

PACIFIC PILOTAGE AUTHORITY

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SUMMARY OF THE

CORPORATE PLAN

2015 TO 2019

Includes:

OPERATING BUDGET

2015

CAPITAL BUDGET

2015

Vision Statement:

‘To be a world leader in marine pilotage’

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Executive Summary

While the Authority overall experienced a successful year in 2013, the marine industry that we serve continues to struggle with the ongoing issue of overcapacity and limited cargo opportunities. The charter rates for the vessels that we pilot remain well below the level of economic sustainability and continue to be a concern going forward. As a result of these issues facing our customers, the Authority took the step of keeping the tariff below cost for 2013 and 2014. We posted a small deficit in 2013 and will post larger deficits in 2014, 2015 and 2016 as we utilize the surplus we have built up over the last few years. This action was planned and agreed to in order to assist our customers.

On the operational side there were 13,602 assignments in 2013, which is a five percent increase in ships moved compared to 2012. We expect to see a slight decrease in 2014 assignments of approximately two percent. The two most important factors in meeting our mandate of providing a safe and efficient pilotage operation on the west coast of Canada, is our safety record and the number of delays to vessels caused by the Authority. On the safety side, our record on the west coast remains high with just five minor incidents reported in 2013 for a success ratio of 99.96 percent and on the delay side we had a success ratio of 99.98 percent. We will continue to work with industry and the pilots in order to reach the elusive 100 percent success ratio for both safety and reliability.

Strategically we continue to strive towards the vision of being a world leader in marine pilotage. To this end we have put in place a Quality Performance Policy, which formalizes amongst other items pilot training and peer reviews; introduced an enterprise risk management policy; updated our computer system to meet the needs of the industry including on-line ordering, pro-forma invoice calculations and sailing window calculations; and lastly established a sustainability policy dealing with environmental concerns and human resource issues.

We continued our outreach program in 2013 and 2014 visiting ports and communities and sharing information on the safety of shipping on the west coast of Canada. Looking at a commodity basis, our customer base remains well diversified yet very dependent on the export of resource commodities to Asian markets.

We have supported many of the energy sector proponents by participating in open houses explaining the role of the Pacific Pilotage Authority in maintaining navigational safety and protecting the pristine waters of the British Columbia (B.C.) coast. Ensuring public understanding and social license in the face of the anti-tanker ground swell will continue to be a challenge as the many energy projects move ahead.

There are 16 proposed liquid natural gas (LNG) projects for the B.C. coast, with 9 National Energy Board approved licenses and 31 Project Partners as of the date of this report. Locations for the projects include Campbell River, Delta, Kitimat, Kitsault, Port Alberni, Prince Rupert, Squamish and Stewart.

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Only one of the projects has started construction. All of these projects are at different stages of readiness and the Authority continues to monitor their timelines and service needs. It is the responsibility of the Authority to ensure we are ready to service these developments if and when they become operational.

The marine industry and stakeholders we serve place great emphasis on stability and avoiding service level disruptions. To this end we have signed long-term contracts with our service providers, wherever possible. We have a five-year contract in place with the British Columbia Coast Pilot (BCCP), and we also have contracts in place with hotels, airlines and other transportation companies wherever it makes sense. We also have seven-year collective agreements in place with three unions covering our launch masters, engineers, dispatchers, and office staff and employee pilots.

We will be purchasing a 10 year old pilot launch in 2014, in order to serve the Pine Island and Cape Beale regions off Vancouver Island. This vessel is being brought into service primarily to replace a 40 year old vessel currently serving the Pine Island region.

In 2014, we introduced helicopter services into the service mix in Prince Rupert and Cape Beale. It is expected that helicopter transfers will become a significant portion of Prince Rupert assignments over the next five years.

We are committed to following the spirit and intent of the government's ongoing cost containment and deficit reduction measures. We have conducted a thorough review of all discretionary spending and have incorporated all opportunities for operational efficiencies into our corporate plan. At the same time we have to balance our responsibilities to the Canadian economy and stakeholders by ensuring our operation is capable of responding to any service level required.

For the years 2015 through 2019, we will continue to pursue our mandate of providing a safe, efficient and cost effective pilotage operation on the west coast of Canada by meeting our strategic objectives, maintaining excellent relationships with our stakeholders, and remaining committed to becoming a world leader in marine pilotage.

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Mandate

The mandate of the Authority is to establish, operate, maintain, and administer in the interest of safety, an efficient pilotage service within the regions set out in respect of the Authority, on a basis of financial self-sufficiency.

Profile of the Authority

Background

The Pacific Pilotage Authority was established February 1, 1972, pursuant to the *Pilotage Act*, 1970-71-72, Chapter 52. The Pacific Pilotage Authority is a Schedule III, Part I, *Financial Administration Act* (FAA) Crown corporation comprised of a Chair and six Board members appointed by Governor-in-Council.

The Authority is not an agent of the Crown.

Powers

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

1. Establishing compulsory pilotage areas;
2. Prescribing the ships or classes of ships that are subject to compulsory pilotage;
3. Prescribing classes of pilot's licences and classes of pilotage certificates that may be issued;
4. Prescribing the tariffs of pilotage charges to be paid to the Authority for pilotage services.

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

1. Employ such officers and employees, including licenced pilots, as are required;
2. Contract with a body corporate for the services of licenced pilots;
3. Make by-laws respecting the management of its internal affairs;
4. Purchase, lease, or otherwise acquire land, buildings, pilot launches and such other equipment and assets as may be required and to dispose of any such assets acquired.

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Corporate Objectives

The Authority's Corporate Objectives are:

1. To provide safe, reliable and efficient marine pilotage and related services in the coastal waters of British Columbia, including the Fraser River;
2. To implement sustainable practices within the Authority and contribute to government's environmental, social and economic policies as they apply to the marine industry on the Pacific coast of Canada;
3. To provide the services within a commercially-oriented framework, by maintaining financial self-sufficiency, through a combination of cost management and tariffs that are fair and reasonable;
4. To achieve the highest productivity of the Authority's resources in the interest of safe navigation;
5. To assume a leadership role in the marine industry we serve, by facilitating decisions resulting in improvements to navigational safety and the efficiency of marine operations.

Vision Statement

The Authority's vision statement is '**To be a world leader in marine pilotage**'.

Mission Statement

The Pacific Pilotage Authority is dedicated to providing safe, efficient pilotage by working in partnership with pilots and the shipping industry to protect and advance the interests of Canada.

Corporate Values

Management and Board members review the Authority's Corporate Values annually to ensure their continued relevance and applicability. The Corporate Values are:

1. *Honesty/Integrity* - We will ensure honesty and integrity in everything that we do. We share responsibility for being effective, accountable and acting appropriately. We consider the outcome of decisions for all those affected before we implement change. We act with visible integrity and openness, and support each other in these actions.
2. *Positive Stakeholder Relations* - We will work hard to maintain positive relations with all stakeholders including the shipping industry, the pilots and their respective organizations, our employees, the communities in which we operate and all other related individuals and organizations.

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3. *Service Quality* - We strive for excellence in all our activities. We continuously learn, develop and improve. We take pride in our work and in the services we provide to our clients and partners.
4. *Accountability/Responsibility* - We are accountable, as individuals, team members and as an organization for our actions and our decisions. We make effective and efficient use of the resources provided to us. We adhere to our policies and procedures, our mission and objectives, and to the Regulations governing us. When our commitment to innovation is at odds with existing procedures, we will work within the system to achieve positive change and improvement.
5. *Adaptability and Innovation* - We value innovation and creativity. We encourage and support originality and diversity of thought. As individuals and as teams, working with our internal and external partners, we welcome new ideas and methods to enhance our service and the use of our resources.

