

# Corporate Plan 2024/25 – 2028/29

## Marine Atlantic Inc

*July 2024*

## Contents

Executive Summary .....	3
Corporate Overview.....	4
Operating Environment .....	6
Internal Environment.....	6
External Environment .....	7
Recent Performance – 2023/24 Results .....	10
Key Performance Indicators.....	10
2023-24 Strategic Initiatives Update .....	11
MAI’s Strategic Plan.....	12
Key Objectives and Activities.....	13
1. Achieve NetZero by 2050 .....	13
2. Develop a Long-term Fleet Replacement Strategy .....	15
3. Improve Service Offerings to Better Meet the Needs of Customers.....	19
4. Innovate and Automate .....	20
5. Focus on People and Culture.....	22
Enterprise Risk Management.....	24
Financial Overview.....	26
Rates .....	26
Fuel Surcharge .....	26
Traffic and Revenue .....	27
Travel, Hospitality, Conference and Event Costs.....	27
Climate-related Financial Disclosures.....	28
Other Costs .....	28
Capital Requirements .....	28
Financial Summary.....	29
Cost Recovery .....	29
Appendix A     Mandate Letter .....	30
Appendix B     Corporate Governance Structure .....	33
35	
Appendix C     Planned Results.....	37
Appendix D     Chief Financial Officer Attestation.....	39

Appendix E	Financial Statements.....	40
Appendix F	Borrowing Plan.....	46
Appendix G	Enterprise Risk Management.....	47
Appendix I	Government Priorities and Direction.....	56
Appendix J	OAG Special Examination .....	57

## Executive Summary

Marine Atlantic Inc's (MAI) 2024/25 - 2028/29 Corporate Plan is based on the following priorities:

1. *Providing a robust and reliable transportation system to strengthen Canada's supply chain.*
2. *Fighting climate change.*
3. *Advancing Truth and Reconciliation.*
4. *Implementing outreach and recruitment strategies that uphold the principles of equity, diversity, and inclusion.*
5. *Helping make the transportation system more accessible for persons with disabilities.*

2024/25 is an exciting year at Marine Atlantic Inc., as the Corporation will make considerable progress on many of its key strategic initiatives, including the launch of the new vessel the Ala'suinu into service for the 2024-25 tourist season. The vessel arrived in Canada in April 2024, and the organization is very excited to introduce the vessel to its customers.

MAI's strategic initiatives, brought forward for continued implementation from 2023/24, include:

1. Achieve NetZero by 2050.
2. Develop a long-term fleet replacement strategy.
3. Improve service offerings to better meet the needs of customers.
4. Innovate and automate.
5. Focus on People and Culture.



MAI's traffic levels remained healthy in 2023-24, and the Corporation expects that traffic demand will continue to outpace pre-pandemic levels in 2024-25. Budget 2024 provided MAI with sufficient funding to keep rates affordable for the early part of the plan. Rate increases that are linked to the rate of inflation are planned for the outer years.

In Budget 2024, the shareholder provided MAI with incremental funding for 2024-25, along with sufficient top-up funding for operating and capital shortfalls in 2025-26. The overall cost recovery policy was also eliminated providing the corporation more flexibility in managing its budget. To make the most of the resources allocated by the Government of Canada, MAI continues to focus on expense management and prudent use of taxpayers' dollars. MAI's operating and capital budgets are in line with those of previous years, despite rising costs and increased wages. The corporation continues to prioritize its capital program to support its safe and reliable operations, strategic objectives and the shareholder's priorities in a cost-effective manner.

While many of MAI's longer-term projects are coming to fruition in 2024-25, the upcoming year is not without risk. Inflation rates, the cost and availability of fuel, supply chain issues – all increase both operational and financial risk to the organization, and may impact MAI's ability to deliver on its objectives. Cyber risk also remains a priority for the Organization. Mitigations to all these risks have been identified and are being implemented. The corporation will collaborate with partners, including the shareholder, toward another successful year.

## Corporate Overview

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

## Main Activities

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

MAI provides an essential service to the island of Newfoundland, as it is the only daily ferry transportation service that allows for the transport of goods onto the island – including fresh food and perishables, consumer products, and dangerous goods (e.g., medical oxygen and hospital supplies). It is also the only daily service that allows for local companies to export their products to the mainland and to reach the national and international markets upon which their business success depends. MAI also provides the most accessible means for travellers to enter and leave the island with their vehicles. MAI is a very important enabler of the economy of Newfoundland and Labrador. MAI's success drives the success of the province in that it is the main transportation link between the province and the rest of Canada. Additional information regarding the Corporation is included in its Annual Report, which can be found on MAI's website.



## Constitutional Obligation

The ferry service between NL and the rest of Canada is enshrined in the Constitution.

When Newfoundland joined Canada in 1949, the ferry service between the Province of Newfoundland and Labrador and the mainland was accorded special constitutional status under Term 32(1) of the Terms of Union (*The Newfoundland Act, 1949*) which guarantees that Canada will “*maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques, which, on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles*”. MAI exists to fulfill that mandate.



## Vision, Mission, and Values

### **Vision Statement**

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

### **Mission Statement**

*To provide a safe, environmentally responsible and quality ferry service between the Island of Newfoundland and the Province of Nova Scotia in a reliable, courteous and cost-effective manner.*

### **Corporate Values**

#### **Safety**

*Protection of people, property and the environment is our ultimate priority.*

#### **Diversity**

*Embracing our differences leads to better performance and helps us achieve our goals.*

#### **Teamwork**

*We work together to achieve the best outcomes for the organization.*

#### **Commitment**

*We are responsible for our performance and delivering on our commitments.*

#### **Integrity**

*We say what we mean and do what we say.*

#### **Excellence**

*We take pride in delivering the best possible services.*

A more detailed review of the Corporation's operations can be found in its latest annual report, which can be found at <https://www.marineatlantic.ca/about-us/corporate-information/reports>

## Operating Environment

The following section will address various factors of both the internal and external environments in which MAI operates.

### Internal Environment

#### Human Resources Overview

As of June 2023, MAI employs a total of 1184 people, spread over three geographical locations – Port aux Basques, Argentina and North Sydney. However, a number of these employees live in other parts of Atlantic Canada and commute to work for their two-week on/off shifts. 37% of MAI’s workforce are women.

Occupational Group	Total Employees	Total Women	Percentage
01 Senior Managers	7	3	42.9%
02 Middle and Other Managers	56	22	39.3%
03 Professionals	42	30	71.4%
04 Semi-Professionals and Technicians	136	11	8.1%
05 Supervisors	34	16	47.1%
06 Supervisors: Crafts and Trades	8	0	0.0%
07 Administrative and Senior Clerical Personnel	28	24	85.7%
08 Skilled Sales and Service Personnel	61	23	37.7%
09 Skilled Crafts and Trades Workers	69	0	0.0%
10 Clerical Personnel	94	56	59.6%
11 Intermediate Sales and Service Personnel	100	75	75.0%
12 Sem-Skilled Manual Workers	352	45	12.8%
13 Other Sales and Service Personnel	197	135	68.5%
<b>Totals</b>	<b>1184</b>	<b>440</b>	<b>37.2%</b>

### Collective Bargaining

MAI’s has six collective bargaining units, and all collective agreements have been ratified through to December 31, 2022. Collective bargaining commenced in May 2023 for the collective agreements that expired on December 31, 2022.

### Recruitment and Retention

As a result of current recruitment efforts, approximately 220 new employees joined MAI’s workforce during the spring of 2023. MAI will continue its recruitment efforts ahead of the busy summer season in 2024/25.

MAI concluded partnership agreements with Marine Institute at Memorial University and the Nova Scotia Community College Nautical Institute for a Cadet Officer Scholarship program. To date a total of seven navigation



cadets and 10 engineering cadets have accepted job offers with signing or tuition support incentives to complete sea phase placements here at MAI, with a commitment to work for MAI upon graduation. In addition to the seventeen cadets, 2 engineering cadets have graduated and are now working with Marine Atlantic as Junior Engineers within our fleet. MAI will be offering these same incentives in 2024/25 to off-set projected attrition.

## External Environment

### Weather and Climate Change

MAI operates in the Gulf of St. Lawrence, a very harsh environment, prone to extreme winds, waves, and ice. As such, MAI's service is often cancelled due to extreme weather conditions. Further, climate change has led to more frequent, longer, and more violent weather events, resulting in increased cancellations.

These cancellations impact not only the users of the service by the interrupting their travel plans, resulting in delays and increased costs as they await the resumption of service. They also have a significant impact on the availability of goods and service in the province of NL as commercial traffic is also delayed. The commercial operators potentially face a financial impact on their operations – especially those transporting perishable products that are at risk of spoilage. Industries and businesses in NL are also temporarily impacted by the availability of supply, thereby negatively impacting the overall economy. Finally, the safety and health of the people of NL can be put at risk, as the service transports many of the supplies – like medical oxygen – that are essential to the province's hospitals.

This necessitates a fleet of ice-class vessels with the capacity to quickly and efficiently clear up the significant backlog of cargo and passengers that results. Furthermore, the configuration of the PAB Harbour, with Vardy's Island creating an obstacle, limits MAI's ability to operate in certain weather conditions, adding to the number of cancelled trips.

The operating environment also necessitates the maintenance of an alternate port that can be used by the Corporation in case of service interruption at the port of PAB. While the port of Argentia cannot handle the same volume of traffic that can be routed through Port aux Basques, the availability of the port allows the Corporation to keep essential goods moving in the event of a service disruption through PAB.

### Regulatory

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

### Alternative Providers

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

Delay Data	
Average Number of Delays	45/ yr
Average Length of Delay	4.1 hours
Passengers affected by Delays (2023/24)	11,245
Vehicles affected by Delays (2023/24)	8193
Drop CRVs affected by Delays (2023/24)	1732
Live CRVs affected by Delays (2023/24)	1478
Cancellation Data	
Number of Cancellations	204
Average Length of Cancellation	12.2 hrs
Passengers affected (2023/24)	21,098
Vehicles affected (2023/24)	15,157
CRVs affected (2023/24)	4,098 /yr



For passengers, the airlines offer regular flights to and from the island and, in the past, were often viewed as more reasonably priced than MAI's service. Historically, increasing airfare discounts and new entrants in the airline market increased the choices for consumers. However, the impact of Covid-19 on the airline industry has resulted in a major reduction in service to the island which continues even as demand has returned to normal. This reduced service along with significantly higher prices for flights than pre-pandemic is credited for driving increased passenger traffic to MAI in 2022-23 and 2023-24. This is forecast to continue during the planning period, although the long-term trends and impacts are difficult to foresee.

Commercially, MAI supports the road transportation network, of which Oceanex is viewed as the closest alternative service provider. MAI's advantage is that it offers daily service for both cargo (drop trailer) and live commercial traffic (transport trucks with drivers), which aligns well with the supply chain needs of retailers and suppliers across the province.

