

Feasibility Study

For a rapid maritime link for
passengers of the Lower-North-
Shore

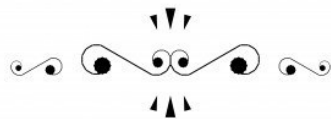


Final version

May 2013



The “North Shore I” on the North Shore, photo from the collection of Guy Côté. Service of this vessel, between Montreal and the Lower North Shore, was inaugurated in 1929.



“It seems to us that it would also be necessary to plan for a speedboat service (a type of modified coast guard vessel) to connect the localities while awaiting for the road to be completed. Thereafter they would ensure the regular service between La Romaine and Saint-Augustin and the neighbouring villages. It goes without saying that these maritime “buses” would nevertheless be at the disposal of tourists wishing to travel the Coast, village by village, and live to the rhythm of its inhabitants.”

- Report from the Payne mission on the Lower North Shore (1979), presented to Doctor Camille Laurin, then Minister of State for cultural development, p. 98-99.

1. Introduction

This study relates to the feasibility of a maritime link for passengers on the Lower North Shore aiming at meeting a need shown for accessibility of both citizens and tourist alike with an affordable, rapid link with improved frequency, between the different communities and lasting the summer period, departures from Natashquan and Blanc-Sablon.

The project to complete the 138 between Natashquan and Old Fort in the next few years as well as the new ship of the Groupe Desgagnés (Bella Desgagnés) in 2013 will not change the fundamental fact, namely that without a marked improvement to maritime accessibility for passengers, the economic development of the local communities through tourism will not be able to be carried out. The cost of airfare (regular scheduled flights and chartered seaplanes) as well as the schedule prioritizing the transport of goods and the low frequency of the Bella Desgagnés are major brakes for the region.

Initially, after reviewing the situation, we will propose a precise maritime solution as well as formulas for selling this new product with recommendations for realizing other local development.

Secondly, we will recommend the optimal business model with the sources for funding as well as the total of costs and revenues in the first years of operation to show the realism of the proposed solution.

As you will read it, we recommend a solution that is accessible and modest compared to other maritime tourism sectors in Quebec and the World in the context where Minganie and the Lower North Shore have a potential for tourism development that is clearly underdeveloped. It is the policy of “small steps” which will predict, in one or several decades, a maritime service of greater capacity whereas tourism is finally recognized as a major industry in the sector.

The team of PAR Conseils.

Within the framework of the feasibility study, it is shown that the rapid maritime link on the Lower North Shore generate income in year 2. This income does not take into account sales of tour packages, just the sale of passage onboard the vessel. We can easily anticipate double the income if we take into account the products sold such as lodging, restauration and excursions. This will generate a dynamic economy in the region in addition to consolidating our cooperative, Voyages Coste.

The projected number of tourists for the first year is 851 in which 468 coming from Newfoundland/Labrador (clients from the US, Ontario and the Maritime Provinces). The 383 other visitors would be coming from Montreal and Quebec regions as well as from francophone European countries. The first year is spread over 70 days of operation instead of the 122 projected for the 2nd and 3rd years of operation. Attaining this volume of traffic will necessitate several promotional efforts.

We must develop tourism packages, which would then be transmitted to the receptive agencies and intra-Quebec (ex: Voyages CAA) of Quebec in collaboration with Tourism Duplessis and Quebec-Maritime. We will proceed with the marketing the new service and the new tour packages in Quebec in collaboration with Tourism Duplessis and with Newfoundland/Labrador. We will create a promotional campaign with Radio-Canada in Quebec, on the television and on the web. We will also put publicity into the promotional tools of Newfoundland and Labrador

2. Nordik Express Statistics

According to information revealed by the STQ for 2011-2012, 13 548 passengers would have been transported on 47 trips. If we compare it with the 7 040 passengers indicated in year 2000, we can note that the number would have doubled in ten years. Considering that the rate of population has decreased by 5% on the Lower North Shore between 1996-2006 (as indicated earlier in the text), this result encourages us to believe that more and more tourists resort to the services of NE.

As you will see in the proposed scenarios for the new rapid maritime shuttle, there is a question of transporting, between the communities, in 2014 (2 months of operation, 70 days), 2345 tourists and residents and in 2015 (4 months of operation, 122 days) 4556 passengers¹⁴. These numbers do not include the excursions in the region of Blanc-Sablon, operated every second day, by the ship based in Blanc-Sablon.

3. Visitors stats in Minganie

3.1 Minganie

The traffic tables from the Minganie and Natashquan BIT support our predictions.

Table 29 : Traffic in the BIT of Minganie (Manitou) 28

	Achalandage 2008	Achalandage 2009	Achalandage 2010	Achalandage 2011
Juin	369	354	313	89
Juillet	1331	1601	1704	841
Août	1478	1711	1281	715
Septembre	132	195	77	91
Total	3310	3861	3375¹	1736²

¹ Le bureau de Manitou a été fermé exceptionnellement dix jours consécutifs dû à un bris matériel.

² Le bureau de Manitou a ouvert ses portes 3 semaines plus tard qu'à l'habitude en raison d'un bris matériel. Par manque de personnel, le bureau a également dû réduire ses heures d'ouverture en cours de saison.

Visitors stats in Natashquan

	Achalandage 2008	Achalandage 2009	Achalandage 2010	Achalandage 2011
Juin	271	294	355	268
Juillet	1702	1663	2395	2030
Août	1824	2228	2351	2249
Septembre	162	192	223	191
Total	3959	4377	5324	4738

Although the tourism information offices showed a decrease in tourist traffic in 2011, as indicated in the tables above, the interest shown by the tourists towards the region of the North Shore/Duplessis is nevertheless increasing. In fact, according to the data presented in the annual report of tourism Duplessis, the distribution of their official tourism guide book showed an increase of 9% in 2011, while their order of brochures would have increased by 19% compared to 2010 and 31% in comparison to 2009.

According to the Ministry of Tourism, this decline in traffic would have affected most of Quebec in 2011. The price of gasoline, the temperature as well as the Canadian exchange rate would explain this decline.

3.2 Statistics from the Red Bay Interpretation centre of Labrador (QC) and the ferry M/V Apollo

With the goal of knowing the tourist traffic of the regions situated at the far end of the coast, we first contacted the Labrador maritime service company (Labrador Marine Services) who ensures a daily ferry link aboard the M/V Apollo between Ste-Barbe (NFLD) and Blanc-Sablon (QC). Since we were without news on their part at the time of this printing, we contacted, secondly, the Red Bay Interpretation Centre regarded as being the main tourist attraction of Labrador.

Graphical representation of Red Bay visitors

Year	2006	2007	2008	2009	2010	Δ 2010- 2009
Visitors	8462	7971	8304	7662	7751	+1.16%

Apollo Stats

# of Passengers/Vehicles	Place of Residence	2010*	2011	2012
# Passengers	NL	N/A	44 285	45 753
	QC	N/A	7 994	7 645
	Other	N/A	10 597	10 537
	Total	60 684	62 876	63 935
# Vehicles	NL	N/A	19 663	21 085
	QC	N/A	3 063	3 150
	Other	N/A	3 652	3 532
	Total	25 395	26 378	27 767

*Note: Postal code information was not collected until 2011

This data of tourist traffic are important because a part of the new rapid maritime shuttle clientele would come from tourist who already come into the area from the two home ports (Natashquan and Blanc-Sablon). We estimate, on the other hand, that the majority of the customers of the rapid maritime shuttle, will be new tourists, in other words, they would not have otherwise come into the Minganie and the Lower North Shore.

In short, a rapid maritime shuttle has the potential to become in and of itself a tourism product, thanks to its speed, an onboard captain-guide allowing visitors to acquire a multitude of information, the maritime coastal landscapes during daylight hours, but especially due to the fact that it makes it possible to stay for short periods in various communities allowing for a real experience with the local population. Therefore, the target customers are the “travellers” whose priority is that of human contact and the tourism activity becomes the excuse for human discovery in contrast to the “tourist” whose priority is the tourist attraction. This is the added value of this new service.

Tableau 31

TYPE DE BATEAU	‘Eaux Scintillantes’ Coque simple 14 pers.	Explorathor P-45 de R.T.M 50 pers	Explorathor P-040 R.T.M 12 personnes	Sea Falcon 1 Damen ship 75 pers	Polaris 36 Neptune 12 pers
1. Noms	Cédric Ferland	Sylvio Thibault	Sylvio Thibault	PP Desganés	Guy Daoulas
2. Fonction	technicien naval STQ	Propriétaire R.T.M.	propriétaire R.T.M	DG gestion de projets STQ	Copropriétaire
3. Connaissance de la BCN	Traite avec les gens de la côte chargé de l’approbation de plans		excellentes connaissances de la BCN	instauré l’aéroglesseur de St-Augustin. Connait bien les réalités de la BCN	bonnes connaissances de la BCN. Fabriquant AML (Tadoussac) Manufacturier pour bateaux de secours SOLAS, SQ.
4. Fiches techniques					
Utilité	Boat situated in St-Augustin. Obtained an	Taxi-boat in the Fjord	Used on the Saguenay	Used to get to the platforms at	Intended for navigating at sea and in

