



GREAT LAKES PILOTAGE AUTHORITY

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SUMMARY

OF THE CORPORATE PLAN

2011 to 2015

Approved by the Board
October 28, 2010

Includes:

Operating Budget – 2011

Capital Budget - 2011

GREAT LAKES PILOTAGE AUTHORITY **SUMMARY OF 2011-2015 CORPORATE PLAN**

MANDATE

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The *Pilotage Act* provides that the pilotage tariffs shall be fair, reasonable and sufficient and, together with any revenue from other sources, shall permit the Authority to operate on a self-sustaining financial basis.

BACKGROUND

The Great Lakes Pilotage Authority, Ltd. was established in February 1972 pursuant to the *Pilotage Act*, incorporated as a limited company in May 1972, and was continued under the *Canada Business Corporations Act*. Until October 1st, 1998, it operated under the name of Great Lakes Pilotage Authority, Ltd. Pursuant to the *Canada Marine Act*, which received Royal Assent on June 11 1998, the name of the Authority was changed to Great Lakes Pilotage Authority and the Authority is deemed to have been established under subsection 3(1) of the *Pilotage Act*. The Authority is a Crown corporation listed in Schedule III, Part I of the *Financial Administration Act*. On October 1st, 1998, the Authority ceased to be a subsidiary of the St. Lawrence Seaway Authority and has surrendered its charter under the *Canada Business Corporations Act*.

POWERS

To carry out its responsibilities the Authority has made regulations, approved by Order-in-Council, pursuant to the *Pilotage Act* for:

1. The establishment of compulsory pilotage areas.
2. The prescription of the ships or classes of ships subject to compulsory pilotage.
3. The prescription of the classes of pilot licenses and classes of pilotage certificates that may be issued.
4. The prescription of the tariffs of pilotage charges to be paid to the Authority for pilotage services

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In addition, the Authority is empowered by the *Pilotage Act* to:

1. Employ such officers and employees, including licensed pilots, as required.
2. Contract with a body corporate for the services of licensed pilots.
3. Make by-laws respecting the management of its internal affairs.
4. Purchase, lease or otherwise acquire land, buildings, pilot boats and such other equipment and assets as may be required and to dispose of any such assets acquired.
5. Borrow money for the purpose of defraying the expenses of the Authority.
6. With the approval of the Minister of Finance, invest any money not immediately required for the purposes of the Authority in bonds or other obligations of or guaranteed by Her Majesty in right of Canada and Provincial Treasury Bonds guaranteed by the Provincial Governments.

CORPORATE OBJECTIVES

The Authority's corporate objectives are summarized as follows:

- To provide economic, safe, reliable and comprehensive marine pilotage and related services in its region of responsibility.
- To promote the effective utilization of the Authority's facilities, equipment and expertise through the productive application of these resources in such activities and geographic areas as may be appropriate in the interest of safe navigation.
- To provide the above services within a commercially-oriented framework directed toward achieving and maintaining financial self-sufficiency at the least cost to the user.
- To be responsive to the Government's environmental, social and economic policies.

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DESCRIPTION OF THE OPERATIONS

The Authority operates in the interest of safety, a marine pilotage service in all Canadian waters in the Provinces of Ontario, Manitoba and in Quebec south of the northern entrance to the St. Lambert Lock.

Services are provided through the performance of pilotage assignments to those vessels entering the region which are subject to compulsory pilotage by pilots employed by the Authority, using pilot boats contracted by the Authority and dispatch services, both controlled through Pilotage Headquarters at Cornwall.

The Authority must co-ordinate its efforts and operations with a number of other organizations such as The St. Lawrence Seaway Management Corporation and the United States Seaway Development Corporation, who operate the lock facilities, and maintain traffic control systems within the Region; the Canadian Coast Guard, who provide aids to navigation and the United States Coast Guard, who are responsible for the United States pilotage matters in international waters.

The Great Lakes Pilotage region is divided as follows:

- Cornwall District
- International District No. 1
- Lake Ontario
- International District No. 2 (including the Welland Canal)
- International District No. 3 (including Lakes Huron, Michigan and Superior)
- The Port of Churchill, Manitoba

CORPORATE GOVERNANCE

Corporate Governance is the process of establishing and monitoring, the policies and procedures which will ensure the stewardship of the business and affairs of the Authority, including financial viability.