What is the Pacific Pilotage Authority

International vessels of 350 gross tons or larger, while travelling in Canadian waters, are legally obliged to use the services of a Canadian marine pilot as per the Pilotage Act. The Pacific Pilotage Authority is a federal Crown corporation whose mandate is to administer this service in the waters of western Canada. Our area of jurisdiction encompasses the entire British Columbia coast, extending approximately two nautical miles from every major point of land. This jurisdiction includes the Fraser River and stretches from Alaska in the north to Washington State in the south and is one of the largest in the world.

Marine pilotage is all about safety as it serves to protect the environment and thus the interests of the Canadian people. We hold ourselves accountable to the Canadian public in this regard.

Description of Operations

The Authority is responsible for providing safe, reliable and efficient marine pilotage in the coastal waters of British Columbia, including the Fraser River. The Authority has established five areas subject to compulsory pilotage.

When a vessel intends to enter compulsory pilotage waters on the British Columbia coast, it will initiate an order for a pilot at a specified time, date and boarding station. A pilot either contracted to or employed by the Authority will carry out this assignment. Pilots are boarded on vessels by pilot launch or helicopter and are disembarked in similar fashion when a vessel leaves pilotage waters.

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The head office of the Authority is in Vancouver, British Columbia. Pilots are dispatched to their assignments through a central dispatch office in Vancouver and a traffic coordination office in Victoria.

During 2014, a workforce of approximately 100 contract pilots will provide coastal pilotage services. We expect this number to increase to 112 contract pilots over the 2015 to 2019 period. Additionally, there are eight employee pilots who pilot vessels on the Fraser River.

To provide pilots with water transportation to and from ships, the Authority operates pilot launches at three permanent boarding stations. These stations are Victoria, Prince Rupert and Steveston which have employee-crewed launches.

Additionally, a contract launch is operated at Pine Island (northern tip of Vancouver Island). This station is expected to perform approximately 400 pilot transfers during 2014 and in the plan years from 2015 to 2019, of which the majority will be cruise ship traffic. The cruise industry is the major user of this station since it allows their vessels a high degree of flexibility with regard to the Alaska cruises. The Authority will purchase a used pilot launch in 2014 in order to replace a 40 year old pilot launch currently servicing this area.

The Nanaimo Port Authority is also a contract launch operation carrying out pilot changes off Snake Island in the Nanaimo area.

On the west coast of Vancouver Island at Cape Beale, the Authority has a designated boarding station which services the Port Alberni region. The Authority has the ability to service this station by helicopter or by pilot launch.

In 2014, the Authority introduced helicopter pilot transfer services to the Prince Rupert region. It is expected that helicopter operations will make up 10% of all Prince Rupert assignments in 2015, and will progressively increase to 75% by 2019.

The Authority's jurisdiction covers the entire coastline of British Columbia. Due to the vast size and the fact our coastal pilots are licenced for the entire coast we feel our operation is virtually unique in the world. We service all major ports on the coast as compared to other jurisdictions that may only service one port. As can be seen in the diagram below, the most northern port we service is Stewart, with the shaded area to its left representing Alaska, United States of America (USA). In the southern area below Vancouver, the shaded area represents Washington State, USA.

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Please refer to the Authority's fiscal 2013 annual report for further corporate information.

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Corporate Governance

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

There are seven members on the Authority's Board of Directors, comprising a Chair, two pilot representatives, two shipping industry representatives and two representatives of the public interest. This structure provides effective channels of communication and represents a good balance between the major stakeholders. All members are Governor-in-Council (GiC) appointees.

The Authority complies with the Treasury Board guidelines on corporate governance practices. This includes Board self-assessments, a nomination committee for prospective Directors and the development of Director's skills criteria.

In addition, the Board has constituted several committees to focus on the major areas of the Authority. These committees are chaired by a Board member, have terms of reference and mandates and report directly to the Board on a regular basis.

- Audit Committee (AC) - the Chair and three Board members are also designated as members of the Audit Committee. The Audit Committee meets eight times per annum and members are expected to be financially literate. Its mandate includes responsibility for all financial matters, external audit, internal audit and insurance.
- Governance and Nominating Committee (GNC) – this Committee meets four times per annum or at the call of the Committee Chair. Its mandate is to provide a focus on corporate governance, recommend candidates for Board membership as well as the Chair and Chief Executive Officer (CEO) positions. This Committee also oversees new member Board orientation, the Board's self-assessment process, training and skills requirements, annual assessment of the Chair and succession planning of the Authority's management team.
- Human Resources and Compensation Committee (HRCC) – this Committee meets on an as needed basis or at the call of the Committee Chair.
- Pilot Training and Examination Committee (PTEC) – this Committee meets four times per annum. Its mandate is to conduct pilot examinations and review ongoing training programs for pilots. It is chaired by a Board member and includes members of the

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Authority's management and BC Coast Pilots. The Committee is joined by one external examiner during annual pilot examinations.

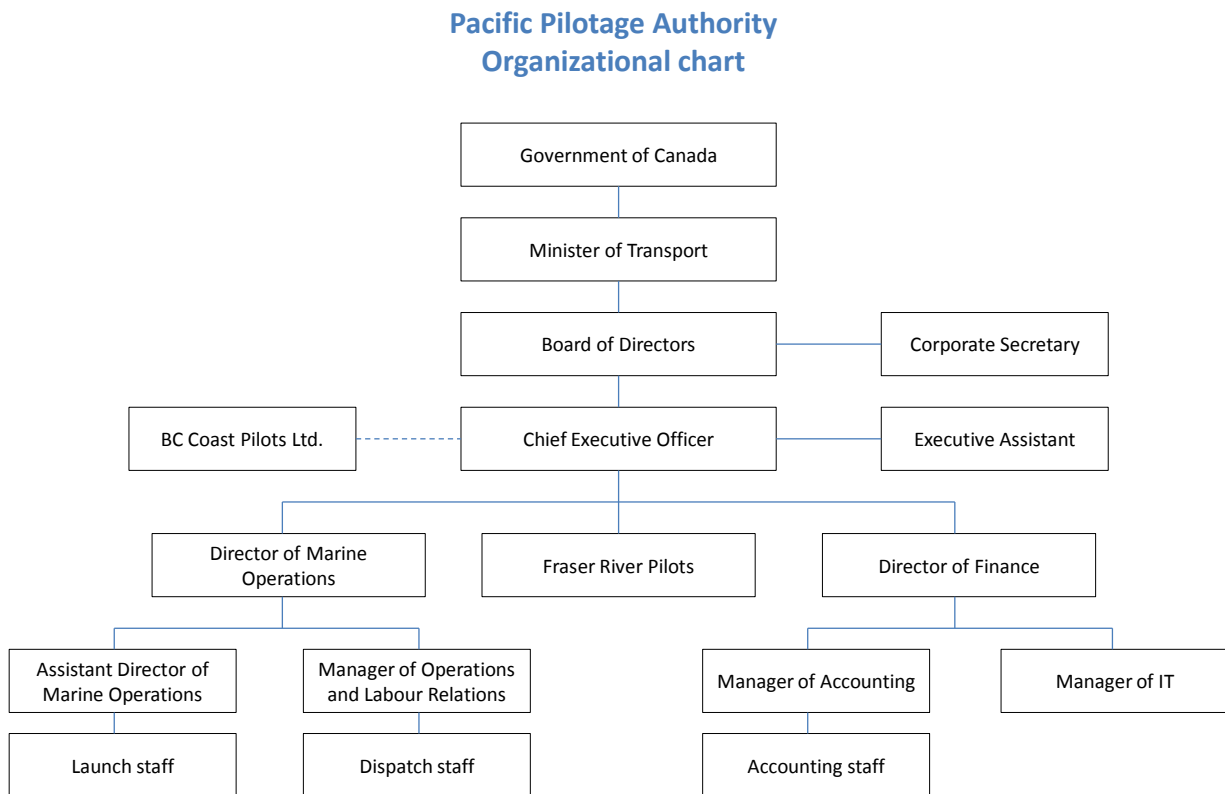
- Pilot Launch and Transportation Safety Committee (PLTSC) – this Committee meets at least twice per annum or more frequently as required. Members of this committee regularly attend launch stations to observe drills and inspect safety equipment. The Committee is responsible for establishing safety standards and monitoring the safe operation of pilot launches, water taxis, airplanes and helicopters utilized in the transfer of pilots to and from ships. It also ensures that the Authority adheres to regulations and safe practices issued by Transport Canada. It is composed of BC Coast and Fraser River pilots, Authority management and pilot launch personnel.
- Safety and Operating Review Committee (SORC) – this Committee works in conjunction with the Navigation and Pilotage Committee of the Chamber of Shipping and meets on an as needed basis. Its mandate is to review and assess pilotage practices and areas of concern and to seek solutions which result in improved safety and efficiency. It is composed of Authority management, BC Coast Pilots and members of the marine industry.
- Enterprise Risk Management (ERM) and Emergency Preparedness – this Committee meets up to four times per annum. Its mandate is to achieve a consistent approach to risk management throughout all operational areas of the Authority, enhance the culture of risk awareness throughout the Authority and its partners, and manage the level of residual risk that is within the Authority's tolerance levels. The role of the Committee consists of documenting the Authority's risks, categorizing and ranking them, and making non-binding recommendations to the Authority's Board of Directors. The Committee is composed of representatives from the BC Coast Pilots, the Fraser River Pilots, the dispatch department, the launch operations, the accounting department and the management team.

