



Business Plan 2025-26 to 2027-28



If an alternative accessible format is required, please contact the Owen Sound Transportation Company at 519-376-8740. Note that throughout this document, a fiscal year (April 1 to March 31) will be referred to as, for example, 2025-26.

Table of Contents

1. Executive Summary.....	3
2. Description of Agency	4
3. Agency’s Mandate	4
4. Overview of Ferry Services and Vessels	4
5. Pelee Island Transportation Service.....	5
6. Strategic Direction.....	5
7. Implementation Plan.....	6
8. Overview of Current and Future Programs and Activities	10
9. Facilities Supporting Service Operation	11
10. Resources to Meet Goals and Objectives	13
11. Risk Identification, Assessment and Mitigation Strategies.....	15
12. Environmental Scan	17
13. Human Resources	20
14. Health, Safety, Environment and Accessibility.....	22
15. Performance Measures.....	23
16. Financial Profile.....	25
17. Information Technology (IT)/Electronic Service Delivery (ESD) Plan	28
18. Inventory of the Agency’s Artificial Intelligence (AI) Use Cases.....	29
19. Initiatives Involving Third Parties.....	29
20. Communications Plan	31
21. Response to the Minister’s Annual Letter of Direction (ALOD)	32

1. Executive Summary

The Owen Sound Transportation Company, Limited (OSTC) was incorporated under the *Ontario Business Corporations Act, 1990* (the Act) and conforms to the legal requirements of the Act. The company's sole shareholder is the Ontario Minister of Transportation (the Minister).

OSTC provides safe, efficient and reliable ferry transportation in Ontario. OSTC transports passengers and goods safely from Moosonee to Moose Cree First Nation, located on Moose Factory Island, South Baymouth on Manitoulin Island to Tobermory on the Northern Bruce Peninsula, and Kingsville and Leamington to Pelee Island and Sandusky, Ohio (with air service between Pelee Island and Windsor airport in winter). During the 2024 sailing season, OSTC carried 186,866 passengers and 68,087 vehicles on the *Chi-Cheemaun*; 2,426 passengers and 3,350 vehicles on the *Niska*; and 123,936 passengers and 32,915 vehicles on its Pelee routes. The aggregate increase for the agency over 2023-24 was in excess of 8 per cent for passengers and 7 per cent for vehicle traffic.

The fiscal year 2025-26 to 2027-28 business plan includes the following Provincial requirements:

1. OSTC is a Board Governed Operational Enterprise Agency subject to the Agencies and Appointments Directive (AAD).
2. The provincial directives which apply to OSTC.
3. The Memorandum of Understanding (MOU) between the government and OSTC, and
4. OSTC's Annual Letter of Direction provided by the Minister of Transportation on April 29, 2025.

The Business Plan for the coming three-year cycle will focus on:

1. Continuing to develop Key Performance Indicators (KPIs) to measure the effectiveness and success of existing services and capture feedback to inform potential enhancements of each of our services.
2. Continuing to implement AAD compliance monitoring measures to improve progress towards compliance with provincial directives.
3. Identifying and pursuing opportunities for non-government, non-fare, and non-fee revenue generation per the Annual Letter of Direction.

OSTC continues to work on building capacity to enhance service delivery and effectiveness while facing critical challenges, including:

1. Staffing and crewing.
2. Maintaining a fleet of vessels.
 - 2.1. The MS *Chi-Cheemaun* is 51 years old
 - 2.2. The MV *Niska I* is a 14-year-old landing craft vessel
 - 2.3. The MV Pelee Islander is 65 years old
 - 2.4. The MV Pelee Islander II is 6 years old
3. Due to declining channel depths along the routes, yearly surveying and frequent maintenance dredging is required to ensure that there is safe navigational depth for the vessels. Without regular operational dredging, there is increased risk of grounding/damage to the ferry vessels.

2. Description of Agency

History

OSTC was incorporated through Letters Patent in 1921 under private ownership. Following its purchase from a private company in 1974, OSTC shares were held in trust by the Ontario Northland Transportation Commission (ONTC) on behalf of the government of Ontario. On April 1, 2002, OSTC's shares were consolidated and transferred from ONTC to the Minister of Northern Development and Mines (MNDM), who established OSTC as an Operational Enterprise Agency of the Province of Ontario. In 2019, the Ontario Ministry of Transportation (MTO), took over agency oversight responsibilities of OSTC from MNDM, via an Order in Council.

3. Agency's Mandate

OSTC contributes to the provision of safe, efficient and reliable ferry transportation between Tobermory and South Baymouth, Manitoulin Island. It promotes and contributes to economic development in this region by supporting the creation of a positive business climate and by enhancing and promoting the tourism sector through partnerships with local communities and regional stakeholders.

In addition, OSTC manages the Moose Island ferry service between the town of Moosonee and Moose Factory Island, operates the ferry service, between Leamington and Kingsville, Pelee Island, and during the summer season, Sandusky Ohio, and a winter air charter service between Pelee Island and Windsor airport.

OSTC supports the mobility and delivery of goods and services in geographically disparate areas of the province not served, or minimally served, by highway systems. OSTC services also promote and support the tourism sector through partnerships with local communities and regional interest holders. These include the municipalities and First Nations communities at its endpoints and surrounding areas.

4. Overview of Ferry Services and Vessels

OSTC contributes to the provision of safe, efficient, and reliable ferry transportation in the Province of Ontario by operating three seasonal passenger, vehicle and commercial vehicle ferry services:

- MS *Chi-Cheemaun* on the Tobermory – South Baymouth Manitoulin Island route,
- MV *Niska I* on the Moosonee – Moose Factory Island route, operated by a subsidiary of the Moose Cree First Nation, (Complex RE), under contract, and
- MV Pelee Islander and MV Pelee Islander II under contract with MTO (see section 5).

OSTC owns and operates the MS *Chi-Cheemaun*, and owns and contracts with the Moose Cree First Nation to operate the MV *Niska I*:

- MS *Chi-Cheemaun* - A seasonal passenger, vehicle, and commercial truck ferry between the ports of Tobermory and South Baymouth, Manitoulin Island from May through to October.

- *MV Niska I* - A seasonal passenger, vehicle, and commercial truck ferry on the Moose River between Moosonee and Moose Factory Island, at the southern end of James Bay from May through to October.

5. Pelee Island Transportation Service

OSTC operates the Pelee Island Transportation Service (PITS) through a management contract with MTO. This essential service for Pelee Island residents and visitors provides access throughout the year, through three (3) ferry routes and one (1) air service route:

- Kingsville to Pelee Island - serviced by the *MV Pelee Islander II* (primary vessel) and the *MV Pelee Islander* (secondary vessel),
- Leamington to Pelee Island – serviced by the *MV Pelee Islander II* (primary vessel) and the *MV Pelee Islander* (secondary vessel),
- Pelee Island to Sandusky, Ohio - serviced by the *MV Pelee Islander* during the summer season, and
- Pelee Island to Windsor - OSTC provides contract administration for an air service, operated during the winter season when the ferry is out of service.

OSTC operates two vessels and the three terminals, under contract with MTO.

The Pelee Island service is a critical service for Pelee Island residents and agricultural businesses, as well as a key tourism experience and transportation service.

Human Resources

PITS employees are part of OSTC, specifically dedicated to providing the Pelee Island Transportation Service, under contract with MTO. There are 25 full-time employees, including Executive, Management, Administration, and Ships' Officers, and 42 seasonal and part-time employees. All unionized staff in the South Division, including all Ships' Officers other than Captains, are represented by UNIFOR.

Other Services

PITS provides food and beverage services to passengers along with Wi-Fi access to keep passengers connected.

6. Strategic Direction

As an agency, OSTC receives an Annual Letter of Direction from the Minister which provides expectations for the upcoming year including government-wide priorities related to accountability, sustainability and innovation. The letter also covers the expectations of good governance, effective operations and the reporting of performance indicators. The agency is required to address these expectations within its annual business plan and annual report.

OSTC's goals are developed to support and carry out the mandate of the company as established by the Province of Ontario and its sole shareholder, the Minister of Transportation, and in alignment with the priorities set out in the Annual Letter of Direction.

OSTC's goals are to:

1. Provide safe, secure, regulatory compliant, accessible, reliable and environmentally responsible marine transportation services to the public.
2. Achieve optimal financial performance by improving financial planning and oversight, increasing revenue and effectively managing costs.
3. Build and maintain strong, mutually beneficial relationships with the communities, partners and regions served.
4. Achieve business and operational excellence by leveraging best practices to build capacity to improve service delivery.

7. Implementation Plan

Strategic Goal #1: Provide safe, secure, regulatory compliant, accessible, reliable and environmentally responsible marine transportation services to the public.

Objective 1-1: Ensure Safety & Security

Implementation Tasks: Vessel Safety, Security & Regulatory Compliance

- Continued compliance with the International Safety Management Code (ISM) and International Ship and Port Security Code (ISPS) where applicable.
- Continued position-specific training for vessel crew members.
- Continued participation in joint safety and security exercises with government, law enforcement and emergency services.
- Continued participation in sector association meetings with regulators.
- Continued adherence to, and improvements of, the Safety Management System with updates to comply with upcoming Canadian Marine Safety Management System Regulations.
- Continue to review developing guidance on electric vehicle and electric bike battery combustibility, ensuring that risk management practices are in place, and firefighting techniques are developed and implemented to address the potential fire risks.

