidates enrolled in our CST Internship program. We also have five internal candidates who started their apprenticeship program in January 2008, working towards the completion of the CST internship program.

Technical training: Operational Controllers Training

Key to SLSMC sustainability is maintaining and growing our customer base. Supporting this strategy in our Operations Centre is an intense customer focus of ensuring the customer experiences a safe, speedy and reliable transit in order for them to deliver their goods to market. A new 'Operations Controller' Intern program has been developed to replenish our existing workforce and bring new personnel into our Operations Centre to prepare for the future. The training program ensures a well-rounded orientation and training in lock and remote bridge operations, traffic control processes and procedures, as well as teaching new employees the skills required for ship tie-ups and front line lock operations. The result is a flexible workforce. In both regions, training is underway and a number of employees have completed the program.

Leadership and Technical Training

Last June, SLSMC initiated a training plan for managers and supervisors based on an analysis of the data received from our training survey, with input from 73% of our managers and supervisors.

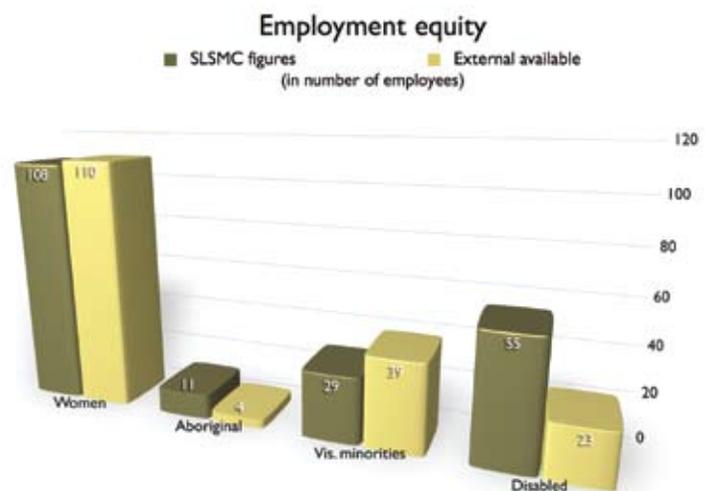
In the fall of 2007, we completed a series of workshops on the supervisors' challenge of dealing with "culpable performance and progressive discipline". We have subsequently developed and rolled out "Lunch and Learn" workshops focused on case study reviews to further enhance their knowledge and skills on related performance management topics.

We have also promoted attendance at public seminars and workshops on "Stress and Time Management"; we communicated a list of key leadership development websites and integrated their use in leadership discussions and presentations; and we developed a checklist for managing change.

We have now scoped out a series of progressive workshops referred to as "Getting more comfortable with the Uncomfortable". These workshops will help Managers and Supervisors "navigate" successfully through difficult interpersonal situations in our workplace. To help broaden and strengthen our leadership base, it will also be open to non-supervisors who have indicated an interest and demonstrated potential to take on supervisory roles.

Employment Equity

With the retirement of many baby boomers in the last few years, we have taken advantage of the opportunity to hire persons from the four Employment Equity target groups, namely women, Aboriginal persons, members of visible minorities and persons with disabilities. In some years, up to 77% of new hires and 60% of internal promotions have been awarded to members of the target groups. We have steadily increased representation of women in our ranks, particularly in non-traditional areas. This year we instituted a mechanism whereby all candidates with special needs for the interview process are encouraged to request accommodation at the point of application through our Careers website.



On the Job *with...*

André Parent

"In my family, three successive generations have worked with the Corporation since it was established.

To begin the story, my grandfather, Jean Corriveau, began working at the Seaway in 1957, at the time of construction, and remained there until 1972. During construction, his position was that of personnel clerk. After the Seaway opened, he dealt with personnel matters in Beauharnois and completed his career, with similar responsibilities, in St. Lambert.

Next, my father, Léo Parent, worked as a personnel clerk at the Seaway for 30 years. For 10 years, he looked after human resource issues in Beauharnois, just like his father-in-law. He then transferred to St. Lambert, where he had similar responsibilities, and was there until his retirement in 1990.

As for me, I started with the Seaway in 1981 as a lock person. With time, there were opportunities to progress within the organization, and I now hold the position of South Shore coordinator.

My grandfather and my father, for whom I have profound respect, participated in their own way towards the growth of the organization. Both were recognized for the integrity they showed the organization, and appreciated for the importance they placed on the people they were privileged to work with.

As years passed, the passion for their profession was passed to me, along with the legacy of their values. It is with great pride that I now find myself occupying the same office as my grandfather at the St. Lambert lock and participating in the evolution of the Seaway.

I am presently working towards a university certificate in organisational leadership from the "Hautes Études Commerciales" (HEC Montreal). In addition to the value it provides me in diligently carrying out my work responsibilities, this course assists me in my personal development."



Jean Corriveau



Léo Parent



André Parent



Jamie Andrews

Jamie Andrews joined the Corporation over a year ago. He has Bachelor and Master degrees in Mechanical Engineering from Queen's University and 12 years experience in the Information Technology field.