TYPE DE BATEAU	'Eaux Scintillantes' Coque simple 14 pers.	Explorathor P-45 de R.T.M 50 pers	Explorathor P-040 R.T.M 12 personnes	Sea Falcon 1 Damen ship 75 pers	Polaris 36 Neptune 12 pers
Type of boat	exemption to go to HH			sea	rough waters. Stability, performance and comfort assured
	Single aluminum hull	In aluminum	Hull and bridge in stronglite aluminum	In aluminum	In aluminum
length	10m	13.71m	12.6m	33.5m	10m
width	3.5m	4.2m	3.35m	7.36m	3.8m
propulsion	water jets	Jet boat (turbine)-2 models Alpha power jet 356	2 outboard motors 300HP each	3X caterpillarX c32B	Water jet or outboard
Draft	2.5-3ft	Less than 1m.	18in.	1.95m	minimal
Speed	20 knots	20-25 knots (30 max)	20-25knots (30 max)	26 knots	25-30 knots
Characteristics of these boats	Covered with bridge for passengers No toilet on board Boat which was modified to respond to TC requirements Boat is autonomous and easily repaired	covered adapts to difficult navigation conditions standard RTMC toilet boat built and recongnized by TC and the Veritas office 20 lighter consumes 25% less fuel than the boats of the same size meets the standards of Kyoto (GES) saves money and fuel per hour can accept a marina pontoon	Certified by TC Motor- 2X300 HP Yamaha Standard RTMC toilet Outboard transmission Low gas consumption per passenger Unloads from the front Closed cabin- electric heating stairs-footbridge easy maintenance 3 electric pumps with audible and visual alarms Hydraulic steering Rescue platform Pack B. Lifevests + 2 round buoys Polyurethane	covered no navigation restrictions stable construction gas : 45.7t classified by Bureau Veritas deck of 75m	Can be covered. Max H.P. CV 3*250. Load capacity kg : 5750. Gas tank : 600l. 7 air chambers

TYPE DE BATEAU	'Eaux Scintillantes' Coque simple 14 pers.	Explorathor P-45 de R.T.M 50 pers	Explorathor P-040 R.T.M 12 personnes	Sea Falcon 1 Damen ship 75 pers	Polaris 36 Neptune 12 pers
<p>Number of passengers</p> <p>crew</p> <p>Seasonal variation</p> <p>Lifetime</p> <p>safety</p>			<p>paint</p> <p>rear horns in 4" aluminum tube</p> <p>Command post and trunk</p> <p>steel anchor inox 316 – forward trunk</p> <p>electrical system 12 volts with discharge protection</p>		
	12 passengers with baggage	48 passengers	12 passengers with baggage + 2 tons of merchandise (capacity of 40 passengers)	75 passengers	12-28 passengers
	2 members	2 members	1 member	8 members	2 members
	summer	summer	summer	4 seasons	summer
	45years (if remodeled every 5 years)	40 years	n.a	45 years	n.a
	N,A.	Life raft Life vests	<p>extinguishers 4 x 5 lbs with "Fire Ports" - 2 fire buckets</p> <p>Gas tank 400 litres. Protected against explosions</p> <p>electronic equipment Radar, electronic maps, UHF radio, Bluetooth, high speed depth sounder,</p>	85 belts, 4 buoys, life boat: 2x20 persons and 2x 25 persons, 2xequip. For fireman cabins 3x 2 persons	possibility of having an onboard lifeboat

TYPE DE BATEAU	'Eaux Scintillantes' Coque simple 14 pers.	Explorathor P-45 de R.T.M 50 pers	Explorathor P-040 R.T.M 12 personnes	Sea Falcon 1 Damen ship 75 pers	Polaris 36 Neptune 12 pers
Cost of acquisition	\$800,000	\$500,000 and more	hydraulic foil \$350,000 boat trailer : 18-20k\$ replacement motors 25k\$ (2+ 1 replacement)	3 million and more	180k\$ usagé moteurs :55k\$ 100k\$coque nu 400k\$ avec moteur diesel
comments	This type of boat is not to be considered	RTM local supplier- easy acquisition	Profitable for owner	Not profitable unless publicly owned	1 an de délai d'attente (construction en C.B.)

3.3 Model Explorathor

From this chart of comparables, we contacted Mr. Gaétan Pelletier²⁹, maritime expert, in order to analyse each of the boats suggested, in function with the needs of the people of the Lower North Shore and the maritime conditions. As an expert, he strongly recommended us to privilege the small boats with minimum draught (1.2 to 1.8m) such as the Explorathor series from RTM. The reasons for his choice to be this type of boat are the following : The boats of RTM are built in Petite-Rivière-St-François, and are certified by Transport Canada. A priori, this model was created to carry out expeditions in the Yukon. Besides being a product which was designed locally, it was created with the aim of offering a maximum of comfort to the passengers, even in rough waters. On this subject, the boat has a closed-in cabin, is heated and has airplane style seating. In addition, it is equipped with a raised cabin for the captain. Another interesting factor, the boat has a staircase at the bow for unloading onto a beach, it is easy to manoeuvre, propulsion is provided by two out-board motors, it is easy and inexpensive to maintain. In addition, the hull is made of aluminum which makes its structure more solid and stable.

Even if this boat has a capacity of 40 passengers, we recommend a configuration for 12 passengers for the following reasons :

The capacity for lodging in the Lower North Shore communities would not support such volume of tourists on a short or long term basis;

We focus on the frequency over capacity in order to provide an improved service by acquiring 2 vessels of 12 passengers instead of only one of 40 passengers;

With 12 passengers, only one crew member is required to operate it;

With 12 passengers, the closed-in and heated cockpit will only cover the front portion of the vessel, allowing the 12 passengers, in good weather, to access the open space of the rear for taking great photographs;

This open space could be used to store bicycles and kayaks, boxes and other goods;

A life raft is not required;

Why focus on two boats of 12 passengers and not only one boat of 24 or 40 passengers? In addition to the acquisition, only one boat makes it possible to reduce the cost of installation of the project by \$400,000. In addition to the aforementioned regulations relative to vessels of more than 12 passengers, being able to count on two distinct vessels has the following advantages :

It makes it possible to create a new activity in the sector of Blanc-Sablon every two days, thus supporting the retention of travelers in the sector;

In the event of a problem, due to bad weather, and in the context of the low capacity of accommodations in the communities, the operator will not have to find lodging for 24 or 40 persons at the same place;

In the case of a major breakdown of one of the two boats, we can continue to offer service every two days between Natashquan and Blanc-Sablon.

And we remind you that with more than 12 passengers on board, a second crew member is necessary which will increase the operating costs.



By supporting us regarding the comments made by the maritime expert as well as our compiled data, we recommend the model Explorathor P-040 with 12 passengers

Table 32 :

Summary of costs for a P-040 zodiac

Base price	\$241,933.49
Total of options	\$139,929.45
RTMC trailer	\$18,000
GRAND TOTAL	\$399,262.94

3.4

Similar zones and comparable experiences

Within the framework of our research, we explored-as it should be- geographical sectors in the North and in the extreme South of the globe. We needed to find zones which were similar in population, distance and isolation, while insuring us that one would find similar transport conditions linked to tourist attractions, which have been put into place recently or during the last several decades.

This development is of a certain importance. We were able to note that coastal areas have long been recognized as zones of interest for tourists benefiting from an increasing number of services that have been adapted in terms of transportation to meet the needs of a growing number of customers. This situation prevails particularly on the west coast of Norway (the Fjords zones), where rapid shuttle services have been put into place and who operate regularly.

In Iceland, if only maritime shuttle had existed in the old days, roads have gained so much ground that they now encircle the entire country. The only ships that travel the Icelandic coastlines are cruiseships. This type of ship also snakes its way, more and more through the islands off the Chilean coast, the waters of the North Sea along the Norwegian coastline and Svalbard as well as Alaska on the northern pacific coast.

In addition, in these areas (ex : south of Chile as far as Patagonia, Spitzberg, Scotland, the coast of Senegal, New Caledonia, Alaska and even Newfoundland and Labrador), one could note that the regular ferries, clearly more frequent than the service offered by Relais Nordik Cie, were generally sufficient enough for the needs of the local population. Some are rapid ferries, others resemble that of a steamer such as those from the Norwegian line Hurtigruten, which serves the Norwegian coast from the South to the North with daily departures.

All the reports we made support that the ferry schedules and cruiseship schedules, that were examined, are more frequent than the actual service on the Lower North Shore. Often, the number available of ferries assigned to a coastal area allow for more frequent comings and goings between the localities being serviced. Therefore, the possibility of taking another ferry or shuttle the very same or the next day, can encourage the visitor to remain in a picturesque port of call (and to even sleep there) before continuing with their itinerary. This possibility applies to several maritime routes, which we observed, when stopovers are on the program between the initial port and another that constitutes the end of the line. This is generally the case for the localities where the road ends and where a maritime shuttle takes over to ensure a link to several other localities until one where the road continues.

These regular return passages of ships along certain coasts generally require less time than the actual schedule between Natashquan and Blanc-Sablon, all the while connecting a good number of small, typical, isolated ports. One can now speak of shuttles, in these cases. The distant starting point of the Nordik Express and of the vessel that will succeed her, is several hundred kilometers away from the end of the road (where normally a maritime shuttle service would begin) thus spreading out considerably the scheduled service of the distant ports; these ports only benefit from one passage a week (upstream and then downstream).

This irrefutable fact is different on the southwest coast of Newfoundland, where there are numerous isolated villages (just like on the Lower North Shore), with similar population and where economic life and social life are similar to that which the study is dedicated. Let us mention that these Newfoundland villages, as picturesque as certain villages on the Lower North Shore, who have been able to preserve their old world charm, are also late in experiencing the financial benefits of tourism.

The case of the Alaskan coast, including the southern coast of the peninsula and the Aleutian islands, is different. If there exists rapid maritime shuttles transporting passengers daily (amongst whom would be numerous tourists), their route is sheltered from the rough waters of the ocean (ex : via the Lynn canal, between Skagway and Juneau, two respectable villages in terms of population). One normally describes this type of boat as rapid ferries (such as those of the Alaska Fjordline) negotiating, since the 90's, the interior channel at high speeds. It remains that they are the type of boat (catamaran or mono-hull for 40, 60 and 80 passengers) on which most of the customers are tourists, taking this route instead of an excursion.

