

Owen Sound Transportation Company Business Plan 2016-2017 through 2018-2019



If you require an alternative accessible format, please contact the Owen Sound Transportation Company at 519-376-8740. Note, throughout this document, a fiscal year (April 1 to March 31) will be referred to as, for example, 2016-17.

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1. Executive Summary

The Owen Sound Transportation Company, Limited (OSTC) was incorporated under the Ontario Business Corporations Act in 1921 and conforms to the legal requirements of the Act.

OSTC's three-year business plan was developed to conform with the requirements of an Operational Enterprise Agency as specified in the October 2015 Agencies and Appointments Directive (AAD) of Management Board of Cabinet and, all provincial directives to which the agency is accountable, the Memorandum of Understanding (MOU) between the Ministry of Northern Development and Mines (MNDM) and the OSTC.

Further, OSTC ensures that planning and decision-making is consistent with company policies and takes into account those items under the Infrastructure for Jobs and Prosperity Act, 2015, and other applicable statutory and regulatory requirements. An annual review of key documents helps inform the decision-making process. Lastly, and foremost, this plan focuses on the safety and security of agency staff and customers and, in the best interest for public safety, from time-to-time, the OSTC may at its own discretion promptly respond and adjust its planning and actions, outside of what is entailed in this business plan.

This business plan is also based on the following high level understanding derived from the MOU, which is posted for public review on our website, between MNDM and OSTC:

1. The Ministry of Northern Development and Mines has an interest in the continued operation of the Tobermory to South Baymouth and Moosonee ferry services, not only for transportation purposes but for the positive socio-economic impact these services provide.
2. The Province of Ontario does not have a policy regarding how levels of annual operating subsidies are determined for provincially owned ferry services and so we continue to seek operating and capital subsidies through the annual business planning process.

3. OSTC's current \$2.0 million operating line of credit is solely for the purpose of providing cash flow for the ferry service during the non-revenue generating time of the fiscal year and is paid off annually with operating revenue.
4. OSTC's Accumulated General Surplus provides necessary working capital and as such, should not fall below \$1.0 million or 10% of annual operating expenses.
5. The OSTC has no authority to incur debt as a means of financing the ferry service either on its own, or on behalf of the Province of Ontario, unless approval is given under Section 28(1) of the Financial Administration Act, 1990.
6. OSTC will continue to provide safe, efficient, and reliable ferry service in the Province of Ontario.

In order to continue to provide the Tobermory to South Baymouth ferry service, OSTC will require annual operating subsidies in the amounts of \$5,100,000 for 2016-17, \$2,110,000 for 2017-18, and \$1,950,000 for 2018-19. Capital funding requirements needed are \$1,371,000 for 2016-17, \$1,917,000 for 2017-18, and \$881,000 for 2018-19.

In order to continue to provide the Moosonee to Moose Factory Island ferry service, OSTC will require annual operating subsidies in the amounts of \$387,500 for 2016-17, \$237,250 for 2017-18, and \$281,088 for 2018-19. Capital funding requirements needed are \$1,305,000 for 2016-17, \$250,000 for 2017-18. River dredging may be required in 2018-19 and 2019-20 (2-year project).

2. Mandate

The Owen Sound Transportation Company (OSTC) contributes to the provision of safe, efficient and reliable ferry transportation in the Province of Ontario primarily through the operation of two seasonal passenger, vehicle and commercial vehicle ferry services: M.S. Chi-Cheemaun on the Tobermory to South Baymouth route, and M.V. Niska 1 on the Moosonee to Moose Factory route.

OSTC promotes and contributes to economic development in the Tobermory and South Baymouth region by supporting a positive business climate and by enhancing and promoting the tourism sector through partnerships with local communities and regional stakeholders.

Annually, beginning in October of 2016, agencies will receive Mandate Letters from the provincial government as a new accountability requirement. Letters will outline ministerial expectations for service and performance and agencies will be required to address the expectations within their annual business plan and annual report.

3. Description

OSTC was incorporated under the Ontario Business Corporations Act in 1921 under private ownership. Following its purchase from the private company, OSTC was a solely owned subsidiary of the Ontario Northland Transportation Commission (ONTC) from 1974 to March 31, 2002. On April 1 2002, OSTC's sole share was transferred from ONTC to the Minister of Northern Development and Mines who established OSTC as an Operational Enterprise Agency of the Province of Ontario.

OSTC's central office is in Owen Sound, Ontario. The company owns and operates the M.S. Chi-Cheemaun, a seasonal passenger, vehicle and commercial truck ferry between the ports of Tobermory and South Baymouth, Manitoulin Island, and M.V. Niska 1, a passenger, vehicle, and commercial truck ferry on the Moose River between Moosonee and Moose Factory Island, at the southern end of James Bay.

OSTC also provides vessel management and operations services for the Ontario Ministry of Transportation for two vessels, the M.V. Pelee Islander and the M.V. Jiimaan, operating between Kingsville and Leamington, Pelee Island and Sandusky, Ohio on Lake Erie.

There are no other ferry services in competition with OSTC and there is no immediate potential for private operators to develop competing services. In the case of the Lake Huron and Lake Erie services, the vessels are the largest Canadian owned conventional vehicle and passenger ferries being operated on the Great lakes.

4. Strategic Direction

OSTC's strategic goals are developed to support and carry out the mandate of the company, as established by the Province of Ontario, and in discussion with the Board of Directors.

OSTC's Strategic Goals are:

1. To provide safe, secure, regulatory compliant, comfortable, accessible and environmentally responsible marine transportation services on the Tobermory to Manitoulin Island ferry route.
2. To improve the company's financial performance through increasing revenue and reducing expenses wherever possible.
3. To build and maintain strong, mutually beneficial relationships with the communities and regions that it serves.

5. Implementation Plan

Strategic Goal #1: Provide safe, secure, and accessible marine transportation services.

Objective: Ensure Safety & Security

Implementation Tasks – Vessel Safety, Security & Regulatory Compliance:

- Continued monitoring and auditing of International Safety Management System (on-going)
- Continued monitoring and auditing of International Ship and Port Security Code where applicable (on-going)
- Continued monitoring and auditing of Company Security Plan (on-going)

- Navigation Officer & Engineer Officer upgrading training including Bridge Resource and Engine Room Resource Management training (on-going)
- Continued participation in joint security exercises with Transport Canada (TC), the Canadian Coast Guard (CCG) and law enforcement (on-going)
- Continued participation in Canadian Marine Advisory Council (CMAC) meetings; Canadian Ferry Operator Association (CFOA) membership; Interferry membership (on-going)

Implementation Tasks – Passenger Safety, Security & Comfort:

- Continue crew training programs: First Aid, CPR, Automated External Defibrillator (AED), First Responder, Passenger Safety Management, Server’s Intervention, Safe Food Handling, and Security (on-going)
- Replace Cafeteria Food Service Counters: (Q3 & Q4 2015 and Q1 2016)
- Install parking lot IT cameras in South Baymouth and Tobermory (Q3 & Q4 2016-17)
- Implement additional Ontarians with Disabilities Accessibility Standards as they come into effect (on-going).

Implementation Tasks – Crew Safety & Security:

- Continue employee training programs: OSH, Violence in the Workplace, Confined Space, Fall Arrest, Fork Lift Operation, Transportation of Dangerous Goods, and WHMIS (on-going)
- Continue training offered by Classification Society (on-going)

Objective: Ensure Environmental Responsibility

Implementation Tasks:

- Develop, implement and monitor an environmental management plan for M.S. Chi-Cheemaun (on-going)
- Monitor & audit vessel discharge plans and records (on-going)

- Continue Oil Spill Response training for all ship and terminal facility employees (on-going)
- Evaluate cost benefit of installing wheelhouse fuel monitoring system (on-going)
- Green Marine Level 2 status achieved in 2015 (maintenance and improvement 2016 and on-going)

Strategic Goal #2: Improve financial performance through increasing revenue and reducing expenses.

