



Atlantic Pilotage
Authority



Administration de Pilotage
de l'Atlantique

Corporate Plan Summary (2020-2024)



The Atlantic Pilotage Authority
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Halifax, Nova Scotia

Executive Summary

The Atlantic Pilotage Authority (APA) provides a valuable and necessary service to the marine community in Atlantic Canada. The highly skilled marine pilots employed by the Authority make a vital contribution to the protection of the environment, to safeguarding the lives of mariners, and to preserving and promoting the economic wellbeing of ports in Atlantic Canada while allowing Canadian businesses to remain competitive in the global marketplace.

The Authority has an exemplary safety record while also maintaining strong relationships and support from its customers and the marine community. Management's regular consultations with its stakeholders continue to provide vital input on the service levels, operational issues, and pilotage tariffs within each of its major ports. These stakeholder meetings provide open dialogue with customers and allow the management of the Authority to stay connected to actual or potential developments in its region.

Traffic has rebounded in most shipping sectors and has been very strong in most of the Authority's seventeen compulsory ports. This has resulted in three consecutive years where the Authority exceeded expectations financially with accumulated profits of \$5.856 million. At this point, the Authority is projecting a profit of \$902 thousand in 2019. The combination of these three years has allowed the Authority to replenish its reserves while exceeding its savings goals. Similar financial results are being forecast for each year of the corporate plan.

Major Objectives

The Corporate Plan (2020 – 2024) is the output of the Authority's strategic planning process. The Authority has set five corporate objectives to help fulfill their mandate to establish, operate, maintain and administer in the interests of safety an efficient pilotage service in the Atlantic region.:

1. To deliver safe and effective marine pilotage services in Atlantic Canada.
2. To maintain financial self-sufficiency by exercising effective cost management and establishing tariffs that are fair and reasonable.
3. To provide a reliable and self-sustaining service by safeguarding the Authority's people and assets while planning for succession and asset replacement.
4. To assume a leadership role in marine navigation by providing an expertise in navigational safety and marine operations.
5. To contribute to the Federal government's environmental, social, and economic policies as they apply to the marine industry in Atlantic Canada.

Key Capital Projects and Related Financing

During this planning period there will be a focus on upgrading its pilot boat fleet through the procurement of new assets. This capital investment will need to be partially funded through additional debt. A capital budget is included in this plan that includes investments in new and used pilot boats, wharves and structures, and portable pilotage units. The approval of the Minister of Finance for the APA to secure a new loan facility of \$6 million is being requested to finance the majority of the construction of two new pilot boats and is to be drawn in two installments, \$3 million in 2020 and the remainder in 2021. The Authority is also requesting the approval of the Minister of Finance to invest in guaranteed investment certificates that are eligible for Canada Deposit Insurance Corporation insurance.

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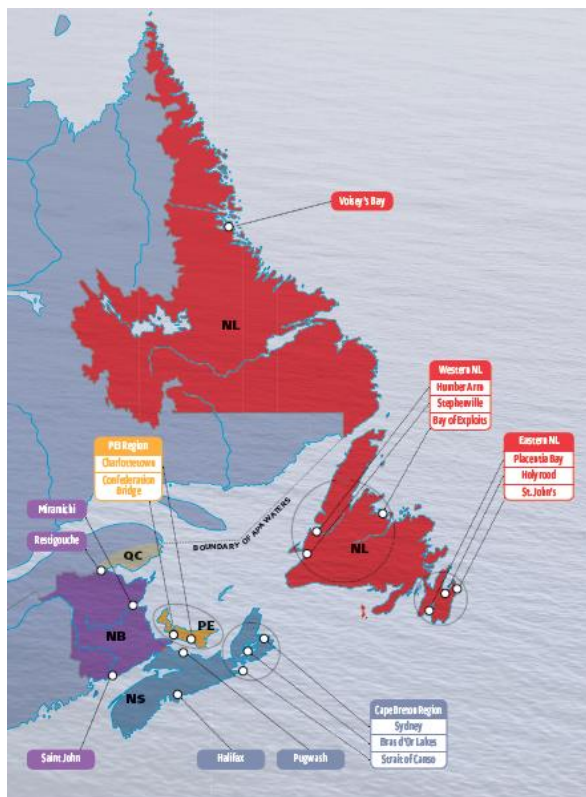
I Overview

Background

The Atlantic Pilotage Authority was established February 1, 1972, pursuant to the *Pilotage Act*.

Since 1972, the Authority has operated, in the interest of safety, a marine pilotage service for all Canadian waters surrounding the four Atlantic Provinces, including the waters of the Bay of Chaleur in the Province of Quebec. This is the only program of business for the Authority.

The Authority provides licensed pilots to ships that enter Atlantic Canadian Ports to ensure that these ships travel within the pilotage area as safely as possible. The Authority also examines qualified mariners, and issues pilotage certificates to successful candidates to enable them to navigate their ships within designated compulsory areas without a licensed pilot on board.