Implementation Tasks: Passenger Safety, Security and Accessibility

- Continue to comply with the Integrated Accessibility Standards Regulations (IASR) under the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) as they come into effect; design renovations and modifications to vessels incorporating IASR standards wherever possible and explore additional options for compliance as necessary.
- Continue to provide AODA training to all employees with additional site-specific training as required.
- Continue to comply with the Personnel Training for the Assistance of Persons with Disabilities Regulations under the *Canada Transportation Act* and the Accessible Transportation Planning and Reporting Regulations under the *Accessible Canada Act*.
- Continue program of training vessel employees in Passenger Safety Management.
- Continue attending anti-human trafficking sessions to stay informed of efforts by other agencies and explore potential opportunities (e.g., training, awareness raising, etc.).

Implementation Tasks: Employee Safety & Security

- Reinforce OSTC's policy of a blame-free safety-first culture that encourages worker participation in identifying and resolving potentially hazardous situations.
- Continue employee training programs in health and safety, including confined space, fall arrest, transportation of dangerous goods, workplace harassment and safety awareness.
- Continued improvement of the near miss reporting process and continue to work with health and safety committees to review lessons learned from near misses and accident reports.

Objective 1-2: Ensure Reliability and Environmental Responsibility

Implementation Tasks

- Continue to maintain OSTC vessels in accordance with Planned and Preventative Maintenance Programs.
- Monitor and audit vessel discharge plans and records.
- Continue Oil Spill Response training for all ship and terminal facility employees.
- Maintain Green Marine Level 2 certification and implement additional systems to elevate level wherever possible.
- Develop a procedure for tracking vessel greenhouse gas (GHG) emissions and waste management. Establish a baseline GHG inventory.
- Continued participation in information sessions, cross-sector engagement opportunities, workshops and training opportunities.
- Identify targets achievable in the short-term.

Strategic Goal #2: Achieve better financial performance by improving financial planning and oversight, increasing revenue and effectively managing costs.

Objective 2-1: Improve Financial Planning and Oversight

Implementation Tasks:

- Continue to recruit and retain critical senior financial staff.
- Continue to update financial recording and reporting processes: digitize recording, approval and storage of financial matters.
- Continue to build capacity to create regular operating and capital financial budgets and reports, as well as ridership statistics.
- Continue to train and develop financial staff.
- Work with Ministry staff to continue meeting quarterly financial reporting requirements in alignment with templates and timelines set by the Ministry.

Objective 2-2: Enhance Revenue Opportunities

Implementation Tasks:

- Optimize new online reservation system with flexibility to adjust for any fare changes and service purchase options.
- Review pricing and product mix to increase non-fare, non-fee revenues by 3 per cent per year.
- Review on-board customer experiences provided in prior years and consider reintroducing limited items, where adequate resources are in place.

- Explore opportunities to develop tourism experience packages with regional partners to provide an integrated experiential value chain for ferry users.
- Identify and remove barriers that deter customers from using ferry services.
- Explore a comprehensive fare strategy that: considers revenue optimization, compares fares with other similar operations across Canada, provides value for money, and simplifies the reservation process for customers.

Objective 2-3: Identify Opportunities for Enhanced Efficiencies to Reduce Expenses

Implementation Tasks:

- Fully implement the Fleet Management System (FMS) to incorporate shipboard or shore-based inventory tracking and streamline procurement functions.
- Implement employee development and training plans for all positions and closely monitor employee performance against goals to optimize effectiveness and efficiency.
- Optimize purchasing practices to ensure all goods or services acquired are necessary, are purchased in compliance with policy, and provide best value.
- Continue annual review of the current operating schedule and season to evaluate the cost/benefit of schedule modifications on the ferry service and value to regional economies.
- Work closely with Supply Ontario on all procurements requiring its advice and guidance.

Strategic Goal #3: Build and maintain strong, mutually beneficial relationships with the communities and regions served.

Objective 3-1: Develop Community Relationships

Implementation Tasks: Ongoing participation and support of or in, and resumption of activities

- Continue to support and develop regional tourism partnerships.
- Continue to participate in tourism development seminars and conferences.
- Identify and participate in strategic promotion and advertising partnerships.
- Continue to provide opportunities for public and user input through community meetings and customer surveys.
- Continue to work with Complex RE, Moose Cree First Nation and the Town of Moosonee and re-establish a protocol for regular meetings and communication practices to ensure there is a forum to discuss issues. Continue to deliver Public Information Sessions to engage the broader community whenever events occur which may affect service delivery, or as requested by community leaders. Annually monitor ferry route channel depths to ensure safe navigation and provide early warning of any potential ferry service disruptions. Where dredge operations are required, work with community leaders to ensure the right fit with the least negative impact.

Objective 3-2: Developing Community and Industry bonds

Implementation Tasks: Promote industry opportunities

- Continue to provide onboard co-op opportunities for navigation and engineering cadets.
- Maintain visibility in secondary school systems throughout Ontario.
- Explore opportunities to provide co-op opportunities for high school students on MV *Niska I*.
- Provide seasonal employment opportunities to post-secondary students.

- Strengthen bonds with Caldwell First Nation, Wikwemikong Unceded Indian Reserve, Chippewas of Saugeen, Chippewas of Nawash, M'Chigeeng First Nation and Moose Cree First Nation.

Strategic Goal #4: Build capacity by: a) developing the Human Resources Department, b) improving key systems regarding reservations, asset management, financial reporting and employee collaboration, c) updating and improving policies, processes and procedures, and introduce development plans and succession planning to ensure the efficiency and effectiveness of operations and sustainability to continue to adhere to all applicable government directives.

Objective 4-1: Improve Capacity to Attract and Retain, Develop and Manage Staff

Implementation Tasks: Develop HR Department, Policies and Systems

- OSTC plans to conduct a gap analysis during the development of the HR Strategy. Any discrepancies between current HR capabilities or capacity will be identified and a plan developed to fulfill needs for future success of the department functions.
- Develop HR policies and procedures for the full employee life cycle from onboarding to offboarding.

Objective 4-2: Improve Key Systems

Implementation Tasks:

- Optimize the use and effectiveness of FMS, point-of-sale retail system, SAGE accounting system, and BOOKIT reservation system, train key staff in contract management and oversight.
- Implement a new leave request system accessible to all applicable staff.
- Implement a performance review process and system for non-union staff.

Objective 4-3: Improve Policies, Processes and Procedures

Implementation Tasks:

- Create corporate-wide policies in all areas of operability.
- Conduct benefit review in conjunction with benefit broker, including market evaluations and potential amalgamation of services where appropriate.
- Conduct compensation evaluation that compares pay scales to public sector or broader public sector positions.
- Consolidate vacation, statutory holiday and leave provisions company-wide.
- Develop and implement an enhanced risk monitoring and evaluation process.

Objective 4-4: Introduce Development Plans and Succession Planning

Implementation Tasks:

- Develop succession plans and planning tools for key positions to identify development plans, future personnel needs and identify any gaps.
- Develop career progression maps for key positions.

8. Overview of Current and Future Programs and Activities

Fostering Economic Growth, Positive Business Climate and Tourism

8.1 Vessel Charters

MS Chi-Cheemaun

The MS *Chi-Cheemaun* is chartered for two dinner cruises from the Owen Sound harbour during the month of April, weather permitting. Vessel charters were previously available during the non-peak sailing season at a premium rate. However, there are currently very limited opportunities for vessel charters, as vessel staff work long shifts with the current schedule and are not available for additional functions. In 2023, based on demand, OSTC reinstated the annual repositioning cruises, which sail the *Chi-Cheemaun* to and from its winter berth in Owen Sound to Tobermory.

In 2025, OSTC plans to continue the repositioning cruises and will continue these each season, except where drydock scheduling takes precedence.

MV Niska

The MV *Niska* is typically chartered throughout the season, on weekends to haul construction materials to the island.

8.2 MS Chi-Cheemaun Food, Beverage & Retail Services

OSTC has reviewed pricing and margins on all food, beverage and retail services and established price points which better reflect the market while continuing to provide value.

In 2025-26, OSTC plans to use increased reporting functionality in its new point-of-sale system to ensure that overall margins remain optimized.

New and attractive merchandise is acquired yearly to accommodate shifting tastes.

Providing safe, efficient and reliable ferry transportation

8.3 Fuel Consumption Control

OSTC's standard operating procedure is to run MS *Chi-Cheemaun* on two of the four engines, alternating engine use on a weekly rotation basis. 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 and maintain a lower carbon footprint. Fuel consumption is also managed through sound company operating practices, adherence to maintenance recommendations, employee training and real-time condition monitoring that keep key equipment in line with factory standards.

OSTC dry docks each vessel every five years, as Transport Canada requires. This provides an opportunity to clean propellers and wash and recoat hulls to meet or exceed industry standards. This action lends itself to reduced fuel consumption, the propellers are more effective and the hull glides through the water with less drag when cleaned. The next *Chi-Cheemaun* drydock will occur during the second half of fiscal 2026/27.

As fuel prices are expected to remain high over the business plan cycle, the company will maximize its efforts to conserve fuel, both from cost and environmental impact standpoints by continuing to consider practices that improve fuel efficiency without impacting the safety of the passengers and crew.