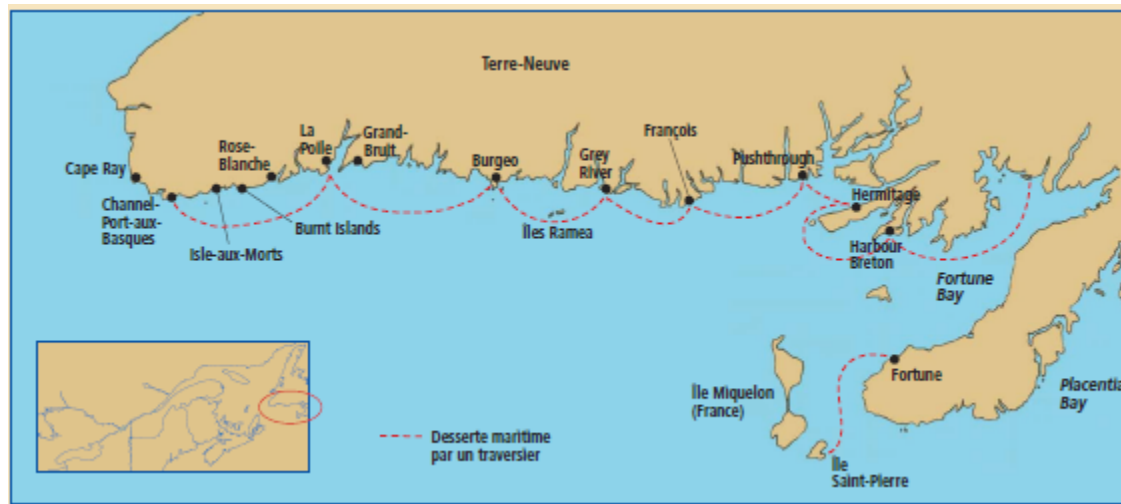
The Fjorland, an 65ft. Catamaran (80pax), performs daily shuttles between Skagway, Haines and Juneau in Alaska. Return fare : \$165 One-way fare : \$120



Though there is existing ferries connecting certain villages to the west as well as to the east of the isolated portion of the coast, it is the service to the following villages that we retained for their similarity to the Lower North Shore. This zone is comprised of *Burgeo* (pop. 620, easily compared to Harrington Harbour because it is situated on an island a couple of kilometers from the shore), *Grey River* (pop. 175), *François* (pop. 110), *McCallum* (pop. 380), *Gaultois* (pop. 265) and *Hermitage*, terminus of an accessible tour in terms of costs, following a trip aboard 2 or 3 different ferries. From its situation, Hermitage could be likened to the village of Old Fort as a possible shuttle terminus or that of Blanc-Sablon, two localities on the borders of maritime Quebec linked to Labrador by roadway

In addition, as it is the case in the Lower North Shore, each of the small villages served by the described ferries is surrounded by other small coastal hamlets where a few people reside; hamlets where the locals can travel to and from by means of their own boats.

Here is a map outlining the coast on which there is interest, initially, to address



Three ferries navigate at speeds of 10 to 12 knots (and who only transport passengers and freight, except the *Ramea*) ensuring service between *Burgeo* and *Hermitage*. A service which is almost daily and that offers possible transfer combinations between vessels, mid-route, depending on the days of the week :



The M/V 'Gallipoli'
(capacity : 100 pax, 20 cars)

What is a maritime shuttle?

The principle of the Fjord maritime shuttle is simple : offer to visitors a different and original way to travel, allow them to get from one point to the next in a circuit and a regular schedule. Like a bus...it allows you to travel without the use of your vehicle.



The maritime shuttle provides return trips on the Fjord, but the main objective is to keep the visitors for longer periods in the Fjord, inviting them to travel on the seaway and to stay in different villages served by the Maritime Shuttle.

This simple description already brings us, in the context of this study, to transpose ourselves into the maritime environment of the Lower North Shore and without a doubt into the spirit of the cooperative, CoSte whose objectives are almost the same in terms of services to be delivered for tourism and for the region, this is what makes this comparison so interesting.

Interest- let us be more specific – because of the use of 2 different shuttles to serve on coastal region. Boats used : the *Fjord Saguenay II* and the *Cap-Liberté* as seen in this illustration



4. *Analysis of potential services to be offered*

The reasons for delayed tourism development on the North Shore, in Minganie and particularly on the Lower North Shore are as follows :

- The brand imaging of the destination is unclear;
- The accessibility of the current tourist offer needs improvement in the destination selection phase because it is very complex for a potential tourist to plan their stay on the coast and Voyages Coste, for various reasons, does not completely play their role as a travel agency for the North Shore;
- The current tourism offer (quality and number of lodging establishments, qualified personnel, structured activities, restaurants with a local flavor, etc.) is insufficient;
- The physical and cultural uniqueness of Minganie, Anticosti and the Lower North Shore still remains largely unknown to Quebecers, Canadians and even more so to travelers from abroad compared to nearby, well established, destinations (Gaspésie, Newfoundland, Labrador);
- The uncertain climate of recent years which prevented the opening of “La route Blanche”, depriving the communities of potential snowmobile tourism;
- The current capacity for maritime passengers is too low, even with the new ship (Groupe Desgagnés) in 2013, the small amount of tourist services offered onboard, the schedule – downtime and time of day of these stops in the communities – as well as the low frequency of these trips limits the economical growth through tourism; the Lower North Shore remains inaccessible to quality tourist visits.
- The physical distance from Quebec and Montreal limits the number of tourists because :
 - the number of days required to travel by automobile, which means taking long holidays on the Coast and for more than a decade or so Quebecers have been taking short outings;
 - The North Shore (with the exception of Tadoussac) is not presented to International tourists (other than Americans who limit themselves to Montreal, Quebec, Mont-Tremblant and the Eastern Townships) as a must-see destination in Quebec (contrary to Gaspésie and Lac-Saint-Jean, for example)
 - The “Dead-end” syndrome of highway 138 which forces visitors, traveling by car, to turn around once they have arrived in Natashquan (and soon in Kegaska) and return on the same road, at least until Godbout where they can cross on the ferry to Gaspésie if they wish.

-The high cost of airfare from Montreal-Quebec to Minganie-Anticosti-Lower North Shore and between the communities of the Lower North Shore discourages potential tourists in comparison to destinations perceived as being more “exotic” and especially financially more accessible.

The opportunities for tourism development of the North Shore, particularly the Lower North Shore are numerous such as :

- The bordering areas (Minganie and Labrador) already receive thousands of tourists who do not continue on to the Lower North Shore ?????? (effective marketing, tour packages of good value) and accessibility (practical means of transport, accessible and fast,)
- The Lower North Shore has the potential of becoming a new destination to discover, a “must-see” thanks to its unique elements such as :
 - The landscape architecture of Harrington Harbour;
 - The maritime passage of Rigolet, unique in the east of North America
 - The numerous islands of Tête-à-la-Baleine;
 - The charming village of Mutton Bay;
 - The whales, fish, seafood and icebergs are in abundance;
 - The harmonious co-habitation of four cultures, rich in tradition and heritage : Innu, francophone, anglophone and metis;
 - The possibility of drawing a greater number of water sport enthusiasts (river and sea kayak, sailing), because of the numerous rivers and ocean access.
- The Lower North Shore is “the missing link” of a large driving circuit that would link the centre of Quebec’s maritime coast to Newfoundland & Labrador (once the road is completed). Because the ocean is the added value of the Lower North Shore and not the hinterland, thanks to a road, the tourists will want to discover the communities and the maritime landscapes;
- A local desire to develop the economy through tourism.

A rapid maritime link between Natashquan and Blanc-Sablon, as proposed by this plan, would not solve the problem of accessibility by air (price, schedule, number of seats) either departing from Montreal or from Quebec but would, at first, “open” the territory to the tourists that already travel to the bordering areas (Minganie-Labrador) and would force the structuring of local tourism (lodging, restaurants, attractions, activities, events, human resources) as discussed further in this document.

Subsequently, the maritime link becomes in itself a tourist attraction of high quality offering visitors a unique experience. It therefore has the potential to attract Quebec, Canadian, American and European tourists to the North Shore and more accurately the “Lower North Shore” by opening up the entire sector through a much improved access, in regards to price, transport capacity and frequency adapted to the needs of tourists and residents alike. For the first time in recent Lower North Shore history, the passenger, would take priority over the merchandise.

The ideal ship was established by taking into account the sectors **conditions of navigability**, the actual and short-term **reception capacity of the communities** between Natashquan and Blanc-Sablon, and the **objectives of speed and profitability**.

The current lodging capacity is :

The hypothesis expressed by this plan is that it would be little “sustainable development” and little structuring to recommend a large ship with or without cabins, which would only make stopovers in the coastal communities. The objective is to maximize the economic spinoffs through the creation of local employment in order to stop the devitalization of the small communities of the Lower North Shore. For this purpose, all efforts will have to be made for retaining the visitors in each one of them.

What then, is the reception capacity in the communities, including the seaports of origin?