The Authority organizes its operations according to geographic location and has designated seventeen areas as requiring compulsory pilotage. The Authority also endeavors to provide pilotage service to other areas, referred to as non-compulsory areas, upon request.

The Authority is a Crown Corporation as defined by the *Financial Administration Act (FAA)* and is listed in Schedule III, Part I to that Act. The Authority is not an agent of the Crown.

The Authority has not received parliamentary appropriations since 1995 and, under provisions of the *Pilotage Act*, is not eligible for future appropriations.

The Board of the Authority consists of a part-time Chairperson and not more than six other members, all appointed by the Governor in Council.

The Chief Executive Officer (CEO) has the direction and control of the day-to-day business of the Authority. The Authority is administered and controlled at its headquarters, which is located in Halifax, NS.

Mandate

The mandate of the Authority is to establish, operate, maintain and administer in the interests of safety an efficient pilotage service in the Atlantic region. Its fees shall be fixed at a level that permits the Authority to operate on a self-sustaining financial basis and shall be fair and reasonable.

Mission

To deliver safe, effective and self-sustaining marine pilotage services in Atlantic Canada.

Vision

The Vision of the Atlantic Pilotage Authority is to be a respected leader in marine pilotage, safeguarding people, property and the environment.

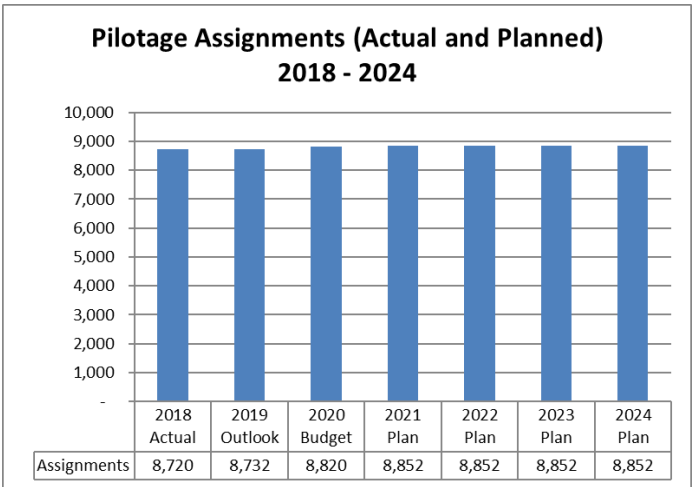
To achieve the vision, the Authority must demonstrate:

- An industry-leading safety record
- Operational efficiency where customers receive tangible value for the tariff they pay
- Marine expertise where APA pilots are viewed as leaders in the field of marine navigation and safety
- A self-sustaining business model that allows the Authority to provide services and be financially self-sufficient



Pilotage Traffic Trends

The chart below illustrates the annual assignments for 2018, the outlook for 2019, and the forecast included in the Plan for 2020-2024. The planning assumptions of the Authority and is based on historical traffic levels, shipping announcements, and information provided directly to the Authority by stakeholders through consultation. The Authority had experienced declines in traffic, reaching a low in 2016. Since that year, traffic has increased and is levelling at approximately 8,850 assignments continuing into future years. The budget is based on what is known at this time with input from consultation meetings. The plan conservatively projects activity levels to remain constant over the longer term. There



are projects being considered by industry that may grow traffic within this planning period, but the Authority is taking a conservative stance on possible growth.

Pilotage service is provided to non-compulsory ports upon demand. The Authority has pilots licensed for seventeen non-compulsory ports and conducted assignments in the majority of these areas in 2018. The total number of assignments for 2020 is estimated to be 8,820, an increase from the projected 2019 activity levels of 8,732 assignments. The amount of activity in ports serviced by the APA can vary significantly due to factors that are beyond its control.

Traffic has been impacted negatively by an increase in certificated masters. These are masters who have passed a certification exam that allows them to pilot their own vessels without the services of an Atlantic Pilotage Authority pilot. There were 2,829 movements by certificated masters in 2018 and these movements are not expected to decline in the foreseeable future.

With daily challenges in scheduling and weather threats, the Authority offers great flexibility in ordering a pilot with no special nighttime order rules. This results in having to provide a pilot for shifting order times at all hours of the day. This requirement is in competition with the need to keep costs as low as possible and the Authority has to be flexible and nimble to meet these requirements with a limited workforce.

As mentioned earlier, the Authority does not receive parliamentary appropriations and is required to generate revenues to be financially self-sufficient. The Authority must have tariff rates that allow it to be financially self-sufficient while also being fair and reasonable and not placing an excess burden on industry. The Authority closely monitors changes in traffic and the corresponding impact on revenues as fluctuations may impact its ability to accomplish its mandate. With the large amount of fixed assets and the majority of pilots being salaried employees, most of the expenses are fixed and do not fluctuate significantly with changes in traffic levels. A decrease in the number of assignments would mean a decrease in revenues without the ability to substantially adjust expenses. Due to the difficulty in recruitment, and the time and expense to train, pilot numbers are not reduced for temporary decreases in traffic.