The Authority's Board of Directors is comprised of a Chairman, two Pilot representatives, two Shipping Industry representatives and two representatives of the public interest. This structure provides effective channels of communication and encourages better understanding of the requirements of the major users.

The Canada Marine Review Panel has recommended that the present Board

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structure be included in the *Pilotage Act*.

The Chairman and two Board members are also designated as members of the Audit Committee. At regular meetings, the Audit Committee reviews the financial performance of the Authority. After the Audit Committee's review, the financial statements are presented at the meeting of the Board of Directors for formal acceptance.

During 2010, the Board of Directors engaged the services of a professional accounting firm to serve as internal auditors of the Authority.

The Authority complies with the Treasury Board guidelines on corporate governance practices.

EXECUTIVE SUMMARY

The Authority's corporate objectives are summarized as follows:

- To provide economic, safe, reliable and comprehensive marine pilotage and related services in its region of responsibility.
- To promote the effective utilization of the Authority's facilities, equipment and expertise through the productive application of these resources in such activities and geographic areas as may be appropriate in the interest of safe navigation.
- To provide the above services within a commercially-oriented framework directed toward achieving and maintaining financial self-sufficiency at the least cost to the user.
- To be responsive to the Government's environmental, social and economic policies.

These objectives are established in the *Pilotage Act* 1972 and have been embraced by the Board of Directors as recent as the last Strategic Planning meeting held in August 2010.

The Authority was significantly affected by the recent economic downturn as its traffic volume decreased by 42% in the period covering 2008 and 2009. This unprecedented traffic reduction in the Great Lakes was linked directly to the American and Canadian steel industry slowdown which has caused the regular steel trade in the Great Lakes to be curtailed significantly as a result of the world wide recession of 2008 and 2009.

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The Authority took drastic cost cutting measures in June 2009 where it eliminated 15% of its workforce and associated costs as well as deferring wage increases, training expenses and other costs. The Authority worked directly with the stakeholders to determine the level of service required for the future once the economic conditions returned to past patterns. This exercise resulted in implementing an increase to the temporary tariff surcharge from 6% to 15% on all assignments after August 18, 2009 to be continued until December 31, 2010. The Authority has seen an increase in traffic in late 2009 and 2010. The increased traffic along with the cost reductions implemented in 2009 and the 2010 tariff increases will result in an operating surplus for 2010. The operating surplus for the Authority for 2010, given this traffic increase is forecasted to be \$1,424,000. This surplus will permit the Authority to reduce significantly its accumulated deficit as well as reducing its reliance on the line of credit which will not be required for the entire 2011 navigation season. The Authority will, nevertheless, request that the line of credit be approved at \$4,000,000 to offset unforeseen cash requirements in the 2011 operating year.

The 2011-2015 Corporate Plan is prepared in an uncertain and volatile economic environment although the economic conditions have improved in 2010 and most experts forecast a slow recovery. The Authority is planning on maintaining in 2011 the temporary tariff surcharge of 15% in all districts and introducing a 3% tariff increase to offset 2011 projected increases in costs associated with the 5-year collective agreements for pilots terminating in March 2012 and to generate a surplus in 2011 to offset some of the accumulated deficit forecasted to be \$4,086,000 at December 31, 2010. The Authority has decided that the accumulated deficit will be eliminated by the end of 2014.

The Authority's 2010 tariff initiative was published in Part I of the Canada Gazette on May 1, 2010 and has received approval on November 4, 2010, registration number SOR 2010-251. The tariff has been appealed to the Canadian Transportation Agency (CTA) by the Shipping Federation of Canada. The CTA has not ruled on this objection as of the date of this Corporate Plan. The Authority is confident the CTA will reject this tariff objection. In the case where the CTA does not support the Authority's tariff initiative, revenues in 2010 could be reduced by approximately \$350,000. Revenues in 2011 will be affected as the Authority would adjust its tariff in 2011 to account for any loss or revenues resulting from the CTA's decision.

The Authority is planning on amending its *Great Lakes Pilotage Regulations* relating to exemptions for Canadian ships. The plan is to publish in Part I of the Canada Gazette in late 2010 or early 2011 with implementation on January 1, 2013. The amendment will allow for a 2 year transition period which will result at the end of this period in the elimination of the 38 year old exemption system for Canadian ships. This will address the Auditor General of Canada's recommendation made in the 2008 Special Examination Report to the Authority in which a deficiency in the existing exemption system was highlighted.