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Organizational Structure of the Authority

The Authority is managed by a CEO who reports to the Board through the Chair. There are eight management employees, eight employee pilots, eleven dispatchers, six administrative and twenty-six launch employees. One hundred entrepreneur marine pilots provide coastal pilotage services through their company, the British Columbia Coast Pilots Ltd (BCCP).

The Authority’s organization chart indicates the reporting structure.



The Authority has prepared succession plans for the senior management positions. These plans outline the recruitment process, skills criteria and timelines in the event of personnel change.

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Launch Stations and Office Facilities

In Victoria, the Authority leases property from the Greater Victoria Harbour Authority, at Ogden Point, in order to accommodate the pilot launches, floats and a workshop. In addition to the launch operation there is also a dispatch office owned by the Authority.

The Authority relocated to the current Vancouver head office facilities on December 1, 1999 and has renewed the office lease through to December 31, 2022.

Pilot Launches

The Authority's pilot launch fleet consists of five specially designed pilot launches. The Authority has implemented an enhanced planned maintenance program, which will ensure all service and safety demands are met in a timely, orderly and cost effective fashion. All launches are on a four-year Transport Canada inspection cycle. The newer launches perform the majority of the boardings with the older vessels being used mainly in a back-up role.

<u>Pilot Launches</u>	<u>Station</u>	<u>Date Built</u>	<u>Size</u>
Pacific Pilot Two	Victoria	1971	19.8 m
Pacific Pilot Four	Prince Rupert	1973	19.8 m
Pacific Pathfinder	Prince Rupert	2003	22.4 m
Pacific Navigator	Steveston	2008	19.5 m
Pacific Scout	Victoria	2008	19.5 m

The Authority will finance a sixth pilot launch in 2014 to primarily service the Pine Island area. It is expected that this launch will enter service early in 2015.

Government Policies

The Authority continues to comply with the requirements of the Human Rights Commission, the *Canadian Multiculturalism Act*, the *Employment Equity Act*, the *Official Languages Act*, the Equal Opportunity Program, the Federal Identity Program, the *Canadian Environmental Assessment Act*, the *Financial Administration Act – Section X* and the *Access to Information and Privacy Act*.

Enterprise Risk Management

An Enterprise Risk Management (ERM) program has been incorporated as part of the Authority's strategy and is well advanced in 'cultivating a culture of risk awareness' throughout the organization. All areas of the Authority's operations have been incorporated into this program, including contract and employee pilots, launches, dispatch and administration, along with the Board and management.

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The ERM Committee is chaired by a Board member and includes representation from each of the areas mentioned above. The Committee reports to the Board, meets quarterly, conducts scenario planning exercises and re-evaluates the risk register with a view to identifying new risks and mitigation measures.

The Authority remains committed to ensuring all risks have appropriate mitigation measures in place that are reviewed on a regular basis. Detailed risk descriptions and mitigation measures are kept current by the risk owners and are part of a comprehensive risk document. They are not included in this report due to their length. As a general rule, the risks rated high are reviewed at least once every three months, risks rated medium are reviewed at least once every six months and risks rated low are reviewed at least once every year. Additionally, risk owners, who are members of the management group, are required to make annual presentations of their risk(s) to the ERM Committee once a year and all risks are reviewed by the board on an annual basis.

Risk Categories

The Authority has categorized its risks in order to assist in identification and management of the risk.

- Strategic risk: risks emanating from the Authority's strategy and decision making.
- Financial risk: risks pertaining to liquidity, capital availability, capital structure.
- Organizational risk: risks emanating from the Authority's management of its human resources including leadership depth and quality, management and labour availability and cost, cultural, etc.
- Operational risk: risks emanating from the Authority's day-to-day operating processes and activities.
- External risk: risks emanating from external sources over which the Authority (although impacted) has little control (e.g. macro-economic volatility; industry structural change; political, etc.)
- Legal and regulatory risk: risks associated with the Authority's compliance with applicable laws and regulations.
- Incident risk: risks emanating from incidents (accidents, near misses, etc.) within the Authority's jurisdiction where a pilot is present on board ship.
- Emerging risks: un-rated risks that the Authority will keep reviewing from time to time in order to be proactive.

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Risk Ranking Methodology

The Authority categorizes risks on the basis of the following chart. Similar to the risks themselves, these limits are reviewed on a regular basis.

Impacts	Financial	Operational				Strategic	
		Human	Property	Vessel(s)	Environmental	Reputation	Disruption of Business
Extreme 5	Above \$10 million cash impact on the Authority	Multiple deaths And multiple people with serious long-term injury Intensive care	Damage to property is such that it ceases operations for a period of time exceeding one month or financial loss exceeds \$10 million	Vessel sinks or sustains so much damage that it is a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)	Sustained front page adverse national media coverage International media coverage	Threatens long-term viability of Authority (Operational cessation or major operational issues lasting more than one month)
Very High 4	Impact on the Authority between \$5 and \$10 million	Single death And multiple people with serious long-term injury Intensive care	Damage to facilities is such that operations cease for up to one month or financial loss of \$5 - \$10 million	Vessel sustains damage significant enough to result in towing to dry dock and loss of operations of up to one month	Incident causes sustained medium term harm to environment (i.e. damage lasts up to one month)	Front page adverse national media coverage and intermittent international coverage	Threatens viability of Authority in the medium term (Operational cessation or major operational issues lasting up to one month)
High 3	\$1 - \$5 million cash impact	Some people with serious long-term injury and multiple minor injuries	Damage to facilities is such that the operations cease for up to two weeks or financial loss of \$1 - \$5 million	Vessel sustains significant damage with dry docking and loss of operations for two weeks	Incident causes medium term harm to environment (i.e. damage lasts up to two weeks)	Intermittent adverse national media coverage	Threatens viability of Authority in the short term (Operational cessation or major operational issues lasting up to two weeks)
Medium 2	Between \$500,000 to \$1 million cash impact	One person with serious long-term injury Some minor injuries	Damage to facilities cause operations to cease for up to one week or financial impact of \$500,000 - \$1 million	Vessel sustains damage resulting in loss of operations for one week	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Sustained front page adverse local media coverage Board and Ottawa receive complaints from Chamber of Shipping and major clients	Operational issues lasting up to one week but no cessation of business
Low 1	Up to \$500,000 cash impact	Single or multiple minor injuries requiring on site first aid and/or off-site treatment	Damage to facilities cause operations to cease for up to 72 hours or a financial impact up to \$500,000	Minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours	Incident causes minimal or intermittent harm to environment over a period of time (i.e. damage lasts no greater than a day)	Intermittent adverse local media coverage Complaints received from Chamber of Shipping and/or clients	No operational issues or operational issues lasting up to 72 hours