Objective: Increase Revenue by continuing to implement the market assessment recommendations

Implementation Tasks:

Implement professional market assessment recommendations for the Tobermory to Manitoulin Island Ferry Service. This includes:

- Using the study recommendations, develop and implement an effective and strategic marketing initiative to reach those individuals that would most likely take the ferry if they were more informed about its existence.
- Reach customers who currently are not aware of the ferry and provide incentive for them to include the ferry as part of their travels/vacation experience.
- Provide more on-board entertainment and develop new initiatives on-board to attract new passengers to the ferry and to entice customers to make repeat trips on the ferry.
- Effectively market to individuals travelling to Tobermory but not taking the ferry.
- Work with regional partners to provide packaged marketing offerings which are part of an integrated experiential value chain.
- Provide services that will attract new Canadians, including the creation of day-trip cruises and cuisines catered to various cultures.

- Remove identified weaknesses in the current operations that are deterring current customers from returning to the ferry.
- Improve on-board spending with updated gift shop items and cafeteria food variety.
- Develop a pricing strategy that both maximizes revenue and maintains or improves traffic levels.

Objective: Reduce Expenses

Implementation Tasks:

- Develop Planned and Preventative Maintenance (PPM) system to incorporate inventory and purchasing (on-going)
- Evaluate cost-benefit of installing wheelhouse fuel monitoring system (on-going)
- Complete attrition planning for positions within 5 years of retirement (on-going)
- Negotiate union contracts to allow reduction of staffing to manning scale requirements during the off season. (contracts expired Dec 31, 2018).
- Develop and monitor employee development/training plans for all management positions (on-going)
- Tender fuel contract every three years to ensure favourable fuel rates are obtained (2014-15 contract expires end of 2016-17)
- Actively enforce the company purchasing policy to ensure all goods or services acquired are necessary (on-going)
- Complete a professional review of the current summer operating schedule for the purpose of evaluating the cost/benefit of schedule modifications on the ferry service and regional economies. (2016-17)

Strategic Goal #3: Build and maintain strong relationships with communities and regions we serve.

Objective: Develop Community Partnerships

Implementation Tasks: (on-going participation and support of/in)

- Regional Tourism Partnerships
 - Destination Manitoulin
 - Manitoulin Island Cycling Advocates
- Promotion & Advertising Partnerships
- Ferry Service Community Advisory Committee meetings
- Meetings with Moose Band and Complex RE (Moose Factory)
- Chamber of Commerce events
- Owen Sound Community Waterfront Centre
- BlueWater Regional Science & Technology Fair
- Spring and Fall M.S. Chi-Cheemaun positioning cruise (revenue sharing with local charity)
- Owen Sound Festival of Northern Lights

Objective: Develop Employment Opportunities

Implementation Tasks: (promote industry opportunities)

- Provide co-op opportunities for Great Lakes International Marine Training Centre (GLIMTC) cadets (Georgian College Marine Cadet Program)
- Maintain visibility in secondary school system (partially through hosting Science Fair)
- Provide co-op opportunities for High School students on M.V. Niska 1

6. Overview of Current and Future Programs and Activities

6.1 Ferry Service Contracts

Fiscal 2016-17 to 2018-19 anticipates that OSTC will generate approximately 7% of its revenue through outside operating and management contracts with MTO's Pelee Island Ferry Service. MTO has contracted OSTC to supply management services specific to the vessel replacement and refurbishment program for the Pelee Island Ferry Service, over and above the day-to-day operational management of the active ferry service.

6.2 Off-season Event and Charters

The M.S. Chi-Cheemaun is generally chartered for up to four dinner and dance cruises from the Owen Sound harbour during the month of April, each year, weather permitting. Charter events are also offered during the sailing season at a premium rate and operate outside the regular sailing schedule.

Shore side events cannot be licensed and are limited to events where alcohol is not served.

6.3 M.S. Chi-Cheemaun Food Services

The market study completed in fiscal 2012-13 indicated that long wait times in the cafeteria was a common complaint among customers. Food services provided on the ship have outgrown the forty-year old food service infrastructure and counter configuration. OSTC completed renovations to the dining and food service areas in winter 2015-16 specifically

designed to optimize food services, improve on accessibility within the dining room, and increase food sales. OSTC will monitor customer satisfaction on the effectiveness of the new dining area and food servery.

6.4 Website Development

OSTC has recently improved the existing www.ontarioferries.com website with the addition of a live Twitter feed, Facebook links and an updated landing page to facilitate visitors with finding the reservations page. OSTC has also changed internet providers to assist with improving the load time of the website. Future work includes on-line integration of a new reservations and point-of-sale ticketing system which will allow customers to pay in advance for ferry crossings.

With more people visiting the site each year, it is becoming very important to have all of the company information available on the site in a manner that is easy to navigate, accessible, and WCAG 2.0 Level A compliant.

6.5 Fuel Consumption Reduction

OSTC operates M.S. Chi-Cheemaun on only two of the four engines as standard operating procedure. This allows OSTC to optimize fuel consumption, and keep the operating hours on the equipment as low as possible to lengthen the service life of the machinery.

Fuel consumption reduction targets have been established and should be attainable with the proper application of operating procedures, employee training, equipment maintenance and, real-time monitoring. Engine Room ventilation improvements will also reduce fuel consumption, and prolong machinery life. The Capital Plan includes an analysis and modification of the ventilation system in 2017-18.

6.6 Lounge Deck Upgrades

OSTC's capital plan includes a full interior renovation of the vessel which began in 2014/15 with the replacement of public washrooms, and continued in 2015/16 with the Dining Room. In 2016/17, the Tourism Information area and the Forward Lounge will be renovated with the new floor plan designed specifically to better accommodate the needs of the passengers, and to facilitate the production on on-board performance events.

6.7 Occupational Safety and Health

Prior to 2007, Marine Occupational Safety and Health (MOSH) inspections were conducted by TC aboard OSTC owned or operated ships.

6.8 Federal Code for Ferry Accessibility and AODA (2005)

Subsequent to the Accessibility for Ontarians with Disabilities Act (AODA), regulations were introduced by the Province requiring existing and new public transportation vehicles to become accessible. OSTC had already begun the process of upgrading accessibility on the M.S. Chi-Cheemaun to meet the Federal Code of Accessibility as is in place on the Pelee Island ferry service. The provincial regulations have also adopted the Federal Code as the provincial standard.

OSTC established and implemented Policies, Practices and Procedures regarding providing goods and services to persons with disabilities effective January 1, 2010. This is referred to as the “Customer Service Standard” and will be closely followed by the Transportation, Employment, and Communications Standards to which the company will also be required to comply.

In fiscal 2012-13, OSTC was selected for a File Review under the AODA. Upon completion of the file review, OSTC identified approximately \$25,000 in upgrades required on-board the M.S. Chi-Cheemaun to be 100% compliant with the Ferry Accessibility for Persons with Disabilities Code of Practice. These upgrades were made before the end of the year and the file review was closed.

In fiscal 2013-14, OSTC developed and posted its multi-year accessibility plan that the organization will follow to remove accessibility barriers in the organization. This plan details the steps that will be taken to ensure the organization is inside all of the AODA requirements up to 2021.

OSTC management is committed to meeting all the required standards and has demonstrated this commitment by attending Accessibility information sessions provided by the Ministry of Community and Social Services, to ensure they are up to date on current requirements.