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In 2009, the Authority deferred its internal audit project which was to determine whether the existing management practices and provisions adequately consider the quality and reliability of outsourced pilot boats to reduce the risk of delays in service. This exercise was deferred in order to reduce the Authority's professional fees by \$50,000 in 2009. It is the Authority's intention to complete the internal audit in 2011 to comply with the provision in the *Financial Administration Act* related to internal audits.

All collective agreements now in place for the office employees and the four pilot groups are not subject to renewal until 2011 and 2012 respectively, therefore, only the office employees' contract will be renegotiated in 2011. The management staff will follow the requirements of the Federal Government's Budget 2010 Costs Containment Measures for 2010.

The Authority has reduced its workforce by 15% in 2009 in reaction to the traffic reduction and is planning on maintaining its current workforce at this reduced level for 2011. The Authority will determine and adjust manpower levels during the year once 2011 traffic patterns are established.

The Authority will be incurring capital expenditures in 2011 and 2012 of \$100,000 per year to upgrade its present dispatch, billing and accounts receivable system and also its database software used for pilot simulator training. A budget of \$25,000 per year has been set aside for the rest of the planning period for software upgrades.

REVENUE AND TRAFFIC

The Authority works in an environment where the factors above can affect its operation significantly. The factors on their own or in concert with each other cannot be forecasted with any accuracy and leaves the Authority waiting to see the effects once changes in the environmental factors is experienced. The industry and users have indicated that they are willing to fund pilotage during the periods when demand is low as they cannot afford any delays when demand increases. We have seen that in times when demand increases slightly (1%) delays can increase significantly which becomes very costly to the users. The 2011-2015 Corporate Plan is prepared in an uncertain and volatile economic environment although the economic conditions have improved in 2010 and most experts forecast a slow recovery.

The Authority forecast inflation to be at 2% per year for the planning period and interest rates to be at the same level as 2010. The impact of interest rates on the Authority's plan is in the form of interest charges on its line of credit which are included in the expense section of the income statement.

Also, the Authority has collective agreements, service contracts and leases that it must honor during the planning period as these are explained in this section.

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COLLECTIVE LABOUR AGREEMENTS

The Authority has five Collective Agreements, four with Pilot Corporations and one with Public Service Alliance of Canada (P.S.A.C.) which represents the clerical staff and despatchers employed by the Authority. The four collective agreements with the Pilot Corporations have been renegotiated for a five year period and will expire March 31, 2012. The pilots and the Authority have also entered into agreement to give up their right to strike and withhold services for a period of five years up to March 31, 2012. The Authority collective agreement with P.S.A.C. employees has been renegotiated for a five year period and will expire June 30, 2011.

PILOT BOAT CONTRACTS

The Authority contracts for pilot boat services at both Port Weller and Port Colborne. These contracts are in place up to the end of the 2011 navigation season.

Both of these pilot boats (including crew) are at a fixed rate per month. The cost of obtaining this service is approximately \$550,000 per annum for both contracts.

LAND TRANSPORTATION CONTRACTS

The contract for Land Transportation services to transfer pilots between St. Lambert and Beauharnois, Quebec, and Cornwall, Ontario will expire on December 31, 2011. The contract for Land Transportation services to transfer pilots between Cornwall, Ontario and Snell Lock (U.S.), St. Lambert, Quebec and Cape Vincent, New York will expire on December 31, 2011. The contract for the Land Transportation services to transport pilots to points in the area of the Welland Canal will expire on December 31, 2010.

The cost of obtaining these services will be directly related to the volume of assignments. The cost for 2011 is estimated to be \$350,000.

It is difficult to forecast these cost increases over the planning period because of the upward pressure on oil and gas prices and insurance costs. The exact effect of these increases cannot be forecasted at this time.

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SUMMARY OF 2011-2015 CORPORATE PLAN

LEASES

The Authority relocated its head office to a new location in 1994. The head office facility is under a five (5) year lease, which expires in 2014. This lease has an annual cost of approximately \$85,000 for 2010 and increases as per the Canadian Consumer Price Index for 2011 and subsequent years. The landlord is the St. Lawrence Seaway Management Corporation.