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The risk table shows the current risks and ranking status as of this report.

Priority	Risk Title & Background	Category	Sub-Category	Likelihood (residual)	Impact (residual)	Risk Rating
1	Pilot Protocols and Participation in an Incident	Strategic	None	LOW	EXTREME	HIGH
2	Future Recruitment of Suitable Qualified Pilots	Strategic	None	LOW	EXTREME	HIGH
3	Failure of Key IT Applications	Operational	Technology	LOW	VERY HIGH	HIGH
4	Telecommunications failure (Voice and Data systems)	Operational	Technology	LOW	VERY HIGH	HIGH
5	Maintaining Good Stakeholder Relationships with the Shareholder	Strategic	None	MEDIUM	MEDIUM	MEDIUM
6	Maintaining Good Stakeholder Relationships with Pilots	Strategic	None	MEDIUM	MEDIUM	MEDIUM
7	Communication During an Incident (Media)	Operational	Communication	VERY LOW	VERY HIGH	MEDIUM
8	Economic Health of BC Coast Pilots Ltd.	External	Vendors	VERY LOW	VERY HIGH	MEDIUM
9	Training of Coastal Pilots	Organizational	Training	LOW	HIGH	MEDIUM
10	Management Succession	Organizational	Human Resources	LOW	HIGH	MEDIUM
11	Drugs and Alcohol	Operational	OH&S	LOW	HIGH	MEDIUM
12	Recruiting and Training of Launch Crew	Organizational	Training	LOW	HIGH	MEDIUM
13	Internal and External Fraud	Financial	Fraud	LOW	HIGH	MEDIUM
14	Financial Control Systems	Financial	None	LOW	HIGH	MEDIUM
15	Delay of Vessel due to the Authority	Operational	None	LOW	HIGH	MEDIUM
16	IT Vendor Issues	Operational	Technology	LOW	HIGH	MEDIUM
17	General Safety of Authority Launch Crews	Operational	OH&S	MEDIUM	MEDIUM	MEDIUM
18	Dispatch department knowledge loss and succession planning	Operational	None	MEDIUM	MEDIUM	MEDIUM

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Priority	Risk Title & Background	Category	Sub-Category	Likelihood (residual)	Impact (residual)	Risk Rating
19	Delay of Vessel due to External Issues	Operational	None	HIGH	LOW	MEDIUM
20	Changes and/or Shortcomings / Errors within Industry	External	None	MEDIUM	LOW	LOW
21	Changing Economic and Financial Conditions & Political Issues Affecting Traffic Volume	External	Financial	LOW	MEDIUM	LOW
22	Maintaining Good Stakeholder Relationships with the Marine Industry	Strategic	None	LOW	MEDIUM	LOW
23	Labour Management – Fraser River Pilots	Organizational	Human Resources	VERY LOW	HIGH	LOW
24	Labour Management – International Longshore & Warehouse Union	Organizational	Human Resources	VERY LOW	HIGH	LOW
25	Labour Management - Launch Crews	Organizational	Human Resources	VERY LOW	HIGH	LOW
26	General Safety of Pilots	Operational	OH&S	LOW	MEDIUM	LOW
27	Recruiting and Training of River Pilots	Organizational	Training	VERY LOW	HIGH	LOW
28	HR Management for the Authority	Organizational	Human Resources	VERY LOW	HIGH	LOW
29	Disaster and Emergency Planning	Operational	Hazard	VERY LOW	HIGH	LOW
30	Incident Management Coordination Across Borders	Incidents	Incident Management	VERY LOW	HIGH	LOW
31	Communication During an Incident (Government)	Incidents	Communication	VERY LOW	HIGH	LOW
32	General Safety of Authority Office Staff and Guests	Operational	OH&S	LOW	MEDIUM	LOW
33	Pandemic	Operational	OH&S	LOW	MEDIUM	LOW
34	New Technology and Subsequent Training - Pilots	Organizational	Technology	LOW	MEDIUM	LOW
35	Main Office Security	Operational	Security	LOW	MEDIUM	LOW
36	Compliance with Regulations and Legislation	Legal & Regulatory	Compliance	LOW	MEDIUM	LOW
37	New Technology and Subsequent Training - Authority	Organizational	Technology	LOW	MEDIUM	LOW
38	Security of Physical Assets	Operational	Security	LOW	MEDIUM	LOW

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Priority	Risk Title & Background	Category	Sub-Category	Likelihood (residual)	Impact (residual)	Risk Rating
39	Hazardous/Dangerous or Toxic Cargo	External	Hazard	LOW	MEDIUM	LOW
40	Accounts Receivable	Financial	None	LOW	MEDIUM	LOW
41	Recruitment and Training of Administration Staff	Organizational	Training	LOW	LOW	LOW
42	Incident Management Coordination within Canada	Incidents	Incident Management	VERY LOW	MEDIUM	LOW
43	Coordinating Multiple Investigations as a Result of a Cross-Border Incident	Incidents	Incident Investigation	VERY LOW	MEDIUM	LOW
44	Special Events Planning	Operational	Hazard	VERY LOW	MEDIUM	LOW
45	Ports and/or Terminals Significantly Changing the Way they do Business	External	None	MEDIUM	LOW	LOW
46	Financial Reserve/Tariff	Financial	None	LOW	LOW	LOW
47	Accounts Payable	Financial	None	VERY LOW	LOW	LOW
48	Issues Relating to Access to Shared Waterways	Emerging	None	Un-rated	LOW	Un-rated
49	Pilots Boarding Vessels Via Helicopter Hoisting	Emerging	None	Un-rated	LOW	Un-rated
50	Pilot Fatigue	Emerging	None	Un-rated	MEDIUM	Un-rated
51	Consistency of Bridge Layouts and New Equipment on Bridges	Emerging	None	Un-rated	MEDIUM	Un-rated
52	The PPA fails to Adequately Manage its Key Risks in an Efficient Manner	Emerging	None	Un-rated	LOW	Un-rated

Please refer to the Authority's latest annual report posted on the Authority's website for further information on the risk management programs as well as governance structures and processes that support it.

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Sources of Funding – Tariff

In order to finance its activities, the Authority charges users for its services through a tariff. Consistent with pilotage objectives, the tariff is intended to be fair, reasonable and sufficient to allow for a safe and efficient service. The Authority continues to place great emphasis on the full engagement process by consulting at length with industry prior to a tariff application being initiated.

Personnel Resources

In fiscal 2013, the Authority had 56 full time employees: 7 Fraser River pilots, 11 dispatchers, 26 pilot launch personnel and 12 management and administrative personnel.

