



Owen Sound Transportation Company Limited
2023-2024 Annual Report



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The Owen Sound Transportation Company Limited is An agency of the Government of Ontario. Services are financially supported by the Provincial Government through a Contribution Agreement with the Ministry of Transportation.

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Our Mandate

The Owen Sound Transportation Company Limited (OSTC) contributes to the provision of safe, efficient, and reliable ferry transportation in the Province of Ontario through the operation of seasonal vehicle/passenger ferry services between: Tobermory and South Baymouth, Manitoulin Island; Leamington and Kingsville to Pelee Island and Sandusky Ohio, and Moosonee to Moose Factory Island. It contributes to economic development in the regions by supporting the creation of a positive business climate, by providing key agriculture access, by providing essential services to island residents, and by enhancing and promoting the tourism sector through partnerships with local communities and regional stakeholders.

About the OSTC

OSTC was established under the *Ontario Business Corporation Act* on March 10, 1921 as a private sector business which, beginning in the war years, had been in receipt of both Federal and Provincial subsidies. In 1973, the Province of Ontario became the sole shareholder of the corporation and from 1973 until 2002 OSTC was operated by the Ontario Northland Transportation Commission (ONTC) under the *Ontario Northland Act*.

On April 1, 2002, OSTC was separated from ONTC and established as an Operational Enterprise Agency of Province of Ontario, with an administration office in Owen Sound, Ontario, under the direction of the Ministry of Energy, Northern Development and Mines. Oversight for OSTC transitioned to the Ministry of Transportation in 2019. OSTC is an integral part of Ontario's tourism and transportation system. During 2023-24, OSTC was responsible for the operation of five (5) ships, seven (7) terminal and dock facilities servicing four (4) ferry routes, and the oversight of a contracted seasonal air service between Pelee Island and the Windsor airport.

OSTC owns and operates the MS Chi-Cheemaun ferry which provides seasonal service to a largely tourism-based ridership between Manitoulin Island and the Bruce Peninsula on Lake Huron, and MV Niska I, a landing craft ferry providing essential vehicle, freight, and passenger transportation services between Moosonee and Moose Factory Island on the Moose River at the mouth of James Bay.

OSTC has been under contract to the Ministry of Transportation since 1992 for the management and operation of the Pelee Island Transportation Service. Three (3) vessels, MV Pelee Islander II, MV Pelee Islander, and MV Jiimaan (currently out of service), provide essential ferry services on Lake Erie between the Ontario ports of Kingsville and Leamington to Pelee Island from late March through early December, and a summer-only service between Pelee Island and Sandusky, Ohio. OSTC contracts a licensed air operator to provide essential winter air service between Pelee Island and Windsor, Ontario, when the ferry is not in service, from early December through late March.

During the peak operating season, OSTC's workforce consists of 25 full-time and seasonal management employees, 18 non-union naval officers, 18 unionized naval officers, 26 non-union seasonal staff, and 105 unionized seasonal employees. Chi-Cheemaun unlicensed and non-officer marine employees are members of the Seafarers International Union of Canada (SIU) under Collective Agreements through December 31, 2023. Pelee Island Transportation employees are represented by UNIFOR under Collective

Agreements through December 31, 2025.

Attraction and retention of competent and qualified personnel for ship operations and shore positions continued to be a challenge for OSTC through 2023-24 as the company is in competition with private shipping companies for marine personnel. OSTC continues to work with the province to resolve staffing and wage issues to ensure that sufficient crew are available to continue operations.

OSTC contracts the services of Complex RE Limited Partnership, a wholly-owned subsidiary company of the Moose Cree First Nation on Moose Factory Island, for the provision of Niska I crews and daily vessel operation from Moosonee to Moose Factory Island, from June through the end of October.