COMPUTER SYSTEM SUPPORT

The Authority has a computer software and Web-site support agreement with Klein Systems of Vancouver, B.C. for a fixed annual price of \$21,000 per year. This agreement is a yearly one and can be terminated without cost at any time.

GREAT LAKES PILOTAGE AUTHORITY
CORPORATE PLAN
STATEMENT OF HUMAN RESOURCES AT YEAR END

| | ACTUAL 2005 | ACTUAL 2006 | ACTUAL 2007 | ACTUAL 2008 | ACTUAL 2009 | FORECAST 2010 | BUDGET 2011 | BUDGET 2012 | BUDGET 2013 | BUDGET 2014 | BUDGET 2015 |
|--|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| ADMINISTRATION | | | | | | | | | | | |
| CEO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| ADMINISTRATIVE OFFICERS | 4 | 5.0 | 6 | 6 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| ADMINISTRATIVE SUPPORT | 3.5 | 3.5 | 3 | 3 | 2.5 | 2.5 | 3 | 3 | 3 | 3 | 3 |
| TOTAL | 8.5 | 9.5 | 10 | 10 | 9 | 9 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 |
| OPERATION | | | | | | | | | | | |
| FULL TIME PILOTS | 60 | 59 | 60 | 61 | 53 | 53 | 53 | 53 | 53 | 53 | 53 |
| CONTRACT PILOTS (.5) | 4 | 1 | 3 | 2 | 7 | 7 | 6 | 4 | 4 | 3 | 3 |
| DISPATCHERS (Full time) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| DISPATCHERS (Part time) (.5) | 2 | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | 71 | 68.5 | 70 | 71 | 65 | 65 | 64.5 | 63.5 | 63.5 | 63 | 63 |
| TOTAL MANPOWER | 79.5 | 78.0 | 80.0 | 81.0 | 74.0 | 74.0 | 74.0 | 73.0 | 73.0 | 72.5 | 72.5 |
| FULL TIME PILOTS AT DECEMBER 31 | | | | | | | | | | | |
| | 2010 | | | 2011 | | | | | | | |
| CORNWALL DISTRICT | 19 | | | 19 | | | | | | | |
| DISTRICT NO. 1 | 7 | | | 7 | | | | | | | |
| LAKE ONTARIO | 5 | | | 5 | | | | | | | |
| DISTRICT NO. 2 | 19 | | | 19 | | | | | | | |
| DISTRICT NO. 3 | 3 | | | 3 | | | | | | | |
| | 53 | | | 53 | | | | | | | |
| CONTRACT PILOTS (.5) AT DECEMBER 31 | | | | | | | | | | | |
| CORNWALL DISTRICT | 2 | | | 2 | | | | | | | |
| DISTRICT NO. 1 | - | | | - | | | | | | | |
| LAKE ONTARIO | 1 | | | 1 | | | | | | | |
| DISTRICT NO. 2 | 3 | | | 3 | | | | | | | |
| DISTRICT NO. 3 | 1 | | | - | | | | | | | |
| CHURCHILL | - | | | - | | | | | | | |
| | 7 | | | 6 | | | | | | | |
| TOTAL PILOTS | 56.5 | | | 56 | | | | | | | |

GREAT LAKES PILOTAGE AUTHORITY

SUMMARY OF 2011-2015 CORPORATE PLAN

INCOME STATEMENT:

GREAT LAKES PILOTAGE AUTHORITY CORPORATE PLAN

(000'S)