II Operating Environment

The primary business activity of the Authority is to provide a safe and efficient pilotage service. The Authority charges the user, or customer, for the service. An ideal performance would be one in which the service provided was completely safe; i.e. without shipping incidents, and without injury or damage to individuals, vessels, port facilities, or the environment. Historically, the Authority has maintained a low level of shipping incidents; however, it is recognized the Authority has the inherent risks associated with the business, and the potential for an accident is always present.

External Environment

- **The Economy:** The Authority and demand for its services are impacted by the state of local and broader international economic conditions in a number of ways. These include effects derived from commodity pricing, employment and productivity, trade agreement, and currency exchange rates that have a large impact on tourism that drives cruise vessel traffic.

- a. Much of the activity in this region is affected by commodity pricing. The price gap between overseas oil priced at the Brent Crude rate and the domestic North American oil at the West Texas Intermediate (WTI price) has a large impact on operations and the Authority as it determines the source of oil for a number of customers and the size of vessels needed to transport it. Oil sourced from overseas increased in 2016 which has led to a return to larger vessels with larger revenues for the Authority. This trend has continued.



Bulk and dry cargo vessels have been affected by falling commodity prices. In Saint John, it was announced early in 2016 that Nutrien would be suspending its potash operation in the area indefinitely. The Authority had been anticipating increased production from the new potash mine. Unexpectedly in 2017, potash exports grew through the Port of Saint John as Nutrien transferred product from its Saskatchewan mine to Saint John for export. A coal transshipment operation in the Strait of Canso that had decreased operations dramatically had been more active since 2017 as global demand for the commodity increased and the market prices of coal rebounded. This operation is very price sensitive and is very difficult to predict moving forward.

- b. A strong demand for goods locally, provincially, nationally, and internationally drive much of the traffic in terms of imports and exports that flow through our ports. General employment and economic health enhance local commerce that increases shipping. Stable and/or a growing international business climate contributes to the creation of a well-remunerated population that has the disposable income for spending and investing nationally and internationally. Many of these goods are transferred by container vessels, RORO vessels, and auto carriers.
- c. Currency exchange rates affect imports and exports that flow through the ports or areas serviced by the Authority. The commercial attractiveness of Canadian export goods to foreign buyers and/or the affordability of desirable import goods are driven by exchange fluctuations. Currency also impacts tourism in the region with a lower Canadian dollar contributing to a thriving cruise industry.
- d. The outcome of trade negotiations as well as the imposition or removal of nationalistic trade barriers and tariffs on import/export dependent businesses could positively, or negatively, impact the amount of cargo flowing into and out of our ports. This impacts many types of cargo, including container traffic and auto carriers.

- **Customer Operational Interruptions:** Usually without warning the Authority loses expected traffic to operational decisions or circumstances that interrupt the demand for services. These can be extended interruptions that negatively impact the financial position of the Authority and threaten its goal to be area-by-area financially self-sufficient. This was evident in 2018/2019 with an incident at the Saint John, NB refinery that caused a major slowdown in tanker traffic. In 2020 the floating production storage and offloading (FPSO) unit for the Terra Nova Oil Field in Newfoundland will be off station for the year as it has a midlife refit. This will have a negative impact on the Authority's revenues during the year.
- **Pilotage Act Reform:** Amendments to the *Pilotage Act* received Royal Assent in June 2019. The implementation will present challenges for the Authority as operations are adjusted to reflect changing roles and responsibilities, while at the same time continuing to provide services under the existing *Act*. With regulatory functions being moved to Transport Canada, the efficiency and effectiveness of the service provided by the Authority may be impacted if the timely advancement of pilot licences and certificates is jeopardized. At the same time, the amendments present opportunities in terms of business development and tariff setting that will allow the Authority to be much more responsive to changing economic and business factors. This will make it easier to be financially self-sufficient and produce tariffs that are fair and reasonable.
- **Climate Change:** Due to changes in patterns, the Authority is dealing with severe marine conditions that are more frequent and are lasting for longer periods. This is causing severe challenges to the ability to deliver safe, effective, and efficient services as marine conditions are worsening and there are longer port closures and delays. It is adding risk to pilot transfers under these severe conditions and it makes maneuvering vessels more difficult. Infrastructure like wharves and breakwaters are also at risk to damages due to changing environmental factors which impacts safety. Some marine operations, like coal transshipment in the Strait of Canso, have moved away from the area during the winter due to the higher risks, causing a reduction in traffic and related revenues for the Authority that is expected to extend into 2020.
- **Cyber Security:** Threats to IT infrastructure are growing and Cyber Security is a priority for the Authority.
- **Technology:** The rapid pace of changing technology presents both challenges and opportunities for the Authority. The adoption of new technologies, like Portable Pilotage Units (PPU) helps the Authority provide a more effective and more efficient service. On the other hand, vessels continue to arrive with increasingly modern technologies that present challenges in terms of pilot training. It is critical that pilots, and the Authority, remain current with new technologies. There are many tools in development to assist with navigation. The Authority must stay current with these technological changes and adopt those which would benefit the port pilotage it conducts.
- **Certificate Use:** The Authority has had an increase in certificated masters piloting their own vessels in recent years.