Ferry Vessels and Routes

Ship	Size	Capacity	Route	Season	Crossing Time
Chi-Cheemaun	106m	638 psgr/140 veh	Tobermory-South Baymouth	May - Oct	120min
Niska 1	27m	47 psgr/6 veh	Moosonee-Moose Factory Island	June - Oct	20min
Pelee Islander II	62m	388 psgr/35 veh	Kingsville/Leamington-Pelee Island	May - Nov	90min
Pelee Islander	42m	196 psgr/10 veh	Kingsville/Leamington-Pelee Island	Apr - Dec	90min
Pelee Islander	42m	196 psgr/10 veh	Pelee Island - Sandusky, OH	May - Sept	90min
Jiimaan	61m	385 psgr/35 veh	Under review for discontinuation	N/A	N/A

Corporate Governance

The Ontario Minister of Transportation, pursuant to a sole shareholder declaration in accordance with section 108 of the *Business Corporations Act* R.S.O. 1990, c. B.16, exercises control over the Directors who are responsible for the administration of the business of the OSTC.

The Board of Directors has a fiduciary responsibility to carry out their duties honestly and in good faith, in the best interests of the Corporation, and in accordance with the management principles and guidelines of the Government of Ontario. These principles include ethical behaviour, accountability, excellence in management, wise use of public funds, high-quality service to the public, and fairness in the marketplace.

The Board of Directors sets the standards of conduct for the Corporation and ensures the safety of its operations, supervising the conduct of the business through the President and CEO, to whom it delegates the responsibility of leadership and management of the Corporation. During the year, OSTC's Board of Directors did not receive any remuneration. Board Appointees are eligible to receive expenses.

During the 2023-24 fiscal year, the appointees were as follows:

Board of Directors

Chair, Vacant	Dr. Benson Lau Director, Toronto (16 Jul 2021 – 15 Jul 2024)
Mr. Larry Miller Vice Chair, Georgian Bluffs (05 Apr 2022 – 10 Apr 2026)	Mr. Brook Dyson Director, Collingwood (05 Apr 2022 – 10 Apr 2026)
Mr. Jim Hepple Director, Meaford (16 Jul 2021 – 15 Jul 2027)	Mr. Richard Stivrins Director, North Bay (05 Apr 2022 – 10 Apr 2026)

Executive Officer

Mr. Carl Kuhnke President & CEO (Dec 12, 2022 – Dec 11, 2023)
Vacant President & CEO (Dec 12, 2023 – March 31, 2024)

Supporting Government Priorities

A requirement of the Agencies and Appointments Directive is that the Minister of Transportation issues an Annual Letter of Direction (ALOD) that sets out the expectations for the upcoming fiscal year. The 2023-24 ALOD was issued on November 3, 2022. Highlights of key actions taken to fulfil those expectations include:

A. Achieving Excellence in Governance and Accountability

- During the year, the agency improved its reporting on key governance matters working with the Ministry to comply with Certificate of Assurance reporting, bring quarterly financial reporting up-to-date, complete the 2024-25 Business Plan, re-establish the Enterprise Risk Management program, hire additional HR resources and begin the comprehensive review of agency HR practices and policies, and further roll out of key computer systems to allow for reporting on enhanced reporting measures.
- The agency also continued to work with MTO to draft an updated MOU, to facilitate recruitment and appointments and re-appointments of board members, a new Chair, and a new CEO.

B. Operational Excellence in the Delivery of Efficient, Safe and Reliable Ferry Services

- Although the agency successfully recruited staff for all vessels for the season, a full slate of human resource initiatives and a Human Resource master plan were deferred until fiscal 2024-25.
- The agency continued to adhere to a safety first approach to all of its operations, appointing its Manager of Health, Safety, Environment & Compliance as its designated person ashore for marine operations, and updating ships' Safety Management Systems.
- The Moose River dredging was completed during the year, and a semi-annual soundings program implemented, to track the channel depths and assist in scheduling of future dredge requirements.
- Select marine and office staff were trained on additional vigilance required to ensure the safety of Indigenous women, girls and marginalized groups from sexual exploitation and human trafficking.
- OSTC has continued to support the local business climates in each area served, offering

opportunities for charities and non-profits to raise funds during re-positioning cruises, taking part in local Chamber of Commerce events, and ensuring that alternate services were operating and funded during the Moose River dredge.

