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# *News Release Communiqué*

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## **GOVERNMENT OF CANADA INVESTS OVER HALF A BILLION DOLLARS IN THE REVITALIZATION OF MARINE ATLANTIC INC.**

NORTH SYDNEY — The Honourable Rob Merrifield, Minister of State (Transport), and the Honourable Peter MacKay, Minister of National Defence and Minister responsible for Nova Scotia, along with Rob Crosbie, chair of MAI's board of directors, and Wayne Follett, MAI's president and chief executive officer, announced today that the Government of Canada is making significant investments to revitalize MAI and renew its fleet and shore facilities.

“Our government is supporting Canada's economy by investing in Marine Atlantic Inc., which provides a vital transportation link between Newfoundland and Labrador, and Nova Scotia,” said Minister Merrifield. “Today's investment will help Marine Atlantic Inc. renew its fleet and shore facilities, and improve the quality and reliability of its services.”

The \$521 million investment allows MAI to invest nearly \$84 million over five years to complete upgrades to terminal and port infrastructure at all three ports, including the construction of a new terminal building in North Sydney and upgrades at both the Port aux Basques and Argentia terminal buildings. These improvements are expected to better accommodate customers and enhance safety and security.

“The Government of Canada's significant investment in Marine Atlantic Inc. will enable the corporation to move forward with its plans to renew the ferry service,” said Mr. Crosbie. “This is the first time in many years that the organization has received a commitment of five-year funding. It provides the corporation with the ability to plan a multi-year investment strategy that will result in the renewal of its fleet, terminal and other shore facilities, thereby improving the quality and reliability of its services. This investment will provide the necessary assets to meet the corporation's mandate for this vital ferry service.”

“Marine Atlantic Inc. is an important service for the people of Cape Breton and I'm happy this investment will better accommodate its users,” said Minister MacKay. “These improvements will also help ensure the continued safe operation of shore facility structures.”

“This investment and five-year plan provides the necessary foundation to move the organization forward to the benefit of the people who use and depend on the ferry service,” said Mr. Follett. “There is much work to be done and the necessary changes will not occur overnight. In addition to the investment in physical assets, we will be making changes to our business processes to ensure we provide a safe, reliable and efficient ferry service for the long term.”

When added to Government of Canada funds announced since 2007, this \$521 million additional funding will bring the total incremental government funding to MAI to almost a billion dollars. As part of this incremental funding, the Government of Canada dedicated \$12.5 million in funding for shore-based priority projects under the Infrastructure Stimulus Fund in 2009.

An overview of the projects supported by this funding is available in the attached backgrounder.

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# Background Information

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## INVESTMENTS IN THE REVITALIZATION OF MARINE ATLANTIC INC.

The Government of Canada is investing \$521 million over the next five years to revitalize MAI and renew its fleet and shore facilities at North Sydney, Nova Scotia, Port aux Basques, Newfoundland and Labrador and Argentia, Newfoundland and Labrador. With this new investment, MAI has now approximately \$900 million in government funding over the next five years to operate.

Of this new funding, nearly \$68 million will be allocated for shore-facility improvements and will include revamping the North Sydney terminal site to better accommodate customer needs, enhance the safety and security of the passengers and personnel at this facility and improve traffic flow.

Of the remaining new funds, \$308 million will be put towards refits and upgrades of MAI's current vessels assets, the recently announced chartering of two Stena vessels and \$145 million will be allocated to general operating expenses.

### **Terminal and shore facility improvements**

MAI operates three ferry terminals located at North Sydney, NS, Port aux Basques, NL, and Argentia, NL. These terminal sites include docks, wharves, piers, loading ramps and vehicle marshalling areas, as well as other structures, such as passenger terminals, ticket booths, maintenance facilities and administrative offices.

Most of these shore-facility structures were built in the 1970s or early 1980s and require upgrades to continue to operate safely and to enhance operational efficiency. The investment in MAI's shore-facilities will also include upgrades that will better accommodate the new Stena vessels that were chartered to replace the aging MV *Caribou*, and MV *Joseph and Clara Smallwood*.

New funding of approximately \$68 million in addition to \$16 million in previously approved projects brings the Government of Canada investment in MAI's terminal and shore facilities in North Sydney, NS, and Port aux Basques and Argentia, NL to nearly \$84 million in funding over five years. The improvements include the following:

North Sydney, NS - \$36 million

- Redevelopment of terminal site including construction of a new terminal building to increase operational efficiency and improve measures related to the safety and security of passengers and personnel
- Upgrades to the dock area to enhance operational safety and efficiency
- Acquisition of new terminal equipment

Port aux Basques, NL - \$31 million

- Improvements to the terminal site including upgrades to the terminal building
- Acquisition of new terminal equipment
- Upgrades to the dock area to provide enhanced safety measures as vessels dock
- Upgrade of the existing main ramps to enhance operational efficiency

Argentia, NL - \$4 million

- Renovations at terminal site, including terminal building, parking lot and loading area with respect to the continued safe operation of the facility
- Safety upgrades at dock to assist with the docking of a vessel at Argentia

IT Infrastructure and other Emerging Capital Projects - \$13 million

- An additional \$13 million has been allocated for major upgrades to information technology infrastructure and emerging projects at each of the Corporation's sites.

### **Fleet Upgrade**

On May 21, 2010, the Government of Canada and Marine Atlantic announced that the Corporation had reached an agreement with Stena Group of Companies to charter two new vessels to replace the aging MV *Caribou*, and MV *Joseph and Clara Smallwood*. The new vessels, built in 2006 and 2007, will boost capacity; and bring about significant cost savings and operational efficiencies by lowering fuel costs and consumption. The vessels will significantly improve MAI's ability to provide on-time, reliable service and meet increasing traffic demand to transport traffic to and from Newfoundland and Labrador.

The MV *Atlantic Vision* has been chartered until fall 2013. The vessel will service the Argentia-North Sydney ferry route beginning in 2011.

The MV *Leif Ericson*, primarily a dedicated commercial ferry will undergo an extensive midlife refit of approximately \$18 million over the next twelve months.

Commencing in the summer of 2011, with the addition of the two Stena vessels, the MV *Atlantic Vision* and the upgraded MV *Leif Ericson*, Marine Atlantic will have the capacity in a reliable, modern fleet to carry the traffic.

In total, \$308 million in new funding is planned to be spent on the fleet over the next 5 years.

### **Ongoing Operating Subsidy**

Marine Atlantic operates with a significant annual operating subsidy funded by the Government of Canada to cover a significant portion of the Corporation's operating costs and all of the other corporate costs such as annual pension payments. New funding of approximately \$145 million has been approved over the next five years for these accounts which, when added to previously approved funds, brings the total operating subsidy over the next five years to approximately \$408 million. When combined with funding for the terminal and shore facility improvements, fleet upgrades, Information Technology infrastructure and other emerging capital projects it brings the total government funding to MAI to approximately \$900 million over five years.