7. Resources Needed to Meet Goals and Objectives

7.1 Human Resources:

OSTC's outside contract business has grown over the past few years and has the potential to expand further afield in the coming years. This growth required a re-organization of upper management which was completed in fiscal 2011-12. The new positions created during the re-organization were developed to ensure that all work could be undertaken without sacrificing quality, while continuing to operate OSTC's own M.S. Chi-Cheemaun, and ensure continued compliance with federal and provincial legislation, and the Province of Ontario's Directives issued to Ministries, Agencies, Boards and Commissions.

Currently, OSTC has a compliment of 31 full-time staff and 164 part-time staff. Full-time employees are Managers and Ship Officers who are on annual salary. Part Time employees are hourly workers who work between 6 and 9 months per year on board ships and on shore at the terminals when the vessels are in operation. Part-time staff also include the additional crews hired for summer sailing schedules only and who work approximately 12-15 weeks per year.

The current organizational chart is provided in section 16.0.

7.2 Facilities & Ship:

No additional facilities are required to be built in order for the Tobermory to South Baymouth & Moosonee to Moose Factory Island ferry services to continue. Any upgrade requirements, to the facilities and ships, are accounted for in the capital budget forecast.

NOTE: OSTC's objective to increase revenues by improving traffic may be hindered if water levels decline. The existing loading ramps at the Tobermory and South Baymouth docks will not be suitable for numerous types of vehicles if the angle between the ramp and the ship deck were to become any greater. The possible limitation of the types of vehicles the ferry is able to accommodate as a result of steeper loading ramps due to low water levels will significantly impact the ferry's ability to improve revenues. Modifying the loading ramps would be extremely costly and take a significant amount of time. If that type of major infrastructure adjustment was required, the water levels would have already reached levels too low for the ship to get into the South Baymouth channel.

7.3 Technology:

OSTC reviews the Information Technology Policies, Systems and Equipment on an annual basis. Hardware and software are maintained, upgraded, or replaced when the technology becomes unreliable.

OSTC previously housed all IT services support in-house, but in fiscal 2013-14 the services were moved to an external IT consulting firm. The external firm provides the organization with 24-hour support coverage and a broader range of skills and specialties than could have been found with a single internal employee. OSTC is currently in year one of a two-year contract and has already made significant improvements to the IT environment. To date, OSTC's costs for the consulting firm are comparable to the wages paid for one internal IT employee.

7.4 Research:

Ferry service between Tobermory and South Baymouth, Manitoulin Island has experienced a steady decline in traffic since 2007. This is the net effect of increased fuel prices, the thickening of the US and Canada border, the economic recession, and OSTC being required to raise fares to support the operating budget. Over the same period, Provincial Highways 400 and 69 on the east side of Georgian Bay have been significantly improved, and now provide travelers with an attractive alternative (saves time, money & operates 24 hours per day), a choice more travelers are electing to take.

After 37 years of service, 30 of which were during a time when Highway 69 was not a preferred method of reaching Northern Ontario, the service needed to have a thorough professional market assessment study completed to provide the company and the Board of Directors with accurate and up-to-date information in order to make good decisions about the future of the ferry service, including but not limited to decisions about an appropriate level of service, fare structure, reservations systems, subsidy levels, and sales and marketing campaigns. This study was completed in fiscal 2012-13 and preliminary recommendations were implemented where possible.

This Business Plan reflects the organization's plan to improve traffic in the near future as a result of implementing the 2012/13 feasibility study recommendations. It also assumes that OSTC has effectively reached the appropriate customer base that would take the ferry if they were more informed and knowledgeable about the ferry. The growth is also contingent on OSTC successfully contracting the service of a professional marketing firm who will assist with developing a focused, strategic marketing plan for the organization. OSTC does not currently have the resources or expertise in house to develop such a plan.

In line with the assumption that there is a potential market that OSTC has not reached yet, the Business Plan includes increased marketing funds to create a targeted marketing plan to reach this customer base. OSTC anticipates it will take two to three years to complete the process, make the operational changes, and measure the failure or success.

In 2016-17, OSTC will contract a qualified contractor to undertake a review of the current ferry departure schedule, and perform a cost and benefit analysis on any proposed changes to the schedule. OSTC has looked at reducing the summer operating schedule from four, to three round trips per day, as the 7am from Tobermory and the 10pm from South Baymouth utilization rates are often less than 10% of the available vehicle deck space. While there is capacity in three round trips per day to carry ferry traffic, such a change will limit potential for ferry traffic growth, if that growth is reasonably available.

The Ferry Market Assessment Study conducted in 2012-13 indicated that the demand for ferry traffic starts at 9:10am and from South Baymouth, not Tobermory. The ferry departure time study will validate or invalidate this finding. If this is a valid finding, a cost and benefit analysis is required to determine a) if such a change will increase ferry traffic, or simply maintain the status quo, and b) determine if the cost of relocating the ferry to overnight in South Baymouth (from Tobermory) can be offset by the annual operating expense savings that should result from a reduced operating day.

8. Risk Identification, Assessment and Mitigation Strategies

OSTC's primary concern while transporting people and goods on the ferry is to ensure a safe, secure and environmentally responsible operation. Significant costs associated with the service are solely for the purpose of ensuring safety, security and environmental protection, and do not provide any other benefit, i.e. increased revenues. On a cost and benefit basis, failure to operate a vessel in accordance with all applicable legislation will cause the vessel to lose the certificates required to operate.

Contingency planning is crucial to the smooth and uninterrupted operation of the ferry service. OSTC does not have access to a replacement ship for the service; therefore, all probable failure scenarios have been assessed and procedures established to mitigate the negative effects of any type of failure to the system. Emergency and Contingency procedures are documented in the ISM Emergency Response Manual.

Underfunding of the service is the biggest risk currently facing the company. Underfunding undermines the company's ability to provide a reliable, safe, secure, environmentally responsible, and customer friendly ferry service.

In accordance with the "Guide to Developing Business Plans for Classified Agencies" Ministry of Government and Consumer Services (MGCS), July 2011, OSTC has adopted a standard Risk Assessment Matrix to assess risk and develop mitigation measures where required and are practicable.

Likelihood = Probability of the risk event actually occurring			Impact = Degree of severity of the consequence		Overall Score	Likelihood x Impact
Score	Description	Approximate probabilities	Score	Description	0 - 5	Low
1	Improbable	0% to 4%	1	Insignificant - negligible effects	6 - 11	Medium
2	Unlikely	5% to 24%	2	Minor - Normal operational difficulties	12 - 19	High
3	Possible	25% to 54%	3	Significant - delay in accomplishing operational objectives	20 - 25	Extreme
4	Likely	55% to 89%	4	Major - fundamental work required before objective can be met		
5	Certain	90% to 100%	5	Catastrophic - program irrevocably finished; objective will not be met.		

All risks identified assume that the service is fully funded in accordance with the operating and capital budgets submitted.

Further, the OSTC works regularly with the Ministry of Northern Development and Mine's Transportation and Infrastructure Unit, to ensure all risk categories are well understood by the ministry. This ensures an open and transparent communications process for outlining and discussing risks and mitigation strategies. The OSTC and ministry work extensively on various sections of the ministry's comprehensive risk assessment which is monitored regularly.

8.1 Preventive Measures:

OSTC is highly regulated for the purpose of assessing and managing risks. Transport Canada's Marine Safety policy is that there is no price too high to save one life. While most of the regulations are written in accordance with that principle, it is up to the individual Classification Society surveyor (on behalf of Transport Canada) to determine if a vessel is operating within the regulations.

OSTC reviews all new legislation and regulations and implements any changes as required by law. Those regulations include safety equipment, operating manuals, crew certification and training requirements, among others.