8.4 Federal Code for Ferry Accessibility and AODA (2005)

Following the enactment of the *Accessibility for Ontarians with Disabilities Act* (AODA) in 2005, 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 MS *Chi-Cheemaun* to meet the Federal Code of Accessibility, which is in place on the Pelee Island ferry service. The provincial regulations have since adopted the Federal Code as the provincial standard.

OSTC established and implemented policies, practices, and procedures for the appropriate provision of goods and services to persons with disabilities, effective January 1, 2010. This is referred to as the “Customer Service Standard” and has been closely followed by the Transportation, Employment and Communications Standards with which the company must also comply.

OSTC is committed to meeting all required standards to the extent physically possible. As such, in 2025, OSTC plans to leverage its “Accessibility Plan and Feedback Process” plan to engage with disability advocacy groups for feedback on the current accessibility opportunities.

8.5 Communication Upgrades

Since 2023, enhanced wireless services were implemented for the MS *Chi-Cheemaun* and the Pelee Island services vessels to improve connectivity along their routes. These upgrades improve business processes capability and support personal use of internet for ship’s crew as a quality-of-life improvement. During 2024-25, further improvements were made to the internal network to improve staff Wi-Fi capabilities.

Work continues to consider the feasibility of implementing public Wi-Fi capabilities on board the vessels for the 2025 sailing season to improve the customer experience and overall satisfaction.

9. Facilities Supporting Service Operation

Vessels

MS *Chi-Cheemaun* was built in 1974 and is 105.61 meters long, 18.99 meters wide, and 6,990.65 gross register tons. The steel ferry has two passenger levels containing a dining room, gift shop, tourism information centre and two seating lounges. The ship can accommodate up to 138 standard-size automobiles in the multi-ramped vehicle deck and 638 passengers per trip. A service level assessment is planned for the Manitoulin Island service in 2024-25, to assist in developing specifications for a replacement vessel.

MV *Niska I* was built in 2010 and is 27 meters long, 10.5 meters wide, and 153.09 gross register tons. It is an open-deck ferry with no interior passenger accommodation. The ferry can carry up to 10 standard automobiles and 47 passengers, or up to two full-length transport trucks per 20-minute crossing.

MV *Pelee Islander II* was constructed for MTO in 2018, bringing with it significant vehicle and passenger capacity, as well as a host of modern conveniences. With its twin 1600 HP engines, the *Pelee Islander II* can ferry 34 vehicles and nearly 400 passengers with ease. Boasting a modern cafeteria, ample above deck seating areas and even reclining seats in the passenger area, the ship is poised to offer exceptional service to Pelee Island for years to come.

MV *Pelee Islander* was constructed by the federal government in 1960. With a capacity to transport 10 vehicles and 196 passengers, the *Islander* was operated by the Pelee Shipping Company and subsidized by its owner, the federal government, before being transferred to the provincial government.

Georgian Bay 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 required roof and window repairs over the last 30 years. Both buildings have had their interiors renovated (South Baymouth in 2014-15, and Tobermory in 2016-17) and now conform to AODA requirements for persons with disabilities.

OSTC Main Office Building

OSTC is housed in office space in downtown Owen Sound, only 200 metres from the winter berth of the *Chi-Cheemaun*. Reservations will continue to operate from the Springmount location throughout 2025-26, while OSTC works with provincial staff to determine a longer-term solution to its head office needs.

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.

OSTC owns a small piece of riverfront property and a water lot on the west wall of the Owen Sound inner harbour where the MS *Chi-Cheemaun* is berthed in the winter months.

The above wharves (Tobermory, South Baymouth and Owen Sound) are on Transport Canada's list for divestiture. Any future discussions regarding the transfer of facility ownership will be conducted between the MTO and Transport Canada.

Moosonee Winter Storage Haul-Out Facility

In 2011, the Ontario Northland Transportation Commission (ONTC) began construction of a marine railway at the MV *Niska I* 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, MV *Niska I* was hauled out on the Moosonee Transportation Limited (MTL) marine railway on an adjacent property. The vessel has wintered on the MTL marine railway from 2011 through 2023. A short-term lease was signed in 2024 to secure property, while discussions are underway to develop a long-term lease from MTL and to review the feasibility of building a dedicated system for hauling out and launching the *Niska*.

Pelee Island, Leamington, Kingsville and Sandusky Terminals and Wharves

The three Canadian terminals and wharf facilities for the Pelee Island Transportation Service are owned by MTO. OSTC has a lease with the City of Sandusky for the docking space in the Sandusky, Ohio wharf to provide the Sandusky route.

10. Resources to Meet Goals and Objectives

10.1 Human Resources for Mandated Services

OSTC has 61 full-time staff and 131 seasonal staff for a total of 192 employees. Staffing for each service is outlined below.

OSTC services (North) have a complement of 36 full-time staff members, including Executives, Management, Administration and Ships' Officers. Additionally, there are 89 seasonal and part-time employees who work at the terminals and on the *Chi-Cheemaun* vessel providing ferry services from Tobermory to Manitoulin Island. These seasonal and part-time employees work on an hourly basis for four to nine months of the year, either on board the ship, booking reservations, or on shore at the terminals, while the ship is in operation. This group also includes the additional crews hired for summer sailing schedules. All unionized staff in the North Division are represented by the Seafarers International Union (SIU). The SIU contracts are for the period January 1, 2024 through December 31, 2026.

The PITS service (South), has a complement of three office staff, three full time captains, one seasonal captain, 18 full time, unionized officers, and 42 seasonal unionized staff represented by UNIFOR. The UNIFOR agreements are for January 1, 2022 through December 31, 2025. Bargaining is scheduled to begin in the fall of 2025.

Moose River ferry service crew are employees of Complex RE Limited Partnership, owned by the Moose Cree Group of Companies Limited Partnership, a wholly owned subsidiary of the Moose Cree First Nation.

The chart below captures these values for North and South, as well as the total head count (HC) which includes seasonal and/or part-time employees, and the total full-time employee (FTE) count.

	Total FTE¹	Total HC	North²	South³
Executives	7	7	6	1
Management and admin	18	18	16	2
Naval Officers non-union	18	18	14	4
Naval Officers union	18	18	0	18
Non-union staff*	14	25	25	0
Union staff*	55	106	64	42
	130	192	125	67

*Seasonal

Legend

1. FTE means full-time equivalent, to employee working a regular 35 to 40-hour work week, depending on the contract.
2. North Division Head Count represents both Head Office staff, as well as employees who work on board the *Chi-Cheemaun*, and/or at the Tobermory and South Baymouth terminals.
3. South Division Head Count represents PITS, with employees at the mainland terminals (Leamington or Kingsville, as scheduled), Pelee Island terminal, and the ships.

10.2 Facilities and Ships

The Moose Factory Island ferry service will require the acquisition of a suitable, permanent winter haul-out and maintenance area within the life of this plan. An engineering firm is outlining the specifications for building a second launch beside Moosonee Transportation Limited (MTL)'s existing launch for its own vessel, which has previously accommodated the *Niska* as well. As a result of the malfunction of the system in late 2023, the *Niska* was hauled out using industrial airbags and heavy equipment at considerable costs. An owner's engineer is currently reviewing the feasibility and expected costs for the construction of a system dedicated to the *Niska*. A business case will be prepared to address *Niska*'s launch and haul-out requirements.

In addition, reviews are being undertaken to address environmental issues with the lands where dredged materials are stored, and to plan for storage during future dredgings, if necessary.

A review of the estimated service life of the *Chi-Cheemaun* is planned, which will include preliminary planning for a replacement vessel. Additionally, alternative options, such as refurbishment and leasing, will also be considered. This comprehensive approach will support strategic decision-making related to transportation infrastructure, environmental sustainability, and resource allocation.

10.3 Technology

IT Asset

OSTC reviews its Information Technology Policies, Systems and Equipment on an annual basis. Hardware and software are maintained, upgraded, or replaced when the existing technology becomes unreliable, or more efficient technology becomes available. OSTC contracts an external IT firm to provide IT support and security to OSTC's systems.

OSTC is undergoing systems modernization to improve information governance and provide accessible data for use in decision-making. The updated systems, including the reservation system, phone system, fleet management and the Point-of-Sale (POS) system, provide granular data to support improved outcome-based reporting and service delivery enhancements.

Point of Sale (POS) System

OSTC plans to migrate the POS system to the cloud during this planning cycle to reduce costs associated with a central server upgrade (reduce hardware costs) and improve accessibility of real-time reporting. OSTC will continue to investigate enhanced inventory management features of the POS system for improved inventory tracking, menu item popularity, and integration with suppliers.

Contact Centre Software

Contact Centre software is providing improved call centre metrics reporting and improved customer service using the chat function, call back queue and call escalation/routing.

Booking system

OSTC also plans to implement its booking system for the Niska, which will provide better access to booking and payment for customers, and allow the service to go cashless.

In 2025-26, OSTC plans to utilize the software to conduct year-over-year analysis and reporting to enhance customer service processes and improve customer satisfaction.

Fleet Management System (FMS)

The FMS implementation has significantly improved operational visibility of asset management costs and supported data-driven decisions. Further training and implementation of additional certificate and safety modules are planned for 2025. The FMS will continue to assist in the reviews of asset lifespans, tracking of procurements, and control of repair, major project, and upkeep costs.

11. Risk Identification, Assessment and Mitigation Strategies

OSTC will continue to develop, systematic processes for identifying, examining, and assessing agency risks for both operations and capital requirements. On a quarterly basis, senior management will meet to review existing and potential risks, assess the adequacy of risk mitigation plans, and prepare a report to the Board's Audit Committee. The following matrix highlights current and foreseen risks.