In fiscal 2014, the Authority will increase its full time employees by two, adding one Fraser River pilot and one management employee. Employee numbers for fiscal 2015 are expected to remain stable.

The required complement of coastal pilots is established annually in relation to the projected assignments and announced retirements.

The Authority contracts with the British Columbia Coast Pilots Ltd. (BCCP) for coastal pilotage services. Currently, there are one hundred active pilot members of the BCCP who provide coastal pilotage services.

Replacement and Training of Pilots

The Authority holds pilot entry exams on an annual basis and in 2014 semi-annually (to increase the number of potential candidates) to assess candidates who have the necessary experience and skills to perform the job. In addition, pre-exam sessions have been held to inform prospective candidates of the necessary requirements.

The Authority also promotes and oversees a familiarization program, which is intended to supplement a candidate's coast wide knowledge, prior to writing the pilot exam. This program will allow a candidate to ride along with a senior pilot in an area of the coast the candidate may not be familiar with.

The Authority and BCCP have also participated in marine hiring fairs with the intention of increasing the hiring pool of suitable candidates with regard to the marine pilotage profession.

In order to ensure a highly qualified and skilled pilot workforce, the Authority places major emphasis upon selection and training of pilots. The pilot exam process consists of three parts. Firstly, a three-hour written exam on general ship knowledge based on the '500 tonne Master Near Coastal exam'. Next, a three and one-half hour exam paper on local knowledge. Finally, there is a three and one-half hour oral exam session.

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Depending on a candidate's background, the apprenticeship for a coastal pilot takes place over a minimum period of nine and one-half months through to a maximum of twenty-four months. During the official apprenticeship period the candidate will attend training courses for ship handling in France, ship simulation in Baltimore, USA, Bridge Resource Management training in Quebec and at the British Columbia Institute of Technology (BCIT), Vancouver, and tethered tug training in Seattle, USA. It is the Authority's desire to do as much training and education in Canada if the facilities were available and of the highest calibre. The training facilities used are state of the art and offer manned model handling and full mission bridge simulators. Additionally the candidates are trained in the use of the Portable Pilot Units (PPU's) and related software.

The manned model training facilities are currently located in France, Poland and the United Kingdom and they use manned 1:25 scale models of ships. These facilities are located on manmade lakes that can simulate currents, tides, tug boat assists, etc. The Authority will continue to evaluate new training facilities as they become available.

Using this facility to train on these scale models allows pilots to acquire deep sea ship-handling experience. Periodic training on scale models also helps to maintain pilot shiphandling skills at the highest level.

The ship models behave exactly like real ships, only much faster. Manned models sharpen the shiphandlers' natural senses of perception and anticipation and enable the ship's behaviour as a whole to be appreciated. These skills are paramount when manoeuvring a full size vessel.

The time scale also means that it is possible to perform five times as many manoeuvres. In other words, it is possible to perform as many manoeuvres in a 35-hour course as in 175 hours on the real ship.

The Pilot Training and Examination Committee (PTEC) regularly examines and compares training facilities on a worldwide basis to ensure our training standards and the instruction level is relevant, effective and valid.

At present, the cost for training each apprentice is approximately \$135,000, which includes remuneration, travel and course fees and is borne entirely by the Authority. The increase to a twenty-four month apprenticeship period will increase the cost to \$350,000 per pilot.

During the year 2013, three coastal pilots received their licences and four more apprentices were started into the program during the fourth quarter. These apprentices are scheduled to be licenced in 2014.

The Authority also conducts a Pilot Familiarization Program for interested candidates. This Program is limited to forty candidates (current enrolment is thirty-four) who participate in order to supplement and upgrade their coast-wide knowledge.

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The Authority expects to train and licence pilots over the corporate plan years as follows:

Year	Pilots Trained
Fiscal 2014	16
Fiscal 2015	8
Fiscal 2016	8
Fiscal 2017	8
Fiscal 2018	8
Fiscal 2019	8

The Authority has projected the coastal pilots’ demographics through the plan years and is anticipating starting apprentices in each of the plan years to compensate for retirement as well as requirement numbers to maintain an efficient operation.

The Authority is budgeting funds during each of the plan years to continue funding the Skills Enhancement Program for senior pilots. The intent of this program is to provide opportunities for senior pilots at approved training facilities to enhance their skills in ship handling using manned models.

The Authority is also forecasting additional funds through the plan years to cover ongoing training for pilots on Integrated Bridge Systems (IBS), Azipod propulsion systems and tethered tug.

The Authority has budgeted a yearly training expense for senior pilots and apprentice pilots as follows:

Year	Apprentice Training Costs
Fiscal 2014	\$935,000
Fiscal 2015	\$1,468,800
Fiscal 2016	\$1,101,600
Fiscal 2017	\$1,101,600
Fiscal 2018	\$1,101,600
Fiscal 2019	\$1,101,600

Year	Senior Pilot Training Costs
Fiscal 2014	\$450,000
Fiscal 2015	\$450,000
Fiscal 2016	\$450,000
Fiscal 2017	\$450,000
Fiscal 2018	\$550,000
Fiscal 2019	\$550,000

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Agreement for Pilot Services – BCCP

A contract for services with the British Columbia Coast Pilots Ltd. was negotiated through a final offer selection (FOS) process during 2011. This contract, which provides for all coastal pilotage services, has a five-year term with expiry on December 31, 2016.

The final offer selection (FOS) process is intended to ensure no service level disruptions of any kind during the contract negotiation process. If agreement is not reached during a 60 day negotiation period both parties will then submit their ‘final offer’ to a selector. The selector will evaluate both offers and then select one or the other. The selector’s ruling cannot be appealed as it is final and binding on both parties.

The selectors ruling in 2011 called for a yearly increase to BCCP rates of 4%.

The stability provided to industry by a long-term contract such as this has been favorably commented upon by all parties involved.

Objectives, Strategies and Performance Measures

On an annual basis, the Authority engages in strategic planning sessions involving the Board of Directors and the management team. The most recent session endorsed the key objectives and strategies which are summarized below.

Strategic Goals for 2014

Strategic Goal	Description	Strategy
#1.1	Continue implementing the culture of quality service	Work with the BCCP to enhance the quality service procedures PTEC to continue to develop a plan to increase the pass rate of the pilot examination process without reducing the present high standard
#1.2	Continue to cultivate enterprise risk awareness	Test the mitigation plans for high ranked risks Re-evaluate risk register annually to ensure risks are relevant
#2.1	Ensure the Authority is prepared to deal with an aging workforce	Develop succession plans for each department
#2.2	Ensure the Authority is prepared to deal with sudden changes in the BCCP manpower levels	Work with the BCCP to ensure that an adequate plan is in place

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Strategic Goal	Description	Strategy
#3.1	Maintain the culture of cost management	Evaluate departmental costs and recommend changes to reduce overall operational costs
#3.2	Compare the Authority's service levels	Compare service levels and related costs for the Vancouver area to those across Canada and the USA west coast to ensure the Authority retains its service level edge
#4.1	Ensure dispatch procedures are effective and efficient	Implement and integrate an ISO system for dispatch by 2014
#4.2	Ensure launch boarding operations are effective and efficient	Implement and integrate an ISO system for launches by 2014 Finalize a potential plan for utilizing helicopters for pilot boarding and winching operations
#5.1	To become a primary source for marine-related information within our jurisdiction	Utilize information technology systems to provide industry with the marine-related information they require to make informed decisions on pilotage orders
#5.2	Raise the profile of the Authority in the marine industry and coastal communities	Management to take on leadership roles on issues of importance within the marine community Continue the Community Outreach program in our coastal communities

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Measurement of 2013 Strategic Goals

The Authority measures its strategic goals on an annual basis.