### Economic Environment

In its five-year provincial update for NL released in January 2024, entitled "Economy to Recover in 2024 but Growth Remains Sluggish", the Conference Board of Canada included the following key findings, as noted on page 3 of the report:

- *Newfoundland and Labrador will see real output contract for the second year in a row in 2023, making it the only province to report a decline. We forecast that real GDP will drop by 0.9 per cent in 2023 before expanding by 1.1 per cent in 2024, as activity picks up in the oil and gas sector.*
- *Despite the expected rebound in global demand, the province will see meagre growth in real GDP through the medium term—an average of 1.5 per cent per year from 2025 to 2028.*
- *The province's population growth rate in 2023 is expected to almost double from last year's rate—to 1.3 per cent— before returning by 2025 to the pre-pandemic trend of little population growth.*
- *Residential investment will be a weak spot in the province as housing starts are expected to be impacted by an aging population.*
- *Overall investments will remain steady over the next five years as government investment in health care and transportation will give the province a boost.*

The Key Economic Performance Indicators for the province of NL over the next five-year period are as follows:

### Key economic indicators

(percentage change)

	2023	2024	2025	2026	2027	2028
<b>Real GDP</b>	-0.9	1.1	1.1	1.3	2.0	1.5
<b>Consumer price index</b>	3.3	2.6	1.9	2.0	2.0	2.0
<b>Household disposable income</b>	5.2	2.0	1.9	1.5	1.7	2.0
<b>Employment</b>	1.6	-0.7	0.7	0.5	0.4	0.5
<b>Unemployment rate (level)</b>	9.9	11.0	10.9	10.7	10.6	10.6
<b>Retail sales</b>	1.9	-1.0	1.7	2.0	2.0	2.0
<b>Wages and salaries per employee</b>	2.9	2.9	2.1	1.8	1.9	1.8
<b>Population</b>	2.4	2.5	2.2	1.9	1.7	1.4

*Shaded area represents forecast data.*

*Sources: The Conference Board of Canada; Statistics Canada.*

In general, as economic activity increases or decreases, the demand for transportation services also tends to increase or decrease. As noted above, almost all indicators for Newfoundland and Labrador are slightly positive for the upcoming five-year planning period, suggesting that MAI's traffic levels will be relatively stable over the period, which is reflected in the traffic forecast found later in this plan.

## Recent Performance – 2023/24 Results

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

The first table that follows outlines MAI's performance on its KPI's at time of writing. The second table outlines progress to date on its strategic initiatives. Status updates have been provided as of the end of Q4 2023/24.

### Key Performance Indicators

Strategic Perspective	Measure	2023/24 Target	End of Quarter 4 2023/2024	Variance to Target
Financial & Public Stewardship	Cost Recovery	56.9%	55.4%	-1.5%
	Revenue (\$M)	\$122.9M	\$143.4M	\$20.5M
	Operating Expenditures	\$288.7M	\$299.6M	(\$10.9M)
	Capital Expenditures	\$64.6M	\$63.8M	\$0.8M
	Total Recordable Environmental Incidents	0 Class A's	0 Class A's	N/A
Customer & Stakeholders	Commercial-related vehicles (CRVs)	89,152	91,088	1,936
	Passenger-related vehicles (PRVs)	138,784	145,257	6,473
	AEU's Carried	522,748	534,321	11,573
	Vessel Availability	≥ 97%	100.0%	3.00%
	On-time Performance	≥ 90	89%	1%
	Overall Customer Satisfaction - PRV	≥ 69%	78.0%	9.0%
	Overall Customer Satisfaction - CRV	≥ 60%	Not Avail*	N/A
	Likelihood to Recommend	> 50%	58%	8%
	Media Score	Positive	Neutral	N/A
Internal Processes	Capacity Utilization	≥ 70%	79.50%	9.50%
	Unplanned Service Interruptions	≤ 3%	0.00%	3.0%
	Lost Time Injury Frequency	<2.10	1.35	0.9
	Passenger Injury Rate	≤ 0.82	0.84	0.02
	Funded Planning horizon	> 2 years	18 Months	3 Months
	Fuel Consumption	34.4M litres	34.7M litres	(0.3M litres)
	Overtime	\$2.5M	\$3.8M	(\$1.3M)
	Cyber Security Effectiveness	640	780	140
People, Tools, & Skills	Vacancy Rate of Key Positions	<5%	5.57%	0.57%
	Turnover Rate of Employees (Resignations)	< 4%	2.30%	1.70%

\*Customer Service surveys for Commercial Drivers are only completed once a year in the July time frame, results not available.

## 2023-24 Strategic Initiatives Update

Strategic Initiative	Planned Deliverables/Activities	Q4 Results
<b>Achieve NetZero by 2050</b>	<ul style="list-style-type: none"> <li>• GHG Inventory Management</li> <li>• Transition to electric vehicles</li> <li>• Environmental Management Project Evaluation Tool</li> <li>• Environmental oversight of projects</li> <li>• Ongoing training in the Environmental Management System</li> </ul>	<ul style="list-style-type: none"> <li>• GHG Inventory Updated Annually.</li> <li>• Ongoing (supply chain issues continue).</li> <li>• Completed/Ongoing.</li> <li>• Completed/Ongoing.</li> <li>• Completed/Ongoing.</li> </ul>
<b>Develop a long-term fleet replacement strategy.</b>	<ul style="list-style-type: none"> <li>• Ongoing procurement of MAI's new vessel</li> <li>• Develop a plan to replace the <i>MV Leif Ericson</i></li> <li>• Develop a longer-term fleet lifecycle management program</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery accepted; transit in progress with anticipated arrival date of April 20<sup>th</sup>, 2024.</li> <li>• Draft outline of a fleet replacement lifecycle under development.</li> </ul>
<b>Improve service offerings to better meet customer needs.</b>	<ul style="list-style-type: none"> <li>• Undertake customer research to better understand unique customer needs</li> <li>• Conduct brand awareness survey to assess overall awareness of MAI in a variety of key markets</li> <li>• Continued enhancements to MAI's digital services to customers</li> <li>• Strategic marketing and brand awareness program</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial outreach for top 20 commercial customers completed with report presented within Division and to SLG.</li> <li>• Step 2 is an on-line survey targeting other customers outside the Top 20.</li> </ul>
<b>Ensure the affordability and sustainability of the Service.</b>	<ul style="list-style-type: none"> <li>• Develop and analyze options for a new cost recovery model.</li> </ul>	<ul style="list-style-type: none"> <li>• Funding decision expected in April 2024 as part of Budget announcement.</li> <li>• Cost recovery decision expected in the next several weeks.</li> <li>• Both decisions will inform the direction of the 2024/25 CP.</li> </ul>
<b>Innovate and automate</b>	<ul style="list-style-type: none"> <li>• Modernization of the Commercial portal module of Web Platform.</li> <li>• Explore the implementation of a commercial reservation system</li> <li>• Introduce SAP Analytics Cloud functionality</li> <li>• Alternate digital options for customer booking/managing reservations</li> <li>• Increasing cyber security profile on vessels as critical infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Release 3 go-live completed.</li> <li>• Changes to premium bookings have been approved and will be implemented in 2024/25.</li> <li>• Development progressing but expected to be delayed as team has prioritized activities related to the delivery of the Ala'suinu.</li> </ul>
<b>Focus on People and Culture</b>	<ul style="list-style-type: none"> <li>• Development and initial implementation of the HR Strategic Plan.</li> <li>• Continued implementation of the Psychological Health and Safety Program.</li> <li>• Initiate the next cycle of collective bargaining.</li> <li>• Implementation of SAP Recruitment and Onboarding Modules.</li> <li>• Develop initiatives to address recruitment challenges in key positions</li> <li>• Continued development of the Pay Equity Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation ongoing.</li> <li>• Committee continues to meet and make progress on in-year objectives. <ul style="list-style-type: none"> <li>• Bargaining has commenced with all groups and is progressing.</li> </ul> </li> <li>• Implementation completed.</li> <li>• Continued exploration and implementation of new recruitment approaches.</li> <li>• Progressing as planned.</li> </ul>
		M

## MAI's Strategic Plan

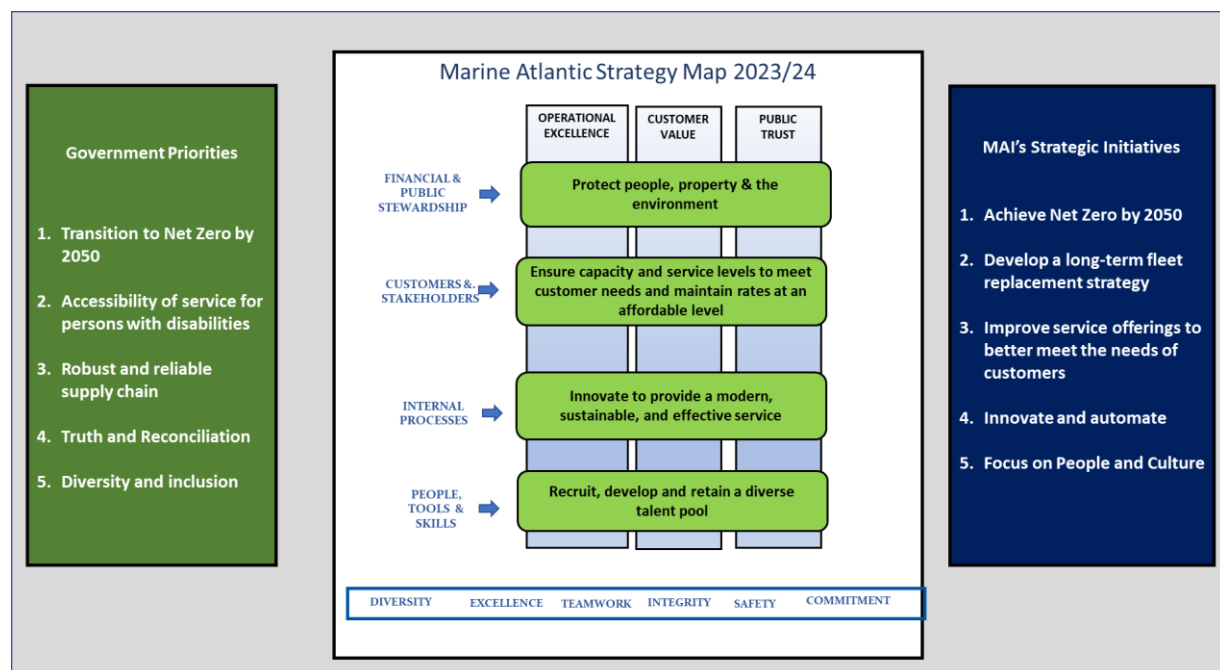
### Government Policies and Objectives

At its 2024/25 strategic planning session, MAI's Board of Directors used the government's priorities and objectives to develop its long-term strategic plan. The government's priorities - outlined by the Minister of Transport - include a focus on the following:

- *Ensuring a robust and reliable transportation system.*
- *Fighting climate change.*
- *Truth and Reconciliation.*
- *Diversity and equity.*
- *Per the Accessible Canada Act, to help make the transportation system more accessible for persons with disabilities.*

By using these as a starting point, each of the objectives and activities planned for 2024/25 support one or more of these priorities, as outlined in the Corporate Strategy Map included below.

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



In interpreting MAI's strategy map, all activities and objectives are guided by the three strategic pillars noted at the top of the map: Operational Excellence, Customer Value, and Public Trust. Foundational to MAI's success are the Corporation's values, noted at the bottom of the map. Strategic Objectives are developed to support these pillars, which are then used to develop the organization's strategic initiatives that the Corporation will focus on for the upcoming planning period. While MAI's overall Corporate Strategy Map has not changed, in 2024/25 the Board of Directors chose to focus in on specific objectives to ensure alignment with the government's priorities, as noted above.

## Key Objectives and Activities

### 1. Achieve NetZero by 2050

Planned Activities	Outcomes	Performance measures
GHG Inventory Management	GHG Inventory Completed	GHG Emissions Reductions (Tonnes)
Transition to Electric Vehicles	Use less fuel for shore-based vehicles	% of Electric Vehicles
Environmental Management Project Evaluation Tool/ Oversight of projects	Tool complete and process incorporated in Capital Projects	Not Applicable
Green Marine Certification	Green Marine Annual Certification Level	Green Marine Level
Environmental Management System (EMS)	EMS Implemented	Annual Inspection/Audit Results

MAI continues to develop the organization's Net Zero by 2050 strategy. Having established a baseline greenhouse gas (GHG) inventory, MAI will continue to work to reduce its emissions. As outlined in the RoadMap to NetZero by 2050, MAI continues to develop centralized data inputs to facilitate monitoring and develop recording dashboards. MAI has also established an Environmental Stewardship Committee to provide guidance and oversight to ensure that the organization achieves its environmental performance objectives, fulfills its compliance obligations, and minimizes environmental impacts from operations.