"I bring my strong project management and communication skills and my expertise at analyzing and resolving complex problems with my diversified experience and background to the Seaway. I was responsible for the migration of obsolete reporting technology to current standards and the migration of the plant information collecting technology to today's standards. I am changing position to SAP Basis Administrator. It will allow me to use my skills and to learn new ones in a different area that will provide me with new challenges and opportunities for future growth.

I like working at the Seaway because it allows for a balanced work/home life, the people working here are fantastic and culture is like that of a big family."



Alan Noble

Alan Noble joined the Seaway on January 2, 2007 as a Canal Services Technician, Mechanical and has quickly moved from Mechanical Coordinator Trainee to being appointed the Core Mechanical Maintenance Supervisor on April 28, 2008. He was involved with 'Jobs of the Future' initiatives, especially with the CST mechanical training programs and now notes,

"...with my new position as Mechanical Supervisor I am able to guide my crews through tasks and my position allows me to influence the planning of jobs to coincide with requirements of the CST training programs. So the maintenance and the training/orientation are getting done all at the same time."

With all the changes we are seeing with the canal equipment (ex. Hydraulic conversions), having new employees like Alan, with experience elsewhere, has helped as we move into the maintaining phase of our new hydraulic systems.



Corporate governance

(as of March 31, 2008)

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 of the Seaway as an integral part of Canada's transportation infrastructure. The Board oversees many aspects of the 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. Individual Board committees oversee governance, human resources, audit, and asset renewal.

*From left to right (top):
Paul A. Gourdeau, Richard Gaudreau, William Keays, Peter G. Cathcart
From left to right (bottom):
William D. Mooney, Richard J. Corfe,
Guy C. Véronneau, David F. Mothersill, Ian MacGregor*

Board of Directors

Peter G. Cathcart ^{1,4}

Ontario Provincial Government Representative

Richard J. Corfe

President and Chief Executive Officer

The St. Lawrence Seaway Management Corporation

Richard Gaudreau ^{1,3*}

Federal Government Representative

Paul A. Gourdeau ⁴

International Carrier Members' Representative

William Keays ^{4*}

Québec Provincial Government Representative

Ian MacGregor ^{2,3}

Domestic Carrier Members' Representative

W.D. (Bill) Mooney ³

Grain Members' Representative

David F. Mothersill ^{2*}

Steel and Iron Ore Members' Representative

Guy C. Véronneau ^{1,2}

Chair

Other Members' Representative

Members of:

1. Governance Committee
2. Human Resources Committee
3. Audit Committee
4. Asset Renewal Committee

*Committee Chair

Officers

Richard J. Corfe
President and Chief Executive Officer

Michel Drolet
Vice-President, Niagara Region
Corporate Safety Officer

Guy Yelle
Vice-President, Maisonneuve Region

Serge Bergeron
Chief Financial Officer
and Director of Support Services

Yvette Hoffman
Counsel and Secretary

Industry Members 2007/2008

Domestic Carriers

Algoma Central Corporation
St. Catharines, Ontario

Canada Steamship Lines,
A Division of The CSL Group Inc.
Montréal, Québec

Groupe Desgagnés Inc.
Québec, Québec

Lower Lakes Towing Ltd.
Port Dover, Ontario

St. Marys Cement Co.
Toronto, Ontario

Upper Lakes Group Inc.
Toronto Ontario

Voyageur Marine Transport Limited
Ridgeville, Ontario

Grain

ADM Agri-Industries Company
Windsor, Ontario

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

Bunge du Canada Ltd.
Québec, Québec

Cargill Limited
Winnipeg, Manitoba

James Richardson International Limited
Winnipeg, Manitoba

Louis Dreyfus Canada Ltd.
Calgary, Alberta

The Canadian Wheat Board
Winnipeg, Manitoba

Viterra Inc.
Regina, Saskatchewan

International Carriers
Colley Motorships Ltd.
Montréal, Québec

Fednav International Ltd.
Montréal, Québec

Gibson Canadian & Global Agency Inc.
Montréal, Québec

Gresco Ltée.
Montréal, Québec

Inchcape Shipping Services
Dorval, Québec

Laden Maritime Inc.
Montréal, Québec

Montréal Marine Services Inc.
Longueuil, Québec

Montship Inc.
Montréal, Québec

Navitrans Shipping Agencies
Montréal, Québec

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

Other Members

AGP Grain Ltd.
Minneapolis, Minnesota

Essroc Italcementi Group
Mississauga, Ontario

Keystone Canada Inc.
Montréal, Québec

Lafarge Canada Inc.
Concord, Ontario

OmniSource Corporation
Burlington, Ontario

Ontario Power Generation Inc.
Toronto, Ontario

Petro-Canada
Oakville, Ontario

Redpath Sugar Ltd.
Toronto, Ontario

The Canadian Salt Company Ltd.
Pointe-Claire, Québec

The Mosaic Company
Colonsay, Saskatchewan

Steel and Iron Ore

ArcelorMittal Dofasco Inc.
Hamilton, Ontario

Iron Ore Company of Canada
Montréal, Québec

U.S. Steel Canada
Hamilton, Ontario