Also included in the ALOD were the following government-wide priorities, including highlights of OSTC's key actions:

1. Competitiveness, Sustainability and Expenditure Management

- While fares were held at prior levels, expenditure controls, with lower and focussed spending on marketing helped control the amount of provincial subsidies.

2. Transparency and Accountability

- OSTC worked with the Ministry to bring its records up-to-date, to address more of the Ministerial reporting requirements, to assess public reporting requirements, and to plan to bring public reporting up-to-date.

3. Risk Management

- Risk management reporting was resumed, with quarterly reports to the Ministry.

4. Workforce Management

- A full time HR Director and Specialist were hired, and a new system was implemented to assist documenting key employee data, communicating policies and to streamline the hiring process.

5. Diversity and Inclusion

- OSTC encourages diversity through its employment practices and has a diverse workforce in its marine units.

6. Data Collection

- OSTC has increased its data collection abilities through implementation of robust systems for: booking and paying for sailings; point-of-sale for gifts, food and beverage; asset management; and the new Human Resources Information System. These systems, accompanied by the user feedback forms from sailings, provide valuable data for evaluating services and decision making.

7. Digital Delivery and Customer Service

- OSTC has invested resources since 2021 in systems for customer reservations, that provide customers the ability to book and pay for their tickets, facilitate messages to all passengers in the event of a change, and allow for completion of post-sailing surveys.

Operational Overview – Key Accomplishments & Operational Performance

OSTC establishes short-term and long-term operational targets in its multi-year Business Plans and makes annual adjustments to those targets based on actual experience. Revenue targets are based on anticipated ferry ridership levels, and passenger spending patterns. Expense targets are based on the costs to provide vessel services in the three markets, as well as corporate support. The direct costs are mainly labour, fuel, and non-renewable consumables, whereas support costs are to ensure that the systems and processes are in place to provide for financial, information technology, human resource, communications, engineering support, risk management and reporting for the services, and OSTC as a whole. Proactive preventative maintenance is in place as the ferries are an essential service for island residents and are the sole providers of ferry services in their areas of operation. OSTC does not have access

to back-up ferries should a ferry be taken out of service for a mechanical repair during its operating season. As such, the vessels have been equipped with redundant propulsion and mechanical equipment to ensure the vessels can operate through mechanical repairs as much as is reasonably possible.

OSTC operates the Pelee Island Transportation Service (PITS), under contract with MTO, under a cost-recovery contract, with a set annual management fee of \$480,000. This essential service is provided by the Pelee Islander and Pelee Islander II ferries from the mainland (Leamington and Kingsville) to Pelee Island, as well as a seasonal summer service provided by the Pelee Islander from Pelee Island to Sandusky, Ohio. During the winter months, when the ferry service is not operating, a contract air service is provided from Pelee Island to Windsor airport.

Tobermory/Manitoulin Island - Chi-Cheemaun Ferry Traffic:

The Manitoulin Island ferry service began on Friday, May 5, 2023, and ended as scheduled on Sunday, October 15, 2023. OSTC continued to have double-digit increases in both vehicles carried and passengers, though both remain below pre-pandemic levels. The peak season schedule maintained post-pandemic, has three daily sailings starting at 0850 and ending at 2130, whereas the 2019 schedule had four sailings starting at 0700 and ending at 2345. Reduction of one sailing and elimination of the early and late hours, reduced capacity for sailings that occurred with lower utilization, and has allowed OSTC to run with one crew, for better efficiency.