OSTC operates in accordance with the Canada Shipping Act and all of its ancillary regulations; and all other relevant Provincial and Federal regulations including but not limited to Pollution Prevention and control, Workplace Health and Safety, and Marine Transportation of Dangerous Goods.

OSTC also independently assesses safety, security and environmental risks which are not managed within regulations.

8.2 Insurance:

OSTC currently has Marine Hull, Marine P&L, Property, CGL, Auto, Boiler and Machinery, D&O, Fiduciary, Crime, EPL and General Liability insurance coverage. Insurance coverage is reviewed annually to ensure there is adequate coverage to all areas of the organization.

9. Environmental Scan

9.1 Economic Conditions/Business Climate

Economic Impact of Ferry service on Manitoulin Island and the Bruce Peninsula

In 2012-13, OSTC completed a Benefits Case for the M.S. Chi-Cheemaun to obtain an estimate of the economic impact the ferry has on the communities it services. The report estimated that annually the ferry creates between 159 and 255 full time jobs, between \$9.2 million and \$15.6 million in economic activity (as measured by GDP) and between \$8.8 million and \$12.4 million in labour income each year it operates. In addition to these benefits, the service provided by the ferry provides riders with benefits conservatively valued at \$7.0 million per year. It is clear that without the ferry, Manitoulin Island, Algoma District in Northern Ontario and the Bruce Peninsula would suffer a significant economic loss.

OSTC is requesting MNDM provide approximately \$6.0 million in ferry service operating subsidy over three years, in order to generate \$27.6 million - \$46.8 million in spin-off revenues for the region and generate between \$26.4 million – \$37.2 million in taxable employment income over the same period. Further, capital subsidies are also required to ensure appropriate maintenance takes place and to continue to implement our marketing initiative to help increase ridership levels and therefore increase revenues.

The Moosonee ferry is a necessary means of transportation to Moose Factory Island and at this time no business case is required for these operations. Vehicle and passenger traffic has not fluctuated greatly over the past few years. This operation is a necessity and without it the residents on Moose Factory Island would have very limited ways to access the mainland. The ferry is the only vessel on the river that is certified by Transport Canada for the safe carriage of passengers. This service provides socio-economic benefits to the region, as it allows for goods and services transportation.

Competition

The M.S. Chi-Cheemaun ferry service is an optional mode of transportation for customers to reach their destination. Persons traveling to Manitoulin Island and northern Ontario, as well as from northern Ontario travelling to southern Ontario, can travel by Provincial Highways 400 & 69, and bypass the ferry entirely.

Loss of traffic to Highways 400 & 69 is high risk for the ferry service as a large proportion of customers are not using the ferry service to visit Manitoulin Island, but are using it as a means to reach Northern Ontario beyond Manitoulin Island. Past customer surveys indicate that only 30% of ferry traffic identifies Manitoulin Island as their destination.

Other boat tour operators in Tobermory are also creating competition by targeting the tourists who have travelled to the area for a day excursion. Many tourists opt to take the glass bottom boat tours for the experience and are not aware of the experience that the Chi-Cheemaun can offer. OSTC created a 4-hour excursion fare in 2014-15 to attract travelers looking for a one-day activity to enjoy with their family or friends. This day-cruise experience is intended to improve the volume of walk-on traffic on the ferry that has slowly been declining. OSTC also continues to develop new on-board programming which will give customers a reason to return to the ferry on an annual basis.

The M.V. Niska 1 is the only means of transporting vehicles between Moosonee and Moose Factory and as such there is minimal to no competition for this operation.

Ministry of Northern Development and Mines Annual Operating Subsidy

Prior to 2010-11, OSTC received \$800,000 in operating subsidy annually. This increased in 2011-12 to \$1.0 million to acknowledge the spike in fuel prices. Since then and moving forward, OSTC has requested \$1,300,000 - \$2.0 million in operating subsidy annually. This increase was required as all daily operating costs continue to increase for utilities, fuel, employee benefits, wages, etc. While costs have been increasing, OSTC continued to experience decreasing traffic and lower revenue generation through 2013/14. In 2014/15, traffic leveled off, and then increased by 8% in vehicles and 11% in passengers in 2015/16, the positive results due in part to the additional financial support of the new marketing campaign developed in 2014/15 and implemented in 2015/16.

With the request for additional operating subsidies for fiscals 2016-17, 2017-18 and 2018-19, OSTC will continue to develop the marketing initiative in support of maintaining and increasing traffic with the goal of returning to traffic levels

experienced in the early 2000's. This turnaround will benefit both the ferry and MNDM in the long-term as the more ferry revenue generated the less operating subsidy that will be required.

M.S. Chi-Cheemaun ferry traffic & fares

OSTC undertakes an annual cost and benefit exercise using origin and destination information gathered through the customer survey, to determine whether it is time, cost, or distance that influences ferry customers' choice between taking the ferry, and driving around Georgian Bay. OSTC found that for the majority of routes, taking the ferry increases travel time and expense to the customers' trips. If customers can reach their destination in less time and for less cost than taking the ferry, a high percentage of customers will do so.

OSTC also performs an annual comparison of OSTC's fare structure to other Canadian ferry services operating vessels of similar size to the M.S. Chi-Cheemaun on routes of comparable distance. OSTC's fares are well aligned across the country, but are exorbitantly high in comparison to other ferry services owned by the Province of Ontario, due to the lack of provincial policy on ferry subsidization levels.

Vehicle deck utilization is measured as the percentage of usable vehicle deck space occupied per departure. There are eight vehicle categories which have been assigned average vehicle lengths. Total footage for each load is calculated by multiplying the number of vehicles per category by the assigned average length. Due to the averaging in the calculation and, the variables introduced by overweight pieces, a "full" load can be anywhere in the range between 78% and 85% of total available footage.

M.S. Chi-Cheemaun Vehicle Deck Utilization in % of Total Available Space

Blank	May	June	July	August	September	October	Average
Year 2015	42	45	61	65	63	58	57.15
Year 2014	35	59	63	55	47	36	49.17
Year 2013	40	45	55	64	59	49	52.00
Year 2012	44	47	60	66	62	52	55.17

Year 2011	40	47	64	64	62	55	55.33
Year 2010	47	52	65	69	61	55	58.17
Year 2009	42	57	65	69	64	54	58.50
Year 2008	46	55	66	74	68	60	61.50
Year 2007	49	59	73	79	74	65	66.50
Year 2006	48	55	71	80	70	62	64.33
Year 2005	49	60	80	79	72	66	67.67
Year 2004	48	60	75	78	71	66	66.33
Year 2003	43	55	75	84	72	60	64.83

Steps OSTC has taken to maximize ferry revenues:

1. OSTC has modified the fare structure to arrive at prices that maximize the revenue per customer without being seen as unreasonable by travelers. This has included the introduction of Off-Peak (spring/fall) and Peak (summer) pricing, introduction of the 4hr excursion fare, and freezing the fares for the 2014, 2015 & 2016 operating seasons at 2013 levels.
2. OSTC continues to offer additional services such as dinner cruises and charters.

Given the pattern of decline in ferry usage, and the high probability that a further increase to fares will drive away even more traffic, OSTC's operating budgets for 2016-17 through 2018-19 are based on 0% fare increase. OSTC's focus will be on generating more vehicle and passenger traffic to improve revenue levels through additional marketing and new ferry initiatives. An overhaul of the merchandise offered in the on-board boutique began in 2014-15, focusing on locally and

regionally produced product, and a re-designed layout for the cafeteria in 2015-16 will also aim to improve on-board spending in 2016-17 and beyond.

Labour & Fuel Costs

In 2016-17, Labour and Fuel costs will make up 65% of OSTC annual operating expenses.