Blanc-Sablon : 37 units

Bonne-Espérance (including Vieux-Fort) : 3 units

St-Augustin : 13

La Tabatière : 22 units

Tête-à-la-Baleine : 16

Harrington-Harbour : 8 units

Chevery : 7 units

La Romaine : 0

Kegaska : 5 units

Natashquan : 37 units excluding the camp grounds

These units, in the context of the roadwork on the highway 138 and the feasibility study of the Mecatina Hydro-Quebec project, in the next couple of years could be filled for entire months, excluding, de facto, the pleasure tourists. In the scenarios of anticipated traffic, we estimate that 8 units, with a classification of 2 stars or 2 suns, ideally 3 stars, would be available daily for the tourists of Harrington Harbour and Tête-à-la-Baleine,

Accommodations	Location	No. Of rooms	Characteristics
Hôtel Motel Blanc-Sablon	Lourdes de Blanc Sablon	20 rooms	Each of the 20 rooms has cable television, telephone, coffee maker, and private bathroom. Single or double room without kitchen. Certain units are smoking rooms and others are non-smoking. One room is adapted. Restaurant- full breakfast.
Auberge Motel Quatre saisons	Lourdes de Blanc Sablon	4 superior category rooms 4 deluxe rooms 9 economical rooms	All rooms are equipped with k-q size or double bed television, telephone, cable WIFI Shared bathroom for the economical rooms Dining room
Bonne Espérance	Rivière St-Paul	3 rooms	1 room= 2 beds 2 rooms with one bed breakfast included poss to include lunch and supper \$
Pension de la Côte Auberge Riverview	St-Augustine St-Augustine	6 rooms 8 rooms in the summer	- Private bathroom Possibility of including all meals \$
Auberge La Tabatière (new)	La Tabatière	13 rooms (boarding house) +B&B 5 rooms + 4 room house.	Private bathroom telephone new adjacent restaurant services B&B includes breakfast House-fully equipped
Auberge Île Pierrot	Tête-à-la-Baleine	4 rooms	New. Opening summer of 2013
L'auberge de l'Archipel	Tête-à-la-Baleine	3 rooms	-
L'Auberge de l'Île Providence	Tête-à-la-Baleine	1 unit- 6 persons	Kitchenette (1). Fireplace (1). Private bathroom (1). Non-smoking unit
Le gîte d'Émilie	Tête-à-la-Baleine	3 rooms +unit rental on l'île de Providence	Shared bathroom breakfast included
La maison d'Amy	Harrington Harbour	5 rooms	2 single 2 double 1 with 2 single beds 4 with televisions 3 bathrooms breakfast included meals available \$
La maison de Jean	Harrington Harbour	3 rooms	Shared bathroom (2) telephone television internet breakfast included
Misty River Motel	Chevery	7 rooms	1 double bed per room Meals available \$
Hôtel Madame Ruby Auberge le Brion	La Romaine Kégaska	pas de rep. 5 rooms	Single and double beds 3 bathrooms
Auberge La Cache Gîte et Chalets Paulette et Marina Landry	Natashquan Natashquan	18 rooms 1 room with 2 beds apartment : chalets :2	Private bathrooms,breakfast available\$ room : 2 beds, shared bathroom, breakfast included apartment : 1 room- 2 beds, sofa-bed, living room, kitchen, bathroom chalets : 2 rooms double bed, stove, bathroom, shower and accessories are also available
Gîte Chez Mireille Landry	Natashquan	2 rooms	Shared bathroom, breakfast included
Auberge le Port d'Attache	Natashquan	8 rooms	8 rooms with double beds, television and telephone. 3 rooms have private bathroom. Basic breakfast

Accommodations	Location	No. Of rooms	Characteristics
Maison Nathalie Lapierre Maison Chevarie	Natashquan	1 418 726 3569	included, à la carte breakfast for a small fee.
	Natashquan	3 rooms	Shared bathroom, breakfast included 1 room with 2 beds 2 rooms with 1 queen-size bed
Résidence un Air de Par Ici Camping Mantéo Matikap	Natashquan	1 house + 2 chalets	
	Natashquan	10 groups under a traditional tent 10 tents wilderness camping 8 recreational vehicles	Sanitary block (shower & toilet) Innu activities depending on the number of visitors; Not open in 2012.
Municipal camping Chemin Faisant		39 sites	bathrooms, showers, laundry, canteen (water, ice, wood)

Current attractions and tourist activities

With the anticipated volume from two rapid shuttles of 12 persons each and considering the actual tourist attractions, is stowage possible to the satisfaction of the visitors?

Yes because of the choice of activities in Natashquan (the old school, the Bord du Cap interpretation centre, the beaches, fishing, Cafe L'Échourie, the famous stores of Les Galets, ATV outings, etc...) can satisfy the tourists;

Yes because in Harrington Harbour, the community with the most unique signature landscape, it is possible to have a guided tour and visit the charming musuem of La Maison Rowsell;

Yes because in Tête-à-la-Baleine, it is possible to tour the islands and the village with Toutes Îles ;

Yes because it is possible to stay in an traditional Innu tent and to attend ceremonial festivities during the busiest periods;

Yes because it is possible to kayak rapids or in the ocean, among others on the Natashquan river, Romaine river, Petit Mécatina and in the interior of the Kécarpoui archipelago we well as the Grand and Petit Rigolet

Yes because for the fans of ornithology, it is possible to observe many different types of migratory and other types of birds. (there are six sanctuaries along the coast of the Lower North Shore)

Yes because in the area of Blanc-Sablon and its surroundings, it is possible to be guided on the St-Paul's river, visit a scallop farm, go hiking, visit the historical site of Red Bay, and its possibly see an iceberg.

But, outside of July and August, very few activities are available because of lack of human resources;

But, in several of these communities (except Blanc-Sablon) it is difficult to be served in either English or French;

But, in the communities of Kegaska, La Romaine, Chevery, La Tabatière/Mutton Bay, Saint-Augustin (innu and non-aboriginal people) and Vieux-Fort, there is a lack of reception services for tourists and activities for individual tourists traveling on their own are inaccessible;

But, for the autonomous visitor (without tour package), meals could be problematic in some communities;

But, the availability and quality of the accommodations could be improved upon;

But, for a visitor arriving in Natashquan on the shuttle from Blanc-Sablon or arriving in Blanc-Sablon from Natashquan, there are no services available to get around besides from having their own vehicle.

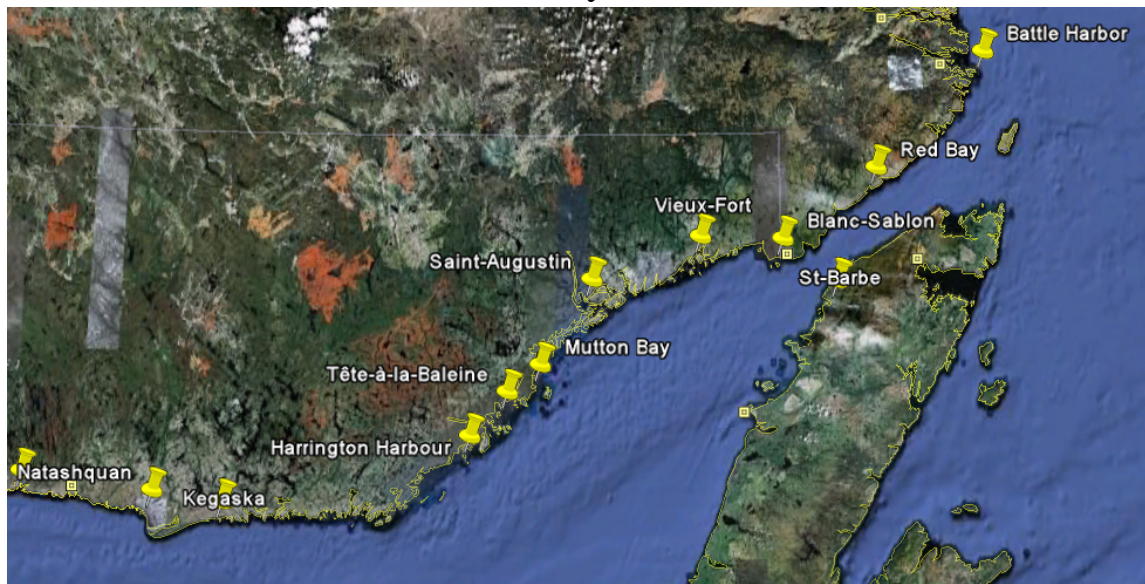
Itineraries

A- Natashquan B- Blanc-Sablon C-Saint-Barbe



Source : Google Maps, February 2013.

A few of the communities covered by the shuttles



Source : Google Maps, 2010.

We propose a maritime shuttle and tourist service in two phases :

Phase 1 (service starts July 1 2014, service ends Monday September 8, 70 days, service 7 days a week)

Two shuttles in July-August only. There is a captain onboard as well as a guide.

1. **First shuttle**, departure every day, 12 passengers, 07:00 *Natashquan – Kegaska -La Romaine - Chevery¹ - Harrington Harbour - Tête-à-la-Baleine* (lunch, same day or next day shuttle transfers to Blanc-Sablon) and returning to Natashquan the same day in early evening with the same stopovers on the return trip;
2. **Second shuttle**,
 - a. every second day, 12 passengers : *Blanc-Sablon 08h00, Vieux-Fort-St-Augustin villages - La Tabatière - Mouton Bay - Tête-La-Baleine* (lunch, same day shuttle transfer on the vessel to Natashquan) and return to Blanc-Sablon in the evening with the same stopovers on the return;
 - b. every second day : a variety of one-day excursions leaving from Blanc-Sablon and/or St-Barbe for iceberg observations, Green Island, Red Bay, Battle Harbor, scallop farm, etc. depending on the season...

PHASE II (2015 and +, 122 days of service, 7 days a week)

Two shuttles in **June**-July-August-**September** (with the promotional work for the European market in 2014 allowing for a longer operating season)

Deux navires en **juin**-juillet-août-**septembre** (avec le travail effectué en marketing auprès des marchés européens en 2014 permettant d'allonger la saison d'opération)

Same itinerary as in 2014.

Services offered:

- Resident transport only (with luggage or not)
- Tourist same-day excursion departures from Blanc-Sablon/Saint-Barbe
- Tourists with tour packages of, accommodations, activities and meals 1, 2, 3 or more nights². As the basic product with be tourist packages, the sales price of the maritime shuttle will be integrated into the total cost of the package.

Targeted clientele:

- Residents of the Lower North Shore

¹ Nous ne recommandons pas d'offrir le service-taxi entre Chevery et Harrington Harbor afin de ne pas compétitionner le service actuel à moins que la population locale ne le souhaite. Mais une escale sera tout de même effectuée à Chevery.