The following table summarizes the risks identified by the agency:

Risk	Description/Notes	Mitigation Strategy / Action Plan
Niska uncertainty regarding safety in winter and launch in spring	Risk loss of MV Niska because the Niska haul-out ramp and equipment, on third-party land, was damaged in 2023 and was not operational. As a result, the Niska is vulnerable unless properly hauled out over the winter.	A three-year land lease (through June 2027) has been signed and OSTC is reviewing the feasibility of a long-term lease with Moosonee Transportation Limited, dependent on the feasibility, costing, and value of a separate track and haul out system for the Niska. For 2024 and 2025 the Niska is being hauled out and launched using contractors, inflatables and heavy machinery.
Inability to operate due to low water levels	Risk of water level decrease could result in unsafe under-keel clearances, putting the vessel and passengers at risk.	For South Baymouth: Maintaining the channels may be required. Blasting and dredging the area would mitigate the grounding risk associated. However, if dredging is necessary, determining the ownership of this mitigation activity with Transport Canada, will be required first. Various stakeholders involved also include the Federal Department of Fisheries and Oceans, and the Wikwemikong First Nation.

Risk	Description/Notes	Mitigation Strategy / Action Plan
		<p>For Moose Factory Island, OSTC has significant ongoing dredging projects underway and planned. In addition, a program of semi-annual soundings is underway, and focussed dredging on areas are planned, based on issues identified each year. MTO is responsible for the dredging program for the Pelee Island Transportation Service. For this service, dredging responsibility is based on land ownership. MTO directly procures dredging service for Leamington/Pelee shipping. If dredging is required in Kingsville, MTO leads discussions with the third-party landowners.</p>
<p>Ship-based staff shortages, applies to all OSTC vessels.</p>	<p>Risk of vessels not operating due to lack of qualified crew as staff requirements are governed by Transport Canada regulations.</p> <p>Residents, businesses and tourists would have to adjust planned use of the ferry. Revenue will be impacted if there is risk to the sailing season due to staff shortages.</p>	<p>OSTC continues to develop creative recruitment and retention strategies for ship-based staff with an emphasis on open communication and positive engagement with current staff to ensure high levels of retention. Open to foreign workers through TC's Reciprocal Arrangement program when required.</p>
<p>Aging MS Chi-Cheemaun equipment and infrastructure</p>	<p>Possibility of a mechanical failure due to an unforeseen loss of critical equipment (onboard or on shore) which would put the Chi-Cheemaun out of service for an extended duration or indefinitely.</p>	<p>Annual preventative maintenance programs and acquiring in-house stock of critical parts reduces the risk that the ferry experiences significant downtime.</p> <p>It should be noted that certain critical components, such as main engine gearboxes and the controllable pitch propellers (CPP) units, do not have redundancy on their driven shaft line. OSTC does not stock a complete replacement set of spares for these major items.</p> <p>A catastrophic failure of this equipment could take Chi-Cheemaun out of service for months. Additionally, the condition of the obsolete stabilizers is being monitored and maintained until the next dry dock in 2026 when replacement is planned to be made. An RFP for supply and installation of</p>

Risk	Description/Notes	Mitigation Strategy / Action Plan
		stabilizers is currently published, closing late January 2025.

Additional Mitigation Strategies and Preventive Measures

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

OSTC reviews all new legislation and regulations and implements changes as required by law. Those regulations include but are not exclusive to safety equipment, operating manuals, crew certification, fire protection, emergency evacuation and training requirements.

OSTC operates all vessels in accordance with the Canada Shipping Act and 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 independently assesses safety, security, and environmental risks that may not be required within regulation and incorporates procedures and training in OSTC’s Safety Management Systems.

Insurance

OSTC carries insurance policies for Marine Hull, Marine P&L, Property, CGL, Auto, Boiler and Machinery, D&O, Fiduciary, Crime, EPL, Business Practices, Internet Security and General Liability insurance coverage. Insurance coverage is reviewed annually to ensure there is adequate coverage in all areas of the organization.

12. Environmental Scan

12.1 Economic Conditions/Business Climate

The business climate has increased uncertainty as a result of early 2025 proposed tariffs by the United States, and potential counter measures (both tariff and business practices), by the Federal and Provincial governments. This uncertainty is likely to last through the next few years, and may result in lower output for the Canadian economy as a whole.

Although tariffs and border measures may result in decreased American tourism, increased patriotism and “buy Canadian” movements may result in opportunities to grow the market for an affordable vacation for Canadian tourists right here at home, and to promote Canadian goods for sale.

The Manitoulin Island ferry provides a significant boost for the tourism, agriculture and commercial industries to the Algoma District in northern Ontario and to the Bruce Peninsula. Past customer surveys indicate that only 30 per cent of ferry users identify Manitoulin Island as their destination.

Manitoulin Island has increased its agricultural output in the past few seasons and the ferry is transporting more harvested crops and livestock. OSTC plans to collect additional data at time of reservation to better quantify agricultural outputs transported in the 2025 and 2026 sailing seasons through enhancements to our reservation system.

The Moose Factory Island ferry is a necessary means of transportation to Moose Factory Island. This operation provides significant socio-economic benefits as, without the ferry, the residents on Moose Factory Island would have limited access to mainland goods and services. The ferry is certified by Transport Canada for the safe carriage of passengers and can transport large commercial vehicles.

12.2 External Factors

Navigable Route/Dredging

Environmental factors, including sediment buildup and changing water levels due to climate change, require frequent maintenance to ensure safe and accessible waterways for ferries and have led to ongoing dredging needs.

South Baymouth Channel: Lower than normal water levels threaten to reduce the safe navigational channel for MS *Chi-Cheemaun*'s approach into the South Baymouth dock. The agency will continue ongoing discussions with Transport Canada to identify options to ensure safe navigation through this channel, incorporating engagement with community stakeholders as needed, while ensuring consultations with Indigenous communities are conducted, where required.

OSTC follows and reviews weather patterns, ice formation and break-up, and water levels at the start of each sailing season. Water level readings are observed by all captains on all ships prior to taking a ship away from the dock on every crossing to ensure safe passage.

Moose River: Lower than normal water levels have reduced the safe navigational route for the MV *Niska I* to Moose Factory Island. A significant dredging project was completed in 2023. A multi-year water level monitoring agreement is in place, and it is expected comprehensive dredging may be needed in four to five years, subject to annual infill rate observations in the river delta. Soundings are performed semi-annually, and any unusual infill issues will be dealt with as they arise.

Owen Sound Harbour: Owned by Transport Canada, the Owen Sound Harbour has been identified as an asset for divestment. The ministry, OSTC and Transport Canada will continue discussions on options and approaches.

Competition

The MS *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 and 69 and bypass the ferry entirely.

Loss of vessel traffic to Highways 400 and 69 is high-risk for the ferry service as a significant proportion of customers are not using the ferry service to visit Manitoulin Island but are using it to reach northern Ontario beyond Manitoulin Island.

MV *Niska I* is the only means of transporting vehicles between Moosonee and Moose Factory, except for a small private landing craft and winter roads when available.

The MV *Pelee Islander* and MV *Pelee Islander II* are currently the only means of transporting vehicles and agricultural products to and from Pelee Island.

There are no other vehicle ferry services in competition with these provincially funded ferry services, 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.

12.3 Internal Factors

Passenger Demographics of the Manitoulin Service:

Over the last several years, the ferry service has experienced an increase in middle-aged to older customers. In 2024, approximately 81 per cent of customers are 46 years of age and older (data from a voluntary post-sailing survey). The professional compilation of traveler information collected over 8 years (2005 – 2012) 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 per cent of the respondent base.

Survey results consistently showed that 40% to 50% of travelers take the ferry for recreation and vacation purposes, and 30 per cent to 40 per cent use the ferry because it is the shortest route to their destination.

MS Chi-Cheemaun Ferry Traffic & Fares

OSTC undertakes a regular cost and benefit exercise using origin and destination information gathered through the customer survey to determine whether time, cost, or distance are one of the factors that influence the ferry customer's choice between taking the ferry or driving around Georgian Bay.

OSTC also performs a regular comparison of OSTC's fare structure to other Canadian ferry services operating vessels of similar size to the MS *Chi-Cheemaun* on routes of comparable distance.

Steps OSTC has taken to maximize ferry revenues:

- OSTC has modified the fare structure to arrive at prices that balance revenues and customer costs. This included the introduction of Off-Peak (spring/fall) and Peak (summer) pricing.
- Post-COVID, OSTC continues to review services such as dinner cruises, live entertainment, craft brew tastings, artisan shows and sales, storytelling and interpretation, and vessel charters. However, due to staffing, cost, and schedule constraints, OSTC is taking a cautious approach towards any expansion of these services.

OSTC's focus will be on generating more vehicle and passenger traffic to improve revenue levels through additional marketing and new ferry experience initiatives. New and attractive merchandise is acquired yearly to accommodate shifting tastes.