- **Low Risk Movements:** There are a number of very low risk movements or moves that are handled safely by certificated masters. This allows for pilotage resources to be targeted towards areas of higher risk and adds to the efficiency of pilotage.
- **Performance Evaluations:** There is currently no mechanism in regulation or policy that requires the certificated masters to have performance evaluations. There are approximately 2,800 movements performed annually by these masters whose performance is not evaluated by the Authority. In contrast, the Authority's pilots conduct approximately 8,700 assignments and its pilots are assessed on a three-year cycle. This is a challenge to the Authority's commitment to safety in the region.
- **Lost Revenues:** This number of certificates has a financial impact on the Authority with approximately \$6.4 million lost in pilotage fees in 2018. This is especially challenging in a port like St. John's, NL where there were over 2,500 ship movements in the harbour, with 80% performed by certificated masters and 20% by pilots. When industry loses a certificated master, or replaces a vessel in its fleet, the Authority must supply a pilot to these movements. Therefore, the Authority must maintain the resources in the port to handle more traffic than it is currently receiving, yet those costs are only being absorbed by the users that supply the 20% of the traffic that is piloted. This negatively impacts the efficiency of the service and the Authority's ability to be financially self-sufficient.
- **Relationships with Stakeholders:** The Authority has strong relationships with its stakeholders that is maintained through regular consultation. The users of the services support pilotage in the Atlantic and their cooperation has been greatly valued in solving the challenges that have faced the industry on the east coast. This cooperation allows for a more effective and efficient service as information and scheduling is shared openly. It also increases the ability to achieve financial self-sufficiency as traffic levels are more easily predicted and appropriate tariff levels set without objection.
- **Seasonal Traffic Patterns:** The Authority faces periods of higher than usual volumes due to seasonal cruise ship traffic, daily variances in industry scheduling, and weather closures. The seasonal nature of the cruise industry presents challenges for the Authority because there is a constant labour force of pilots in each port. Seasonal surges in demand for pilotage means the authority must manage overtime and hours of rest without compromising safety, but risks increased delays and the efficiency of service delivery. This is particularly challenging because beyond the Authority's interest in meeting its mandated obligations, the Authority is also conscious of Canada's need to ensure that Atlantic Canada remains an attractive and viable destination for the cruise industry in Canada.
- **Marine Labour Market:** Recruiting and training for mariners to become pilots is a challenge. Pilots are licenced for specific ports or districts and do not perform assignments outside of their licenced

areas, which makes the coverage of assignment fluctuations more challenging. To reach the target for pilot numbers, and maintain it through planned retirements, the Authority must be continuously adding pilots and training them from apprentice level to unlimited full class A licence level. Finding qualified mariners in Canada is becoming more challenging as fewer Canadians are choosing this industry for their careers. The increase in technology on vessels that has enhanced maneuverability has also eroded the hands-on shiphandling skills of current masters and increased the amount of time required to train new pilots as they are not arriving with the same level of skill or experience as their predecessors.



Internal Environment

- **Board Composition:** The Board of the Authority consists of a part-time Chairperson and not more than six other members, all appointed by the Governor in Council. The current members bring varied experiences and backgrounds and includes four master mariners, one of which is a retired pilot, members with successful business experience, and a Chartered Professional Accountant (CPA). This varied composition is a strength as they bring varied experiences, including marine experience, to help inform decision making. The process to have new members named can be slow, which is a challenge. There is currently one vacancy on the Board.
- **Administration:** The Authority has a staff of 10 in administration with the technical qualification of the staff being a strength. The Executive/Managers includes three master mariners who occupy the positions of Chief Executive Officer (CEO), Chief Operating Officer, and Quality, Health, Safety and Environment Manager (QHSE). The CEO is also a Master of Business Administration (MBA). The Chief Financial Officer (CFO) is a CPA with an MBA and the Director of Human Resources is a Chartered Professional in Human Resources (CPHR) and holds an MBA. The workload on the operations staff remains high with little redundancy, which is a challenge. An additional high-level resource for this area is planned.
- **Operations – Pilots:** The pilots are a strength for the Authority. They are highly skilled and highly trained mariners at the top of their profession. The Authority has targeted a steady workforce of 50 employee pilots and 12 entrepreneurial pilots to cover projected activity. There is very little turn over in these positions as they are viewed as the pinnacle in a mariner's career. The Authority has a strong, cooperative relationship with its employee pilots. The pilots are represented by the CMSG. They are currently at the end of a four-year agreement that expires on December 31, 2019. There has never been a perceived threat or risk of service interruptions due to collective bargaining.
- **Pilot Boat Crews:** The crews are the employee launchmasters and deckhands for Halifax, NS and Saint John, NB. There are eight employees in each location and there is no current expectation to alter these numbers. These highly trained individuals are essential to providing safe transport to pilots and effectively providing pilotage service. There is very little turnover in these positions.