#### Activities

- Ongoing measurement of MAI's GHG inventory** – in alignment with the Greening Government Strategy, includes an assessment of the light vehicle fleet, heavy vehicle fleet, propane usage, vessel fuel usage, HVAC systems, fire suppression systems, and electricity usage on MAI premises.
- Project oversight and evaluation** – MAI has developed and implemented an environmental project evaluation tool that is used to assess all projects and initiatives as it relates to impacts on emission targets and the overall environmental performance. This tool is utilized to recommend projects for inclusion in the 5-year capital plan to support Net Zero opportunities.

There are currently several projects included in the capital plan to support the path to NetZero, including:

- Integration of the MV Ala'suinu into MAI's fleet*
- PAB Administrative Building – the goal is LEED Silver.*
- Lighting Upgrades in Argentinia - switching to LED.*
- Heating System Replacement at the PAB Maintenance shop to improve energy efficiency.*
- HVAC System Upgrades at the NSY Maintenance shop to improve energy efficiency.*
- Self Supporting Sewage System at the PAB Life Raft Center.*
- New propeller blades for the Blue Puttees to reduce fuel consumption.*

- Ongoing participation in the Green Marine Program**, which guides the maritime industry toward environmental excellence by encouraging the adoption of concrete measurable actions that go beyond regulatory obligations. Under this program, MAI is evaluated against established criteria in several different categories for both the vessels and the terminals. The Green Marine Program has 5 levels. Green Marine defines Level 5 as 'Excellence and Leadership' in each category, whereas Level 3 is defined as 'Integration of best practices' into an adopted management plan and understanding of environmental impacts. Strategically, MAI has set a corporate goal to maintain or exceed at least an average of level 3, which was first achieved in 2021/22.

4. **Environmental Management System** – MAI has developed and implemented an Environmental Management System to assist the organization in the continual improvement of environmental performance and the minimization of the environmental impacts of our operations. MAI has provided training and familiarization to its employees and continues to do so on a regular basis.
5. **Transition to Electric Vehicles** - MAI continues to work on its plan to introduce electric vehicle and charging stations as part of its shore-based infrastructure innovation plan. Charging stations have been installed in both PAB and NSY with further expansion being planned. Electric powered baggage vans are now in operation, as well as the Electric Scissor Lifts, with plans to expand into other vehicle types (i.e., Shuttle Buses, Shunt Trucks, Maintenance Vehicles, etc.) as soon as they can be procured.

At time of writing, the status of each of MAI's Environmental targets and goals are as follows:

Goal	Baseline	2023 Target	Result
Fuel Consumption: Vessels	35,563,459 L (2019)	1% Reduction	5% reduction (33,552,383 L)
Fuel Consumption: Terminals	316,710 (2021)	5% Reduction	9.6% reduction (286,165 L)
Green Marine – Vessel Program	-	3 or better	3.6
Green Marine – Terminals Program	-	3 or better	3.7
Class A Environmental Incidents	-	0	0
Class B Environmental Incidents	-	<1	0



## 2. Develop a Long-term Fleet Replacement Strategy

Activities	Outcomes	Performance measures
<ul style="list-style-type: none"> <li>• Ongoing procurement of MAI's new vessel</li> <li>• Develop a plan to replace the MV <i>Leif Ericson</i></li> <li>• Develop a longer-term fleet lifecycle management program</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of new vessel - on time and on budget</li> <li>• Develop options for the Ericson's replacement</li> <li>• Develop a Fleet Lifecycle Management Program</li> </ul>	<ul style="list-style-type: none"> <li>• On-time Performance</li> <li>• Vessel Reliability</li> <li>• Meet traffic demand</li> <li>• Reduced maintenance costs</li> <li>• Reduced cost of vessel acquisition</li> </ul>

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

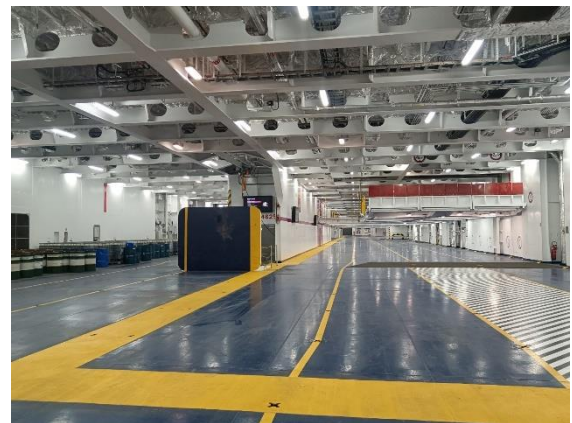
### Activities

#### Update on the Ala'suinu



The ice-classed vessel is approximately 200 metres in length, with the ability to carry commercial and passenger vehicles. It incorporates the latest accessibility standards, carries up to 1000 passengers, has 146 passenger cabins (including pet friendly cabins), 40 passenger pods, a variety of food service options, seating lounges, a children's play area, and a kennel for pets. The ship is compatible for use on both the Port aux Basques and Argentia services.

MAI took ownership of the Ala'suinu in February 2024. Training and integration activities took place in NSY in advance of the 202/25 tourism season. The vessel entered service on July 10<sup>th</sup>, 2024.



### Benefits

The new vessel supports MAI's commitment to the environment, and is one of the most advanced vessels of its type in the world. The design includes energy efficient green technology, aligning with the Government's current focus on reducing carbon emissions:

- Dual-fuel technology allows for the use of both transition and alternate fuels – including Liquid Natural Gas and bio diesel once available in the market.
- A reduction in fuel costs in comparison to the MV Atlantic Vision.
- Equipped with batteries to store energy and further reduce its carbon footprint.
- Automation within its port interface arrangement, reducing energy requirements during berthing operations.
- Onboard operational systems including lighting, heating, and ventilation that include modern waste energy reduction and recovery solutions.
- Enhanced power and thruster capability for maximum maneuvering ability during docking and undocking.
- Constructed with specific measures to reduce underwater noise, thereby reducing the impact on marine life.



### Budget

There was a high level of uncertainty regarding the timing of cash flow requirements for the New Vessel project, as the ship's arrival in Canada was pushed from March 2024 to April 2024.



The Corporation took delivery of the vessel mid-February. However, since MAI was forced to choose an alternate route for delivery due to the conflict in the Red Sea, some of the funds allocated for the end of the project, originally planned for March 2023/24, are now required

in 2024/25 fiscal year. The request to reprofile funds from last year to this year is reflected in both the financial summary and the financial statements attached but is subject to approval by the Minister of Finance.

### Current Fleet

MAI's current fleet consists of four Canadian flagged ice-class ferries: MV Blue Puttees, MV Highlanders, the MV Leif Ericson and the new vessel, the Ala'suinu. The MV Atlantic Vision was returned to its owners in May 2024.

A fleet of four RoPax (roll-on, roll-off with passenger amenities) vessels not only provides the Corporation with the ability to recover quickly from service interruptions, which are common in MAI's operating environment, but also allows the Corporation to reduce its operational risk by having four vessels that can move the passenger traffic when needed. For example, if MAI experiences a breakdown, generally the other remaining RoPax vessels allow the Corporation to continue to meet the traffic demand and minimize delays to passengers. From an operational perspective, having four RoPax vessels is one of MAI's key risk mitigation factors in delivering the essential year-round service.

The ten-year lifecycle of MAI's current fleet is outlined in the following chart.

MAI's Ten Year Fleet Lifecycle										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	1	2	3	4	5	6	7	8	9	10
MV Blue Puttees	20 Year Mid-life Refit					Begin Replacement Process				
MV Highlanders	20 Year Mid-life Refit					Begin Replacement Process				
MV Atlantic Vision	Returned to owner May 2024									
Ala'suinu	Delivered in Feb 2024	Charter	Charter	Charter	Purchase Feb 2029					
MV Leif Ericson	Fall 2026 - 35-year Refit				Sell					
LE Replacement	Funding Submission	Funding approval & Procurement	Build	Fall 2028 Delivery & Integration		In-service April 2029				

### Replacement of the MV Leif Ericson



Budget 2019 provided sufficient capital for the Corporation to complete the MV *Leif Ericson's* 30-year survey, which was completed in 2021/22. This investment in the vessel will extend its useful life out to 35 years, or 2026/27. Originally, MAI intended to sell the vessel in October of 2026. However, given the long lead times required for vessel replacement, the limited supply of RoPax vessels on the market, and the fact that MAI does not currently have approval or funding to proceed with the vessel's replacement, that plan has been amended.

MAI intends to seek funding for the replacement of the MV Leif Ericson in the fall of 2024/25. A new build procurement strategy requires at least four years from funding approval to in-service - 3 ½ years to build and

deliver, followed by a six-month integration period. This means the earliest delivery date for a new vessel, assuming budget approval in late 2024/25 is now the fall of 2028/29.

However, since the MV *Leif Ericson* would have to be kept in service until the new vessel is delivered, MAI will require funding to complete the Ericson's 35-year survey, which will require a significant capital investment.

### Fleet Lifecycle Management

In the past, MAI has approached fleet replacement on an as-needed basis. There are several reasons for this.

First, the short-term nature of MAI's funding does not allow for long-term planning. Shareholder approval for new vessels has historically been requested through a Memorandum to Cabinet, along with a request for the required funding. The process occurred outside of MAI's corporate planning process, and timing and approvals often did not line up with fleet requirements. Should approval not be granted when required, MAI was left to employ short-term leases to ensure that it could meet the traffic demand.

Relying on charter arrangements for its vessel requirements means the Corporation has been dependent on favorable market conditions and a sufficient supply of vessels available for lease. The supply of RoPax vessels suitable for MAI's service is relatively small, resulting in a limited choice of vessels to choose from and high lease rates. Thus, being reliant on charter agreements has left MAI with significantly higher vessel acquisition costs than would have been incurred with longer term planning.

Also, MAI's funding approvals – in one-, two-, or three-year envelopes - are much shorter than the time required to procure a new vessel, and funding and authority to proceed require two distinct processes. This has led to different scenarios in the past when MAI has had authority to procure a vessel, but no funding; or it had funding to lease a vessel, but no authority.

The impacts of this type of short-term planning – both financially and operationally - cannot be understated. The result is increased fleet acquisition costs, increased fleet maintenance costs, an inability to plan longer-term without the certainty of the size and type of fleet confirmed, and operational instability as market forces and the availability of vessels for lease and/or purchase often leaves MAI in a less than optimal negotiating position.

Going forward, MAI intends to work with the Shareholder to develop a Fleet Lifecycle Management Program that will allow both the Corporation and the Government to be better able to plan for fleet requirements for MAI to ensure a sustainable and cost-effective service.

MAI's Long-term Fleet Replacement strategy is a work in progress. The final document will be shared with TC as soon as it is complete.



### 3. Improve Service Offerings to Better Meet the Needs of Customers

Activities	Outcomes	Performance measures
<ul style="list-style-type: none"> <li>Enhancing MAI's digital service delivery options for all customer segments. (ex, MobileApp, Commercial Portal).</li> <li>Development of Commercial Customer Service Strategy.</li> <li>Improving MAI's ability to address the accessibility needs of its customers.</li> <li>Maintain marketing and brand awareness promotions.</li> </ul>	<ul style="list-style-type: none"> <li>Improved service offerings.</li> <li>Improve service alignment with customer needs, customer experience and perceived value, loyalty.</li> <li>Insights into the opportunities and barriers to advancing MAI's accessibility strategy.</li> <li>Increased ridership and capacity utilization</li> </ul>	<ul style="list-style-type: none"> <li>Traffic volumes</li> <li>Customer Satisfaction</li> <li>Compliance with accessibility regulations.</li> <li>Revenue</li> </ul>

As with any industry, the needs and expectations of MAI's customer base continues to evolve, and it is essential that MAI continue to evolve its service to meet those needs - both from a passenger and commercial customer perspective. To effectively make the necessary changes however, MAI must have a clear understanding of the needs, expectations, and priorities of all its customer segments. It is through this information that data-based decisions can be made to help the organization move forward in a meaningful way.