Strategic Goal #1.1 – Continue implementing the culture of quality service

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
1.1 (a)	Work with the BCCP on issues of manpower, recruitment and training	<ul style="list-style-type: none"> • 20% of the BCCP to attend training courses • Recruitment recommendations to be presented to Board • All pilot assessments up to the 4th level to be completed 	<ul style="list-style-type: none"> • 27% of the BCCP pilots attended training courses • Recruitment recommendations presented • All pilot assessments up to the 4th level have been implemented
1.1 (b)	PTEC to review examination process and make recommendations to increase the pilot pass rate without reducing present standard	<ul style="list-style-type: none"> • Evaluate exam findings • 20% pass rate • Recommendations on exam and apprenticeship to be presented to Board 	<ul style="list-style-type: none"> • Analysis presented to Board • 17.6% pass rate • Recommendations presented to Board and BCCP

Strategic Goal #1.2 – Continue to cultivate enterprise risk awareness

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
1.2 (a)	Test the mitigation plans for high ranked risks	<ul style="list-style-type: none"> • Review scenario exercise(s) and produce report with recommendations 	<ul style="list-style-type: none"> • Full scale exercise conducted by a third party followed by a report with recommendations
1.2 (b)	Re-evaluate risk register annually to ensure risks are relevant	<ul style="list-style-type: none"> • Risk register evaluated and database being maintained by risk 	<ul style="list-style-type: none"> • All risks up to date and database being maintained by risk owners

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		owners	
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Strategic Goal #2.1 – Create a culture of sustainability

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
2.1	Develop key performance measurements to determine success	<ul style="list-style-type: none"> • Establish KPMs to monitor sustainability 	<ul style="list-style-type: none"> • Two KPMs established and reported on in year

Strategic Goal #3.1 – Maintain the culture of cost management

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
3.1	Evaluate present measurement method and recommend changes	<ul style="list-style-type: none"> • Ensure vendor contracts in place and review vendor database 	<ul style="list-style-type: none"> • Reviewed vendor payments and introduced a new credit card that maximizes savings • Annual business club membership cancelled and travel provider contracts renewed where applicable

Strategic Goal #3.2 – Compare the Authority’s service levels

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
3.2	Compare service levels and related costs for Vancouver and Seattle to ensure the Authority retains its service edge	<ul style="list-style-type: none"> • Complete cost comparison report and make recommendations 	<ul style="list-style-type: none"> • Report presented to Strategic Planning session – expanded comparison for 2014 planned

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Strategic Goal #4.1 – Ensure dispatch procedures are effective and efficient

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
4.1	Implement and integrate an ISO system for dispatch by the end of 2014	<ul style="list-style-type: none"> • 50% complete by Dec 31, 2013 	<ul style="list-style-type: none"> • Implementation is 50% complete by Dec 31, 2013

Strategic Goal #4.2 – Ensure launch boarding operations are effective and efficient

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
4.2 (a)	Implement and integrate an ISO system for launches by the end of 2014	<ul style="list-style-type: none"> • In compliance with agreed timeline 	<ul style="list-style-type: none"> • Work completion on track with timeline
4.2 (b)	Implement the computerized maintenance system in 2013	<ul style="list-style-type: none"> • Implement an e-maintenance system 	<ul style="list-style-type: none"> • Deferred to end of ISO implementation
4.2 (c)	Develop a plan for utilizing helicopters for boarding and winching operations	<ul style="list-style-type: none"> • Develop a detailed report 	<ul style="list-style-type: none"> • Report delayed to first quarter 2014

Strategic Goal #5.1 – To become a primary source for marine-related information within our area of jurisdiction

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
5.1	Utilize information technology systems to provide industry with the marine-related information they require to make informed decisions on pilotage	<ul style="list-style-type: none"> • Terminal and sounding information published on website • Educate customers on agent portal 	<ul style="list-style-type: none"> • Five terminals on website • Agent Handbook updated on website • 25% of all pilotage orders come through the agent portal

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Strategic Goal #5.2 – Raise the profile of the Authority in the marine industry and coastal communities

Strategy	Description	Measurement 2013 - Goal	2013 – Actual results
5.2 (a)	Management to take on leadership roles of importance within the marine community	<ul style="list-style-type: none"> • Management to participate in 80% of industry meetings 	<ul style="list-style-type: none"> • Management participated in 42 meetings
5.2 (b)	Continue community outreach program	<ul style="list-style-type: none"> • Visit 25% of ports in PPA jurisdiction 	<ul style="list-style-type: none"> • Six ports representing 38% of base were visited

Operating Budget 2015 Commentary

The highlights of the 2015 budget are as follows:

1. The Authority is forecasting a loss of \$3.1 million based upon 12,207 coastal and 1,150 river trips. This loss is manageable from a cash flow perspective and will be funded from current working capital levels. In the 2013 tariff discussions with industry, the parties agreed to fund the 2014 and 2015 operations from the contingency funds that have been built up over the past few years.
2. Total revenues are expected to reach \$78.3 million in fiscal 2015 (a 3% increase over fiscal 2014), driven primarily by a 1% traffic increase coupled with a flat 2.5% tariff increase.
3. Coastal pilotage revenues in 2015 are expected to exceed 2014 by \$1.9 million (4%), driven by traffic and tariff increases. The increased revenue is expected to be offset by an additional \$2.5 million in costs driven primarily by contractual pilot increases, callback expenses and additional training costs for new pilots. In total this sector's profit margin is expected to decrease to \$702,000 (1.2% of pilotage revenue). The Authority is anticipating that training costs will be higher for the next few years due to increased business combined with a high number of retirements and corresponding increases in new hires.
4. River pilotage revenues in 2015 are expected to exceed 2014 by \$106,000 (4%), driven by traffic and tariff increases. The increased revenue is expected to be offset by a \$66,000 increase in costs. No new River pilots are forecast to be trained in 2015 because the Authority hired and trained a new pilot in 2014 and this group of pilots can handle the anticipated volume in 2015. In total this sector's profit margin is expected to grow to \$531,000 (17% of river pilotage revenue).
5. Travel revenues in 2015 are expected to exceed 2014 by \$116,000, driven by traffic and tariff increases. The increased revenue is expected to be offset by an additional \$111,000 in costs

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to transport pilots to and from assignments. In total this sector's profit margin is expected to remain steady at \$1.5 million (21% of travel revenue) to cover costs for managing and coordinating the service.

6. In 2015, the Authority will be introducing a launch replacement fee of \$60 per launch. This fee has been developed with the written support of Industry. It is expected that launch replacement revenues will be \$503,000 in 2015.
7. In 2015, the Authority is expecting to utilize helicopter services to serve the Prince Rupert region. It is expected that helicopter revenues for fiscal 2015 will be \$112,000.
8. The budget allows for 16 coastal apprentice pilots starting in the 2014 plan year and being licensed during 2014 and 2015 as well as 8 coastal apprentice pilots starting in the 2015 plan year and being licensed during 2015 and 2016. Over the same period, it is expected that a total of 12 coastal pilots will retire. Training costs for apprentice pilots are expected to be \$1.5 million and training costs for senior pilots are expected to be \$450,000.
9. The Authority has budgeted \$250,000 to fund the next part of its helicopter winching and boarding study. This operation is intended to determine the feasibility of boarding pilots by helicopter aboard LNG and tanker ships.
10. The Authority has budgeted for \$150,000 for operating projects. This expense item is intended to cover any special projects and initiatives that will require funding in the budget year.
11. All other costs, such as travel and general administration are forecast at a 2% annual increase to account for inflation.