² Les visiteurs doivent au minimum acheter un forfait d'une nuit avec la navette maritime. Ainsi le transport seulement (à l'exception des excursions maritimes de Blanc-Sablon/Saint-Barbe) et des résidents ne sera pas offert afin de maximiser les retombées locales.

Suggested tour packages (2014) :

1. **2 nights/3 days** – 7 meals from Natashquan or Blanc-Sablon to Harrington Harbour with guided tour;
2. **2 nights/3 days** - 7 meals from Natashquan or Blanc-Sablon to Tête-à-la-Baleine with guided tour;
3. **Discover the Lower North Shore 4 nights/5 days** – 14 meals from Natashquan or from Blanc-Sablon includes 2 nights in Harrington Harbour and 2 nights in Tête-à-la-Baleine;
4. **The Total Package departing from Natashquan or from Blanc-Sablon, 9 nights**, 19 meals : 2 in Natashquan with a visit of the attractions and an ATV ride; 2 nights in Harrington Harbour with the visits; 2 nights in Tête-à-la-Baleine with the guided visits and 3 nights in Blanc-Sablon including the maritime excursion, Red Bay, the museums of Bonne Espérance, the Labadie scallop farm.
5. **à la carte** with accommodations in Kegaska, La Romaine, La Tabatière, Saint-Augustin, Bonne Espérance and/or combined with accommodations in Havre St-Pierre, Longue-Pointe-de-Mingan, Rivière-Au-Tonnerre, Sept-Îles or Anticosti.
6. **8 hour maritime excursion** (depending on the season) from Blanc Sablon-Saint-Barbe every two days: find an iceberg, discover Green Island and l'île-au-Bois, the scallop farm, the National historical site of Red Bay, marine mammals and bird watching, Saint-Paul bay and river.

Visitor traffic scenarios

These scenarios support the hypothesis that highway 138 will not be completed and asphalted before at least 2020. When completed, it should be anticipated that the packages be limited in time, but more frequent, since a certain percentage of the tourists would arrive directly in some communities with their vehicle and would want to discover a part of the coast by water.

For the 1st year of operations recommended (July-August 2014), we realistically estimate to attain the following objectives with a minimum of marketing to the Quebec clients as well as clients that are passing through (in Blanc-Sablon and in Minganie)

Theoretical maximum capacity (end of June to beginning of September), 2 shuttles X 12 passengers X 70 days who take the entire journey =1680 passengers. In reality with 9 trips/segments possible, between Blanc-Sablon and Natashquan, while certain clients and residents will only use certain segments of the service and only one day out of two will the vessel based in Blanc-Sablon will preform an excursion, we put forth the following hypothesis :

Boat I (from Natashquan), daily profile based on our knowledge of the tourist demand for the Lower North Shore from the last 5 years :

Natashquan-Kegaska : 8 tourists, 4 residents (no disembarking)

Kegaska-La Romaine : 8 tourists, 4 residents (2 resident passengers get off, 2 get on)

La Romaine-Chevery : 8 tourists, 4 residents (2 resident passengers get off)

Chevery-Harrington Harbour : 8 tourists, 2 residents (4 tourists and 2 residents get off)

Harrington Harbour-Tête-à-la-Baleine : 8 tourists, 4 residents (4 new tourists get onboard at HH– 4 tourists get off in Tête-à-la-Baleine, the other 4 continue to Blanc-Sablon), 4 residents embark to Blanc-Sablon from HH

Tête-à-la-Baleine-Harrington Harbour : 8 tourists (4 from Blanc-Sablon and 4 from Tête-à-la-Baleine), 4 residents from the East. (2 residents disembark, 4 tourists climb aboard)

Harrington Harbour-Chevery : 10 tourists and 2 residents (6 new tourists get onboard in HH, none disembark in Chevery)

Chevery-La Romaine : 10 tourists, 2 residents (4 tourists get off, 2 new tourists and 2 new residents get on)

La Romaine-Kegaska : 8 tourists, 4 residents (2 tourists get off, 2 new tourists get on)

kegaska-Natashquan : everyone disembarks including 8 tourists still on a package tour in Natashquan and 6 who continue by minibus.

Total daily maximum, tourists : 30 Residents : 16 46 pax per day.

Average occupancy rate 2014 : 65% 2 093 segments/clients with **70 days** of service.

Average occupancy rate 2015 with **122 days** of service : 70%

Average occupancy rate 2016+ with **122 days** of service : 75%

Boat II (from Blanc-Sablon, rapid shuttle service), profile for every two days based on our knowledge of the tourist demand for the last 5 years for the Lower North Shore :

Blanc Sablon-Vieux-Fort : 8 tourists, 2 residents (no disembarking)

Vieux-Fort-St-Augustin : 10 tourists, 2 residents (2 new tourists get onboard at VF and 2 tourists get off at SA, 2 residents get off at SA)

St-Augustin-La Tabatière : 10 tourists, 2 residents (2 tourists get on in SA and 2 residents get on in SA; 4 tourists get off in La Tabatière)

La Tabatière-Mutton-Bay : 6 tourists, 4 residents (2 residents get on in LT and 2 residents get off in MB)

Mutton Bay- Tête-à-la-Baleine : 8 tourists and 4 residents (2 tourists get on in Mouton Bay and 2 residents get on in Mouton Bay; 4 tourists get off in TAB and 4 tourists and 4 residents continue on to Natashquan)

Tête-à-la-Baleine – Mutton Bay : 8 tourists and 4 residents get on in TAB;

Mutton-Bay-La Tabatière : 8 tourists and 4 residents (2 tourists and 2 residents get off in LT; 2 tourists and 2 residents get on in LT)

La Tabatière-St-Augustin : 8 tourists and 4 residents (2 tourists and 2 residents get off in SA; 2 tourists and 2 residents get on in SA)

Saint-Augustin-Vieux-Fort : 8 tourists and 4 residents (2 tourists get off in Vieux-Fort)

Vieux-Fort-Blanc-Sablon : 6 tourists and 4 residents who all get off in Blanc-Sablon, all the tourist on tour packages.

Total daily maximum, tourists : 26 Residents : 16 42 passengers per day.

Average occupancy rate 2014 with **37 days** of service: 65%, 1 010 segments/clients.

Average occupancy rate 2015 with **66 days** of service : 70%

Average occupancy rate 2016+ with **66 days** of service: 75%

Boat II (from Saint-Barbe/Blanc-Sablon, excursion boat), 8 hour excursion every two days.

2014 (50% occupancy rate) = 360 clients

2015 (50% occupancy rate) = 648 clients

2016 (60% occupancy rate) = 778 clients

Challenges specific to the type of boat chosen (P-040, gasoline)

After several discussions with builders, maritime tourism operators, captains and maritime specialists, the choice of boat recommended appears to be the one most advised even though this type of boat has never navigated the waters of the Lower North Shore. This boat corresponds to the criteria to be considered:

- 1.costs of acquisition and reasonable maintenance costs;
- 2.low volume of tourists transported daily (12 persons per boat) corresponds with the capacity of accommodations in the communities;
- 3.increased comfort: airplane style seats, heated closed-in cabin, removable stairs, toilet, space for bicycles and kayaks, exterior space for passengers during nice weather, gasoline engine fumes smell less than diesel;
- 4.speed: average speed of 25 knots;
- 5.flexibility: can dock itself in locations without installations; can transport more than 2 tons of material;
- 6.security: Unsinkable;
- 7.Local purchase: boat built in Quebec, maximizing the financial spinoffs

On the other hand, because of its limited length (40 feet), its light weight and the changing and rough maritime conditions of the Lower North Shore, we are unable to show without a doubt that, in the case of rough seas (more than 1 meter waves), that this boat will remain fast and comfortable for the passengers.

For the comfort, we recommend chartering, during rough seas of summer 2013, a new P-040, which will be in operation in Havre Saint-Pierre, to determine if the handling of the boat corresponds to a minimum of comfort for the passengers and if it can maintain its high speed.

For the speed, we studied various scenarios including that of an average of 15 knots per day instead of the desired 25 knots. Even at 15 knots, the service can operate with departures at 05 :00 in the morning and transfers by minibus from Natashquan to Kegaska and/or Blanc-Sablon to Vieux Fort to meet the boat. These two maritime sectors are known to be the roughest of the Lower North Shore.

It is obvious, with the demographic projections of the area (**decrease of 20% in the population between 2006 and 2031**), that the revenue growth of these future shuttles rest on tourism and not on the residents unless the tourism industry can sufficiently develop to generate employment and become a factor for a portion of the population remaining in the sector.

Basse-Côte-Nord

Superficie en terre ferme (2011)	41 159,7 km2
Densité de population (2011)	0,1 hab/km2
Population totale (2011)	5 287 hab.
0-14 ans	933 hab.
15-24 ans	752 hab.
25-44 ans	1 311 hab.
45-64 ans	1 540 hab.
65 ans et plus	751 hab.
Solde migratoire interrégional (2010-2011)	-31 hab.
Perspectives démographiques (variation 2031/2006)	- 20,0 %
Travailleurs de 25-64 ans (2010)	1 841
Taux de travailleurs de 25-64 ans (2010)	62,1 %
Revenu d'emploi moyen des travailleurs de 25-64 ans (2010)	37 121 \$
Taux de faible revenu des familles (2009)	19,5 %
Revenu disponible des ménages par habitant(2011)	21 843 \$
Valeur totale des permis de bâtir (2011)	..
Valeur foncière moyenne des maisons unifamiliales (2012)	61 248 \$

Source : Institut de la Statistique du Québec, february 2013

Important note regarding the passenger transport permit

The Quebec law for maritime transport of passengers stipulates that all businesses must obtain, from the Commission des Transports du Québec (CTQ), an operating permit. It is not impossible that Air Labrador and le Groupe Desgagnés oppose such a request for a new permit on the basis that they already offer the service to passengers and that it could hinder their income. The ministère des Transports du Québec confirmed to us that the service contract binding the Quebec government and le Groupe Desgagnés, for the service to the North Shore leaving from Rimouski, does not contain any exclusivity clause for the transport of passengers. It is also equally noted that if the maritime shuttle service connects, even occasionally, with a port outside of Quebec (such as St-Barbe, Newfoundland, as planned), a title of interprovincial service, a permit from the CTQ is then no longer necessary, would not be within their jurisdiction.