The Launchmasters are represented by the CMSG. They are currently in the middle of a five-year agreement that expires on December 31, 2020. The agreement for the deckhands and dispatchers was negotiated in 2019 with the Public Service Alliance of Canada (PSAC Union). It is a 4-year agreement that expires on December 31, 2022.

- **Maintenance Managers:** The Fleet Technical Manager and the Pilot Boat Manager are in charge of the maintenance of the pilot boat fleet. These two individuals manage the maintenance for the entire fleet of pilot boats. They contribute to the effectiveness of the service by assuring pilot boats are available when pilots are required to be transported to vessels. There is no plan to change the size of this department.
- **Dispatchers:** There are four full-time dispatcher positions that provide 24/7 coverage for the Authority's dispatch centre. A fifth dispatcher does the billing for the Authority and provides coverage for the area. The department is headed by the Dispatch Manager. These individuals dispatch for all districts with normally only a single person on duty, as strength for the Authority and its users. These are very high demanding positions that take an extended period to be fully trained, which is a challenge in terms of recruitment. This compliment is not expected to grow at this time and retention has never been an issue.

The following table summarizes the Authority's staffing situation.

Function	Actual 2016	Actual 2017	Actual 2018	Outlook 2019	Budget 2020	Plan 2021	Plan 2022	Plan 2023	Plan 2024
Administration									
Executive Officers	3	2	2	2	3	3	3	3	3
Directors/Managers	2	3	3	3	3	3	3	3	3
Support	4.5	6	5	5	5	5	5	5	5
Total Admin	9.5	11	10	10	11	11	11	11	11
Operations									
Pilots	47	49	50	53	51	49	49	52	52
Pilot Boat Crews	16	16	16	16	16	16	16	16	16
Maintenance Managers	2	1	2	2	2	2	2	2	2
Dispatch Managers	1	1	1	1	1	1	1	1	1
Dispatchers	4	5	5	5	5	5	5	5	5
Total Operations	70	72	74	77	75	73	73	76	74
Total Employees	79.5	83	84	87	86	84	84	87	87
Entrepreneurial Pilots	11	10	11	12	12	12	12	12	12

- **Aging Pilot Boats:** Doing primarily port pilotage means that virtually all areas require the service of a pilot boat to transfer the pilot to and from a pilotage assignment. As these vessels age, the Authority has to maintain them to keep them as safe a platform as possible while also planning for their eventual replacement. This challenge is also impacted by the changes in weather and marine

conditions, as heavier and more robust vessels may be required in more of the ports. An aging or insufficient pilot boat fleet impacts the Authority's ability to provide a safe, efficient, and effective service. The risk is that platforms may not be robust enough for the conditions or may not be operational, increasing the likelihood that pilotage services may be interrupted.

- **Marine Infrastructure:** The Authority leases, or owns and maintains, several marine assets, including a breakwater, wharves, floating docks, and pilot offices. These assets are a strength in that they provide safe transfer points, shorter service times, and operational headquarters for the pilots and crews. As these items are always exposed to severe elements and constant use, they are inspected, repaired and occasionally replaced. Having wear and tear on these items is a challenge that may grow with the changing climate and will impact safety and future costs. In September 2019, Hurricane Dorian caused severe damage to the breakwater in Herring Cove, and less significant damages to other docks. All are expected to be repaired in 2019 or early in 2020 at a considerable cost to the Authority.
- **Safety Culture:** The Authority has increased its focus on improving its safety culture. ISO 9001 Certification was achieved in 2018 and maintained in 2019. A dedicated resource was added in early 2019, the QHSE Manager, to increase the attention on this area. Having 17 compulsory ports through four provinces adds to this challenge, as does having numerous contractors and service providers.
- **Financial Resources:** The Authority has had three consecutive years with healthy profits. Contingency funds have been maintained at targeted levels and savings accumulated for capital asset replacement and future severance payments.
- **Performance and Reviews:** The Authority has performed a safe, effective, and reliable service while maintaining efficiency for its users. The incident free rate for 2018 was 99.95% of assignments and there were no incidents that caused injury or environmental damage. The number of assignments performed without delay caused by the Authority was 99.20% of the assignments. The Authority measures a delay when a pilot is not provided to a vessel within one hour of customer's order time. When surveyed by the Authority, 93.9% of its users were satisfied with the Authority's dedication to safety and 81.8% were satisfied with its efficiency.
- **Alignment with Government Priorities:** The activities of the Authority support all of the Government's economic priorities. The efficient and safe transport of marine vessels through the ports of Atlantic Canada delivers economic growth and prosperity for all Canadians. The industries that are dependent on these transports feeds job creation, economic opportunities and expanded markets for Canadian companies. The Authority contributes to the safe and efficient movement of goods and people for Canadians, while protecting the environment from harm. Pilotage plays a key role in ensuring that there are no ship source environmental disasters in Canadian waters. The Authority's work benefits Canadians by protecting marine ecosystems, a sustainable fishing industry, a vibrant tourism industry, and local infrastructure.