#### Activities

MAI will undertake several customer outreach initiatives aimed to provide an objective perspective on the MAI's service. This will include commercial outreach, attendance at various industry events, and formal customer research initiatives. The outcome from these initiatives will lay the groundwork for MAI to develop a commercial customer strategy that in turn will position the organization to better serve and market to its commercial customer base. MAI will also continue with strategic partnerships, including but not limited to the Atlantic Provinces Trucking Association (APTA), Newfoundland and Labrador Tourism, Hospitality NL, Parks Canada and the Newfoundland and Labrador Outfitters Association.

Through MAI's Innovation strategy, the organization will continue to enhance and digitize several of its customer centric service offerings. Improvements to the Commercial portal section of MAI's website, along with the deployment of customer segment specific mobile apps are all focused on creating a seamless integrated experience between MAI and its customers.

MAI is highly committed to ensuring persons with disabilities have equal access to its service. MAI is proud to have a close working relationship with the Canadian Transportation agency as the organization continues to execute on its Accessibility Plan. To support this plan, MAI will be conducting research to identify any risks or barriers that may be impeding the organizations' ability to effectively advance its Accessibility Plan.

Finally, over the past number of years, MAI has solidified a strong marketing and brand awareness program. This program is designed to increase ridership throughout the non-peak season, while at the same time ensuring brand awareness throughout the entire calendar year through an "always on" Google search campaign. MAI's marketing program consists of Spring and Fall Campaigns that typically include a customer discount of varying degree. Additionally, over the past two years, MAI has also included a pop-up campaign that often aligns with the retail Black-Friday event.

In keeping with the innovation theme, MAI’s marketing program heavily leverages initiatives relating to digital marketing, including but not limited to Website platform, Email marketing, Digital signage, Visual marketing software, etc. The digital marketing strategy provides MAI with a very rich dataset of information and advance data analytics. The analytics are invaluable to assessing the results of a campaign in near real-time and help identify improvements in campaigns moving forward.



#### 4. Innovate and Automate

Activities	Outcomes	Performance measures
<ul style="list-style-type: none"> <li>• Improve customer engagement through deployment of Mobile App</li> <li>• Advance MAI’s data and analytics strategy to provide better information to both customers and employees.</li> <li>• Leverage enterprise solutions to further modernize and automate MAI business process</li> <li>• Align the cyber security posture of MAI’s most critical infrastructure (Vessels) with DNV Class Society regulation.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase operational efficiency</li> <li>• Improve the quality, timeliness, and reliability of information for decision making.</li> <li>• Increased visibility into MAI business processes through integrated systems and information sharing.</li> <li>• Ensure MAI’s critical information is highly available and protected from a cyber and information protection perspective.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Traffic volume</li> <li>• Cyber Security rating</li> <li>• decreased reliance on non-integrated, independent systems to deliver business process.</li> </ul>

The transportation industry continues to face both opportunities and challenges with respect to the pace of change, disruptive technologies, and automation. The drivers for change are diverse and varied. From climate change, emerging technologies, artificial intelligence, cyber security and a desire for real-time data-based decision-making, the need for organizations to embrace change and consider new business delivery models has increased. Additionally, consumers and employees alike expect a more seamless, automated experience.

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



MAI’s Innovation Strategic plan continues throughout 2024/25. The 2024/25 capital plan includes additional SAP initiatives that mark the first of the post-BPR projects. Projects such as Ariba (contract management) will leverage MAI’s prior investment in SAP to drive further operational efficiencies. Other priorities during 2024/25 will include advancing MAI’s Data Management and Analytics strategy and digitization of additional business process workflows. From a customer perspective, MAI will continue to focus on improvements to its corporate website specifically to areas utilized by MAI’s commercial customers. Continuing from 2023/24 the organization is also in the process of developing a mobile app specifically targeting each of the two customer segments (i.e. commercial and passenger).

MAI’s innovation strategic plan focuses not only on technology, but people and process. The desired outcomes of the innovation plan include the following:

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

In 2023/24, MAI engaged the help of a consulting firm to identify operational efficiencies and productivity improvements. The Innovation Opportunity assessment has identified several areas of opportunity for MAI to further explore – these include:

- Data and Analytics
- Commercial Reservations
- Customer Touchpoint Automation / Contactless travel
- Digital Twins
- Automated scheduling



## Cyber Security

Maturing MAI's Cyber Security program continues to be a high priority for the organization. From an industry perspective, the profile of cyber security continues to grow exponentially as potential impacts of cyber activity on critical infrastructure become more understood. MAI's cyber security team continues to monitor outputs from the IMO Marine Safety Committee with respect to ensuring cyber risks are appropriately addressed in existing safety management systems.

## 5. Focus on People and Culture

To align with the priorities set out by the Shareholder, MAI continues to focus on the psychological health and safety of its employees and improving its equity, diversity and inclusion programs.

Activities	Outcomes	Performance measures
<ul style="list-style-type: none"> <li>• Implementation of the HR Strategic Plan.</li> <li>• Continued implementation of the Psychological Health and Safety Program.</li> <li>• Continued collective bargaining for expired agreements.</li> <li>• Identify innovative recruitment strategies with a focus on equity deserving groups.</li> <li>• Implementation of the Pay Equity Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved employee wellbeing and prevention of workplace harassment.</li> <li>• Improved recruitment, and retention and a strengthened employee value proposition.</li> <li>• Psychologically healthy and safe workplace.</li> <li>• Increased equity, diversity and inclusion amongst MAI's workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Increased representation of equity deserving groups</li> <li>• Reduced employee turnover</li> <li>• Reduced vacancy rates of key positions</li> </ul>

## Psychological Health and Safety (PHS) Program

In April 2022, MAI initiated a 3-year implementation plan to enhance psychological health and safety within the company. MAI has established an advisory committee that is focused on implementation of the education, recruitment, training and communications related objectives in the plan. The objectives of the plan include:

- Prevention of harassment and bullying to create a more restful workplace.
- Improving recruitment & retention to enhance work life balance.
- Provide Mental Health & PHS training, awareness and support.
- Continued implementation of equity, diversity and inclusion program initiatives.

## Equity, Diversity, and Inclusion

Equity, Diversity and Inclusion (EDI) remains a key area of focus for the organization, with various initiatives and activities in progress and planned. EDI targets and measures remain a key part of the CEO's Accountability Agreement and is a focus of the Board of Director's HR Committee.

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

1. Women
2. Persons with Disabilities
3. Visible Minorities

#### 4. Indigenous Peoples

The representation goals for the duration of the Corporate Plan are as follows:

MARINE ATLANTIC EMPLOYMENT EQUITY RATIOS						
Targeted Group	Baseline Representation (2017)	2020 Results	2021 Results	2022 Results	2026/27 Target	Gap Target vs. 2022 Results
Women	37.10%	37.20%	35.10%	37.20%	48%	-10.80%
Indigenous People	3.70%	4.40%	3.10%	3.20%	5.50%	-2.30%
Visible Minorities	1.50%	1.80%	2.00%	1.40%	2.50%	-1.10%
Persons with Disabilities	4.80%	5.70%	4.60%	4.20%	6.0%	-1.80%

MAI will also focus on inclusion initiatives for members of the 2SLGBTQIA+ community. The Corporation continues to work to advance equity, diversity, and inclusion for all equity deserving groups with the following objectives:

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

#### Pay Equity

In adherence with the Pay Equity Act, MAI is developing a Pay Equity Plan with a required implementation date of September 2024. The Corporation has engaged external resources to assist with the project and has established a Pay Equity committee, which includes both management and employee representatives, to guide the development of the pay equity plan.

MAI will be focusing on the key stages of the employment life cycle – recruitment, inclusion, professional growth, and active contribution and leadership. At each of these stages, MAI will be looking to ensure barriers are removed so that all individuals can thrive, and that MAI remains competitive from a recruitment perspective.

## Enterprise Risk Management

MAI's risk registers and corporate level risk statements align with its key strategic objective, and are organized in much the same manner:

- Financial Risks
  - Operational Risks
  - Process Risks
  - Human Resource Risks
1. From a financial perspective, the key risk is that MAI is unable to operate within its approved funding levels, whether it be from lower-than-expected traffic levels, an unexpected increase in expenses, or unexpected reduction in funding levels, etc. To manage this risk, MAI conducts constant monitoring of traffic and revenues, completes monthly budget reviews and reallocations as necessary, has implemented both currency and fuel hedging programs to reduce the volatility of key expense items, and works closely with the Shareholder on funding requirements.
  2. Key operational risks include the following:
    - Insufficient safety governance, policies, and practices.
    - Potential contamination of the environment.
    - Failure to adequately maintain and renew its infrastructure.
    - A natural disaster, act of sabotage, etc. that is beyond MAI's control.

MAI has implemented numerous controls to mitigate these risks, including the implementation of a safety management system, regular tracking and reporting of safety metrics, and regular inspections of its operations by both internal and external parties. From an environmental perspective, MAI has developed its NetZero by 2050 roadmap, as well as conducted regular Emergency Testing Exercises, completing environmental audits and inspections, participated in the Green Marine program, etc. Both short term inventory management, the purchase of critical spares, contracts for critical supplies, and planning for long-term requirements help mitigate the infrastructure risk. Business continuity planning and tabletop emergency response exercises ensure MAI can respond effectively.

Of a particular note in 2024/25 is the increased operational risk associated with bringing a new vessel into service. These large RoPax vessels have a number of very complex systems that MAI's crew must become familiar with, both from an operational and maintenance perspective. New technologies designed to improve the vessel's operability and lessen its impact on the environment pose new challenges for crew members as well. Finally, despite the amount of oversight provided by the vessel's owner during construction, there is always the potential of mechanical issues associated with a brand-new build that the vessel's operator must contend with as it brings the vessel into service.

3. From a process perspective, there is also considerable risk associated with the integrity, protection and availability of information. MAI's implementation of the SAP program and the establishment of its Innovation Committee are both intended to mitigate these risks.
4. Finally, the human resources risk category. This risk has been at the forefront of MAI's risk register in recent months, as worldwide shortages of labour have impacted almost every industry. MAI has implemented several recruiting activities, mentorship programs, leadership development programs, etc. to better respond to this risk.

The other key HR risk is associated with the Corporation failing to create an organizational culture that recognizes employee performance and provides opportunity for growth. Many of MAI's key HR activities are focussed primarily on addressing this risk, whether it be through its Equity, Diversity and Inclusion activities,

the implementation of a Psychological Health and Safety Program, its pay equity committee, and its Employee and Family Assistance program.

A detailed look at MAI's risk process and its current risk dashboard is included in Appendix G.

## Financial Overview

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

- MAI will continue to operate with a four-vessel fleet for the duration of the five-year plan.
- MAI will continue to operate both routes - Port aux Basques to North Sydney and Argentia to North Sydney - for the foreseeable future.
- Quoted lease rates for the MV *Atlantic Vision* are used until the end of the lease period.

## Rates

To limit the impacts of rates on our customers and encourage customers to utilize the service, MAI has maintained its current rates for all constitutional services for the first three years of the plan.

## Fuel Surcharge

Fuel is, and will continue to be, a large portion of the Corporation's operating budget, accounting for upwards of 15% of total operating expenses, excluding amortization. MAI endeavours to minimize the cost of fuel through contractual commitments with suppliers and bulk purchases.