Improvement to tourist attractions

A tourism development plan should soon be updated by the CLD du Golfe du Saint-Laurent. Several projects were identified :

New accommodations, internet cafes in Mont-Parent (Blanc-Sablon)

- New accommodations, internet cafe in Mont-Parent (Blanc-Sablon)
- Interpretation centre on the archeological remains in the area of Blanc-Sablon
- Improvement on Green Island (Blanc-Sablon)
- The promotion of Fort Courtemanche (Blanc-Sablon)
- Entreprise Pec-Nord in Saint-Augustin (giant scallops)
- Promotion of Île Sainte-Marie (ornithology), Chevery (accommodations in the Keeper's house)

In order to properly serve the anticipated clients from the rapid maritime shuttles, to maximize the local economic spinoffs and to insure the sustainability of the service through short-term profitability, we estimate that the following developments be carried out :

- Increase the capacity for tourist accommodations in Harrington Harbour (B&B 3 suns) of at least 5 units or signature units (such as fully-equipped tents);
- Financial support program for current establishments to improve the quality of their accommodations by one star or sun;
- Insure a bilingual tourist reception in Tête-à-la-Baleine, Harrington Harbour and Natashquan;
- Make sure that the current tourist attractions and activities are available from June 1st till October 1st, as of 2015;
- Develop in Natashquan, Harrington Harbour, Tête-à-la-Baleine and Blanc-Sablon, with the current restaurants, meals of a regional flavour and offer for sale, for travel souvenirs, food from local, typical plant-fruits;
- Develop a rustic maritime lunch site on the îles du Rigolet between Saint-Augustin and La Tabatière (with gazebo and toilet);
- Develop two lodging complexes of 6 fully-equipped tents (Huttopia style) and distance them on two of the Islands of the Lower North Shore for nautical activities (sea kayak, Kitesurfing, fishing) and for ecotourism (ornithology, flora, marine mammals). A site to the east, and the other site to the west, close to two of the communities;
- Identify, structure (make accessible) and label the local art (franco, anglo, innu)
- Identify, create a flagship tourist attraction, in the following communities with one or two persons in charge of tourism: Nutashquan, Kegaska, La Romaine, Chevery, Mutton Bay/La Tabatière, Saint-Augustin (Innu and non-aboriginal community), Vieux-Fort;
- Acquire two minibuses of 12 passengers (+ baggage) : 1 based in Natashquan to offer tours in Minganie/Anticosti and 1 based in Blanc-Sablon to offer tours in Bonne-Espérance, Labrador and Newfoundland;

Use the website www.icebergfinder.com on the strait of Belle-Isle in order to commercialize, at the last minute, the observation of icebergs

Business model: (Alberte Marcoux explanations to Mr. Perron/PAR Conseils that if CoSte is the promoter of the Fast maritime Shuttle it will be more feasible) following this communication the business model suggest in the study have changed. To help you understand the reasons why CoSte has to be the promoter.

Following a 2 hour discussion with the MRC Golfe-St-Laurent where they wish that Coste include local entrepreneurs to their shuttle project, ex: ground transportation (minibus), we have decided to remove the two minibuses from the project. Mr. Anthony Dumas showed interest in the ground transportation of BS/OFB. Certain details remain to be validated for this purpose. I also contacted Mr. Beaudry in Natashquan to verify any interest he may have in this regard. Should he not be interested, we have the option of renting or purchasing a vehicle for the Minganie. Its already included in our actual financing that we received for the period of 2013-2015.

If Coste integrates the fast maritime shuttle into its operations directly, the sale price will be that which was presented in your study. If not, 20% must be added to your price.

The Gross margin: This shows that we cannot decrease the gross margin of the OBNL because a decrease in the sales price would compromise the capacity for the OBNL to show a profit.

The gross margin increases year after year because the volume of traffic increases while the initial price remains the same.

The gross margin average presented in the result statement is smaller than that presented in the sales price calculation because the resident and group sales have a lesser sales price.

ADMINISTRATIVE FEES:

This is where the scenario gets tougher because if it is a new stucture it should approximately resemble this (Josée added a few dollars compared to your costs) but we, Coste, will only have 20% of the gross margin and we will have to re-calculate some additional costs to establish our sales network on the ground. Whereas if it Coste that integrates we can normally make economies to expenditures and still generate a better profit margin.

It is a brief summary, there are other distinctions to be made but Josée from the CLD of Minganie will be able to highlight all the details during the May 9th meeting plan with you and the director of Tourisme Québec.

6. Recommended business model

6.1 The business model

In order to obtain the economic development objectives through tourism in Minganie and the Lower North Shore, by decompartmentalizing the territory by the sea between Natashquan and Blanc-Sablon;

In order to supply the equipment and services at a reasonable cost controlled by the community with the benefits returning directly back to the community in a perspective of sustainable development;

We recommend that the acquisition of equipment and the operations be assigned to the non-profit tourism cooperative COSTE who, by way of their vast network of members throughout the Minganie and the Lower North Shore, can adequately represent the region. In addition, with its travel agency licence, COSTE can legally offer and sell the different tour packages necessary for the profitability of the maritime shuttles. Also, a new objective would be added to the cooperative: to equip the residents with an economical alternative for traveling while allowing the development of its tourism SMEs and the job creation which is attached to it.

This organisation, owner of the two ships and the various related equipment (trailers, docks, computers) will take care of the management of the maritime staff and the transport operations in its totality. The opportunity to provide the cooperative, COSTE, with an offer of exclusive tourism products, essential to ensuring its sustainability, will therefore be provided.

This service will be highly structuring for the Lower North Shore and the north shore in its entirety by creating a new, quality tourism offer making it possible to link Blanc-Sablon and the Minganie, on a regular basis, while maximizing the benefits in the local communities.

6.2 Structure and timetable

- COSTE is owner of the ships, the trailers and the three docks recommended. The agency integrates this new service into its regular operations;
- COSTE operates the ships and rents mini-buses, whenever necessary, between Natashquan/Kegaska and Blanc-Sablon-Old Fort when the weather conditions will require it;
- In order to avoid duplicating the organizations in the context of the scarcity of qualified human resources, the complete inventory of seats for the two ships (including the maritime excursions departing from Blanc-Sablon/St-Barbe) are exclusive to COSTE who takes responsibility for selling them and managing the reservations and the passengers;
- It is the responsibility of COSTE to insure profitability per day of operation and per vessel (see below « **les points morts** ») even if in reality, it is the entire season which will show the profitability and the sales objectives attained to insure the coverage of the expenses and the long-term sustainability of the vessels (occupancy rate of 65% to 75% from 2014 to 2016);

Captains

Considering we will be operating 2 vessels, we will need 2 captain-guides per vessel. For the first ship, the one operating between Natashquan - Tête-à-la-Baleine, there will be 2 captain-guides working in rotation of 4d/3d (return trip).

For the second ship, there will be a captain-guide working the route Blanc-sablon to Tête-à-la-Baleine and another captain, who will offer excursions of Blanc-Sablon to Red Bay, alternating every two days of the season of operation.

The weekly operating cost in salary and payroll deductions is \$1200 per captain.

Operations supervisors

A person will be in charge of management and operations of the ships for a period of 6 months/year. A weekly salary of \$1000 has been planned for this purpose.

To allow for achievement of business objectives, with the summer of 2014 as the first year of operations, the following steps have to be taken:

- **August 2013.** Navigability tests on the Lower North Shore with the type of vessel chosen for winds of more than 50km/hr.
- **September 2013.** Funding confirmed and contract given to shipyard.
- **September 2013.** Travel packages for 2014 developed and transmitted to receptive agencies and intra-Quebec (ex : Voyages CAA) of Quebec in collaboration with Tourisme Duplessis and Québec-Maritime.
- **January-March 2014.** Recruiting and staff training.
- **February to June 2014.** Marketing³ in Quebec in collaboration with Tourisme Duplessis and with Newfoundland and Labrador of new services and travel packages.
 - i. Promotion with Radio-Canada in Québec on the television and the web
 - ii. Publicity⁴ in the promotional tools of Newfoundland and Labrador
- **April 2014.** Purchasing and installation of the three docks. Mooring agreements with the various harbour authorities.
- **June 2014.** New equipment tests.
- **July 2014.** Commence operations.

³ The electronic and paper brochure of the new maritime service and travel packages will be provided by Coste

⁴ With excursions departing from St-Barbe, the OSBL must also be regarded as a tourist activity of Newfoundland and Labrador.

6.3 Estimated financial statements

The cooperative COSTE, like economical development tools through tourism and offering a new service of transport for residents of the region, aims for minimum profitability to ensure the sustainability of the service and the renewal of its equipment.

It costs **\$997 500** to start the project of which 80% comes from, in respect to capital costs, from a program of Tourisme Québec : *Aide au développement touristique au nord du 49^e parallèle*.