Compliance with Ministerial Directives:

The Authority is in compliance with Ministerial directives and their spirit of intent and supports open and transparent governance by using its website to proactively disclose information to the public and through regular consultation meetings with its stakeholders. More details regarding this compliance can be found in Appendix 9.

Special Examination, 2016:

The Office of the Auditor General of Canada presented its Independent Audit Report covering selected systems and practices that were in place between October 1, 2015 and March 31, 2016 to the Board of the Authority on September 1, 2016. There were ten recommendations, all of which have been fully addressed.

Additional information on the Authority's alignment with Government priorities can be found in Appendix 10.

III) Strategic Objectives, Activities, Results and Risks

On an annual basis, the Authority engages in strategic planning sessions involving the Board and management. In the summer of 2016 these sessions were conducted with an external facilitator. At this session, the mission, vision, and core values were updated for the Authority. Five corporate objectives were set at this session and replaced the previously set areas of focus. These strategic objectives were established for a five-year period but are reviewed annually.

1) Objective: To deliver safe and effective marine pilotage services in Atlantic Canada

The critical outcome the Authority is striving to achieve in this area is to improve upon the Authority's exemplary safety record by maximizing the number of shipping movements conducted without any injury to people, or damage to property or the environment. The Authority plays an essential role in the safety of the marine industry by providing highly trained pilots and boat crews that provide guidance for transits and dockings to assure they are done safely.

To achieve this objective, in 2020 the Authority will focus on the following:

- **Pilot Training:** Review and improve the training plan for pilots to include increased use of simulators and investigate more targeted tug escort and manned model training. There are a number of facilities that offer these training services and will be easily sourced.
- **Capital Asset Recapitalization – Pilot Boats:** In 2019, the Board approved a long-term pilot boat replacement strategy. In adherence with this plan, construction of two new vessels is scheduled to begin in 2020. These vessels will be planned for worsening climate and will be expected to provide a safer platform for pilot transfers under more difficult conditions. Financing will be required for much of this purchase and will have to be negotiated with a bank. Based on the financial position of the Authority, this is not seen as a significant risk.

- **Capital Asset Renewal - Facilities:** The Authority has numerous marine facilities that require repairs or replacement and will be undertaking the following in 2020:
 - The pilot office and wharf in Halifax is falling into disrepair and becoming a safety hazard. This decay has been accelerated by Hurricane Dorian. The Authority will have the current location repaired or move to a new location in 2020 that will provide protected wharfage, pilot office facilities, and crew quarters.
 - An engineering assessment was updated for the wharf and breakwater in Herring Cove after Hurricane Dorian in 2019. Longer-term repairs will be initiated in 2019 and completed in 2020. These repairs will be significant, and the Authority is investigating a number of options, including possible divestiture and other ownership arrangements.
 - Floating docks in several locations will be inspected and repairs completed.
 - The pilot office and crewing quarter options for Saint John, NB will be evaluated to determine if a move is necessary and when the move may be required by the port authority.
- **Technology:** The Authority will monitor advances in marine technology, specifically regarding portable pilotage units, weather monitoring, and communications in search of improvements that can be made to improve safety and effectiveness of pilotage. It will do this by attending the International Marine Pilots Association conference, the Shipping Federation's Mariners Workshops, regular Safety and Technology summits, work boat conferences, and other technology conferences or meetings in 2020.
- **Pilot Evaluations:** Use the pilot assessment program to determine areas of improvement and training opportunities to assure performance targets are achieved. Competency evaluations will be expanded to certificate holders to assure their performance is acceptable. This will require acceptance by the users and will be approached through consultation.

2) Objective: Maintaining financial self-sufficiency

The critical outcome the Authority is striving to achieve in this area is to generate income at a level that supports the annual operating expenses of the Authority, provides for the required capital asset replacement, and allows for a reserve to be maintained in case of unexpected downturns in activity or costs of operation. The tariffs required are fair and reasonable and should not become a hardship for users. To achieve this objective, in 2020 the Authority will focus on the following:

- **Tariff Adjustments:** Tariffs for 2020 will be adjusted to achieve the following while also being fair and reasonable:
 - **Reserve Fund:** The Authority will maintain a reserve fund as measured by a ratio of current assets of twice its current liabilities. The Authority anticipates reduced activity in Placentia Bay and the Strait of Canso that will increase the risk that this goal will not be achieved. Tariff adjustments are being proposed for mitigation.

- **Targeted Savings:** Beyond the reserve fund, the Authority targets minimum savings towards future capital asset replacement and long-term severance liabilities.
 - As the Authority will be procuring pilot boats in 2020-2021, the savings that have been accumulated for capital asset replacement will be exhausted during this period.
 - Savings for future severance liabilities is ahead of plan, therefore the target is to increase these savings by \$100 thousand in 2020.