| | ACTUAL 2008 | ACTUAL 2009 | FORECAST 2010 | BUDGET 2011 | BUDGET 2012 | BUDGET 2013 | BUDGET 2014 | BUDGET 2015 |
|------------------------------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| REVENUES | | | | | | | | |
| PILOTAGE | \$ 15,647 | \$ 12,189 | \$ 15,311 | \$ 15,807 | \$ 17,072 | \$ 18,438 | \$ 18,991 | \$ 19,561 |
| TEMPORARY SURCHARGE | 289 | 1,315 | 2,297 | 2,371 | 1,707 | 1,106 | - | - |
| INVESTMENTS | 29 | 5 | 2 | 5 | 10 | 15 | 25 | 35 |
| OTHER | 64 | 75 | 280 | 280 | 295 | 310 | 310 | 310 |
| TOTAL | \$ 16,029 | \$ 13,584 | \$ 17,890 | \$ 18,463 | \$ 19,084 | \$ 19,869 | \$ 19,326 | \$ 19,906 |
| EXPENSES | | | | | | | | |
| PILOT WAGES | \$ 7,956 | \$ 7,543 | \$ 7,144 | \$ 7,781 | \$ 7,768 | \$ 7,884 | \$ 7,978 | \$ 8,139 |
| PILOT OVERTIME | 1,433 | 889 | 1,400 | 1,440 | 1,650 | 1,750 | 1,750 | 1,750 |
| PILOT PRODUCTIVITY | 708 | 56 | 702 | 725 | 950 | 1,100 | 1,100 | 1,100 |
| PILOT FRINGE BENEFITS | 1,955 | 1,891 | 1,793 | 1,953 | 1,950 | 1,979 | 2,002 | 2,043 |
| OPERATION SALARIES | 795 | 756 | 756 | 773 | 785 | 797 | 813 | 829 |
| OPERATION FRINGE BENEFITS | 192 | 180 | 197 | 201 | 204 | 207 | 211 | 216 |
| TRAVEL EXPENSES | 1,022 | 892 | 1,200 | 1,220 | 1,260 | 1,320 | 1,340 | 1,375 |
| PILOT BOAT | 592 | 607 | 850 | 850 | 875 | 895 | 910 | 920 |
| LAND TRANSPORTATION | 467 | 363 | 450 | 460 | 490 | 525 | 535 | 545 |
| PILOT LAPTOP & NAVIGATION SOFTWARE | 161 | 81 | 106 | 107 | 112 | 117 | 117 | 117 |
| EMPLOYEE FUTURE BENEFITS | (495) | 543 | 280 | 290 | 300 | 310 | 320 | 330 |
| COMMUNICATION | 47 | 46 | 50 | 50 | 50 | 50 | 50 | 50 |
| DISPATCH SERVICES | 51 | 42 | 60 | 65 | 70 | 75 | 75 | 75 |
| UTILITIES, SUPPLIES & RENT | 156 | 180 | 125 | 100 | 100 | 100 | 100 | 100 |
| TRAINING | 110 | - | 77 | 75 | 80 | 80 | 85 | 85 |
| TOTAL | \$ 15,150 | \$ 14,069 | \$ 15,190 | \$ 16,090 | \$ 16,644 | \$ 17,189 | \$ 17,386 | \$ 17,674 |
| OPERATING MARGIN | \$ 879 | \$ (485) | \$ 2,700 | \$ 2,373 | \$ 2,440 | \$ 2,680 | \$ 1,940 | \$ 2,232 |
| ADMINISTRATION EXPENSES | | | | | | | | |
| SALARIES | \$ 574 | \$ 587 | \$ 577 | \$ 612 | \$ 621 | \$ 630 | \$ 639 | \$ 649 |
| FRINGE BENEFITS | 154 | 140 | 150 | 159 | 159 | 161 | 164 | 166 |
| UTILITIES AND RENT | 111 | 76 | 90 | 93 | 95 | 100 | 105 | 110 |
| DIRECTOR FEES | 51 | 52 | 50 | 50 | 50 | 50 | 50 | 50 |
| DIRECTOR TRAVEL | 72 | 52 | 50 | 50 | 50 | 50 | 50 | 50 |
| ADMINISTRATION TRAVEL | 104 | 55 | 60 | 60 | 60 | 60 | 60 | 60 |
| COMMUNICATION | 12 | 14 | 15 | 15 | 15 | 15 | 15 | 15 |
| EMPLOYEE FUTURE BENEFITS | (149) | 112 | 75 | 75 | 75 | 80 | 80 | 85 |
| PROFESSIONAL FEES | 74 | 154 | 100 | 100 | 100 | 100 | 100 | 100 |
| TRAINING | 6 | 1 | - | 5 | 5 | 5 | 5 | 5 |
| AMORTIZATION | 62 | 70 | 49 | 55 | 68 | 60 | 64 | 66 |
| BAD DEBT EXPENSE | 25 | 22 | - | - | - | - | - | - |
| INTEREST EXPENSE | 20 | 45 | 60 | 40 | 10 | 5 | - | - |
| TOTAL | \$ 1,116 | \$ 1,380 | \$ 1,276 | \$ 1,314 | \$ 1,308 | \$ 1,316 | \$ 1,332 | \$ 1,356 |
| SURPLUS (LOSS) FOR THE YEAR | \$ (237) | \$ (1,865) | \$ 1,424 | \$ 1,059 | \$ 1,132 | \$ 1,364 | \$ 608 | \$ 876 |
| PILOT NUMBERS | 62.5 | 56.5 | 56.5 | 56 | 55 | 55 | 54.5 | 54.5 |
| EFFECTIVE PILOTS | 62.5 | 54 | 54 | 56 | 55 | 55 | 54.5 | 54.5 |
| TARIFF ADJUSTMENTS | 2.5% | 4.0% | 4.5% | 3% | 3% | 3% | 3% | 3% |
| TEMPORARY SURCHARGE | 2.0% | 6%-15% | 15.0% | 15% | 10% | 6% | 0% | 0% |
| RATE OF INFLATION | 2.2% | 1.5% | 1.7% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| RATE OF WAGE INCREASE | 2.50% | 1.5% to 3% | 1.5% to 3% | 1.5% to 3% | 1.5% | 1.5% | 2.0% | 2.0% |
| TRAFFIC INCREASE (DECREASE) | -17% | -25% | 25% | 0% | 5% | 5% | 0% | 0% |
| ASSIGNMENTS | 5,694 | 4,260 | 5,325 | 5,325 | 5,590 | 5,870 | 5,870 | 5,870 |