Année 1

COÛTS			FINANCEMENT		
Fonds de roulement			Promoteurs		
ENCAISSE FDR	13%	125 000,00 \$	APPORT MONÉTAIRE	20,00%	199 500,00 \$
STOCKS AU DÉMARRAGE	0%	- \$	APPORT AUTRES	0,00%	- \$
FOURNITURES AU DÉMARRAGE	0%	- \$	APPORT FOURNITURES	0,00%	- \$
FRAIS DE SERVICES AU DÉMARRAGE	0%	- \$	APPORT FRAIS DE SERVICES	0,00%	- \$
	0%		TRANSFERT D'ACTIFS	0,00%	- \$
	0%		MARGE DE CRÉDIT	0,00%	- \$
Total	13%	125 000,00 \$	Total	20,00%	199 500,00 \$
Immobilisations			Subventions		
TERRAIN	0%	- \$	GVT QC MTO - 49 ^e parallèle	80,00%	798 000,00 \$
BÂTIMENT ET INFRASTRUCTURES	5%	45 000,00 \$		0,00%	- \$
PORTUAIRES				0,00%	- \$
BATEAU	83%	825 000,00 \$		0,00%	- \$
ÉQUIPEMENTS ET MOBILIER	0%	- \$		0,00%	- \$
ŒUVRE D'ART	0%	- \$		0,00%	- \$
MATÉRIEL ROULANT	0%	- \$		0,00%	- \$
ÉQUIPEMENTS INFORMATIQUES	0%	2 500,00 \$		0,00%	- \$
PETITS ÉQUIPEMENTS DIVERS	0%	- \$		0,00%	- \$
AMÉLIORATIONS LOCATIVES	0%	- \$		0,00%	- \$
MATÉRIEL ROULANT-VÉHICULE LOURD ET LOCATIF	0%	- \$	Total	80,00%	798 000,00 \$
BREVETS ET DROITS	0%	- \$			
	0%	- \$	Prêts		
				0,00%	- \$
				0,00%	- \$
Total	87%	872 500,00 \$	Total	0,00%	- \$
TOTAL	100%	997 500,00 \$	TOTAL	100,00%	997 500,00 \$

In the following table from the projected financial statements prepared by the CLD Minganie, we note that according to the scenario of anticipated traffic, as of the second year of operation (2015), the break-even point is reached with \$11 945,90 in profits. Note that the results are presented from January 1st to December 31st each year.

In appendix 8, you will find projected statements in detail.

État des résultats annuels

Période du 1er janvier au 31 décembre

VENTES	2014		2015		2016	
	\$	%	\$	%	\$	%
SERVICES	280 283,00	100%	482 894,00	100%	648 193,00	100%
Bateau 1 - Navette segment NAT - TAB	128 660,00	46%	241 800,00	50%	274 000,00	50%
Bateau 2 - Navette segment B8 - TAB	70 907,00	25%	131 174,00	27%	140 348,00	26%
Bateau 2 - Excursions	80 826,00	29%	110 180,00	23%	131 784,00	24%
PRODUITS	0,00	0%	0,00	0%	0,00	0%
AUTRES REVENUS	0,00	0%	0,00	0%	0,00	0%
TOTAL VENTES	280 283,00	100%	482 894,00	100%	648 193,00	100%
COÛT DES VENTES						
STOCKS DÉBUT	0,00	0%	0,00	0%	0,00	0%
+ ACHATS ET TRANSPORT	228 380,61	87%	389 098,80	79%	584 476,28	72%
CMV - BATEAU 01 segment NAT - TAB	111 062,01	43%	182 848,28	38%	182 278,44	33%
Charges salariales - capitaine (2x)	28 800,00	11%	48 900,00	10%	40 930,20	9%
Charges sociales employeur - capitaine	5 760,00	2%	9 780,00	2%	9 987,84	2%
Assurances liées au transport maritime	4 000,00	2%	4 080,00	1%	4 101,00	1%
Entretien et carburant bateau	62 992,00	24%	107 777,28	22%	105 705,00	19%
Entretien, quaiage et remisage hivernal	5 000,00	2%	5 100,00	1%	5 202,00	1%
Frais de location matériel roulant-15places	3 500,01	1%	6 120,00	1%	6 342,40	1%
Permis et provision diverse	1 000,00	0%	1 020,00	0%	1 040,40	0%
CMV - BATEAU 02 segment B8 - TAB	68 974,90	29%	101 006,08	21%	108 026,94	19%
Charges salariales - capitaine (4/7)	16 457,16	6%	27 977,16	6%	28 536,66	5%
Charges sociales employeur - capitaine (4/7)	3 291,44	1%	5 595,42	1%	5 707,32	1%
Assurances liées au transport maritime (4/7)	2 085,72	1%	2 331,44	0%	2 378,08	0%
Entretien et carburant bateau	32 512,00	12%	58 033,92	12%	59 104,80	11%
Entretien, quaiage et remisage hivernal (4/7)	2 857,14	1%	2 914,28	1%	2 972,56	1%
Frais de location matériel roulant-15places	2 000,01	1%	3 570,00	1%	3 641,40	1%
Permis et provision diverse (4/7)	571,43	0%	582,88	0%	594,32	0%
CMV - BATEAU 02 excursions	47 646,11	18%	78 284,20	16%	86 108,60	16%
Charges salariales - capitaine (3/7)	12 342,84	5%	20 982,84	4%	21 402,54	4%
Charges sociales employeur - capitaine (3/7)	2 468,56	1%	4 195,58	1%	4 280,52	1%
Assurances liées au transport maritime (3/7)	1 714,28	1%	1 748,56	0%	1 783,52	0%
Entretien et carburant bateau	28 448,00	11%	49 743,36	10%	54 906,00	10%
Entretien, quaiage et remisage hivernal (3/7)	2 142,86	1%	2 185,72	0%	2 229,44	0%
Permis et provision diverse (3/7)	438,57	0%	437,14	0%	445,88	0%
CMV - FRAIS DIRECTS DE VENTES	7 808,49	3%	19 888,04	4%	24 084,00	4%
Frais de transactions Interac/carte de crédit (3% x ventes)	7 808,49	3%	14 468,04	3%	16 384,00	3%
Frais de commission Agence et Grossiste	0,00	0%	5 400,00	1%	7 680,00	1%
= STOCK DISPONIBLE	228 380,61	87%	389 098,80	79%	584 476,28	72%
- STOCKS FIN	0,00	0%	0,00	0%	0,00	0%
= COÛT DES VENTES	228 380,61	87%	389 098,80	79%	584 476,28	72%
MARGE BRUTE	51 902,49	19%	93 895,20	21%	163 716,72	28%
FRAIS D'EXPLOITATION						
FRAIS DE VENTES	105 188,00	40%	78 864,00	17%	86 948,28	16%
Charges salariales-ventes	25 999,98	10%	26 520,00	5%	27 050,40	5%
Charges sociales employeur	5 200,02	2%	5 304,00	1%	5 410,08	1%
Frais de formation	26 516,00	10%	0,00	0%	0,00	0%
Honoraires professionnels	12 000,00	5%	12 240,00	3%	12 484,80	2%
Frais de déplacements	10 000,00	4%	10 200,00	2%	10 404,00	2%
Frais de représentation	0,00	0%	0,00	0%	0,00	0%
Frais marketing / communications	25 000,00	10%	25 000,00	5%	30 000,00	5%
Matériel et petits équipements	0,00	0%	0,00	0%	0,00	0%
Location équipements	0,00	0%	0,00	0%	0,00	0%
Entretien et réparations	0,00	0%	0,00	0%	0,00	0%
Autres-divers	450,00	0%	600,00	0%	600,00	0%
FRAIS D'ADMINISTRATION	4 360,00	2%	4 678,00	1%	4 867,68	1%
FRAIS FINANCIERS	0,00	0%	0,00	0%	0,00	0%
AMORTISSEMENTS	4 300,00	2%	3 608,50	1%	3 334,87	1%
TOTAL FRAIS D'EXPLOITATION	113 818,00	44%	87 861,50	18%	89 941,71	17%
BÉNÉFICES (PERTES)	(79 915,61)	-31%	11 946,90	2%	67 715,01	11%

6.3.1 Anticipated traffic

The financial results are based on the following hypothesis for each of the three principale activities : Natashquan/Tête-À-La-Baleine link return trip; Blanc-Sablon-Tête-À-La-Baleine link return trip and maritime excursion in the Blanc-Sablon-Labrador sector. We anticipate the ships occupancy rates at 65% in year 1; 70% in year 2 and 75% in year 3.

ÉVALUATION CAPACITÉ MAXIMALE DU BATEAU

Afin d'évaluer le réalisme des projections annuelles, nous avons établi un certain nombre de données de base pour nous permettre d'évaluer la capacité maximale. Le calcul de cette capacité maximale repose sur les données suivantes

Hypothèses capacité maximale du bateau	Bateau 1 - Segment NAT - TAB		
	Année 1	Année 2	Année 3
Nbre maximal de passagers / traversée	12 passagers	12 passagers	12 passagers
Nbre de jour avec traversée / semaine	7 jrs	7 jrs	7 jrs
Nbre maximal de semaines opérationnelles / saison	10 semaines	18 semaines	18 semaines
Nbre maximal de traversées à pleine capacité / saison	70 traversées	122 traversées	122 traversées
Nbre maximal de jours d'opération / saison	70 jrs	122 jrs	122 jrs
Capacité maximale de passagers / saison	840 passagers	1 464 passagers	1 464 passagers

Hypothèses du nombre total de passages vendus par année	Bateau 1 - Segment NAT - TAB		
	Année 1	Année 2	Année 3
% incapacité (météo, bris, volume client pointe ou insuffisant)	35%	30%	25%
% de capacité retenue comme base de calcul d'achalandage total	65%	70%	75%
Capacité maximale de passagers / saison	840 passagers	1 464 passagers	1 464 passagers
Nbre total de passages (aller-retour) prévu	546 passagers	1 025 passagers	1 098 passagers

1.1.2 SERVICE - Bateau 2 navette maritime rapide Segment BS - TAB aller-retour

ÉVALUATION CAPACITÉ MAXIMALE DU BATEAU

Afin d'évaluer le réalisme des projections annuelles, nous avons établi un certain nombre de données de base pour nous permettre d'évaluer la capacité maximale. Le calcul de cette capacité maximale repose sur les données suivantes relativement au service de navette maritime rapide du bateau 2 pour le segment BS - TAB aller-retour