MS Chi-Cheemaun Vehicle and Passenger Traffic calendar years 2019 to 2023

Vehicles	May	June	July	Aug	Sept	Oct	Total	% change	Sailings
2023	5,862	10,368	16,531	17,166	11,794	4,801	66,522	14.48%	844
2022	5,124	8,883	15,025	14,037	10,773	4,264	58,106	21.19%	804
2021	0	6,372	13,228	13,434	9,976	4,936	47,946	14.96%	726
2020	0	4,407	12,415	14,049	7,331	3,505	41,707	-48.43%	748
2019	6,822	11,997	20,581	23,415	12,218	5,841	80,874	2.19%	1,016
Passengers	May	June	July	Aug	Sept	Oct	Total	% change	Sailings
2023	14,442	25,441	48,613	52,475	28,434	12,268	181,673	16.53%	844
2022	11,721	21,050	44,664	42,076	25,857	10,539	155,907	28.70%	804
2021	0	14,903	34,689	35,979	23,181	12,389	121,141	29.83%	726
2020	0	8,727	29,249	34,771	13,803	6,757	93,307	-53.87%	748
2019	13,931	27,158	55,748	66,268	26,306	12,877	202,288	1.20%	1,016

Safety & Environment:

OSTC has maintained voluntary International Safety Management Code (ISM) compliance since receiving certification through Lloyd’s Classification Society in 1997. The Safety Management System provides policies and procedures in every area of the operation in order to reduce safety and environmental incidents, which are predominantly caused by human error. Through regular internal and external audits, the system maintains a state of constant review and improvement and is used to evaluate and reduce the risk inherent in the operation of a marine transportation service.

OSTC has been enrolled in the Green Marine environmental certification program since 2014. Each year, participants benchmark their environmental performance through Green Marine's detailed framework. OSTC entered Green Marine at a Level 2 on the 1-to-5 performance indicator scale. Given the age of the vessels, advancement beyond Level 3 is only possible through major structural changes such as converting to zero emission fuel products. OSTC continues to work to improve environmental impacts in all areas of the operation.

Occupational Safety and Health:

OSTC is accountable to the Ontario Ministry of Labour Occupational Health and Safety Act and regulations, specifically the Industrial regulations, and not the Marine Occupational Safety and Health Regulations (MOSH) that apply to most Marine Sector employers. The Province of Ontario has not entered into an agreement with the Government of Canada allowing the federal authority to assume responsibility for enforcement and inspection of Occupational Health and Safety on ships owned by the Province of Ontario. OSTC does however, maintain compliance with both Provincial Regulations and MOSH as the MOSH regulations are often more stringent and more applicable to the marine working environment.

Tobermory/Manitoulin Island - Customer Satisfaction:

The OSTC conducts an ongoing online customer satisfaction survey inviting customers via social media, ticket stubs, and the OSTC website to complete the survey and offer their ideas and opinions on how OSTC can improve the ferry service. The agency received 3,414 completed surveys in 2023-24. On a scale of 0-10 for customer experience, with 10 being excellent, the median score was 9.7, with the average 8.1. In addition, 96% of respondents would recommend the Chi-Cheemaun ferry to others as a tourist event, and 81% would sail again, with 11% undecided.

Moosonee/Moose Factory Island - Niska I Ferry Traffic and Operational Performance:

Dredging of the Moose River channel resumed in the summer of 2023 and was completed in October 2023. The Niska continued operations with some limitations during the dredging, with a local contractor engaged to assist with customer needs during service interruptions.

The Niska I carried 2,848 (2022-23: 1,970) passengers, and 2,156 (2022-23: 1,485) vehicles during the season.

Pelee Island Transportation Service Vehicle and Passenger Traffic 2019 to 2023:

The following tables provide data for vehicles, passengers, and sailings for the Pelee Island Transportation Service for the years 2019 through 2023, with values aggregated for both the Pelee Islander and the Pelee Islander II. The number of sailings were significantly reduced in both 2020 and 2021 due to COVID 19 restrictions.