GREAT LAKES PILOTAGE AUTHORITY

SUMMARY OF 2011-2015 CORPORATE PLAN

BALANCE SHEET

GREAT LAKES PILOTAGE AUTHORITY CORPORATE PLAN

(000'S)

| | ACTUAL 2009 | FORECAST 2010 | BUDGET 2011 | BUDGET 2012 | BUDGET 2013 | BUDGET 2014 | BUDGET 2015 |
|--|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| ASSETS | | | | | | | |
| CURRENT ASSETS | | | | | | | |
| CASH | \$ - | \$ 278 | \$ 237 | \$ 271 | \$ 290 | \$ 302 | \$ 260 |
| SHORT TERM INVESTMENTS | - | 1,200 | 2,400 | 3,600 | 5,100 | 6,000 | 7,100 |
| ACCOUNTS RECEIVABLE | 1,598 | 2,070 | 2,130 | 2,190 | 2,280 | 2,210 | 2,280 |
| | 1,598 | 3,548 | 4,767 | 6,061 | 7,670 | 8,512 | 9,640 |
| LONG TERM INVESTMENTS | | | | | | | |
| LONG TERM INVESTMENTS - REGULAR | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| FIXED ASSETS | 586 | 599 | 699 | 799 | 824 | 849 | 874 |
| LESS: ACCUMULATED DEPRECIATION | (431) | (480) | (535) | (603) | (663) | (727) | (793) |
| | 155 | 119 | 164 | 196 | 161 | 122 | 81 |
| TOTAL ASSETS | \$ 1,753 | \$ 3,667 | \$ 4,931 | \$ 6,257 | \$ 7,831 | \$ 8,634 | \$ 9,721 |
| LIABILITIES | | | | | | | |
| BANK INDEBTEDNESS AND BANK OVERDRAFT | \$ 874 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 3,396 | 4,500 | 4,590 | 4,659 | 4,729 | 4,824 | 4,920 |
| ACCRUED EMPLOYEE FUTURE BENEFITS | 2,911 | 3,171 | 3,286 | 3,411 | 3,551 | 3,651 | 3,766 |
| TOTAL LIABILITIES | 7,181 | 7,671 | 7,876 | 8,070 | 8,280 | 8,475 | 8,686 |
| SHAREHOLDER EQUITY | | | | | | | |
| COMMON STOCK | - | - | - | - | - | - | - |
| CONTRIBUTED CAPITAL | 82 | 82 | 82 | 82 | 82 | 82 | 82 |
| ACCUMULATED DEFICIT | (5,510) | (4,086) | (3,027) | (1,895) | (531) | 77 | 953 |
| | (5,428) | (4,004) | (2,945) | (1,813) | (449) | 159 | 1,035 |
| TOTAL LIABILITIES AND EQUITY | \$ 1,753 | \$ 3,667 | \$ 4,931 | \$ 6,257 | \$ 7,831 | \$ 8,634 | \$ 9,721 |