Hypothèses capacité maximale du bateau	Bateau 2 - Segment BS - TAB		
	Année 1	Année 2	Année 3
Nbre maximal de passagers / traversée	12 passagers	12 passagers	12 passagers
Nbre de jour avec traversée / semaine	4 jrs	4 jrs	4 jrs
Nbre maximal de semaines opérationnelles / saison	10 semaines	18 semaines	18 semaines
Nbre maximal de traversées à pleine capacité / saison	40 traversées	68 traversées	68 traversées
Nbre maximal de jours d'opération / saison	39 jrs	68 jrs	40 jrs
Capacité maximale de passagers / saison	480 passagers	816 passagers	816 passagers

Hypothèses du nombre total de passages vendus par année	Bateau 2 - Segment BS - TAB		
	Année 1	Année 2	Année 3
% incapacité (météo, bris, volume client pointe ou insuffisant)	35%	30%	25%
% de capacité retenue comme base de calcul d'achalandage total	65%	70%	75%
Capacité maximale de passagers / saison	480 passagers	816 passagers	816 passagers
Nbre total de passages (aller-retour) prévu	312 passagers	571 passagers	612 passagers

1.1.3 SERVICE - Bateau 2 excursions diverses

ÉVALUATION CAPACITÉ MAXIMALE DU BATEAU

Afin d'évaluer le réalisme des projections annuelles, nous avons établi un certain nombre de données de base pour nous permettre d'évaluer la capacité maximale. Le calcul de cette capacité maximale repose sur les données suivantes relativement au service du bateau 2 relativement aux produits d'excursions

Les excursions seront offertes à raison de 3 jours semaine en contrepartie du 4 jopurs semaine pour effectuer la navette maritime de BS - TAB

Hypothèses capacité maximale du bateau	Bateau 2 - Excursions		
	Année 1	Année 2	Année 3
Nbre maximal de passagers / excursion	12 passagers	12 passagers	12 passagers
Nbre de jour avec excursion / semaine	3 jrs	3 jrs	3 jrs
Nbre d'excursion / jour	2	2	2
Nbre maximal de semaines opérationnelles / saison	10 semaines	18 semaines	18 semaines
Nbre maximal d'excursions à pleine capacité / saison	60 traversées	108 traversées	108 traversées
Nbre maximal de jours d'opération / saison	30 jrs	54 jrs	54 jrs
Capacité maximale de passagers / saison	720 passagers	1 296 passagers	1 296 passagers

Hypothèses du nombre total de passages vendus par année	Bateau 2 - Excursions		
	Année 1	Année 2	Année 3
% incapacité (météo, bris, volume client pointe ou insuffisant)	50%	50%	40%
% capacité maximale prévue comme base de calcul	50%	50%	60%
Capacité maximale de passagers / saison	720 passagers	1 296 passagers	1 296 passagers
Nbre total de passages (aller-retour) prévu	360 passagers	648 passagers	778 passagers

The risks of cancellation (incapacity) due to bad weather were taken into consideration in these projections. The climatological charts of the Saint-Lawrence (Fisheries & Oceans Canada) present the monthly averages of wind, waves, freezing spray, visibility, atmospheric pressure, temperature of the water and air of the seaway and the gulf. They were prepared by using meteorological observations of the highest quality from Canadian archives. However, it should be noted that local effects, for example those due to topography and those acting up only very close to the coastline, are not represented on the charts.

June: http://www.climat-quebec.qc.ca/htdocs/img/p_climatologie_du_StLaurent/vvv/qlfvvv06.pdf

July: http://www.climat-quebec.qc.ca/htdocs/img/p_climatologie_du_StLaurent/vvv/qlfvvv07.pdf

August: http://www.climat-quebec.qc.ca/htdocs/img/p_climatologie_du_StLaurent/vvv/qlfvvv08.pdf

September: http://www.climat-quebec.qc.ca/htdocs/img/p_climatologie_du_StLaurent/vvv/qlfvvv09.pdf

References: http://www.climat-quebec.qc.ca/home.php?id=clim_st_laur&mpn=stats

On the Chevery-Harrington Harbour boat taxi, we observed, for this daily service, that in July-August 2012, 7 days presented difficult conditions at sea (winds greater than 50 km/h) during the entire day or in part.

6.3.2 Production costs

ANALYSE DU COÛT DE REVIENT DES SERVICES POUR ÉTABLISSEMENT DU PRIX DE VENTE

Pour établir le coût de revient, nous utilisons le total annuel du coût des ventes associé aux frais de transport maritime présenté à l'état des résultats annuels et divisons ce montant par le nombre de passager prévu. De la même façon, nous avons calculé un coût par traversée ainsi qu'un coût d'opération par jour.

BATEAU 1 - Segment NAT - TAB

	Année 1	Année 2	Année 3
CMV - BATEAU 01 Segment NAT - TAB	111 052,01 \$	182 849,28 \$	182 278,44 \$
Nbre total de passages (aller-retour) prévu	546 passagers	1 025 passagers	1 098 passagers
CMV - Frais de transport maritime / passager	203,39 \$	178,39 \$	166,01 \$
Nbre minimum de passagers / traversée	9 passagers	10 passagers	11 passagers
Nombre de traversées nécessaire/saison	62 traversée	104 traversée	100 traversée
CMV - Frais de transport maritime / traversée	1 791,16 \$	1 758,17 \$	1 822,78 \$
Nbre maximal de jours d'opération / saison	70 jrs	122 jrs	122 jrs
CMV - Frais de transport maritime / jour	1 586,46 \$	1 498,76 \$	1 494,09 \$

6.4 Revenue and break-even

The sales price sits between the cost of the maritime service of the Groupe Desgagnés and airfare in the sector. The value added from this discrepancy with the current maritime service is constituted by the fact that:

1. The rapid shuttles offer daily service from Natashquan (and not once/week);
2. The service is personalized by small groups and real-time commentary made by the captain-guide;
3. Boarding and disembarking is fast and simple just like a taxi.

Le prix présenté ici, est le prix établi pour la clientèle touristique en fonction de rendement de marge brute souhaité et de façon à maintenir la stabilité du prix de vente.

Bateau 1 - Segment NAT - TAB	Année 1	Année 2	Année 3
CMV - BATEAU 01 Segment NAT - TAB	203,39 \$/passager	178,39 \$/passager	166,01 \$/passager
Rendement de marge brute minimal	18%	29%	33%
Établissement du prix de vente (passage aller-retour)	248,04 \$	251,25 \$	247,78 \$
BATEAU 2 - Segment NS- TAB	Année 1	Année 2	Année 3
CMV - BATEAU 02 Segment BS - TAB	192,23 \$/passager	176,89 \$/passager	168,34 \$/passager
Rendement de marge brute minimal	20%	28%	31%
Établissement du prix de vente (passage aller-retour)	240,29 \$	245,68 \$	243,97 \$
BATEAU 2 - Excursions	Année 1	Année 2	Année 3
CMV - BATEAU 02 excursions	132,07 \$/passager	122,37 \$/passager	109,39 \$/passager
Rendement de marge brute minimal	25%	30%	30%
Établissement du prix de vente (excursion / personne)	176,09 \$	174,81 \$	156,27 \$

One should not lose sight of the fact that the rate for tourists will be part of a package including accommodations, meals and guided visits.

In addition, as one saw in the traffic scenarios, the use of the maritime shuttles will not solely be passengers making a round trip circuit from Natashquan to Blanc-Sablon. Actually, just like the residents, many tourists will travel to only part of the territory, such as round trip Natashquan to Tête-À-La-Baleine or round trip Blanc-Sablon to Harrington Harbour. In order to calculate revenue, we put, by shuttle, the number of tourists and residents travelling the entire route, but in reality, without the revenue changing, more travellers will be using only part of the maritime service.

6.5 Additional impacts generated by tour packaging

To residents, the maritime shuttle service will offer a price for transportation only, while for tourists, only package tours including accommodations will be offered. Therefore the anticipated incomes listed in the projected financial statements presented in the business plan only covers the “maritime transport” portion of the tourists stay in the region. For information purposes only, for the 1st year of operation, taking into account an occupancy rate of 65% and an equitable distribution between its tour packages, in addition to the income generated from transport, Voyage CoSte, in 2014, has the potential to sell to 1478 tourists for an estimated value of \$439,000 (average stay of 3 nights). With the maritime transport included, the additional income of CoSte on the Lower North Shore would be approximately \$769,000 distributed amongst the local tourist service suppliers.

- **2 nights/3 days stay** – 7 meals from Natashquan or from Blanc-Sablon to Harrington Harbour with local guided tours;
- **2 nights/3 days** - 7 meals from Natashquan or Blanc-Sablon to Tête-à-la-Baleine with local guided tours;
- **“Discover” the Lower North Shore tour package 4 nights/5 days** – 14 meals from Natashquan or Blanc-Sablon including 2 nights in Harrington Harbour and 2 nights in Tête-à-la-Baleine;
- **“The Total Package” departing from Natashquan or from Blanc-Sablon, 9 nights**, 19 meals : 2 in Natashquan with visits of the attractions and an ATV excursion; 2 nights in Harrington Harbour including the visits; 2 nights in Tête-à-la-Baleine with local guided tours and 3 nights in Blanc-Sablon including maritime excursion, at Red Bay, the museums of Bonne Espérance, the Labadie scallop farm.
- **Tour packages à la carte** with accommodations in Kegaska, La Romaine, La Tabatière, Saint-Augustin, Bonne Espérance and/or combined with accommodations in Havre St-Pierre, Longue-Pointe-de-Mingan, Rivière-Au-Tonnerre, Sept-Îles or Anticosti.
- **Maritime excursion of 8 heures** (depending on the season) from Blanc Sablon-Saint-Barbe every two days: find your iceberg, discover Green Island and l’île-au-Bois, the scallop farm, the national historical site of Red Bay, marine mammals and ornithology, Saint-Paul’s river and bay.