## Traffic and Revenue

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

Revenues (000's)	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Transportation	\$ 91,520	\$ 92,712	\$ 93,559	\$ 96,503	\$ 99,540	\$ 473,834
Onboard services	17,029	17,360	17,802	18,169	19,001	\$ 89,361
Fuel surcharge	9,782	9,831	9,869	10,170	10,481	\$ 50,132
<b>Total Revenues</b>	<b>\$ 118,331</b>	<b>\$ 119,903</b>	<b>\$ 121,230</b>	<b>\$ 124,842</b>	<b>\$ 129,021</b>	<b>\$ 613,327</b>

\*Numbers may not add due to rounding

## Travel, Hospitality, Conference and Event Costs

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

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

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

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

(000's)	Actual	Forecast				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Travel	1,790	2,102	2,138	2,182	2,228	2,275
Hospitality	156	255	245	265	255	276
Conferences	56	211	213	217	221	226
	<b>2,002</b>	<b>2,568</b>	<b>2,596</b>	<b>2,664</b>	<b>2,704</b>	<b>2,777</b>

\* Numbers may not add due to rounding

While travel, hospitality and conference expenses are forecasted to increase, it is important to note that they are significantly lower than costs incurred in pre-pandemic years. The corporation is mindful of the expectation outlined in Budget 2023 to keep expenditures in these categories below or aligned with pre-pandemic levels.

## Climate-related Financial Disclosures

Budget 2021 included direction related to climate-related financial disclosures for Crown Corporations: MAI has included its disclosure document with the 2023/24 annual report.

### Other Costs

#### *Hedging Strategy*

The Corporation utilizes a foreign exchange hedging strategy to proactively mitigate exposure to foreign currency. The Corporation secured forward contracts with a financial institution for 100% of the Euro currency requirements over the remaining charter period of the MV *Atlantic Vision*. MAI's hedging strategy has been successful in bringing stability and cost certainty to the charter obligations for the duration of the charter agreements. MAI will continue to employ a hedging strategy for the new vessel, as required.

#### *Inflation Rates*

Canada's inflation policy, as set out by the Government of Canada and the Bank of Canada, aims to keep inflation at two per cent. For the purposes of this Corporate Plan, MAI has assumed an inflation rate of 2.1% for non-labour expenditures.

#### *Pension Costs*

Marine Atlantic's pension plan is a defined benefit plan. The Corporation is following the Order in Council requiring its pension plan to be cost shared 50:50 between employer and employees. The Corporation is assuming that Employer current service cost payments will be required in fiscal 2024/25 onward.

#### *Restructuring Costs*

Restructuring costs are based on an average severance package per employee based on current collective bargaining agreements. While there are no current plans to undertake restructuring activities in 2024-25, funding is set aside annually since to ensure the Corporation can respond to any unforeseen requirements.

#### *Funds Held in Escrow*

There is approximately \$6M in funds being held in an escrow account as security for the charter of the MV *Atlantic Vision*. Now that the vessel has been returned to its owners, discussions have begun related to the return of funds to the Corporation, in accordance with the charter party agreement and pending inspection of the vessel.

## Capital Requirements

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



## Financial Summary

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

### 2023/24 - 2028/29 Financial Projections

<i>(in \$ thousands)</i>	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Revenues	121,800	118,331	119,903	121,230	124,842	129,021
Funding Requirement	191,686	194,974	182,531	239,750	204,453	393,312
Funding Available	211,306	176,563	182,531	41,684	41,684	210,450
Surplus/(Deficit)	18,411	(18,411)	(0)	(198,066)	(162,769)	(182,862)
Reprofiled Operating Funding	(18,411)	18,411	-	-	-	-
Reprofiled Capital Funding	-	-	-	-	-	-
<b>Remaining Surplus/(Deficit)</b>	<b>1,209</b>	<b>-</b>	<b>-</b>	<b>(198,066)</b>	<b>(162,769)</b>	<b>(182,862)</b>

## Cost Recovery

In a letter dated May 15, 2024, MAI received notification from the Minister of Transport that the cost recovery target of 65% for the overall service was removed, effective immediately. Cost recovery for the lines of business beyond the constitutional obligation – Drop Trailer Management Fee, Argenticia, and On-Board services – remains at 100%. This decision gives MAI the flexibility it needs to ensure that the constitutional service remains affordable for all Canadians, while allowing the Corporation to price the other services at rates that are better reflective of the market.

## Appendix A      Mandate Letter

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

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

Dear Mr. O'Brien:

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

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

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

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

In Budget 2021, this government indicated its intention to finish the fight against COVID-19, to create jobs and growth and to support a resilient and inclusive recovery. I expect that MAI will do its part by providing a safe, secure and efficient transportation service in support of economic recovery and growth for middle-class Canadians.

- 2 -

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

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

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

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

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

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

- 3 -

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

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

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

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

Sincerely,



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

## Appendix B Corporate Governance Structure

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

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

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

### Board Members – Term Expiry Dates

Board Member	Appointed	Expiry Date	Location
Gary O'Brien	November 24, 2020	November 23, 2025	Port aux Basques, NL
Carla Arsenault	February 5, 2019	February 4, 2022*	Sydney River, NS
Jennifer Warren	Sept. 25, 2023	Sept. 24, 2027	St. John's, NL
Randolph Drover	Sept. 25, 2023	Sept. 24, 2027	Bishop's Falls, NL
John Butler	November 25, 2020	November 24, 2024	St. John's, NL
Owen Fitzgerald	December 14, 2017	February 4, 2025	Sydney, NS
Craig Priddle	December 14, 2017	February 4, 2025	Corner Brook, NL
Catherine Lynn Kendall	June 1, 2021	May 31, 2025	Corner Brook, NL
Ann-Margret White	December 14, 2017	February 4, 2025	St. John's, NL
Murray Hupman	April 15, 2024	April 14, 2029	North Sydney, NS

\*Overholding

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

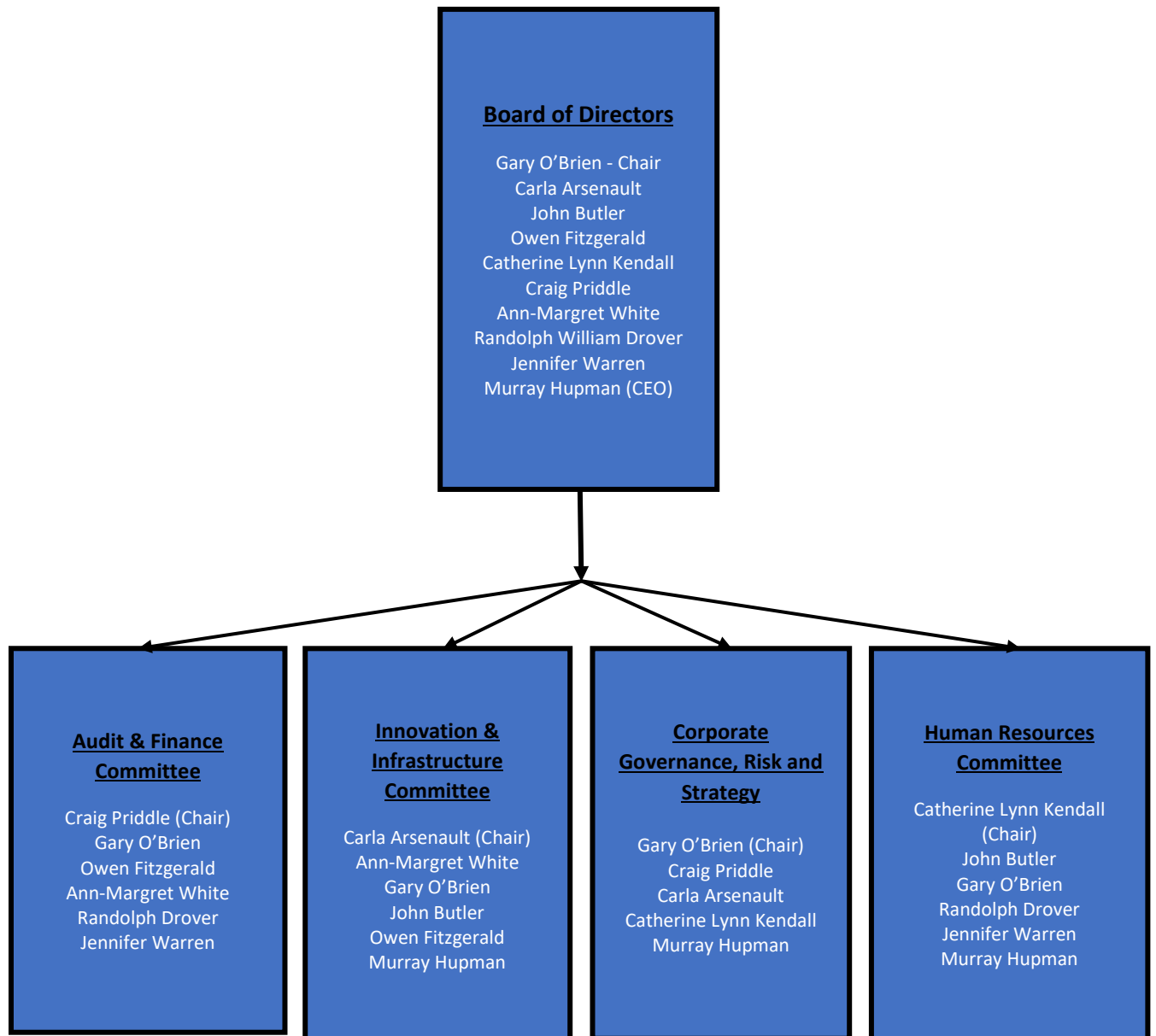
#### Chairperson

- Per diem (\$310 - \$375)
- Position; annual (\$8,000 - \$9,400)

#### Director

- Per diem (\$310 - \$375)
- Position; annual (\$4,000 - \$4,700)

## Committee Structure and Membership (November 2023)



## Number of Meetings and Attendance in 2023/24

Full Board Meetings	# of Meetings/ participation
<b>14</b>	
<b>Attendance</b>	
Gary O'Brien	15
Carla Arsenault	15
Janie Bussey	9
John Brent Chaffey	9
John Butler	15
Owen Fitzgerald	15
Craig Priddle	14
Catherine Lynn Kendall	14
Ann-Margret White	15
Randolph Drover	5
Jennifer Warren	6
Murray Hupman	15

Audit and Finance Committee	# of Meetings/ participation
<b>8</b>	
<b>Attendance</b>	
Gary O'Brien	10
John Brent Chaffey	5
Owen Fitzgerald	10
Craig Priddle	10
Catherine Lynn Kendall	4
Ann-Margret White	7
Randolph Drover	5
Jennifer Warren	5
Murray Hupman	10

Innovation and Infrastructure Committee	# of Meetings/ participation
<b>4</b>	
<b>Attendance</b>	
Gary O'Brien	4
Carla Arsenault	4
John Brent Chaffey	1
John Butler	4
Owen Fitzgerald	4
Ann-Margret white	1
Murray Hupman	4

Corporate Governance, Risk and Strategy	# of Meetings/ participation
<b>4</b>	
<b>Attendance</b>	
Gary O'Brien	4
Carla Arsenault	4
Janie Bussey	2
Craig Priddle	4
Lynn Kendall	2
Murray Hupman	4