Fuel costs are expected to increase at a 3% rate in each 2016-17 and 2017-18.

9.2 Facilities required by company to operate service:

Marine Vessels

M.S. Chi-Cheemaun

The M.S. Chi-Cheemaun was built by the Province of Ontario and the Government of Canada in 1974 to replace the smaller ferries, S.S. Norisle and M.V. Norgoma, operating on the route between Tobermory and South Baymouth, Manitoulin Island, Ontario.

M.S. Chi-Cheemaun underwent a mid-life refit in 2006-07 and its projected life expectancy is 30-40 years.

M.V. Niska 1

The M.V. Niska 1 was built by the Province of Ontario in 2010-11 to replace the Manitou Island 2 which had been in service since 1956. The Niska 1 operates the route between Moosonee and Moose Factory Island, Ontario.

Buildings & Properties

Terminal Buildings and Properties

The Tobermory and South Baymouth Ferry Terminal Buildings are of stone and brick construction with a combination of flat and peaked roofs. Originally built in 1973, the buildings have only required roof and window repairs over the last 30 years. In 2013-14, the terminals underwent some significant interior renovations and many existing issues with the buildings were addressed. Future work, included in this plan, includes: interior office renovations for Tobermory this fiscal

year with roof repairs and door replacement and terminal painting in out-years. South Baymouth terminal will include a roof-mounted HVAC system this fiscal with roof repairs, lighting and painting in out-years.

OSTC Main Office Building

OSTC's main office is located at the intersection of Ontario Provincial Highways 6 and 21 in Owen Sound. The property is owned by the Ontario Ministry of Natural Resources, controlled by the Grey Sauble Conservation Authority and leased to OSTC until 2052. OSTC owns the office building.

The building houses the ferry company administration offices, reservations centre, and a tourism information centre for the Bruce Peninsula and Manitoulin Island. Minor works include replacement of the carpeting in 2017-18. There are no major upgrades or repairs required for the office building in the life of this plan. The building was designed and constructed to conform to the requirements of the AODA.

Tobermory, South Baymouth & Owen Sound wharf facilities

Transport Canada is the owner of the Tobermory and South Baymouth dock walls, and the Owen Sound harbour wall used exclusively by OSTC, all adjacent to OSTC owned properties.

In 2007, Transport Canada and OSTC entered into a Memorandum of Understanding that specifies the terms of OSTC's occupation as well as the responsibilities of each party for maintenance and upkeep on the walls and ferry ramp facilities at Tobermory and South Baymouth.

OSTC owns a small piece of riverfront property and water lot on the west wall of the Owen Sound inner harbour where the M.S. Chi-Cheemaun is berthed in the winter months. At present, the City of Owen Sound provides landscaping services and the property is considered a green space open for public use. Transport Canada owns the harbour wall.

Any future discussions regarding the transfer of facility ownership will be conducted between MNDM and TC.

Moosonee Winter Storage Haul-Out Facility

In 2011, ONTC began construction of a marine railway at the M.V. Niska 1 loading ramp. Construction was stopped when excavation of the piece of land revealed that it was predominantly marine clay, and unsuitable to provide the stability required for the railway. As an interim measure, while other options were being investigated, M.V. Niska 1 was hauled out

on the Moosonee Transportation Limited (MTL) marine railway on an adjacent property and has wintered on the MTL marine railway from 2011 to 2015. Plans for a more permanent solution are being investigated.

Navigable Route/Dredging

South Baymouth Channel

Lower than normal water levels, experienced in 2013, threatened to reduce the safe navigational channel for M.S. Chi-Cheemaun's approach into the South Baymouth dock. Water levels rebounded in 2014, but with no certainty of sustained higher water levels over the long term, discussion with Transport Canada must begin to plan for a probable deepening and widening of the South Baymouth channel in the next 10 years. OSTC constantly reviews weather patterns and ice and water conditions as the start of the new sailing season approaches.

Moose River

Lower than normal water levels have reduced the safe navigational route for the M.V. Niska 1 to Moose Factory Island. With no apparent increase in water levels forecast in the foreseeable future, investigation into the possibility of dredging needs to be done. Currently, sailings are dependent on the tide and higher water levels as OSTC continue to monitor the navigational route situation.

Owen Sound Harbour

This port, owned by TC, has been identified as an asset up for divestment. To date, TC has had divestiture discussions with a number of parties. To OSTC knowledge, discussions have not progressed. Any divestment would have an impact on OSTC operations, as this is the winter berth of the M.S. Chi-Cheemaun.

9.3 Regulatory Change affecting service:

Safety

Passenger Safety Management Training: All passenger vessels over 500GRT (Gross Registered Tonnage) are required to have all crew members trained in Passenger Safety Management (PSM), and in possession of a Transport Canada issued PSM certificate. OSTC trained all existing staff in 2011. New crew members also receive the training in order to be able to work on board the ships.

Maritime Occupational Safety & Health (MOSH) regulations: OSTC continues to work with HRSDC to reduce the gap between the Provincial Occupational Safety & Health regulations and the Federal MOSH regulations, to ensure that the OSTC employees on ships are as well protected as their counterparts on all other Canadian ships. OSTC is also waiting for HRSDC to conclude another jurisdiction review of the vessel OSTC operates between Canada and the United States.

Environmental

Emissions: Currently, OSTC ferry operations are in full compliance with all applicable environmental regulations, including impending emission standards. Beginning August 1, 2012, all ships will be required to conform to a graduated program of sulphur emission reduction, through changing the type of fuel used by the ships to low and ultra-low sulphur, or through engine add-ons or stack scrubbers. OSTC currently burns low sulphur fuel and will meet the proposed regulatory requirements until 2018. After 2018, it is predicted that ultra-low sulphur fuel will be available.

OSTC will be required to provide an emissions monitoring plan to Transport Canada, which necessitates the purchase and installation of emissions monitoring equipment. The cost of this has been included in the operating budget.

Ballast Water: OSTC will be required to comply with Canadian Ballast Water regulations for domestic transportation, as well as those imposed by individual US states for any operations in US waters. Cost cannot be determined at this time.

Accessibility

OSTC is periodically reviewed by the Accessibility Directorate of Ontario to ensure the organization is in compliance with the AODA, 2005. In fiscal 2012-13, OSTC underwent a review and identified minor capital upgrades that would be required in order to be in conformance with all the AODA requirements. Those upgrades were made and the file review was completed.

In fiscal 2013-14, OSTC developed and posted a multi-year accessibility plan and filed the required accessibility report indicating that the organization was onside all regulatory requirements. In future years OSTC will be required to ensure all staff have been adequately trained on Ontario's accessibility laws. Improvements continue to be made to ensure the company website and information available to the public, including documents posted to the OSTC website, are accessible and available in various formats.

The only additional capital that may be required in the future will be making the website more accessible. However, as technology advances and accessibility issues become more prominent, making such changes are not expected to have a significant cost attached to them.

Security

International Ship and Port Security: No change. Domestic Vessel Security: No change.

9.4 Passenger Demographics:

OSTC tracks Chi-Cheemaun passenger demographics (age, occupation, origin and destination, purpose of travel, etc.) through the annual customer survey. The survey is distributed to customers during a two-week period in August. Participation is voluntary, and the response rate is low, and unreliable at 2.02%. OSTC has not conducted a survey since 2013. A new survey has been created for 2016-17 and will evaluate the impact made following the implementation of market assessment study recommendations, and on-board service renovations.

Age: Over the last several years, the ferry service has experienced an increase in middle-aged to older customers. Currently, approximately 67% of customers are 46 years of age and older. This demographic group challenges the ferry to ensure the service is comfortable, accessible and safe.