Vehicles	To Jun 30	Jul – Aug	Sep-Dec	Annual Total	% Change	Sailings
2023	8,163	11,407	9,909	29,479	-1.1%	1761
2022	9,805	10,968	9,043	29,816	53.8%	1636
2021	4,273	7,137	7,982	19,392	-5.1%	1279
2020	3,017	8,537	8,872	20,426	-40.6%	1244
2019	9,849	14,479	10,071	34,399	-0.1%	1701

Passengers	To Jun 30	Jul - Aug	Sep-Dec	Annual Total	% Change	Sailings
2023	28,593	53,484	28,015	110,092	6.0%	1,761
2022	29,122	50,645	24,034	103,801	90.3%	1,636
2021	10,554	25,643	19,888	56,085	30.7%	1,279
2020	5,075	21,184	15,487	41,746	-57.4%	1,244
2019	27,310	47,917	22,664	97,891	1.1%	1,701

Enterprise Risk Management

OSTC identified in its 2023-2026 Business Plan that it would develop a systematic process for identifying, examining, and assessing agency risks. OSTC continues to develop its risk processes, sharing quarterly results with its oversight Ministry.

The following represent the key risks that may impact OSTC’s ability to ensure that its services are delivered in a safe, secure, environmentally responsible, dependable and regulatory compliant manner:

Risk Assessment	Mitigation Strategy
MV Niska inability to winter due to failure of the former haul out facility in November 2023	Engaged a contractor with experience in hauling out, wintering, and launching large vessels using heavy equipment and inflatable air bags. To engage a consultant to review feasibility and cost of a long-term lease and rail solution.
Labour relations risk as collective bargaining agreement with the Seafarers International Union expires December 31, 2024	Work with MTO and TBS to develop a bargaining mandate, and with SIU to ensure that non-monetary issues were addressed, while monetary issues were bundled and addressed as a whole.
Inability to operate vessels due to low water levels	Ongoing for all 3 services, PITS managed by MTO, Lake Huron reviewed by water levels (as lake bottom is rock), Moose River actively managed with semi-annual soundings.
Risk of EV high voltage battery fires on board vessels	Reviewed fire fighting techniques, purchased fire suppressor blankets.
Aging vessel, risk of breakdowns	Reviewed vessel components, perform routine maintenance, reviewing replacement of major components at drydocks.

Operational Overview – Financial Overview

OSTC – All Operations:

Note 13, the attached audited financial statements outline revenues and expenses for each of OSTC's three units. Own-source revenues totaled \$8.0 million (2022-23 \$6.8 million), \$1.8 million (2022-23 \$1.5 million), and \$0.2 million (2022-23 \$0.2 million) for OSTC, Pelee and Niska respectively, mainly due to increases in ridership and corresponding increases in sales of food, beverages, and retail goods.

Note 11 provides information on the operating and capital subsidies from the Ministry of Transportation totaling \$26.8 million (2022-23 \$27.2 million). These amounts include the operating subsidy paid for PITS (\$8.0 million (2022-23 \$8.4 million)), which is paid under a management contract, and not as an OSTC subsidy.

Expenses (excluding amortization) totaled \$34.6 million (2022-23: \$34.6 million), with the following notable items:

- Repairs and maintenance of \$12.9 million (2022-23: \$12.8 million) includes \$9.3 million for the Moose River dredge (2022-23 (\$10.0 million), which occurred during both 2022 and 2023, as well as an additional \$0.8 million to haul out and launch the Niska adjacent to its previous launch site on private property,
- Salaries, wages and employee benefits of \$11.9 million (2022-23 \$11.2 million), an increase of 6.8%, as OSTC hired additional head office staff in order to comply with increasing regulatory and reporting requirements,
- Fuel of \$3.5 million (2022-23: \$4.3 million) as the price of fuel, including carbon taxes, decreased year-over-year, and
- Services of \$1.9 million (2022-23 \$1.7 million) included costs of the rented head office space at \$0.1 million for a partial year.

Tobermory/Manitoulin Island - Chi-Cheemaun Key Financial Indicators:

OSTC tracks specific key indicators – traffic volume, income per passenger, and cost to operate per passenger over a period of years as a means of measuring progress and/or issues in the annual operating result as compared to prior years, and the health of the overall operation.