3) Objective: To provide a reliable and self-sustaining service by safeguarding the Authority's people and assets while planning for succession and asset replacement.

The critical outcome the Authority is striving to achieve in this area is to provide on demand service without delay while protecting the Authority's people from harm.

To achieve this objective, in 2020 the Authority will focus on the following:

- **Pilot Recruitment:** Add three new qualified apprentice pilots during 2020 in anticipation of planned retirements. The pool of qualified mariners nationwide has been growing smaller. Finding qualified masters who are interested in positions in Saint John, NB has been challenging thus far during a period that has had a number of announced retirements in the port. A familiarization program was introduced to allow mariners from other areas to apply and the Authority is planning additional incentives for this program with the aim to increase the number of people who may be interested.
- **Pilot Contract Collective Bargaining:** The contract for the Authority's employee pilots expires at the end of 2019. Bargaining will begin before year-end and be completed in 2020. The goal is to finalize an agreement that is fair for the employees, can be supported with minimal impact to stakeholders, and supports the service mandate of the Authority.
- **Employee Wellness:** Policies, programs, or activities that are intended to maintain a healthy workplace will be monitored and continually improved upon. A Wellness Committee will be established as a sub-committee of Occupational Health and Safety. The vastness of the Authority's region and disbursement of its employees provides a challenge to designing effective policies and programs.
- **Procure Additional Vessels:** In addition to the construction of more robust vessels for major ports with higher risk profiles, the Authority is also targeting the addition of at least one older used vessel or new Rigid Hull Inflatable Boat (RHIB) to provide redundancy for ports where the risk profiles are not as severe. There is limited availability of used vessels that satisfy the Authority's specific requirements which adds to the challenge of sourcing.

4) Objective: To assume a leadership role in marine navigation by providing an expertise in navigational safety and marine operations.

The critical outcome the Authority is striving to achieve in this area is to provide comprehensive marine pilotage and related services in the Atlantic region. Marine pilots in Canada are viewed as being at the top of their profession and are relied on to provide an expert opinion in navigation and ship handling. With this understanding, the Authority offers services to industry as consultants on marine infrastructure and projects and how they impact future navigation.

To achieve this objective, the Authority will focus on the following:

- **Contributing to efficiency and economic growth through consultation:** Authority personnel will participate in regular port operating committees in each area in which they are active. Services will also be offered to individual users with projects or operations that will benefit from marine pilotage expertise.

5) Objective: To contribute to the Federal government's environmental, social, and economic policies as they apply to the marine industry in Atlantic Canada.

The critical outcome the Authority is striving to achieve in this area is to support the Government of Canada's priorities of a strong middle class; open and transparent governance; a clean environment and a strong economy; strength through diversity; and security and opportunity.

To achieve this objective, the Authority will focus on the following:

- **Consultation:** The Authority delivers on the commitment to maintain relationships with stakeholders through increased disclosures on its website and frequent consultation meetings with interested parties. Information will be expanded on the website and regular consultation meetings held in each district.
- **Pilotage Act Reform:** There is a considerable workload on Transport Canada to adopt the approved reforms of the Act. The Authority will assist wherever possible so that the reforms will be implemented successfully.

Risk Overview

Each year, the Authority follows a procedure for Risk Assessment and Treatment that identifies new risks, performs a risk analysis through the scales related to likelihood and impact, proposes risk treatments in the form of mitigations, and performs risk monitoring and review. This procedure has been assigned to the Risk Committee of the Board for their oversight and bi-annual review.

The key risk areas of concern that were measured as high in the most recent analysis were:

- Injury to pilot/crew member while transferring: The Authority has pilots injured while transferring occasionally with various levels of injury, but the transfer at sea is a dangerous maneuver for which the Authority must be diligent in making as safe as possible. This is a risk to the Authority's goal to provide a reliable and self-sustaining service by safeguarding the Authority's people and assets while planning for succession and asset replacement.
 - The Authority has the technologies and procedures in place to minimize the likelihood of a pilot or crew member being injured during the act of transferring a pilot and minimizing the impact if this occurs. The Authority has numerous investments and procedures towards this end. The most recent mitigations include annual vessel inspections, the addition of more modern vessels, personal protective equipment, personal locator beacons, and established operating parameters with respect to adverse weather.
- Loss of Launch Services causing Major Interruption of Service: With seventeen compulsory port operations, the availability of a pilot launch in each area is essential to providing an effective and efficient service. This is a risk to the Authority's goal to provide a reliable and self-sustaining service by safeguarding the Authority's people and assets while planning for succession and asset replacement.
 - The Authority relies on a small maintenance staff and contractors to maintain these vessels and assure their availability. Strategies have been implemented for preventative maintenance, essential spares, and regular inspections aimed at minimizing downtime. The procurement of additional used vessels and the construction of new vessels within the long-term asset replacement plan will lower this risk further.
- Safety/Service Compromised due to Interruptions caused by weather or climate: The Authority has been experiencing a worsening climate that has increased the likelihood of injury during pilot transfer, or boat transit as well as a deterioration of customer service with increased suspension of pilotage service due to weather. This is a risk to the Authority's goal to provide a reliable and self-sustaining service by safeguarding the Authority's people and assets while planning for succession and asset replacement. It also impacts the Authority's goal to deliver safe and effective marine pilotage services in Atlantic Canada.
 - Weather buoys have been deployed in Halifax, and Saint John with the support of the Authority. There are buoys in Placentia Bay that have declined in usefulness due to reduced investment by local operators. The Authority has contracted with a private, independent weather forecasting service to augment information provided by Environment Canada for Placentia Bay. The Authority has increased its weather watch reporting and collaboration with users to increase transparency. Larger vessels will be considered, as pilot boats are replaced, to provide more stable and safer platforms while transferring in worsening conditions.
- Risk of Accident Caused by the Human Element: The services provided by the Authority are dependant on the judgement and skills of the highly trained marine pilots. There is a risk on each