Principal Residence: The professional compilation of traveler information collected over 8 years during the market feasibility study showed that 38% of passengers travel to the ferry from Southwestern Ontario (bordered by Toronto on the east and Windsor on the west). Customers from Manitoulin Island, Bruce Peninsula and the Greater Toronto Area (GTA) made up 37% of the respondent base.

Purpose of travel: Survey results consistently show that 40 to 50% of travelers take the ferry for Recreation and Vacation and 30 to 40% uses the ferry because it is the shortest route to their destination.

Sensitivity to Fare Structure: In 2008, 62% of passengers felt that the fare structure was “just right”, and 31% felt it was “high”. In 2009, there was a shift to 53% who felt it was “just right” and 40% who felt it was “high”. The 2010 response was identical to 2009. In 2011, 47% of passengers felt the fare structure was “just right”, 45% felt it was “high”, and 7% felt it was “very high”. In 2012, 44% of passengers felt the fare structure was “just right”, 43% felt it was “high” and 13% felt it was “very high” despite no fare increases from 2011’s sailing season to 2012.

9.5 Status of Labour Negotiations:

OSTC has three collective agreements with one Union. The agreements all expired on December 31, 2013, and have successfully been renegotiated for another term ending December 31, 2018.

The three collective agreements are:

- Seafarers' International Union of Canada with the Owen Sound Transportation Company – Pelee Island Division, Unlicensed employees (M.V. Jiimaan, M.V. Pelee Islander, dock, reservations and ticket agents).
- Seafarers' International Union of Canada with the Owen Sound Transportation Company – Dock Workers (Tobermory and South Baymouth).
- Seafarers' International Union of Canada with the Owen Sound Transportation Company – Unlicensed employees (M.S. Chi-Cheemaun).

The M.S. Chi-Cheemaun Engineer Officers represented by the Canadian Marine Officers Union (now the Steelworkers) de-certified in March 2011.

OSTC will continue to subcontract with the Complex RE (previously known as Moose Band Development Corporation) to handle the day-to-day operations of the M.V Niska 1.

10. Human Resources

OSTC's organizational structure was revised in 2012 with the re-structuring of key management positions to ensure all employees have clear lines of authority identified. The structure was further refined in 2014, to ensure that the company maintains its compliance with all existing and future Provincial and Ministry Directives, and to provide OSTC with the human resources necessary to pursue additional outside contracts to increase revenue.

OSTC has already outsourced the IT function to a professional firm who can provide 24-hour support service. This has eliminated the need for an internal IT position.

10.1 Guiding Principles respecting the authorities of the Organizational Structure:

- The hierarchical nature of the Marine Industry forces the operation to be plan driven;
- All employees make decisions commensurate with their positions; most operating decisions are made in accordance with Policies & Procedures established in the International Safety Management (ISM) Manuals developed for each ship and shore terminal;
- Distribution of duties and responsibilities are established in the ISM Manuals;
- Two crews are utilized on board the M.S. Chi-Cheemaun to accommodate an 18-hour day and 7 days a week operating schedule during the peak summer season;
- Seasonal employment limits the full application of performance management and training and development opportunities for the majority of employees.

10.2 Compensation Strategy:

OSTC is completing an overall compensation structure review and future strategy in 2016/17. From 2009 through 2016, the corporation has been compliant with the Province's directive to freeze compensation for all management employees including ships' officers.

10.3 OSTC Management Pension and Health Benefits:

Pension

OSTC management employees active on April 1, 2002, are members of the Ontario Northland Transportation Commission Pension Plan. OSTC management employees hired after April 1, 2002 are participants in the Public Service Pension Plan.

Health Benefits

OSTC Management employees are members of the ONTC group health benefit plan. OSTC pays ONTC the actual cost of health benefits used by its employees on a monthly basis.

11. Performance Measures

Performance Measures and Targets have been established only for those areas on which the company and its personnel can have an influence. The company cannot influence the weather however the weather can have an influence on the company's performance.

11.1 Public Performance Measures:

Customer Satisfaction

Goals/Outcomes	Measures	Targets/Standards	2016-17 Commitments
Customers are satisfied with the quality of service provided on the ship and on	Annual customer survey	95% satisfaction level as minimum standard	Conduct annual survey and, maintain a minimum customer satisfaction level

Goals/Outcomes**Measures****Targets/Standards****2016-17****Commitments**

the dock.

of 95%.

Customer Complaint Resolution**Goals/Outcomes****Measures****Targets/Standards****2016-17****Commitments**

Customer complaints are responded to in writing, within five working days of the complaint.

Average response time for complaint resolution.

Average response time of no more than 5 working days

Investigate and respond to customer complaints in writing, within 5 working days.

Mechanical Downtime**Goals/Outcomes****Measures****Targets/Standards****2016-17****Commitments**

No lost operating time resulting from preventable mechanical failures

Vessel Log Sheets

Zero lost days resulting from preventable mechanical problems

Adhere to preventative maintenance program to ensure service is not disrupted due to mechanical failure.

12. Financial Budget and Staffing

12.1 Chi-Cheemaun Financials

Operating budgets for the years 2016-17 through 2018-19 were developed assuming there will be no change to the level of service provided during the life of the plan. There will be no increase to, or reduction of the ferry sailing season schedule, and there will be no machinery failures causing a loss of service.

OSTC will undertake a study in 2016-17 to determine the net impact of changes to the sailing schedule that may be required to maximize ferry ridership. Such a schedule could be a 3 round-trip per day schedule in the summer operating season with the first trip of the day departing from Manitoulin Island. Because the social and economic impact of any change to the ferry schedule will be felt well beyond the service itself, the study will determine how and to what extent the change will affect the traffic flow and spending patterns of ferry customers in the terminus communities and regions. What may be financially and operationally efficient for the ferry service may not be beneficial to the local businesses.

The 2016-17 through 2018-19 operating budget for Chi-Cheemaun requires no less than annual operating subsidies of \$5,100,000 for 2016-17, \$2,110,000 for 2017-18, and \$1,950,000 for 2018-19, respectively. The subsidy totals include the additional amount required to expand the existing market and promotion efforts, and includes matching pension plan contributions for the employees who are now enrolled in the Public Service Pension Plan. As is demonstrated in the proposed budget, the subsidy requests will fall short of the service's needs in the event that traffic levels do not increase as projected. So, if traffic levels do not increase over the 2015 level, the annual operating subsidy will require a top-up to break even.

OSTC has a \$2,000,000 line of credit that is fully drawn on during the first quarter of the fiscal year, prior to the revenue producing ferry season. OSTC enters the line of credit during the first quarter and exits prior to or during the first month of the second quarter annually.

Capital funding requirements are \$1,371,000 for 2016-17, \$1,917,000 for 2017-18, and \$881,000 for 2018-19, respectively. All capital projects identified promote and preserve safety, efficiency and reliability of the M.S. Chi-Cheemaun and make improvements to operations that will support preservation of the environment.