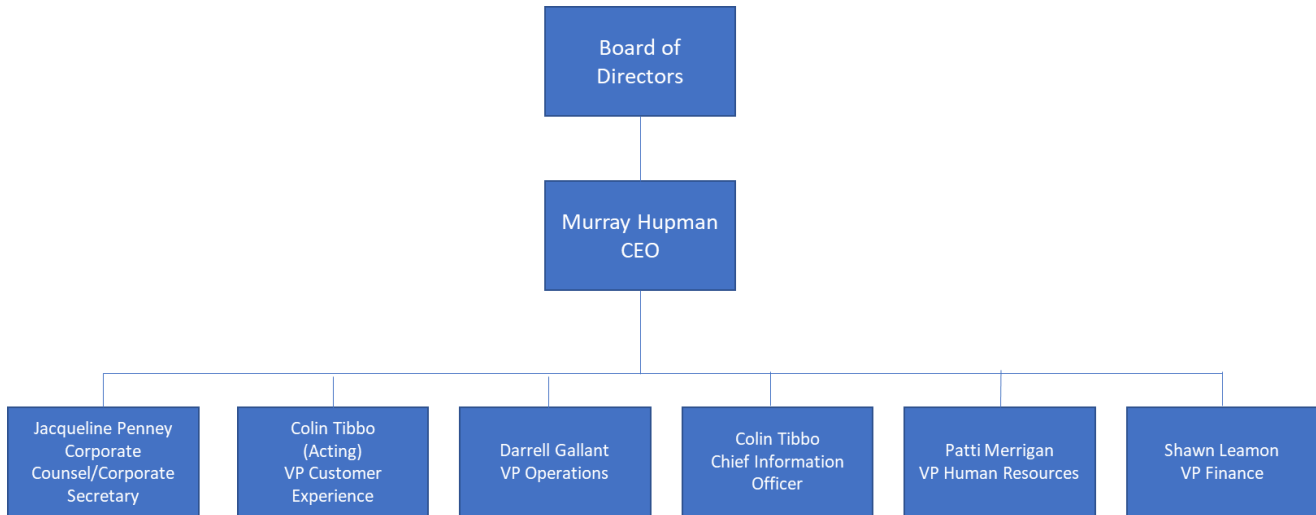
Human Resources Committee	# of Meetings/ participation
<b>8</b>	
<b>Attendance</b>	
Gary O'Brien	10
Janie Bussey	7
John Butler	9
Catherine Lynn Kendall	9
Ann-Margret White	6
Randolph Drover	2
Jennifer Warren	2
Murray Hupman	10

In-person* Quarterly Board/Committee Meetings		
Quarter	Location	Date
1	North Sydney, NS	Jun 9 – 11
2	Port aux Basques, NL	Sept 14 - 17
3	St. John's, NL	Dec 1 – 3

\*All other meetings were virtual



## Executive Team



## Appendix C      Planned Results

Outcome	Measure	2024/25 Target
<b>Meet financial performance targets within the approved appropriations</b>	Revenue (\$M)	\$118M
	Operating Expenditures	\$329.3M
	Capital Expenditures	\$42.1M
<b>Protect people, property and the environment</b>	Class A Environmental Incidents	0%
	Lost Time Injury Frequency	< 2.50
	Total Recordable Injury Frequency	< 4.0
<b>Ensure capacity and service levels to meet customer needs</b>	Passengers carried	363,568
	CRVs	89,162
	PRVs	142,779
	AEUs carried	529,325
	Overall customer satisfaction - PRV	> 70%
	Overall customer satisfaction - CRV	> 60%
	Vessel reliability	> 97%
	On-time performance	> 90
	Capacity utilization	> 70%
	Unplanned Service Interruptions	<3%
	Average Wait time - Unrestricted Commercial Loads	< 9 hours
<b>Recruit, develop and retain a diverse talent pool</b>	Vacancy Rate of Key Positions	<5%
	Turnover Rate of Employees (Resignations)	< 4%
<b>Improve internal processes</b>	Overtime	\$2.8M
	Fuel Consumption	31.2M Litres
	Cyber Security Effectiveness	640

PRV = passenger related vehicles

CRV= Commercial related vehicles

AEU = Auto-equivalent unit (the standard measuring unit used to determine deck use)

Marine Atlantic Planned Results - Longer Term		
Outcome	Measure	2033
Achieve Net Zero by 2050	GHG Emissions	82,000 Tonnes
	% of vehicle fleet that is electric	10%
	Number of vessels with alternative fuel capabilities	1
Develop and implement a Long-term fleet replacement strategy	Capacity utilization	75%
	Cost of vessel acquisition (2019 Budget)	Lowered
	Maintenance costs	Lowered
	Fuel Costs	Lowered
Improve service offerings to better meet the needs of customers	Revenue per customer	Increased
	Customer satisfaction PRV	> 80%
	Customer satisfaction CRV	> 70%
Implement innovation strategy	Implementation of AI processes	> 2
	Number of automated processes	Increase by 50%
	Online/self-serve customer applications	3
Diversity and Inclusion	Percentage of diverse talent out of total workforce representation	Increased
	Percentage of organizational participation in resource groups	Increased
	Percentage of diverse candidates in total pool	Increased
	Percentage of diverse talent out of total senior leader and board representation	Increased

### CEO Attestation



Signature: \_\_\_\_\_

Date: June 14, 2024

Murray Hupman, CEO


## Appendix D Chief Financial Officer Attestation

### Marine Atlantic Inc.'s CFO Attestation

In my capacity as Chief Financial Officer of Marine Atlantic Inc., I have reviewed the 2024-2025 to 2028-2029 Corporate Plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

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

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

 Name <b>Shawn Leamon</b> Chief Financial Officer, Marine Atlantic Inc.	Date: <b>June 14, 2024</b>
--	----------------------------

# **2024/25 - 2028/29 Corporate Plan**

## **Financial Statements**

## Statement A: Statement of Financial Position

### Marine Atlantic Inc.

#### Statement of Financial Position - Year Ended March 31<sup>st</sup>

As at March 31, 2023; March 31, 2024 and Projected for 2024/25 to 2028/29

(in \$ Thousands)	Actual		Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Financial assets</b>							
Cash (Note 1)	\$ 10,248	\$ 9,919	\$ 3,514	\$ 3,514	\$ (194,552)	\$ (357,321)	\$ (540,183)
Accounts receivable	10,178	11,688	12,188	12,688	13,188	13,688	14,188
Receivable from Government of Canada	15,566	29,329	29,329	29,329	29,329	29,329	29,329
Inventories held for resale	392	338	338	338	338	338	338
Derivative financial instruments	4,889	2,857	1,121	-	-	-	-
Accrued pension asset	122,000	151,316	151,316	151,316	151,316	151,316	151,316
	<u>\$ 163,273</u>	<u>\$ 205,447</u>	<u>\$ 197,806</u>	<u>\$ 197,185</u>	<u>\$ (381)</u>	<u>\$ (162,650)</u>	<u>\$ (345,012)</u>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	36,779	44,767	\$ 41,224	\$ 41,622	\$ 41,007	\$ 40,384	\$ 39,755
Asset retirement obligations	34,024	30,893	\$ 30,893	\$ 30,893	\$ 30,893	\$ 30,893	\$ 30,893
Derivative financial instruments	-	47	47	47	47	47	47
Deferred revenue	13,595	14,909	14,909	14,909	14,909	14,909	14,909
Accrued vacation pay	7,193	8,345	8,345	8,345	8,345	8,345	8,345
Accrued pension liability	3,545	3,559	3,559	3,559	3,559	3,559	3,559
Accrued liability for non-pension post-retirement benefits	52,407	50,359	50,359	50,359	50,359	50,359	50,359
Accrued liability for post-employment benefits	11,285	12,522	12,522	12,522	12,522	12,522	12,522
	<u>158,828</u>	<u>165,401</u>	<u>161,858</u>	<u>162,256</u>	<u>161,641</u>	<u>161,018</u>	<u>160,389</u>
<b>Net financial assets (debt)</b>	<b>\$ 4,445</b>	<b>\$ 40,046</b>	<b>\$ 35,948</b>	<b>\$ 34,929</b>	<b>\$ (162,022)</b>	<b>\$ (323,668)</b>	<b>\$ (505,401)</b>
<b>Non-financial assets</b>							
Tangible capital assets	358,457	353,415	330,472	301,597	319,262	293,616	480,498
Inventories held for consumption	29,781	36,241	36,339	36,339	36,339	36,339	36,339
Prepaid expenses	9,224	8,606	21,066	18,451	15,836	13,221	10,606
	<u>397,462</u>	<u>398,262</u>	<u>387,877</u>	<u>356,387</u>	<u>371,437</u>	<u>343,176</u>	<u>527,443</u>
<b>Accumulated surplus (deficit)</b>	<b>\$ 401,907</b>	<b>\$ 438,308</b>	<b>\$ 423,825</b>	<b>\$ 391,316</b>	<b>\$ 209,415</b>	<b>\$ 19,508</b>	<b>\$ 22,042</b>

The accompanying notes are an integral part of these financial statements

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

1. Cash includes \$4,100 EUR held in escrow as security for the lease of the MV *Atlantic Vision* and therefore is restricted and not available to fund operations. Variations in cash beyond 2022/23 are due to changes in the Corporation's funding levels.

2. Numbers may not add due to rounding.

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

For the Year Ended March 31, 2023; March 31, 2024 and Projected for 2024/25 to 2028/29

<i>(in \$ Thousands)</i>	Actual 2022/23	Budget 2023/24	Actual 2023/24	Budget 2024/25	2025/26	2026/27	2027/28	2028/29
<b>Government funding</b>								
Operations	91,120	146,731	146,731	137,417	140,456	36,684	36,684	30,363
Capital	41,001	64,575	64,575	39,146	42,075	5,000	5,000	180,088
Approved Funding	132,121	211,306	211,306	176,563	182,531	41,684	41,684	210,450
Reprofiled operating funding	-	(19,020)	(18,411)	18,411	-	-	-	-
Lapsed operating funding/timing adjustment	(293)	-	147	-	-	-	-	-
Lapsed capital funding/timing adjustment	-	-	(1,027)	-	-	-	-	-
	131,828	192,286	192,015	194,974	182,531	41,684	41,684	210,450
Operating surplus (deficit)	(68,563)	16,811	38,407	(12,408)	(31,388)	(181,900)	(189,907)	2,533
Accumulated operating surplus (deficit), beginning of year	464,544	395,981	395,981	434,387	421,979	390,591	208,691	18,784
<b>Accumulated operating surplus, end of period</b>	<b>\$ 395,981</b>	<b>\$ 412,792</b>	<b>\$ 434,387</b>	<b>\$ 421,979</b>	<b>\$ 390,591</b>	<b>\$ 208,691</b>	<b>\$ 18,784</b>	<b>\$ 21,317</b>

1. Employee future benefits expenses for 2022/23 and 2023/24 are based on actuarially determined numbers. For 2024/25 and future years, expense is assumed to equal cash requirements for non-pension employee future benefits and current service pension cost payments.
2. Restructuring costs are allocated to fiscal years on a cash basis for corporate plan purposes. For audited financial statements, they are an expense of the year in which the liability is known.
3. 2023/24 Actual Other Income includes \$11,940 related to funds received from HST settlement with the Canada Revenue Agency
4. Numbers may not add due to rounding.