13. Human Resources

13.1 Building Capacity. Managing Change.

OSTC will continue to review staffing required to maintain organizational capacity and close operational gaps when required. Further, it will continue updating human resource policies, processes, and systems throughout 2025-26. OSTC developed an HR Strategy in 2024-25 that outlined key projects and focus (some currently in progress and some planned for future) for building the organization’s total HR capacity. The HR Strategy included the following:

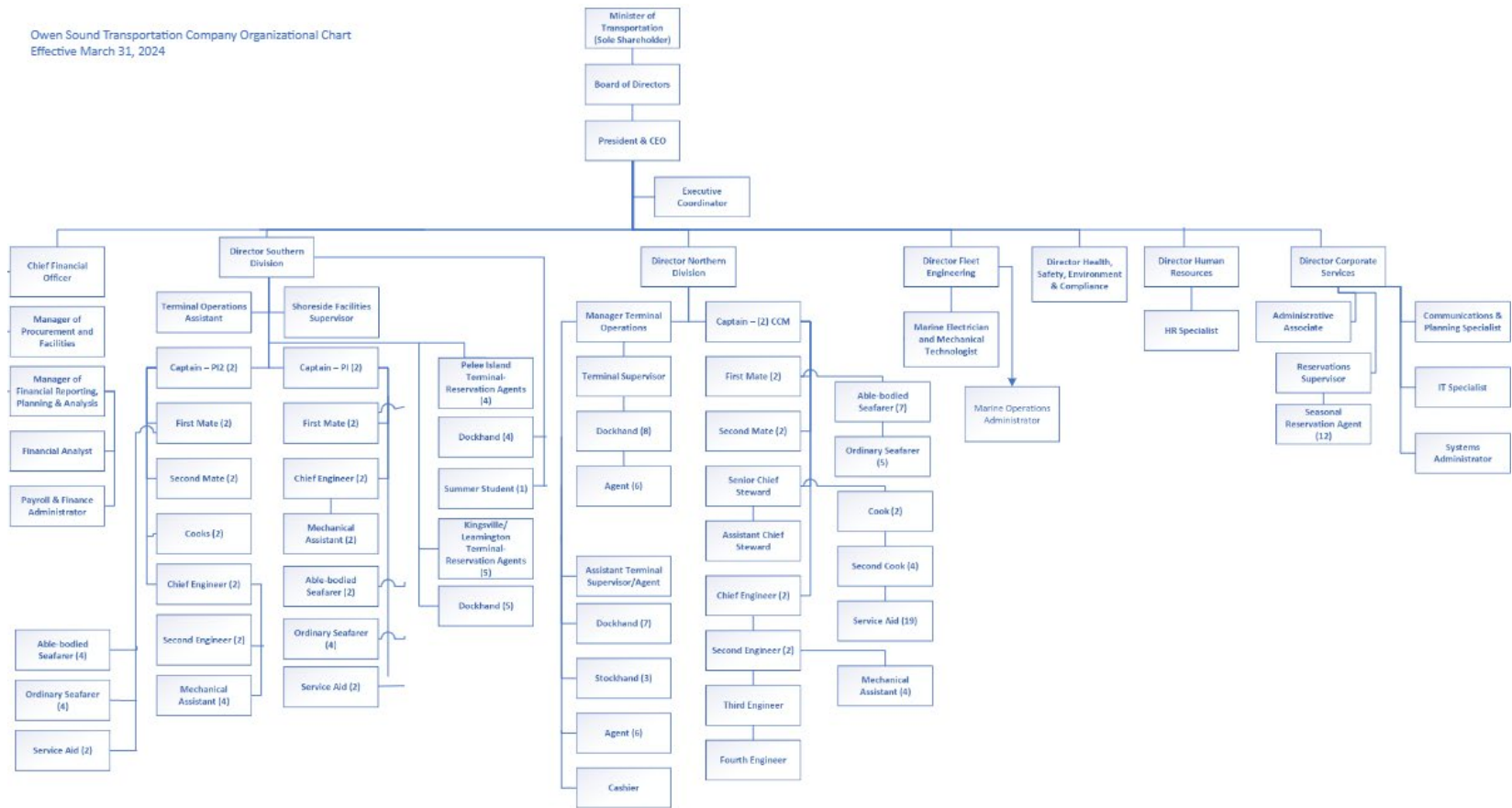
- Total compensation analysis, design, and strategy implementation. Pay equity analysis, review, and maintenance will form a component of the compensation strategy.
- Benefit analysis and market review to compare with the Ontario Public Service and ensure fair, competitive, and appropriate offerings to staff.
- Development and implementation of Performance Review System and goal development for non-union staff.
- Gap analysis of HR functions and capacity.
- Development and review of HR policies and procedures for full employee life cycle.
- Develop succession planning strategy and tools.

Starting in 2025-26, OSTC plans to implement the strategy and update it annually to ensure it reflects evolving needs, goals, and priorities.

13.2 OSTC Organization Chart

The following organization chart illustrates the human resource capacity required to address the strategic direction, business objectives and implementation plan set out in this business plan.

Owen Sound Transportation Company Organizational Chart
Effective March 31, 2024



13.3 Human Resource Business Objectives

OSTC operates in a cyclical, seasonal manner with a geographically disparate employee base, multi-location workplaces (including shore and ship offices), multiple labour unions, a broad employee demographic profile and an intense operating season.

OSTC is committed to the continual development of HR policies, programs and strategies that meet the needs of both the organization and the people who bring their commitment, skills and abilities to work every day. We endeavor to engage employees at times and use methods that meet their needs and optimize their participation.

Interdependency also plays a role in the timing required to roll out policies, processes and systems to meet business objectives.

Implementation is based on the availability and outputs of other people and programs, making the timeline for delivery fluid.

Table HR 02: Human Resource Business Objectives	Timeline
1. Develop and implement a total compensation management plan (including pay equity).	2025-2026
2. Complete comparison survey, conduct research, and advise on benefits planning.	2024-2025
3. Develop and implement new human resource policies and procedures.	2025-2027
4. Develop and implement a succession plan and training policy and program that contributes to employee retention and succession planning of skilled employees.	2026-2028

Once the above pressing objectives are met, effort will be placed on developing more effective recruitment and retention strategies, enhancing the diversity, equity, inclusion and accessibility programs and policies, and will be rounded out with a succession planning program. More thorough details of the implementation of the objectives are contained within the HR Strategy.

13.4 Employee Engagement Metrics

In late 2022, OSTC conducted its first-ever Employee Engagement Survey. OSTC's senior management wanted to provide employees with a structured, quantifiable and anonymous way to share individual perspectives on a range of topics to supplement one-on-one and town hall discussions.

The employee satisfaction survey is one of the most used resources by leaders and HR departments because of its simplicity. This is an effective way to know the status of teams, and the results indicate how to improve, how to respond appropriately to concerns, and, in some cases, anticipate and address potential workplace issues.

14. Health, Safety, Environment and Accessibility

Health & Safety

OSTC's ferry services are important, critical services, as well as tourism services and comply with the most stringent marine health and safety regulations. OSTC has a "safety-first" mentality that ensures that staff are empowered to stop any activity that would put themselves or any member of the public in danger.

Since 1997, OSTC has been in voluntary compliance with the International Safety Management (ISM) Code with the implementation of a safety management system (SMS) and internal audit program. The SMS documents procedures and specific responsibilities of management and staff in applying the company’s safety and environmental management policy. The SMS identifies a Designated Person Ashore (DPA) who is responsible for the maintenance of the SMS and functions as a point of contact for employees with access to the highest levels of authority within the company to ensure resources and support are available to implement the SMS.

As of July 2024, with the issuance of Transport Canada’s Marine Safety Management System Regulations (MSMSR), compliance with specified elements of the ISM Code is now mandatory and OSTC has started a comprehensive review of the SMS.

In 2025, OSTC plans to take steps towards bringing all sections of its SMS up to date and to develop an SMS for the *Niska I* by June 2026.

Environment

Beginning in 2025, OSTC will be reporting the *Chi-Cheemaun*’s fuel consumption, CO₂ emissions and carbon intensity to Transport Canada in accordance with the company’s Ship Energy Efficiency Management Plan (SEEMP). No other OSTC-operated ferries are currently required to report this information; however, OSTC will develop and implement an internal procedure for reporting fuel consumption and calculating greenhouse gas, nitrogen and sulphur oxide emissions for all vessels. Establishing a baseline understanding of energy usage can identify where savings can be made and support the development of a decarbonization strategy.

OSTC is a member of the Green Marine environmental certification program. Green Marine is a voluntary program operating in North America and Europe that aims to reduce the environmental footprint of the marine industry by establishing performance benchmarks that exceed regulations, promoting continual improvement knowledge-sharing, and developing new performance targets as regulations become more stringent by engaging subject matter experts and convening working groups. OSTC has achieved Level 2 (Best Practice) and will work towards Level 3 (Integrated Management and Quantified Impacts).

Accessibility

In 2024, OSTC published its first “Accessibility Plan and Feedback Process” in accordance with the federal Accessible Transportation Planning and Reporting Regulations. In developing this plan, OSTC has identified areas for improvement and in 2025 will be engaging with disability advocacy groups for feedback on the current accessibility of the ferries and where improvements can be made.

15. Performance Measures

OSTC has established performance measures and targets to monitor key programs and services and align with government priorities. OSTC will continue to work with the ministry to refine its performance measures.