12.2 OSTC Financial Projections – Statement of Revenue and Expense – Chi-Cheemaun

11.2 OSTC Financial Projections - Statement of Revenue and Expense - Chi-Cheemaun													
	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Plan	Plan	Plan	Plan	Plan	
(in thousands of dollars)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Revenue													
Chi-Cheemaun	6,982	6,786	6,826	6,507	6,486	6,500	7,208	7,272	7,345	7,418	7,493	7,568	1
Moosonee Mgmt Fee from ONTC	50	80	80	0	0	0	0	0	0	0	0	0	2
Pelee Island Transportation Mgmt Fee	417	431	495	435	435	450	466	461	470	479	489	499	3
Revenue Total	7,449	7,297	7,401	6,942	6,921	6,950	7,674	7,733	7,815	7,898	7,982	8,066	
Expenses													
Salaries and Wages	3,685	3,667	3,734	3,639	3,564	3,768	3,776	3,887	3,898	3,909	3,920	3,932	4
Benefits	740	819	774	780	779	834	835	881	875	883	897	892	5
Repair and Maintenance	452	339	560	662	672	666	748	708	750	738	738	738	6
Utilities	179	182	254	241	240	227	259	270	282	295	308	322	7
Fuel	1,161	1,513	1,248	1,354	1,486	1,488	1,310	1,375	1,445	1,516	1,592	1,671	8
Tools and Operating Supplies	140	124	114	100	113	115	129	143	136	139	142	145	
Services	657	645	628	638	605	634	765	847	853	858	863	868	9
General and Administrative	1,114	990	1,142	1,200	1,312	1,200	1,291	1,276	1,277	1,277	1,278	1,279	10
Expense Total	8,128	8,279	8,454	8,614	8,771	8,932	9,113	9,387	9,516	9,615	9,738	9,847	
Net Income (Loss) before Extraordinary and MNDM Subsidy	-679	-982	-1,053	-1,672	-1,850	-1,982	-1,439	-1,654	-1,701	-1,717	-1,756	-1,781	
Extraordinary Items													
OSTC Pension Costs for new employees not in ONTC Plan	0	0	0	-69	0	-150	-150	0	0	0	0	0	5
ONTC Pension Deficit Payment	-158	0	0	0	0	0	0	0	0	0	0	0	
Chi-Cheemaun Dry Dock	0	0	0	0	0	0	0	-3,000	0	0	0	0	11
Marketing Study & Plan Implementation	0	0	-29	0	-486	-500	-500	-500	-350	-350	-350	-350	10
Bow Vinyl wrap	0	0	0	0	0	0	0	0	-160	0	0	0	
MTO Capital Building Project - Mgmt Fee	0	0	0	0	0	75	0	75	75	50	0	0	12
Extraordinary Items Total	-158	0	-29	-69	-486	-575	-650	-3,425	-435	-300	-350	-350	
Net Income(Loss) before MNDM Subsidy	-837	-982	-1,082	-1,741	-2,336	-2,557	-2,089	-5,079	-2,136	-2,017	-2,106	-2,131	
MNDM Subsidy													
MNDM Operating Subsidy	800	1,000	1,350	1,831	1,985	1,697	1,547	1,600	1,600	1,600	1,800	1,800	13
MNDM Marketing Subsidy	0	0	26	0	500	500	500	500	350	350	350	350	10
MNDM Pension Settlement Subsidy	0	0	0	69	0	150	150	0	0	0	0	0	5
MNDM Bow Vinyl Wrap Subsidy	0	0	0	0	0	0	0	0	160	0	0	0	10
MNDM Dry-Docking Fund	0	0	0	0	0	0	0	3,000	0	0	0	0	11
MNDM Subsidy Total	800	1,000	1,376	1,900	2,485	2,347	2,197	5,100	2,110	1,950	2,150	2,150	
Net Income(Loss) after MNDM Subsidy	-37	18	294	159	149	-210	108	21	-26	-67	44	19	

12.3 Chi-Cheemaun Capital Plan 2015/16 through 2017/18 (with 2018/19 & 2019/20 forecast):

The capital plan and full budget to be submitted to the Ministry of Northern Development and Mines.

12.4 Niska 1 Financials:

Operating budgets for the years 2016-17 to 2018-19 were developed assuming there will be limited change to the level of service provided during the life of the plan. There will be no increase to, or reduction of the ferry sailing season schedule, and there will be no machinery failures causing a loss of service.

The 2016-17 through 2018-19 operating budgets projects funding requirements of \$387,500 for 2016-17, \$237,250 for 2017-18, and \$281,088 for 2018-19.

Capital funding requirements needed are \$1,305,000 for 2016-17, \$250,000 for 2017-18. River dredging may be required in 2018-19 and 2019-20 (2-year project).

All capital projects identified promote and preserve safety, efficiency, reliability and structural integrity of M.V. Niska 1, and make improvements to operations that will support preservation of the environment. A detailed account of the 2016-17 through 2018-19 proposed capital projects will be submitted to the ministry.

12.5 OSTC Financial Projections – Statement of Revenue and Expense – Niska 1:

11.3 OSTC Financial Projections - Statement of Revenue and Expense - Niska 1

(in thousands of dollars)	Actual 2014/15	Budget 2015/16	Forecast 2015/16	Variance 2015/16	Plan 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	
Revenue:										
Passenger	21,266	18,000	22,632	4,632	24,000	24,000	24,000	24,000	24,000	1
Vehicle/Charter	3,365	1,500	2,687	1,187	2,500	2,500	2,500	2,500	2,500	
Freight	130,338	150,500	189,104	38,604	173,000	173,000	173,000	173,000	173,000	
Misc Revenue (dock fees)			1,000	1,000	3,000	3,000	3,000	3,000	3,000	
MNDM Subsidy	261,000	375,366	375,366	0	287,500	273,250	281,088	287,057	293,204	
MNDM Subsidy drydock funding		0	52,341	52,341						
MNDM Subsidy to dispose of Manitou					100,000	0	0	0	0	4
	\$ 415,969	\$ 545,366	\$ 643,130	\$ 97,764	\$ 590,000	\$ 475,750	\$ 483,588	\$ 489,557	\$ 495,704	
Expenses:										
OSTC Salary Allocation	80,003	81,600	81,600	0	80,000	80,000	82,000	82,000	82,000	
Repairs & Maintenance	35,656	89,900	185,000	-95,100	50,000	50,000	50,000	50,000	50,000	
Utilities	1,747	3,000	3,000	0	3,000	3,000	3,000	3,000	3,000	
Fuel	33,243	40,000	27,729	12,271	35,000	36,750	38,588	40,517	42,543	2
Tool & Operating Supplies	1,206	5,000	10,000	-5,000	7,500	7,500	7,500	7,500	7,500	
Contract Services	148,975	187,000	195,000	-8,000	194,000	198,000	202,000	206,040	210,161	3
General & Administrative	64,571	90,500	110,000	-19,500	90,500	100,500	100,500	100,500	100,500	
	\$365,401	\$497,000	\$612,329	-\$115,329	\$460,000	\$475,750	\$483,588	\$489,557	\$495,704	
Extraordinary Items										
MV Manitou Island II Disposal	0	0	0	0	100,000	0	0	0	0	4
Winter Removal & Storage of Niska	29,014	0	30,000	-30,000	30,000	0	0	0	0	
	\$29,014	\$0	\$30,000	-\$30,000	\$130,000	\$0	\$0	\$0	\$0	
Net earnings (loss) for period	\$21,554	\$48,366	\$801	-\$47,565	\$0	\$0	\$1	\$0	\$0	

12.11 Niska 1 Capital Plan 2015/16 through 2017/18 (with 2018/19 forecast):

The capital plan and full budget to be submitted to the Ministry of Northern Development and Mines.

12.13 Staffing:

OSTC ships are staffed in accordance with Transport Canada's Minimum Safe Manning Document (Crewing Regulations) and arrangements made through the Collective Agreements.