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

For the Year Ended March 31, 2023; March 31, 2024 and Projected for 2024/25 to 2028/29

<i>(in \$ Thousands)</i>	Actual	Actual	Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Accumulated remeasurement gains (losses), beginning of year</b>	\$10,677	\$ 5,926	\$ 3,920	\$ 1,846	\$ 725	\$ 725	\$ 725
<b>Remeasurement gains (losses) arising during the year</b>							
Unrealized gain (loss) on foreign exchange of cash	398	72	-	-	-	-	-
Unrealized gain (loss) on derivatives	6,952	5,651	1,586	-	-	-	-
<b>Reclassifications to the statement of operations</b>							
Realized (gain) loss on derivatives	(12,101)	(7,729)	(3,660)	(1,121)	-	-	-
<b>Net remeasurement (losses) gains for the year</b>	(4,751)	(2,006)	(2,074)	(1,121)	-	-	-
<b>Accumulated remeasurement (losses) gains, end of year</b>	\$ 5,926	\$ 3,920	\$ 1,846	\$ 725	\$ 725	\$ 725	\$ 725

1. Numbers may not add due to rounding.



## Statement D: Statement of Change in Net Financial Assets

### Marine Atlantic Inc.

#### Statement of Change in Net Financial Assets

For the Year Ended March 31, 2023; March 31, 2024 and Projected for 2024/25 to 2028/29

<i>(in \$ Thousands)</i>	Actual 2022/23	Actual 2023/24	Budget 2024/25	2025/26	2026/27	2027/28	2028/29
<b>Operating surplus (deficit)</b>	\$ (68,563)	\$ 38,407	\$ (12,408)	\$ (31,388)	\$ (181,900)	\$ (189,907)	\$ 2,533
<b>Change in tangible capital assets</b>							
Acquisition of tangible capital assets	(40,880)	(60,261)	(45,787)	(42,075)	(92,315)	(52,624)	(244,512)
Amortization of tangible capital assets	56,883	61,388	68,730	70,950	74,650	78,270	57,630
Loss (Gain) on disposal of tangible capital assets	1,834	3,915	-	-	-	-	-
Proceeds on disposal of tangible capital assets	68	-	-	-	-	-	-
<b>(Increase) decrease in tangible capital assets</b>	17,905	5,042	22,943	28,875	(17,665)	25,646	(186,882)
<b>Change in other non-financial assets</b>							
Acquisition of inventories held for consumption	(48,798)	(58,145)	(41,775)	(42,347)	(43,448)	(44,208)	(45,204)
Use of inventories held for consumption	49,667	51,685	41,677	42,347	43,448	44,208	45,204
Purchase of prepaid expenses	(11,420)	(23,267)	(38,042)	(25,601)	(25,601)	(25,671)	(23,216)
Use of prepaid expenses	7,540	23,885	25,582	28,216	28,216	28,286	25,831
<b>Decrease (increase) in other non-financial assets</b>	(3,011)	(5,842)	(12,558)	2,615	2,615	2,615	2,615
Net remeasurement (losses) gains	(4,751)	(2,006)	(2,074)	(1,121)	-	-	-
Increase (decrease) in net financial assets	(58,420)	35,601	(4,097)	(1,019)	(196,950)	(161,646)	(181,734)
Net financial assets (debt), beginning of year	62,865	-	-	-	-	-	-
<b>Net financial assets (debt), end of year</b>	\$ 4,445	\$ 35,601	\$ (4,097)	\$ (1,019)	\$ (196,950)	\$ (161,646)	\$ (181,734)

1. Numbers may not add due to rounding.

## Statement E: Statement of Cash Flow

### Marine Atlantic Inc. Statement of Cash Flow

For the Year Ended March 31, 2023; March 31, 2024 and Projected for 2024/25 to 2028/29

<i>(in \$ Thousands)</i>	Actual 2022/23	Actual 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
<b>Operating transactions</b>							
Cash receipts from customers	\$ 122,189	\$ 121,125	\$ 118,181	\$ 119,753	\$ 121,080	\$ 124,692	\$ 128,871
Other income received	421	13,252	150	150	150	150	150
Government funding - operations	90,377	139,699	137,417	140,456	36,684	36,684	30,363
Government funding - operations (reprofiled)	-	(18,411)	18,411	-	-	-	-
Government funding - capital	39,839	56,964	39,146	42,075	5,000	5,000	180,088
Cash paid to suppliers and employees	(208,748)	(252,929)	(269,636)	(245,951)	(253,991)	(261,425)	(262,435)
Net restructuring costs	(259)	(340)	(773)	(792)	(808)	(824)	(840)
Cash paid for employee future benefits	(4,155)	(3,137)	(3,175)	(13,617)	(13,866)	(14,422)	(14,546)
	39,664	56,223	39,721	42,075	(105,751)	(110,145)	61,650
<b>Capital transactions</b>							
Purchase of tangible capital assets	(39,838)	(56,964)	(45,787)	(42,075)	(92,315)	(52,624)	(244,512)
Proceeds on disposal of tangible capital assets	68	-	-	-	-	-	-
	(39,770)	(56,964)	(45,787)	(42,075)	(92,315)	(52,624)	(244,512)
(Decrease) increase from effect of exchange rate changes on cash	398	72	-	-	-	-	-
Net increase (decrease) in cash	292	(669)	(6,066)	(0)	(198,066)	(162,769)	(182,862)
Cash, beginning of year	9,956	10,248	9,579	3,513	3,513	(194,553)	(357,322)
<b>Cash, end of year</b>	\$ 10,248	\$ 9,579	\$ 3,513	\$ 3,513	\$ (194,553)	\$ (357,322)	\$ (540,184)
Cash consists of:							
Restricted Cash	\$ 6,098	\$ 6,066	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Cash	4,150	3,513	3,513	3,513	(194,553)	(357,322)	(540,184)
	\$ 10,248	\$ 9,579	\$ 3,513	\$ 3,513	\$ (194,553)	\$ (357,322)	\$ (540,184)

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

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

## Appendix F      Borrowing Plan

MAI's bank line of credit is currently approved at \$4,200,000 until June 30, 2024. This amount is required as security against long-term liabilities arising from Marine Atlantic employees past injury claims and this Corporation's status as a "deposit account company" with the New Brunswick Workers' Compensation Board. The Corporation is seeking approval from the Minister of Finance for a line of credit sufficient to handle the \$4,200,000 requirements for the Workers' Compensation Board requirement through to the end of 2024-25.

**Table 1: Peak borrowings during the year (\$ millions)**

Method and currency used	Actual value	Actual or projected value	Forecast (plan year) value	Projected value	Projected value	Projected value	Projected value
Line of credit: Canadian dollars	\$4,200,000		\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
Borrowings: Canadian dollars							
<b>Total borrowings</b>	\$4,200,000		\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000

## Appendix G

## Enterprise Risk Management

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

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

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

MAI's Risk Matrix

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

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

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

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

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

## MAI's Risk Dashboard

Risk ID	Risk Statement	Strategic Objective	Commentary	Projected Outlook at Q4 23/24	End State Target
1	The risk that MAI is not able to effectively deliver the service within its approved funding levels.	Ensure a sustainable and reliable service; Maintain the service to meet the constitutional mandate	<ul style="list-style-type: none"> <li>• Vulnerability remains high (i.e., fuel prices, inflation, cost of living, supply chain challenges, pipeline removal, return of the MV Atlantic Vision escrow funds is in arbitration with the owners)</li> <li>• Contract negotiations have begun for all bargaining units.</li> <li>• 65% overall cost recovery target eliminated for the constitutional service. The 100% cost recovery target for all other services remains in place.</li> <li>• Budget 2023 reductions impacts MAI's funding levels going forward</li> <li>• Decisions on the long-term fleet renewal will impact funding requirements and potential service levels for existing fleet</li> <li>• Current mechanical issues with the Ala'suinu could result in negative service and financial challenges.</li> <li>• Decision is pending on the reprofile request for the HST payment</li> <li>• Traffic levels remain stronger than pre-pandemic, boosting revenue</li> </ul>		
2	The risk that MAI does not have adequate safety governance, policies and practices, putting customers, employees, and facilities at risk.	Protect People Property and the Environment	<ul style="list-style-type: none"> <li>• External ISM audit resulted in zero negative findings</li> <li>• MARS/Omnigo incident reporting system went live in March</li> <li>• Safety Management System documents for the Ala'suinu have been created and approved</li> </ul>		
3	The risk that MAI fails to manage its environmental footprint in a way that supports both the Shareholder's and the Corporation's commitment to protecting the environment and addressing the impacts of climate change.	Protect People, Property, and the Environment	<ul style="list-style-type: none"> <li>• Greenhouse gas inventory updated and monitored quarterly (GHG)</li> <li>• Implementation of Net Zero 2050 roadmap ongoing</li> <li>• Environmental Stewardship Committee and Environmental Emergency Management team established</li> <li>• TC inspection of Oil handling facility confirmed procedures and response plans in good order</li> <li>• Electric vehicles being introduced to the fleet and gas vehicles being updated.</li> <li>• Annual emergency exercise took place in October which involved an environmental spill incident and response.</li> <li>• The annual Oil Pollution Emergency Plans drills were executed in Port aux Basques in Sept and North Sydney in Oct</li> <li>• Green Marine external audit completed, and MAI continues to maintain a level 3 or above on vessels and at terminals</li> </ul>		

Risk ID	Risk Statement	Strategic Objective	Commentary	Projected Outlook at Q4 23/24	End State Target
4	The risk that MAI is not able to adequately plan for both infrastructure maintenance and renewal, leading to negative impacts on its operations and service levels.	Ensure a sustainable and reliable service; Maintain the service to meet the constitutional mandate	<p>Contributing factors include:</p> <ul style="list-style-type: none"> <li>• Unable to secure a long-term supplier to provide contracted fuel:</li> <li>• Continued monitoring of supply chain challenges and resulting impacts to MAI's operations</li> <li>• Vendor and supplier availability and capacity challenges are rising</li> <li>• Financial vulnerabilities exist due to unknowns re: operational expenses of Ala'suinu</li> </ul> <p>Current mitigations:</p> <ul style="list-style-type: none"> <li>• Interim supply of fuel secured for short-term</li> <li>• A second in-depth analysis being conducted to identify viable option(s) for fuel supply</li> <li>• Standing arrangement for tank wagons continues to mitigate risk</li> <li>• SAP Plant Maintenance Shore-base integration</li> </ul>		
5	The risk that MAI's response to a catastrophic event such as natural disaster, act of sabotage/terrorism, grounding, etc. is inadequate.	Protect People Property and the Environment	<ul style="list-style-type: none"> <li>• Current business continuity responses have been successful.</li> <li>• HSSE staff members trained in Environmental Emergency management by the Canadian Coastguard</li> <li>• MAI participated in exercise Safe Return ran by the Canadian Coastguard with all regional partners</li> <li>• Annual Emergency Management Exercise held in Q3</li> <li>• Emergency Management Training ongoing (ICS 100 &amp; 200)</li> <li>• Vessel emergency management plans have been updated including for the Ala'suinu</li> </ul>		
6	The risk that MAI fails to deliver service excellence for its customers, ensuring an accessible, inclusive, and affordable service.	Ensure capacity and service levels to meet customer needs; Innovate to provide a modern, sustainable, and effective service; Ensure affordable rates to maintain accessibility for all Canadians	<ul style="list-style-type: none"> <li>• The removal of cost recovery targets for constitutional services should allow the service to remain affordable.</li> <li>• PRV/CRV revenues are in alignment with budget forecast</li> <li>• Capacity utilization during peak season is expected to be very high with limited ability to meet demand</li> <li>• Increased discount campaigns proving successful in attracting customers during nonpeak periods</li> <li>• Implementation of a formalized marketing program which includes various promotional/discount campaigns</li> <li>• Improve customer engagement through deployment of a mobile app</li> <li>• Customer commercial outreach and one-one consultations being conducted with MAI's larger customers</li> <li>• This risk has the potential to trend upward due a number of external factors beyond MAI's control. (e.g., climate change initiatives, public policy decisions)</li> </ul>		