Public Performance Measures

Customer Satisfaction

Goals/Outcomes	Measures	Targets	Approach
Customers are satisfied with the quality of service provided on the ship and on the dock	Customer surveys	95% satisfaction level as minimum standard	Conduct real-time surveys on vessels and maintain a minimum customer satisfaction level of 95%

Customer Complaint Resolution

Goals/Outcomes	Measures	Targets	Approach
Customer complaints are responded to in writing, within five working days of the complaint	Average response time for complaint resolution	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	Approach
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

Staff Safety

Goals/Outcomes	Measures	Targets	Approach
No injuries to staff	Injury Reports	Zero lost time for injuries to staff	Reinforce safety first culture amongst staff

Customer Safety

Goals/Outcomes	Measures	Targets	Approach
No injuries to passengers	Customer first aid reports	Zero first aid requirements for customer trips or falls	Ensure all accessible areas are safe and customer friendly. Any reported issues are addressed within standards

16. Financial Profile

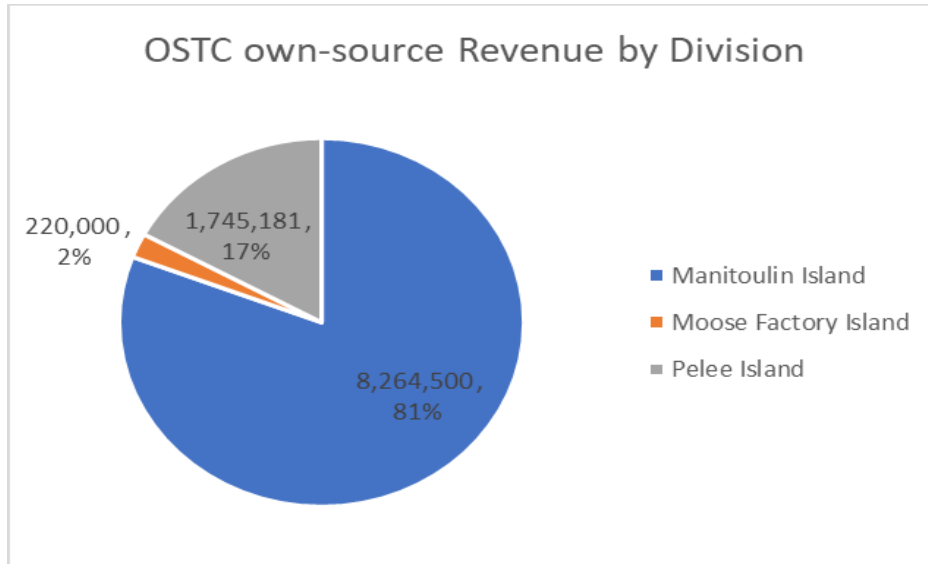
16.1 Operating Budget Summary

The 2025-26 to 2027-28 Operating Budgets for the three (3) services are as follows:

SUMMARY OPERATING BUDGET FY 2025-26 TO FY 2027-28			
	2025-26	2026-27	2027-28
Revenue			
Passengers	\$ 3,800,066	\$ 3,823,618	\$ 3,847,877
Vehicles and freight	\$ 4,489,585	\$ 4,510,273	\$ 4,531,581
Other	\$ 1,940,030	\$ 1,983,681	\$ 2,028,641
	\$ 10,229,681	\$ 10,317,572	\$ 10,408,099
Expenses (for funding purposes)			
Salaries & Benefits	\$ 13,228,406	\$ 13,625,897	\$ 14,204,312
Repairs & Maintenance	\$ 4,639,752	\$ 4,754,145	\$ 4,871,670
Fuel	\$ 4,244,792	\$ 4,498,829	\$ 4,768,077
Services	\$ 2,120,885	\$ 2,184,512	\$ 2,250,047
Other	\$ 5,164,994	\$ 5,320,355	\$ 5,479,860
	\$ 29,398,829	\$ 30,383,738	\$ 31,573,966
Total Operating Subsidy Requirement	\$ 19,169,148	\$ 20,066,166	\$ 21,165,867
Expenses not included in funding calculation			
Amortization	2,150,000	2,250,000	2,350,000
Changes to Future employment benefit liability	314,396	320,000	320,000
	2,464,396	2,570,000	2,670,000
Operating Subsidy			
Manitoulin Island	\$ 7,600,166	\$ 8,091,808	\$ 8,770,912
Moose Factory Island	\$ 1,757,226	\$ 1,794,091	\$ 1,830,673
Pelee Island	\$ 9,811,756	\$ 10,180,267	\$ 10,564,282
Total Operating Subsidy Requirement	\$ 19,169,148	\$ 20,066,166	\$ 21,165,867

OPERATING BUDGET FY 2025-26 TO FY 2027-28 BY SERVICE			
	2025-26	2026-27	2027-28
Revenue			
Manitoulin Island	\$ 8,264,500	\$ 8,300,035	\$ 8,336,636
Moose Factory Island	\$ 220,000	\$ 220,000	\$ 220,000
Pelee Island	\$ 1,745,181	\$ 1,797,537	\$ 1,851,463
	\$ 10,229,681	\$ 10,317,572	\$ 10,408,099
Expenses (for funding purposes)			
Manitoulin Island	\$ 15,864,666	\$ 16,391,843	\$ 17,107,548
Moose Factory Island	\$ 1,977,226	\$ 2,014,091	\$ 2,050,673
Pelee Island	\$ 11,556,937	\$ 11,977,804	\$ 12,415,745
	\$ 29,398,829	\$ 30,383,738	\$ 31,573,966
Operating Subsidy			
Manitoulin Island	\$ 7,600,166	\$ 8,091,808	\$ 8,770,912
Moose Factory Island	\$ 1,757,226	\$ 1,794,091	\$ 1,830,673
Pelee Island	\$ 9,811,756	\$ 10,180,267	\$ 10,564,282
	\$ 19,169,148	\$ 20,066,166	\$ 21,165,867

Owen Sound Transportation Company Revenues by Division

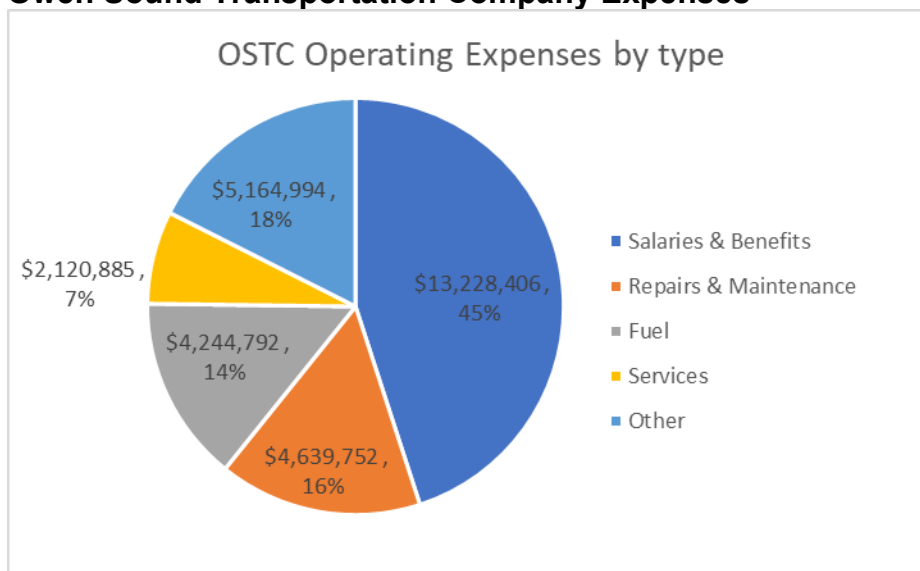


For 2025-26, fare and freight revenues are expected to remain at 2024-25 levels for each service, as there have been no fare increases and the ferries are operating at capacity for vehicles. Moderate increases are anticipated for food, beverage and retail sales, as these are the few areas with growth potential.

In 2025-26, OSTC will develop a full marketing plan, to consider market segmentation, fare sensitivity and provide options for revenue and margin growth.

There are plans to build a new hospital in Moosonee as well as a new ambulatory care centre on Moose Factory Island. While the impact on the Moose Factory Island Service is not yet known, it is expected to be positive given a likely increased demand in travel and freight/cargo traffic.