	Seasonal 2013/14	2014/15	2015/16	2016/17	Full-Time 2013/14	2014/15	2015/16	2016/17
OSTC office	6	6	6	6	8	9	9	9
M.S. Chi-Cheemaun	58	50	50	50	9	9	9	9
Tobermory	19	19	19	19		0	0	0
South Baymouth	17	17	17	17		0	0	0
Pelee Island	7	6	6	6	1	1	1	1
Kingsville/Leamington	9	10 / 1 student	10 / 1 student	10 / 1 student	1	1	1	1
M.V. Jiimaan	25	26	26	26	8	9	9	9
M.V. Pelee Islander	9	13	13	13	4	3	3	3
TOTAL	150	137	137	137	31	32	32	32

Ship's Officers are management employees and work for 6 months and paid an annual salary. Those Officers include:

M.S. Chi-Cheemaun: 2 Captains, 2 Chief Mates, 2 Second Mates, 2 Chief Engineers, 2 Stewards
M.V. Jiimaan: 2 Captains, 2 Chief Mates, 2 Chief Engineers
M.V. Pelee Islander: 1 Captain, 1 Chief Mate, 1 Chief Engineer

13. Information Technology (IT)/Electronic Service Delivery (ESD) Plan

OSTC has contracted a service provider to supply maintenance, support, and security for the existing IT platform.

14. Initiatives Involving Third Parties

14.1 Strategic Alliances:

OSTC is a member of the Canadian Ferry Operators Association, the Canadian Passenger Vessel Association, the Passenger Vessel Association in the USA, and Interferry. The first two groups are solely Canadian and work with Transport Canada Marine Safety regarding application of regulatory reform in the passenger ship industry. OSTC also actively participates in Regulator and Industry forums such as CMAC (Canadian Marine Advisory Council).

OSTC is a supporter of the Great Lakes International Marine Training Centre at Georgian College in Owen Sound, Ontario. OSTC employs cadets of GLIMTC on the M.S. Chi-Cheemaun and the Pelee Island Ferry Service Ferries.

14.2 Partnerships:

Through the ferry service community advisory committees and regional tourism partnerships, OSTC partners with the communities on each end of the ferry route to jointly promote the opportunities of each region, using the ferry for access.

OSTC is an engaged member of the communities it serves. In Tobermory, OSTC is a major financial partner in the community's water and sewage systems; sponsors "Big Canoe Weekend" and provides sponsorship for items such as the highway speed reminder sign and permanent Christmas light fixtures and Canada Day celebrations. In South Baymouth, OSTC houses the water intake and treatment facility for the Township of Tehkummah and is a sponsor of community association projects including outdoor benches. OSTC is an opening night participant in the Festival of Northern Lights and provides the ship to the Blue Water Regional Science and Technology Fair committee to use for special events during the School Board Wide Regional Science Fair.

In 2013, OSTC formed a partnership called Destination Manitoulin with participating businesses on Manitoulin Island. This partnership provides joint discounts to travelers using the ferry and staying at a local hotel or motel or resort.

Also beginning in 2013, OSTC formed a partnership with Summerfolk Music Festival. Summerfolk assists OSTC with the selection and attraction of known musicians to perform on the ferry.

In 2014, OSTC developed a partnership with the Tom Thompson Art Gallery. This partnership provides cross promotion for both the ferry and the gallery through lobby displays at the gallery for the ferry, and on-board displays for the gallery. Tom Thompson giftware and “Home Grown” products were featured in the Chi-Cheemaun Boatique.

OSTC and Parks Canada have worked together to develop a “Great Lakes Naturalists” on-board Parks interpretation program beginning in the 2017 ferry season, the program will incorporate the existing Guided Tours of the Night Skies offered in the month of August, and will provide a day program featuring the unique biology and geography of the areas.

14.3 Contracting Out:

Vessel and facility maintenance that exceeds the ability of the OSTC employees or is unique or specialized is contracted out as required. All contractors are secured through the application of the approved purchasing and tendering policy.

14.4 Internal Customers:

OSTC does not currently have any internal customers.

14.5 External Customers:

OSTC’s external customers include contract clients (MTO), the communities on Manitoulin Island and the Bruce Peninsula, the communities of Moosonee and Moose Factory Island, and all users of the ferry services. OSTC obtains operational feedback from all user groups either through public forum (community advisory groups), customer survey cards and, verbal or written correspondence. OSTC provides operational and financial reports to contract clients in compliance with the schedules contained within the agreements.

15. Communication Plan

Media relations are handled by the President & CEO. OSTC's communications protocol has been established with designated Ministry personnel. The President & CEO, and Manager of Customer and Media Relations share responsibility for coordination of public affairs, marketing, and communications.

French Language services required to produce print media are contracted out. Spoken French Language Services are provided on the reservations and information telephone lines during the ferry operating seasons. OSTC will ensure that French language services are supplied in accordance with the Province's Directives. Usual reporting will be done through the MNDM French Language Service Coordinator.

Communications assistance for persons with disabilities is in compliance with the AODA, 2005, and is upgraded as new technologies become available. By 2015-16, OSTC will provide all of its publicly available information in an accessible format, when requested, and post its governance documents on the OSTC website.

The ferry services are high profile operations that attract media attention in the event of any crisis or perceived anomaly. This makes good decision-making and good communications with the public and the media a priority.

15.1 Communications to be managed:

- Ferry service change; cancelled or delayed sailings – external users of the service
- Safety messages on board the vessel and at the terminal facilities
- Sales and Marketing messages – external users of the service
- Decision making and recommendations – internal operations personnel
- Accidents that result in material damage or injury to persons

15.2 Target markets:

- Reserved and non-reserved customers (general traveling public)
- All potential customers
- Board of Directors and Ministries and Agency Employees
- Local Community and Business Leaders; Ferry Service Advisory Committee

15.3 Communication Vehicles:

- Radio and Television news and Website, Facebook, Twitter, Newspaper, Telephone, Highway signs for change to service, cancelled or delayed sailings;
- Radio and Television, Website, Newspaper, Travel Guides, Highway signs, Direct Sales literature, Travel shows, Travel agencies for annual and on-going sales and advertising;
- Regular email messaging, meetings, conference calls, internal news communiqués for internal personnel communications.
- Social Media: Twitter and Facebook and Instagram for promotion of special events.

15.4 Communications Budget and Evaluation Plan:

OSTC has an annual sales and marketing and communications budget of \$150,000 allocated for the purchase of radio, print media, billboard advertising, website development, and the production of the annual report. In an average season, the service transports 180,000 passengers with an average cost of advertising per passenger of under \$0.90. This represents only the cost to retain a passenger and does not necessarily generate new business. Separate from this budget is an additional \$500,000 in 2016-17 and \$350,000 in 2017-18 for continued development and implementation of new marketing plans designed to attract new customers to the ferry service.

The effectiveness of the communications spending is measured through the annual customer survey as well as through reports generated by the automated call distribution telephone system and the reservations department. Using this information, OSTC is able to work with the advertising placement agencies to determine appropriate placements and spending levels for each target market.

In 2014-15, OSTC included Google Analytics on its company website to get a better understanding of where the online traffic is originating from. In addition, OSTC can determine if there is any correlation between ads run in the Toronto Star or other key publications and website traffic. OSTC continues to monitor statistics and implements strategies to ensure full effectiveness of any existing or new marketing initiative(s).

A new full-service web implemented in 2015-16 will increase accessibility to the service as well as reduce the amount of printed materials required to promote the service.

15.5 Complaint Response Mechanism & Process:

OSTC's procedure for the handling of customer complaints regarding service includes:

On-site and in-person: Front-line Managers are empowered to resolve customer complaints.

By Letter or email: Letters of complaint are responded to in writing, typically within five working days of receipt, depending on the complexity of the investigation into the complaint.

By telephone: Complaint calls are referred to the appropriate Vice President for response. A follow-up letter is sent if the customer provides a mailing address.

Changes to procedures that arise from a complaint resolution are implemented and employees trained accordingly at the earliest possible time without causing disruption to the ferry services.

16. OSTC Organizational Chart