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Capital Budget 2015 Commentary

The Authority's threshold for capitalization is \$10,000 per expenditure. The capital expenditures for the budget year of 2015 total \$3,284,000.

Buildings and Floats

The Authority has budgeted \$70,000 for a new float that will need to be built in Prince Rupert in order to replace the existing float which is beginning to sink.

Pilot Boats

The Authority has budgeted \$120,000 for pilots boats which is broken down as \$60,000 for navigational electronics for the Scout, Navigator, Pathfinder, PP#2 and PP#4 as well as \$60,000 for the purchase and installation of recovery grids for the PP#2 and PP#4. In 2014, the Authority financed the purchase of a used pilot vessel to primarily serve pilotage assignments in the Pine Island area. The total cost of the vessel is expected to be \$3.5 million, and the vessel is expected to enter service in early 2015. Of the \$3.5 million, the Authority expects to expend \$1.8 million in 2015.

Communication and Other

The Authority has budgeted \$200,000 for furniture and office equipment. The furniture in the Authority offices is approximately 19 years old and is beginning to break apart.

Computers and Software

The total 2015 capital budget for computer and software is \$1,084,000 comprised of the following:

- \$600,000 for a move to a new platform that would include electronic source cards;
- \$45,000 for the purchase of 6 new PPU's to reflect a net pickup in pilots (12 new apprentices hired less 6 retirees);
- \$289,000 for the purchase of new GPS systems to replace the existing GPS systems which will reach the end of their useful lives in fiscal 2015;
- \$100,000 for modelling additional ports for the Computer Based Currency software program
- \$50,000 for an upgrade to the launch fleet management software

All of these purchases will be funded without the use of debt financing.

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Leasehold Improvements

The Authority is budgeting \$10,000 for minor office renovations.

Statement of Operations

Pilotage Authorities Statement of Operations ('000\$)									
	Pacific Pilotage Authority								
	2012	2013	2014 budget	2014 forecast	2015	2016	2017	2018	2019
Revenue									
Pilotage Tariffs	48,696	54,997	53,790	57,569	59,596	62,598	63,855	65,138	66,446
Pilotage Surcharges	15,794	16,834	16,200	17,780	18,599	19,287	19,492	18,758	19,341
Others (interest, supplementary fees & charges)	86	128	120	173	112	294	608	1,660	1,715
Total Revenue	64,576	71,959	70,110	75,522	78,307	82,179	83,955	85,557	87,502
Direct Pilotage Costs									
Pilot Costs									
Pilotage Fees (if under contract)	40,599	47,656	47,200	51,459	53,349	55,948	56,825	57,677	58,544
Pilot Salaries and Benefits	2,089	2,205	2,280	2,408	2,474	2,548	2,631	2,717	2,805
Total Pilot Costs	42,688	49,861	49,480	53,867	55,824	58,496	59,456	60,394	61,349
Pilotage Boat and Pilot Travel									
Pilot Boat Crew (salaries and benefits)	4,397	4,731	4,670	4,932	5,021	5,120	5,160	4,766	4,971
Pilot Boat Operating Cost (fuel, maintenance)	3,716	4,426	4,075	4,806	4,894	4,952	4,939	4,516	4,661
Pilot Boat Ownership Costs (Depreciation & Finance)	649	650	640	671	828	847	875	879	1,052
Pilotage Boat Fees (if under contract)	0	0	0	0	0	0	0	0	0
Pilot Travel Expenses	5,316	5,671	5,570	5,858	5,970	6,166	6,367	6,576	6,791
Other Related Costs	0	0	0	0	0	0	0	0	0
Total Pilot Boat and Pilot Travel	14,078	15,478	14,955	16,267	16,713	17,084	17,342	16,737	17,475
Other Pilotage Expenses									
Pilotage Portable Units	372	486	635	495	845	1,061	1,090	936	285
Pilotage Training	943	1,053	1,730	1,481	1,919	1,552	1,552	1,652	1,652
Dispatch Center	1,439	1,501	1,620	1,571	1,614	1,663	1,717	1,773	1,830
Other Pilotage Costs	87	300	620	120	504	304	304	304	304
Total Other Pilotage Expenses	2,841	3,341	4,605	3,668	4,881	4,579	4,662	4,664	4,070
Total Direct Pilotage Costs	59,607	68,680	69,040	73,802	77,418	80,160	81,461	81,794	82,894

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	Pacific Pilotage Authority								
	2012	2013	2014 budget	2014 forecast	2015	2016	2017	2018	2019
Indirect Pilotage Costs									
Administrative Expenses									
Administration (salaries and benefits)	1,722	1,796	1,790	1,831	1,881	1,937	2,000	2,065	2,132
Professional Services	146	184	210	340	200	200	200	200	200
Regulatory Fees (TC service fee)	79	110	55	53	99	101	103	105	107
Rent/Utilities/Supplies/Computers	838	883	930	928	947	966	985	1,005	1,025
Other Amortization	205	185	95	198	250	262	107	48	38
Other Administration Expenses	527	475	530	630	634	646	659	672	685
Total Administration Expenses	3,517	3,633	3,610	3,980	4,010	4,112	4,054	4,095	4,187
Financing Cost									
Total Indirect Pilotage Costs	3,517	3,633	3,610	3,980	4,010	4,112	4,054	4,095	4,187
Total Expenses	63,124	72,312	72,650	77,775	81,389	84,272	85,518	85,896	87,091
Net Profit (Loss)	1,353	-292	-2,540	-2,253	-3,082	-2,092	-1,563	-339	411
Capital Reimbursement									
Number of Contract Pilots	100	100	100	100	102	104	106	109	112
Number of Employee Pilots	7	7	7	8	8	8	8	8	8
Number of Assignments	12,946	13,602	13,000	13,225	13,357	13,491	13,626	13,762	13,900
Average Assignment per Pilot	121	127	121	122	121	120	120	118	116
Revenue over Assignments ratio	4,980	5,295	5,393	5,711	5,862	6,091	6,161	6,217	6,295

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Balance Sheet

Pilotage Authorities								
Statement of financial position (thousands of Canadian dollars)								
Pacific Pilotage Authority								
Statement balance as at	Actual 2012	Actual 2013	Forecast 2014	Plan 2015	Plan 2016	Plan 2017	Plan 2018	Plan 2019
Assets								
Current								
Cash and cash equivalents	7,173	8,482	6,364	3,336	2,283	1,853	2,692	2,660
Accounts receivable - trade	5,048	5,239	5,697	5,907	6,199	6,333	6,454	6,601
Accounts receivable - other	17	146	17	17	17	17	17	17
Accounts receivable - GST	905	434	785	785	785	785	785	785
Travel advances	4	8	7	7	7	7	7	7
Prepaid expenses	97	102	98	98	98	98	98	98
Prepaid travel	99	114	112	112	112	112	112	112
Investments	352	328	328	328	328	328	328	328
	13,695	14,854	13,408	10,590	9,829	9,533	10,493	10,608
Non-current								
Long-term investments	5,910	6,002	4,103	4,103	4,103	4,103	4,103	4,103
Fixed Assets								
Buildings & floats	334	334	414	484	484	484	484	484
Pilot boats	12,636	12,638	15,979	16,099	16,579	16,894	16,894	20,709
Communication and other	73	348	533	733	753	773	793	813
Computer software and equipment	348	1,245	3,639	4,722	4,868	5,013	5,180	5,348
Intangibles	1,894	665	665	665	665	665	665	665
Leasehold improvements	192	192	202	212	222	232	242	252
	15,477	15,422	21,431	22,915	23,570	24,060	24,258	28,271
Accumulated depreciation	5,031	6,104	7,320	9,049	11,036	12,935	14,634	15,756
Total fixed assets	10,446	9,318	14,111	13,866	12,534	11,125	9,624	12,515
	30,051	30,174	31,622	28,559	26,466	24,762	24,220	27,226
Liabilities								
Current								
Accounts payable and accrued liabilities	4,468	4,758	5,361	5,612	5,808	5,893	5,919	6,001
Wages and employee deductions payable	2,454	2,807	2,976	3,124	3,281	3,412	3,548	3,655
Employee termination benefits	250	194	166	213	256	295	329	312
	7,172	7,759	8,502	8,949	9,344	9,600	9,797	9,968
Non-current								
Other employee benefits	701	528	475	428	385	346	312	0
Debt	0	0	2,916	2,574	2,222	1,860	1,488	4,213
	7,873	8,287	11,893	11,951	11,951	11,806	11,597	14,181
Equity								
Retained earnings	22,178	21,886	19,730	16,608	14,515	12,956	12,623	13,045
	30,051	30,174	31,622	28,559	26,466	24,762	24,220	27,226