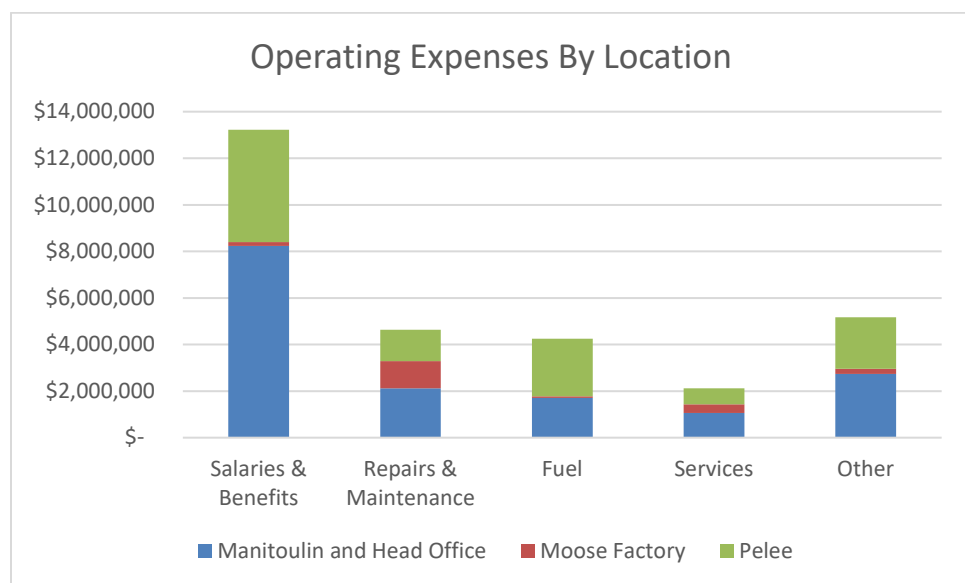
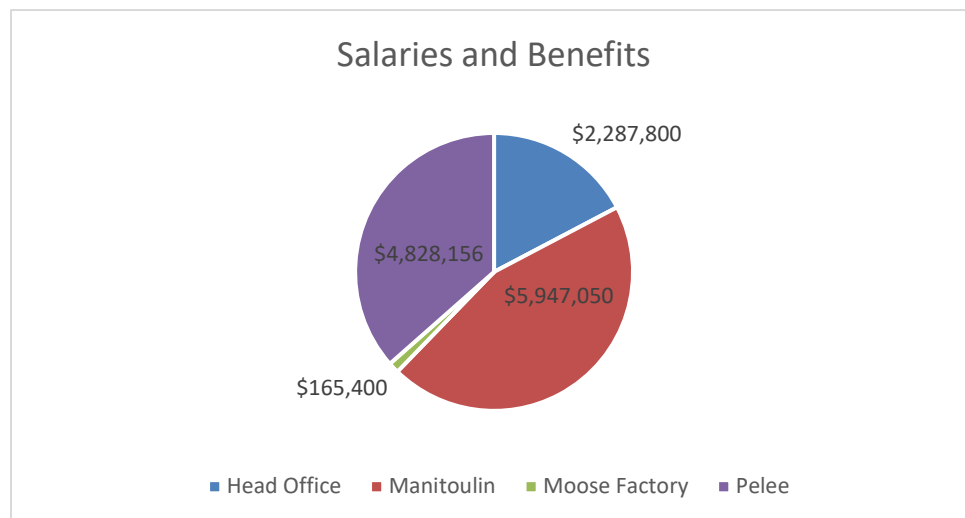
Owen Sound Transportation Company Expenses



In 2025-26, Wages and Benefits are planned to represent approximately 45 per cent of total expenses (excluding amortization), followed by Repairs and Maintenance – 15 per cent, Fuel – 14 per cent, Services – 7 per cent, and Other (utilities, operating supplies and miscellaneous) – 18 per cent.

Wages and benefits represent the largest operating cost of the service, at 45 per cent. By comparison, Marine Atlantic’s wages and benefits for the fiscal year 2023-24 were 50 per cent of operating costs.

The breakdown of salaries and wages for 2025-26 are as follows:



The Manitoulin Island Service, which includes the head office of OSTC, has most of each expense, but for fuel. The Pelee Island Transportation Service has increased fuel costs due to the longer season, increased sailings and distances involved.

MTO pays for all direct operating and capital costs associated with the provision of the Pelee Island Transportation Service, minus the operating revenue generated by these services, as described in agreement. In addition to any and all operating and capital expenses relating to the provision of these services MTO pays a management fee for indirect corporate expenses.

16.2 Capital Budget Summary

The 2025-26 to 2027-28 Capital Budget Requirements, subject to government review and approvals, are as follows:

Location/Project	OSTC 10 year Capital Plan			
	2025-26	2026-27	2027-28	2028-2035
South Baymouth	\$ 100,000	\$ 100,000	\$2,130,000	\$ 4,910,000
Tobermory	\$ 790,000	\$ 250,000	\$2,250,000	\$ 5,750,000
Chi-Cheemaun	\$3,945,000	\$8,345,000	\$1,270,000	\$165,970,000
Moosonee	\$9,125,000	\$ 100,000	\$12,025,000	\$16,575,000
OSTC Owen Sound Office	\$ -	\$2,000,000	\$ -	\$ -
Total	\$13,960,000	\$10,795,000	\$17,675,000	\$193,205,000

Key 2025-26 projects include planning costs for a potential *Chi-Cheemaun* replacement and the winter haul-out rail system for the *Niska*. Funding for the 2025-26 capital program has currently been provided for, while funding for the out years will be subject to future government approvals.

Fiscal years 2028-29 through 2030-31 include potential costs for building a replacement vessel for the *Chi-Cheemaun*, as well as related dock adjustments that may be required in both Tobermory and South Baymouth.

Capital expenses for the Pelee Island service are excluded as MTO owns the assets, budgets separately for such assets, with OSTC merely funding a portion of the capital expenditures on MTO's behalf. These expenditures are treated as a flow through in OSTC's financial statements, with note disclosure of the total amounts spent and reimbursed each year.

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

As the agency moved forward on its journey of systems modernization, it has continued to uncover opportunities for improved integration, real-time reporting, and added services to support and attract customers. These opportunities should result in better utilized and more efficient operations moving forward.

OSTC continues to advance priority initiatives to improve data-driven decision-making tools by introducing and leveraging the capabilities of new software systems, and to continue to work on new initiatives including:

- **Enhance Reporting, Data and Analytics**
 - Establish dashboard reporting to support performance measure reporting processes.
 - Create an offline data warehouse to support reservation system reporting.
 - Improve the usage of the Microsoft Power Platform (Power BI, Power Automate, Power Apps).
 - Ongoing adoption of Microsoft 365 tools and features including PowerBI which will assist with creating custom reports from enterprise applications.
- **Cyber Security Improvements and Awareness**
 - Continue to ensure heightened employee awareness of cyber security and cyber hygiene through regular year-round communications and training with special communications during Cyber Awareness month.
 - Improve IT security and user acceptance policies for onboarded employees at the beginning of the sailing season.
 - Administer simulated phishing campaigns for staff and conduct tabletop exercises.
- **Update / improve security systems**
 - Investigate and update security systems onboard and at terminals.
 - Reestablish Chi-Cheemaun port camera in Tobermory (webcam).
- **Refresh IT infrastructure at Owen Sound office and Terminals**
 - Update infrastructure to replace aging systems and improve cyber security.
- **Improve and modernize digital signage and video display system**

18. Inventory of the Agency’s Artificial Intelligence (AI) Use Cases

To date OSTC has neither used AI in the delivery of its services, nor in its day-to-day administrative operations.

In the fourth quarter of 2024-25 through 2025-26, OSTC is acquiring 10-15 Microsoft Copilot licenses and will encourage selected employees to consider its use in their daily functions and to determine whether measurable benefits can be achieved. Based on these outcomes, the agency may take steps towards developing of a comprehensive AI risk management framework which includes:

- Risk Identification and Assessment
- Monitoring and Evaluation

19. Initiatives Involving Third Parties

19.1 Strategic Alliances

OSTC is a member of the Canadian Ferry Association. OSTC works with Transport Canada Marine Safety regarding the application of regulatory reform in the passenger ship industry. OSTC has also actively participated in regulator and industry forums such as the Canadian Marine Advisory Council (CMAC) and the Great Lakes Marine Advisory Board (GLMAB) and plans to continue to participate.

In the fall of 2024, OSTC took out a corporate membership with Master Mariners of Canada, a national not-for-profit representing command-qualified master mariners, like-minded seafarers, industry members, and cadets. Their work focuses on building awareness, supporting education, and upholding advocacy. OSTC is a supporter of the marine training program at Georgian College in Owen Sound, Ontario. OSTC employs cadets of the college on the MS *Chi-*

19.2 Community Partnerships

Through the ferry service's 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 has historically been engaged with the members of the communities it serves. The following provides a historical perspective of community involvement and areas identified for planned re-engagement.

- In Tobermory, OSTC is a major financial partner in the community's water and sewage systems; it sponsors "Big Canoe Weekend" and provides sponsorship for items such as the highway speed reminder sign, 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 in Owen Sound and provides the ship to the Bluewater Regional Science and Technology Fair committee to use for special events during the School Board-Wide Regional Science Fair.
- OSTC plans to continue engagement with local groups during 2025-26 by expanding its involvement with the Festival of Lights.

19.3 Indigenous Outreach

OSTC owns the ferry/landing craft *Niska* and partners with the economic development arm of the Moose Cree First Nation to carry passengers and freight from the island to Moosonee in operating months (typically June through late September). Meetings were held with the Chief and leadership of Moose Cree First Nation in 2024, and a public information session was held on Moose Factory Island in October 2024. OSTC has also agreed to attend future annual Moose Cree First Nation gatherings in promotion of OSTC and marine careers and to consider quarterly virtual meetings.

OSTC will also seek to better establish relationships with Caldwell First Nation, the Chippewas of Saugeen and the Chippewas of Nawash, Wikwemikong Unceded Indian Reserve, and M'Chigeeng First Nation and to ensure that employment opportunities and other partnership opportunities are shared as they arise. Currently, OSTC has established a connection with M'Chigeeng First Nation and has provided job opportunities for posting on its community posting boards. As well, opportunities were presented for high school students to receive their volunteer hours by volunteering at OSTC community events, e.g., the 50th Anniversary celebration of the Chi-Cheemaun in South Baymouth in 2024.

19.4 External Clients

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, the communities in Essex County and Pelee 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.

20. Communications Plan

OSTC is committed to increasing awareness, presence and brand identity on digital platforms by creating and posting original, high-quality, informative and entertaining content for ferry users, tourists, local businesses, social media, etc.