Risk ID	Risk Statement	Strategic Objective	Commentary	Projected Outlook at Q4 23/24	End State Target
7	The risk that MAI does not effectively engage its Stakeholders leading to the erosion of its reputation and the loss of confidence in the service.	Balance expectations of Stakeholder groups	<ul style="list-style-type: none"> <li>• Satisfactory level of engagement with stakeholders (e.g., Tourism industry stakeholders, Municipalities, APTA, etc.)</li> <li>• The stakeholder management strategy has been developed and approved; it focuses on meaningful connections with our key stakeholders</li> <li>• Customer commercial outreach and one-one consultations being conducted with MAI's larger customers</li> </ul>		
8	The risk that MAI is not able to plan and execute on its medium-long term strategy due to a lack of control over its Corporate Plan and the funding approval mechanisms.	Ensure capacity and service levels to meet customer needs; Ensure a sustainable and reliable service; Maintain the service to meet the constitutional mandate	<ul style="list-style-type: none"> <li>• Cost recovery policy change has eliminated the 65% overall cost recovery for the constitutional service. The 100% cost recovery target for non-constitutional services remains in place.</li> <li>• In Budget 2024, MAI received top-up funding for 2024-25, as well as an additional year of operating and capital funding for 2025-26.</li> <li>• The cost recovery policy decision could contribute to a long-term reduction in risk.</li> <li>• No funding approved for the replacement of the MV Leif Ericson in 24/25, thereby increasing the risk around fleet replacement and the long-term fleet strategy</li> <li>• The Corporation remains limited in its ability to plan for the longer-term, given both the B23 reference level reduction and the short-term nature of the funding approved.</li> <li>• Funding proposals due at least 18 months before the start of the fiscal year, increasing risk that the forecasts on which funding levels are based are out-of-date since they cannot factor in rapid changes in the operating environment.</li> </ul>		



Risk ID	Risk Statement	Strategic Objective	Commentary	Projected Outlook at Q4 23/24	End State Target
9	The risk that MAI's policies, planning and processes are inadequate to allow MAI to manage effectively.	Innovate to provide a modern, sustainable, and effective service; utilize modern and emerging technologies to improve business processes, enhance customer experience and support the fight against climate change.	<ul style="list-style-type: none"> <li>• SAP is expected to continue achieving business benefits</li> <li>• SAP plant maintenance went live in March giving MAI a fully integrated SCM environment.</li> <li>• Innovation Opportunities assessment may identify actions that will lead to improvements in efficiencies</li> <li>• Senior leadership group adding value and improving cross departmental collaboration</li> <li>• Integration of the new vessel into MAI's operations is also impacting several key processes/procedures - mitigated by the completion of impact assessments and associated follow-up</li> </ul>		
10	The risk that MAI does not have adequate governance, policies, and practices to manage the integrity, protection, and availability of information.	Improve information and analytics	<p>Contributing factors:</p> <ul style="list-style-type: none"> <li>• External 3rd party assessment indicates improvements in the technology deployed to protect against outside threats</li> <li>• IT security/vulnerability will require constant monitoring due to rapidity of technological change.</li> <li>• MAI passed recent DNV audit of IMO standards relative to cybersecurity</li> <li>• Enhanced the network architecture on the fleet to further mitigate against cybersecurity threats</li> </ul> <p>Current/ongoing mitigations:</p> <ul style="list-style-type: none"> <li>• Several active projects have commenced from the Cyber-Security Framework</li> <li>• MAI continues to role out its cyber security learning management program</li> <li>• Working on a class society requirement for cybersecurity</li> <li>• Continuing to test cyber security incident response plan</li> <li>• Cyber security insurance secured</li> <li>• MV Ala'suinu was delivered with a cyber security designation</li> </ul>		

Risk ID	Risk Statement	Strategic Objective	Commentary	Projected Outlook at Q4 23/24	End State Target
12	The risk that MAI fails to adopt and adapt to innovative ideas and new technologies resulting in a service that does not keep up with customer expectations.	Innovate to provide a modern, sustainable, and effective service; utilize modern and emerging technologies to improve business processes, enhance customer experience and support the fight against climate change.	<p>Contributing factors:</p> <ul style="list-style-type: none"> <li>• Financial and operational pressures on the organization may impact its ability to invest in new technologies</li> <li>• An innovation opportunities assessment is expected to identify new opportunities for innovation</li> <li>• MAI's Corporate plan and innovation strategy supports the mitigation of this risk</li> </ul> <p>Current/ongoing mitigations:</p> <ul style="list-style-type: none"> <li>• Work ongoing to foster a culture that inspires innovative thinking</li> <li>• Work underway to launch a commercial customer outreach/engagement program</li> <li>• Board level innovation policy is being considered by the Innovation and Infrastructure Committee</li> </ul>		

## Appendix H Compliance with Legislative and Policy Requirements

### Official Languages Act

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

### Access to Information and Privacy Act

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

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

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

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

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

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

### Pension Plan Reforms

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

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

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

MAI also complies with the following acts and regulations:

- Canada Labour Code
- Marine Occupational Safety and Health Regulations
- Transportation of Dangerous Goods Acts and Regulations
- Marine Liability Act and Regulations
- Canada Shipping Act, 2001
- Canada Marine Act
- Coasting Trade Act
- Domestic Ferry's Security Regulations
- Marine Transportation Security Regulations
- Financial Administration Act
- Pay Equity Act
- Accessible Canada Act
- Applicable Trade Agreements
- Canada Business Corporations Act
- Fighting Against Forced Labour and Child Labour in Supply Chains Act

## Appendix I Government Priorities and Direction

### Transition to NetZero by 2050

As noted in this corporate plan, MAI has established a roadmap to further its goals for NetZero by 2050, starting with the benchmarking of its Green House Gas (GHG) emissions. The corporation understands that it is expected to align with the Greening Government Strategy or adopt an equivalent set of commitments in each significant area of their operations, including the commitment to net-zero emissions by 2050 and to be climate resilient. MAI's commitments, including GHG emissions footprint, will be published in the annual reports.

The company has established an Environmental Management Committee to oversee the implementation of its Environmental Management Plan. MAI also continues to meet the requirement for Green Marine Level Three.

From a current project perspective, the new administration building in Port aux Basques will be compliant with Leeds Silver. The new vessel is dual fuel enabled, and meets improved sound regulations to minimize its impact on marine life.

MAI is also in the process of converting its existing fleet of vehicles to electric where possible.

### Climate Related Financial Risks

MAI has established an internal working group to ensure that it can meet the requirements for reporting against the recommendations of the Task Force on Climate-related Financial Disclosures. The Corporation is committed to improving the identification, tracking, and reporting of these risks. Per requirements outlined in Budget 2021, MAI has begun reporting on its climate-related financial risks in the 2023-24 Annual Report.

### Accessibility

MAI meets or exceeds all regulations for accessibility in its areas of operations. An internal committee monitors and reports on accessibility at MAI, and ensures that any new regulations, such as those flowing from the *Accessible Canada Act* (2019), are implemented in a timely fashion.

### Supply Chain

MAI is acutely aware of its importance in maintaining a robust and reliable supply chain, as it is the only daily ferry service for the transportation of goods into and out of the province of NL.

Much of MAI's capital program is focussed on maintaining the infrastructure required to keep the transportation corridor open. Long-term fleet planning, docking upgrades, and vessel improvements are all targeted to providing the level of service that is required, while keeping both customers and employees safe. MAI's focus is on minimum disruptions from mechanical issues, and emphasizes a return to service window of 24 hours or less following a weather disruption.

MAI has also dedicated more attention to cybersecurity to mitigate the risk of disruption from a cyber incident.

Additionally, MAI is preparing to meet its reporting obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* which came into force in early 2024.

### Transparency and Open Government

With the use of quarterly financial reporting, the Corporate Plan summary, and online communications tools, including customer alerts for travel disruption, the Corporation is well positioned to deliver its mandate in a fully open and transparent manner. The Company publishes its public reports such as Annual and Quarterly Reports on its website, along with many studies and reports that can keep customers better informed.

MAI also complies with all *Proactive Disclosures and Access to Information Act* inquiries.

## Diversity, Equity and Inclusion

While gender-based analysis is not an analytical tool currently used by Marine Atlantic, the Corporation engages in many initiatives to advance diversity and inclusion from a gender perspective including training and education, mentorship, and various other programs.

MAI is committed to increasing the social and cultural diversity of the workforce, and to foster the inclusion of a broad range of voices and views in governance and decision-making. To date, MAI has taken numerous steps:

- Building authentic, long-term relationships with Indigenous Peoples and communities in every region where we operate to support positive outcomes.
- Partnering with post-secondary institutions to improve employment opportunities for Indigenous persons by supporting educational opportunities.
- Enhancing the opportunity to increase the number of employees from under-represented groups.
- Increasing representation of equity deserving groups throughout the organization.
- Developing a pay equity plan as required by the *Pay Equity Act*.
- Setting EDI targets, tracking and reporting on progress as a key part of the CEO's Accountability Agreement and a focus of the Board of Director's HR Committee.

## Indigenous relationships

Through community engagement with regional Indigenous groups, the Corporation supports economic well-being and promotes an inclusive social diversity that is essential for our future. We actively engage in dialogue with local First Nations groups about our collective interests in the marine environment. MAI also supports environmental protection of the lands and waterways.

To demonstrate its commitment to ongoing Truth and Reconciliation, MAI has named its new vessel the *Ala'suinu*, the Mi'kmaq word for "traveller".

## A Safe and Healthy Workplace

MAI has implemented numerous policies and processes to ensure the health and safety of its employees, including workplace bullying and harassment, the whistle blower policy, code of conduct, etc. The company has established a Psychological Health and Safety Committee, made up of both management and unionized employees, to ensure that psychological health is considered in all aspects of its operations. Further, MAI's continued use of the Safety Management System and regular reporting on safety incidents ensures that the Corporation can identify and address any safety issues that may arise.

## Budget 2023 Spending Reductions

Budget 2023 announced government-wide spending reductions of \$15.4B over the next five years, which includes spending by Crown corporations. The final savings targets for individual Crown corporations were provided by the President of Treasury Board (TB) in August 2023, MAI's associated reduction proposal was confirmed by the Prime Minister in early 2024.

The reductions have been applied to MAI's annual base reference level and are reflected in the financial forecasts in this plan.

## Appendix J OAG Special Examination

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

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

<https://www.marineatlantic.ca/uploadedFiles/Content/About Us/Corporate Information/Marine Atlantic Inc. Special Examination Report 2018.pdf>.

## OAG Management Action Report

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



Recommendation	Response	Owner	Q1 Update
	<p><i>confident that the project will effectively meet its training management needs and address the identified limitations and information gaps once fully deployed. The first phase of this multi-year project will be implemented in 2019. The learning management module will be implemented in the 2020–21 fiscal year and is expected to yield the greatest benefits in the training area.</i></p>		
<p>The Corporation should be more diligent in applying its incident reporting policies and procedures for classifying and documenting corrective actions in a timely way. The Corporation should ensure that its tracking system guidance is updated to reflect its revised classification system.</p>	<p><i>In October 2017, the Corporation rolled out a half-day incident reporting training session designed to educate employees on its current methods of incident management. The training is ongoing and to date, over 80% of employees have received this training.</i></p> <p><i>The Corporation established an Incident Management Review Committee in July 2018 to pursue improvements in the current processes and procedures in incident management.</i></p> <p><i>In addition, the Corporation is working with ferry industry authorities to develop new injury reporting definitions and guidelines. Upon completion, these will be communicated to employees and incorporated into the classification system.</i></p>	Kris Parsons	<ul style="list-style-type: none"> <li>• Completed</li> </ul>
<p>The Corporation should ensure that the enterprise resource planning solution under development meets its scheduling needs and effectively addresses the limitations and information gaps in its current systems.</p>	<p><i>The Corporation’s scheduling and information requirements were fully documented and considered as a key deliverable during the selection of its new enterprise resource planning solution.</i></p> <p><i>The Corporation is confident that the solution and processes will be deployed to meet the relevant regulatory, collective agreement, and information requirements. The first phase of this multi-year project will be implemented in 2019.</i></p>	Colin Tibbo	<ul style="list-style-type: none"> <li>• Completed</li> </ul>