GREAT LAKES PILOTAGE AUTHORITY

SUMMARY OF 2011-2015 CORPORATE PLAN

STATEMENT OF CASH FLOWS

GREAT LAKES PILOTAGE AUTHORITY CORPORATE PLAN

(000'S)

| | ACTUAL 2009 | FORECAST 2010 | BUDGET 2011 | BUDGET 2012 | BUDGET 2013 | BUDGET 2014 | BUDGET 2015 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-------------------|
| CASH PROVIDED BY (USED IN): | | | | | | | |
| <u>OPERATING ACTIVITIES</u> | | | | | | | |
| NET SURPLUS (LOSS) FOR THE YEAR | \$ (1,865) | \$ 1,424 | \$ 1,059 | \$ 1,132 | \$ 1,364 | \$ 608 | \$ 876 |
| ITEMS NOT REQUIRING CASH | | | | | | | |
| EMPLOYEE FUTURE BENEFITS | 46 | 260 | 115 | 125 | 140 | 100 | 115 |
| AMORTIZATION | 70 | 49 | 55 | 68 | 60 | 64 | 66 |
| UNREALIZED GAINS ON INVESTMENTS | | | | | | | |
| AMORTIZATION OF DISCOUNT | | | | | | | |
| ON INVESTMENTS | - | - | - | - | - | - | - |
| GAIN ON DISPOSAL OF PROPERTY | | | | | | | |
| AND EQUIPMENT | - | - | - | - | - | - | - |
| NET CHANGE IN NON CASH | | | | | | | |
| WORKING CAPITAL | (897) | 632 | 30 | 9 | (20) | 165 | 26 |
| | <u>\$ (2,646)</u> | <u>\$ 2,365</u> | <u>\$ 1,259</u> | <u>\$ 1,334</u> | <u>\$ 1,544</u> | <u>\$ 937</u> | <u>\$ 1,083</u> |
| <u>INVESTING ACTIVITIES</u> | | | | | | | |
| PURCHASE OF INVESTMENTS | - | (1,200) | (2,400) | (3,600) | (5,100) | (6,000) | (7,100) |
| DISPOSAL OF INVESTMENTS | 1,709 | - | 1,200 | 2,400 | 3,600 | 5,100 | 6,000 |
| PROCEEDS FROM DISPOSAL OF | | | | | | | |
| PROPERTY AND EQUIPMENT | - | - | - | - | - | - | - |
| ACQUISITION OF CAPITAL ASSETS | (3) | (13) | (100) | (100) | (25) | (25) | (25) |
| | <u>\$ 1,706</u> | <u>\$ (1,213)</u> | <u>\$ (1,300)</u> | <u>\$ (1,300)</u> | <u>\$ (1,525)</u> | <u>\$ (925)</u> | <u>\$ (1,125)</u> |
| INCREASE (DECREASE) IN CASH | (940) | 1,152 | (41) | 34 | 19 | 12 | (42) |
| CASH, BEGINNING OF YEAR | 66 | \$ (874) | 278 | 237 | 271 | 290 | 302 |
| CASH, END OF YEAR | <u>\$ (874)</u> | <u>\$ 278</u> | <u>\$ 237</u> | <u>\$ 271</u> | <u>\$ 290</u> | <u>\$ 302</u> | <u>\$ 260</u> |

GREAT LAKES PILOTAGE AUTHORITY
SUMMARY OF 2011-2015 CORPORATE PLAN

CAPITAL BUDGET

GREAT LAKES PILOTAGE AUTHORITY

CORPORATE PLAN

(000'S)

| | ACTUAL 2009 | FORECAST 2010 | BUDGET 2011 | BUDGET 2012 | BUDGET 2013 | BUDGET 2014 | BUDGET 2015 |
|------------------------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| BUILDINGS | \$ - | \$ - | \$ - | | \$ - | \$ - | \$ - |
| FURNITURES & FIXTURES | - | - | - | - | - | - | - |
| COMPUTER HARDWARE & SOFTWARE | 3 | 13 | 100 | 100 | 25 | 25 | 25 |
| | \$ 3 | \$ 13 | \$ 100 | \$ 100 | \$ 25 | \$ 25 | \$ 25 |

In 2011 and 2012, the Authority plans to spend \$75,000 each year on upgrades to its present dispatch/billing/accounts receivable computer system. During the planning period, the Authority plans to spend \$25,000 per year on upgrades to the database used for training of Authority pilots at the pilot simulator in Quebec City.