Key communications channels managed and produced by OSTC include: web updates on <https://www.ontarioferries.com/>, radio, newspaper, television, and website news outlets, Facebook, X, Instagram; telephone; highway signs, SMS OPT-IN service, and direct SMS messaging to impacted reservation holders.

Responsibilities

OSTC communications are governed by the MOU between OSTC and the Government of Ontario. The President/CEO and Planning & Communication Specialist of OSTC and the Director of Communications at MTO share responsibility for coordinating public communications and media initiatives.

20.1 Audiences

- Reserved and non-reserved customers (general travelling public)
- General public-at-large – with a majority located in Ontario
- Tourists to the Grey-Bruce region
- Local businesses, business leaders, non-profit organizations
- Social media followers (Facebook, X, LinkedIn, Instagram)
- OSTC board of directors, ministries and agency employees
- Local residents/communities
- Ferry Service Advisory Committee
- Media outlets

20.2 Communication Tactics by Goal

- Keeping the public, media and stakeholders updated on service schedules through OSTC's website, and social media sites (Facebook, X, Instagram).
- Increasing annual ridership and sales through digital and published advertisements on: radio and television, website, newspaper, travel guides, highway signs (tentatively planned for 2026/27), direct sales literature, travel shows, travel agencies, Facebook, X, and Instagram.

20.3 Communications Evaluation Plan

OSTC continues to use Google Analytics on its website to get a better understanding of the origins of online traffic. In previous years, the largest proportion of new visits to the website originated from the Greater Toronto Area (GTA). OSTC will continue to use Google Analytics and similar tools to monitor the effectiveness of marketing investments and social media.

A proxy for the evaluation of communications and marketing activities is both an increase in Tobermory-area tourism and an increase in our ridership on the *Chi-Cheemaun*, which has increased since the pandemic lows.

20.4 Complaint Response Mechanism & Process

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

On-site and in-person: Front-line managers and supervisors are empowered to resolve customer complaints at the moment.

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 Manager, then the Director or CEO for response if needed. 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 are trained accordingly at the earliest possible time without disrupting the ferry services.

21. Response to the Minister's Annual Letter of Direction (ALOD)

The Minister's Annual Letter of Direction sets out the government-wide priorities for 2025-26. Below is a summary of OSTC's planned actions that align with the priorities and corresponding performance measures to support tracking effective implementation:

ALOD Priority	Deliverable (steps the agency is taking to address the priority)	Accompanying performance measures
-Simplify client/customer interactions.	OSTC plans to improve the online booking interface to enable more online bookings.	<ul style="list-style-type: none"> Ratings provided by customers post-reservation regarding ease of use.
-Expand and optimize digital service offerings.	In addition to the improved customer interface for the existing services, OSTC plans to provide online booking and payment access for the Niska service in 2025.	<ul style="list-style-type: none"> Niska booking and payments online in 2025 Percentage of ticket sales/reservations completed online.
-Improve Client/customer satisfaction.	Review customer surveys, and address concerns as they arise.	<ul style="list-style-type: none"> Customer overall satisfaction target to exceed 95%.
-Share data with Supply Ontario, when requested, regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making.	To complete Supply Ontario reporting as required.	Compliance
- Strengthen public service delivery by optimizing organizational capacity and directing	OSTC plans to leverage the agency's new financial and human resource information systems and processes support timely decision-making for	Employee satisfaction/confidence related to organizational capacity building

ALOD Priority	Deliverable (steps the agency is taking to address the priority)	Accompanying performance measures
existing resources to priority areas	operational risk mitigation. In addition, OSTC plans to monitor capital assets in near-real time using the Fleet Management System.	
<p>- Use Public Resources efficiently and</p> <p>a) Operate within agency's financial allocations.</p> <p>b) Prudently and responsibly manage workforce size. Where an agency requires a material increase in workforce size, the agency must provide the Minister with an HR plan for approval that provides the rationale based on government priorities and/or agency mandate.</p>	<p>To manage within the approved budget.</p> <p>For the 2025-2026 fiscal year, OSTC is not anticipating any material increases to workforce size.</p>	<p>Budget variance (or Cost Recovery Ration or Capital Spend vs Allocation, etc). The agency will work with the ministry each year to manage any financial pressures, as needed.</p> <p>A process is place when or if any new FTEs are being added to the structure that the Position Manager, CEO and Chair of the Board must sign off the addition of the FTE to be managed within existing budgets.</p> <p>If an increase in workforce is warranted, a business case would be presented to the overseeing ministry for approval of funding for the proposed workforce structure.</p>
-Develop and report on outcome-focused performance measures to effectively monitor and measure performance.	To continue with planned performance measures.	Compliance
-Protect individual, business or organization data by actively managing data and cybersecurity and reporting Artificial Intelligence uses.	Continue to manage data and access using best practices.	Compliance

ALOD Priority	Deliverable (steps the agency is taking to address the priority)	Accompanying performance measures
<p>-Report all high risks including effective mitigation plans.</p>	<p>OSTC maintains a Risk Register where all risks are recorded, measured and tracked, including documentation of mitigation efforts. The risk register is shared with and reported on to the overseeing ministry on a quarterly basis.</p>	<ul style="list-style-type: none"> • Risk Register updated and provided to overseeing Ministry quarterly. • Each risk contains a risk rating, impacts and mitigation steps being taken or planned.
<p>-Align hybrid work policies with the OPS and identify and assess office optimization opportunities to reduce office realty footprint and find cost reductions.</p> <p>a) Collaborate with MOI to identify office space opportunities.</p> <p>b) Align with the MBC Realty Directive and the OPS Modern Office Space (OMOS) Standards.</p>	<p>OSTC currently has a hybrid work policy that aligns with OPS. Applicable office staff may work no more than two days per week from an alternate location, provided they have approval of the position manager.</p>	<p>Policy in effect, all managers to effectively monitor compliance with the policy.</p> <p>Compliance</p> <p>Compliance</p>
<p>-Develop and encourage diversity and inclusion initiatives by promoting an equitable, inclusive, accessible, anti-racist and diverse workplace</p>	<p>OSTC has a Workplace Harassment Policy and Code of Conduct Policy in effect that prohibits the harassment of employees for all reasons including those covered by the Human Rights Code, R.S.O., 1990. OSTC plans to develop a Diversity, Equity and Inclusion (DEI) Policy in 2025-2026.</p> <p>OSTC takes measures to comply with Accessibility requirements in the workplace in compliance with AODA.</p>	<ul style="list-style-type: none"> • Number of harassment complaints related to diversity and inclusion • Number of measures in place to promote diversity and equity and prohibit racism in the workplace. • Development of DEI Policy 2025-2026. • Compliance re AODA compliance reports and audits. • Completion of Pay Equity analysis, addressing any equity issues.

ALOD Priority	Deliverable (steps the agency is taking to address the priority)	Accompanying performance measures
	OSTC will be conducting pay equity analysis in 2025 to ensure fairness and equity in compensation.	
-Increase non-government, non-fare, non-fee revenue in alignment with a target set through discussions with the ministry in Fall 2024 and reflected in the corresponding business plan.	Continue to review food and beverage sales and merchandise retail sales opportunities to maximize revenues.	Growth in non-government, non-fare, non-fee revenues.

The Minister’s Annual Letter of Direction, also sets out OSTC specific priorities for 2025-26, and these include:

ALOD Priority	Deliverable (steps the agency is taking to address the priority)	Accompanying performance measures
<ul style="list-style-type: none"> • Continue to enhance the capital asset management plan in collaboration with the ministry or third-party expertise, as needed for all OSTC-owned assets that was developed in response to last year’s annual letter of direction. As the plan is intended to support a state of good repair, it should be updated on an annual basis and drawn upon during the business planning cycle. The plan should be submitted to the ministry by September 1, 2025, and should include the following aspects: <ul style="list-style-type: none"> ○ Asset Inventory (e.g. vessels, terminals, wharfs, ramps, realty etc.). ○ Asset Condition Assessment (e.g., current condition, assessment methodology, etc.). ○ Asset Lifecycle Management (e.g., maintenance strategies; asset renewal, refurbishment, and replacement plans, including timelines). ○ Capital Forecasting and Budgeting. 	Updated capital asset management plan including all required components.	<ul style="list-style-type: none"> • Deliverable completed and on-time
<ul style="list-style-type: none"> • Support the ministry in the development of a capital asset management plan for all ministry-owned assets, including the 	Provide support (e.g., documentation, etc) as requested.	<ul style="list-style-type: none"> • N/A

ALOD Priority	Deliverable (steps the agency is taking to address the priority)	Accompanying performance measures
support necessary to ensure a state of good repair.		
<ul style="list-style-type: none"> • Collaborate with the ministry to initiate a service level assessment and options analysis to support planning for the Manitoulin Island service. The agency should submit a workplan to the ministry by September 1, 2025, detailing the steps and timelines for preparing and issuing a request for proposal, selecting a consultant, and defining the scope of work. The service level assessment should evaluate: <ul style="list-style-type: none"> ○ Current ridership volumes, patterns of demand and user demographics. ○ Anticipated future ridership volumes. ○ Economic impact of tourism traffic on the surrounding communities. ○ Alternative options (e.g., refurbishment, leasing, and new vessel) and cost-benefit analysis of each option. 	Develop a workplan including all required components.	<ul style="list-style-type: none"> • Deliverable completed and on-time