Key Indicators - M.S. Chi-Cheemaun	2023-24	2022-23	2021-22	2020-21	2019-20
Income per passenger	\$44.02	\$43.90	\$41.20	\$42.40	\$40.50
Retail revenue per passenger	\$6.81	\$6.47	\$0.03	\$0.27	\$6.67
Fuel expense per one-way crossing	\$1,797.86	\$2,285.00	\$1,328.85	\$959.84	\$1,316.28
Annual total # of Passengers carried	181,673	155,907	121,141	93,307	202,288
Utilization as %age of capacity – Passengers	33.7%	30.4%	26.2%	19.6%	31.2%
Annual total # of Vehicles carried	67,552	58,106	47,946	41,707	80,874
Utilization as %age of capacity - Vehicles	79.7	74.1	n.a.	63.7	61.8
Annual total # of departures	844	804	726	748	1,016
Average # of vehicles per departure	80.0	72.3	66.0	55.8	79.6
Average # of passengers per vehicle	2.7	2.7	2.5	2.2	2.5

Moosonee/Moose Factory Island - Niska I Operating Revenue and Expenses:

Revenue: As dredging operations occurred throughout the season, the Niska 1 conducted fewer sailings, and was supplemented by an alternate, smaller service, which allowed for individual vehicles to be transported while dredging was disrupting the channel. MV Niska 1 operated from June 19 through October 27, 2023. Own-source revenue at \$0.1 million was below budget as a result of the dredging and related service disruptions.

Expense: Dredging costs in 23-24 totaled \$9.3 million, with the 2-year dredge costs totaling \$19.3. Although budgeted as capital, dredging costs were expensed, as the dredged channel does not represent an asset to OSTC. Other expenses included an additional \$0.8 million to ensure that the Niska was properly hauled out and stored for the winter, as the old rail system on private property was damaged in the fall.

Pelee Island Transportation Services (PITS) – Key Financial Indicators:

Key Indicators – Pelee Island Transportation Service	2023-24	2022-23	2021-22	2020-21	2019-20
Income per passenger	\$13.66	\$13.41	\$15.25	\$19.30	\$14.24
Expense per passenger (operating only)	\$88.77	\$95.00	\$109.05	\$150.08	\$75.89
Percentage of operating expenses recovered from income	15.4%	10.0%	14.8%	13.1%	21.1%
Fuel cost pre trip	\$1,074.21	\$1,472.51	\$826.73	\$633.71	\$815.03
Annual total # of Passengers carried	110,092	103,801	56,085	41,746	97,891
Annual total # of Vehicles carried	29,479	29,816	19,392	20,426	34,399
Annual total # of departures	1,761	1,636	1,279	1,244	1,701
Average # of vehicles per departure	16.7	18.2	15.2	16.4	20.2
Average # of passengers per vehicle per departure	3.7	3.5	2.9	2.0	2.8

Capital Spending

Tobermory/Manitoulin Island Ferry Service:

During the year \$0.3 million on the Tobermory terminal grounds and \$1.3 million on substantial completion of the South Baymouth wave wall.

Moosonee/Moose Factory Island Ferry Service:

The Moose River dredge contracts were awarded in 2022-23 with dredging scheduled over the 2022 and 2023 sailing seasons. Costs totaling \$19.3 million were incurred, with additional costs anticipated in future years to remediate the soil in the sludge capture area. Although the dredge was capital funded, the costs are expensed in these financial statements as the dredged channel does not qualify as an asset.

Vessels:

During the year, \$0.3 million was spent on betterments to the Chi-Cheemaun, and \$0.1 million on betterments to the Niska.

Management's Responsibility

The Owen Sound Transportation Company Limited's management is responsible for the integrity and fair presentation of the financial statements and other information included in the annual report. The financial statements have been prepared in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involved the use of management's judgement and best estimates, particularly when transactions affecting the current accounting period are based on projections into the future. All financial information in this annual report is consistent with financial statements. The Company maintains systems of internal accounting controls designed to provide reasonable assurance that the financial information is accurate and reliable, and that company assets and liabilities are adequately accounted for and assets safeguarded. The financial statements have been reviewed by the company's Audit Committee and have been approved by the Board.

MIKE ST. AMANT

Interim Chief Executive Officer

6 November, 2025

[Appendix 1 – Audited Financial Statements for year ending March 31, 2024](#)