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Statement of Changes in Equity

Pilotage Authorities									
Statement of changes in equity ('000\$)									
	Pacific Pilotage Authority								
	2012	2013	2014 budget	2014 forecast	2015	2016	2017	2018	2019
Retained earnings, beginning of year	20,826	22,178	21,886	21,886	19,730	16,608	14,516	12,956	12,623
(Loss) profit for the year	1,452	- 353	- 2,540	- 2,260	- 3,122	- 2,093	- 1,560	- 332	421
Other comprehensive income (loss)	- 100	61	-	104	-	-	-	-	-
Total comprehensive income (loss)	1,353	- 292	- 2,540	- 2,156	- 3,122	- 2,093	- 1,560	- 332	421
Retained earnings, end of year	22,178	21,886	19,346	19,730	16,608	14,516	12,956	12,623	13,045

Statement of Cash Flows

Pilotage Authorities							
Statement of cash flows (thousands of Canadian dollars)							
	Pacific Pilotage Authority						
	Actual	Forecast	Plan	Plan	Plan	Plan	Plan
For the year ended	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Cash flows from operating activities							
Cash receipts from customers	71,640	74,850	78,097	81,887	83,821	85,436	87,355
Cash paid to employees and suppliers	- 70,003	- 75,773	- 79,298	- 81,933	- 83,399	- 84,028	- 86,100
Other income received	300	-	-	-	-	-	-
Employee severance benefit payments	- 356	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Net cash provided by operations	1,581	- 923	- 1,202	- 46	422	1,408	1,256
Cash flows from investing activities							
Net purchases of investments	- 136	1,937	-	-	-	-	-
Acquisition of property and equipment	- 120	- 6,010	- 1,484	- 655	- 490	- 198	- 4,013
Acquisition of intangible assets	- 16	-	-	-	-	-	-
Net cash used in investing activities	- 272	- 4,073	- 1,484	- 655	- 490	- 198	- 4,013
Cash flows from financing activities							
New Financing	-	3,000	-	-	-	-	3,500
Repayment of Debt	-	- 84	- 342	- 352	- 362	- 372	- 775
Cash used in financing activities	-	2,916	- 342	- 352	- 362	- 372	2,725
Net increase in cash and cash equivalents	1,309	- 2,080	- 3,028	- 1,053	- 430	839	32
Cash and cash equivalents, beginning of period	7,173	8,444	6,364	3,336	2,283	1,853	2,692
Cash and cash equivalents, end of period	8,444	6,364	3,336	2,283	1,853	2,692	2,660

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
2015 TO 2019**

Statement of Capital Expenditures

Pacific Pilotage Authority						
Statement of Capital Expenditures						
For the Years Ended December 31 (000s)						
	FORECAST	PLAN	PLAN	PLAN	PLAN	PLAN
	2014	2015	2016	2017	2018	2019
BUILDINGS AND FLOATS						
Victoria floats and office building	80	-	-	-	-	-
Prince Rupert floats	-	70	-	-	-	-
	80	70	-	-	-	-
PILOT BOATS						
Pacific Pathfinder - autopilot unit	20	-	-	-	-	-
Pacific Scout - autopilot unit	20	-	-	-	-	-
Pacific Navigator - autopilot unit	20	-	-	-	-	-
Chinook	1,700	1,800	-	-	-	-
PP Two - recovery grid	-	30	-	-	-	-
PP Four - recovery grid	-	30	-	-	-	-
Pilot Launch / Helicopter	-	-	-	-	-	3,500
Water Taxi	-	-	-	-	-	-
Scout/Navigator/Pathfinder - Electronics	-	30	-	30	-	30
PP2/PP4 Electronics	-	30	-	30	-	30
	1,760	1,920	-	60	-	3,560
ENGINES						
Chinook	380	-	-			
Pathfinder	-	-	480			
Scout	-	-	-	-	-	255
Navigator	-	-	-	255	-	-
	380	-	480	255	-	255
COMMUNICATION AND OTHER						
Furniture and office equipment	20	200	20	20	20	20
Telephone voice recorder	25					
Pilot VHF radios	140					
	185	200	20	20	20	20
COMPUTERS AND SOFTWARE						
BCCP training video software	293	100	100	100	100	100
Dispatch and billing software	-	600				
Portable Pilotage Units	2,060	45	45	45	68	68
Board software	40					
GPS systems		289				
Launch fleet management software		50				
	2,393	1,084	145	145	168	168
LEASEHOLD IMPROVEMENTS						
Vancouver	10	10	10	10	10	10
	10	10	10	10	10	10
TOTAL CAPITAL EXPENDITURES	\$4,808	\$3,284	\$655	\$490	\$198	\$4,013

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
2015 TO 2019**

Incident Reporting

The Authority categorizes incident and accident reporting into three types of investigations. An incident or accident will not be classified until sufficient facts are available to assess the potential for safety improvements and may require on-site evaluation or interviews.

Class “A” Investigations

Defines an investigation that has a high probability of improving navigation safety, in that there is a significant potential for reducing the risk to persons, vessels or the environment.

Class “B” Investigations

Defines an investigation that has a medium probability of improving navigation safety, in that there is a moderate potential for reducing the risk to persons, vessels or the environment.

Class “C” Investigations

Defines an investigation that has a low probability of improving navigation safety, in that there is a limited potential for reducing the risk to persons, vessels or the environment.

The following table shows the actual number of incidents the Authority has recorded over the last five years.

	Incident Free	Total			
Year	Assignments	Assignments	Class A	Class B	Class C
2009	99.950%	6	0	2	4
2010	99.984%	2	0	0	2
2011	99.962%	5	0	0	5
2012	99.946%	7	0	3	4
2013	99.963%	5	0	0	5

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
2015 TO 2019**

Human Resources

For the Years Ended December 31	Actual	Forecast	Plan	Plan	Plan	Plan	Plan
	2013	2014	2015	2016	2017	2018	2019
Management & Administrative	12	13	13	13	13	13	13
Employee pilots (Fraser River)	7	7.5	7.5	7.5	7.5	7.5	7.5
Dispatchers	11	11	11	11	11	11	11
Pilot launch crews	26	26	26	26	26	26	26
Total Full Time Equivalents	56	57.5	57.5	57.5	57.5	57.5	57.5
Contract Pilots (BCCP)	100	96	102	104	106	109	112
(seasonally adjusted)							
	156	153.5	159.5	161.5	163.5	166.5	169.5