assignment that an incident may result from an error related to this human element. This is a risk to the Authority's goal to deliver safe and effective marine pilotage services in Atlantic Canada.

- o The Authority provides each pilot with portable pilotage units to assist with the regular judgements and decisions that are required to be made. Regular training is also provided so that the skills are learned and practiced for ship handling, tug escort, bridge resource management, etc. Pilots and crews are also assessed regularly for performance and competence and the Authority plans to expand its assessment requirements to certificated masters.



IV) Financial Overview

Financial Position

The Authority is a “non-appropriated” or self- financing Crown Corporation with the requirement to be financially self-sufficient through the use of tariffs that are fair and reasonable. The costs of the Authority are charged to the users of the service in the form of a tariff on each assignment for which pilotage services are provided. The Authority controls its administration costs while assuring any increased operating costs are offset by fair and reasonable tariffs. The annual goal is to have a profit that allows for reserves to weather downturns, savings for capital replacement, and savings towards future severance liabilities. The longer-term goal is to have each area become financially self-sufficient to eliminate cross-subsidization among ports. The Authority relies on projections of future traffic levels and the corresponding revenue and expenses to determine the financial health of the individual ports.

The 2018 Annual Report for the Atlantic Pilotage Authority is posted at:

https://www.atlanticpilotage.com/wp-content/uploads/2019/05/DD-19-036-APA_AR-2018-Eng_Final.pdf

Financial Strategy

The Authority recognizes these three following factors that are important in maintaining financial self-sufficiency:

- 1 Maintaining a reserve fund to allow the Authority to remain financially sound during economic downturns.

The Authority has set a target to maintain a current ratio of 2:1. Current assets will be maintained at a level that is twice the current liabilities that are not covered by allocated savings. This will represent the reserve fund that will allow the Authority to remain financially sound during economic downturns. The Authority has been able to maintain this ratio since the end of 2016.

- 2 Maintaining the financial capacity to borrow or fund the cost of acquiring new pilot boats.

Beginning in 2017, the Authority began to target annual savings to build a fund for boat and capital replacement. It has surpassed its minimum annual goal each year and had \$2.5 million in capital replacement savings at the end of 2018. The Authority is beginning a new build in 2020 and will exhaust these savings to minimize the amount it needs to borrow.

- 3 Maintaining sufficient reserves for an unfunded liability pertaining mainly to severance payments

This liability was \$1.582 million at December 31, 2018 and will grow through 2021 before it begins to decline. In 2012, the benefit was removed from non-union employees' benefits, was negotiated out of two collective agreements, and was eliminated for new employees in the third collective agreement. The Authority set an annual target for savings for this purpose and surpassed this minimum target in each of the previous two years. The Authority had accumulated \$800 thousand in savings for this purpose by the end of 2018 and is well ahead of schedule. The plan is to contribute another \$100 thousand annually until the present value of the liability is fully accumulated.

The budgeting outlook from 2020 to 2024 assumes stable traffic in most areas with specific growth in particular industries where information was received; operational behaviour that is consistent with current approaches; and, adjustments made for typical, predictable economic factors such as inflation. Based on these projections, the Authority will have profits that range from 4.3% to 4.6% through the planning period and will be able to meet its goals for financial self-sufficiency while fully achieving its mandate.

Capital Investments

The Authority has over \$24 million in capital assets that have to be replaced or upgraded over the long-term. It is a large portion of the financial capital of the Authority that is needed for this purpose. These expenditures are primarily for pilot boats, but also includes investments in wharves and structures, maintenance vehicles, leasehold improvements, and computers and office equipment. With the changes to lease accounting for the Authority under IFRS16 a recognition of Right-of-Use assets associated with leases began in 2019. A Right-of-Use asset is recorded to represent the value of an asset the Authority is using

under lease but does not own. The Authority did not have any capital leases as defined under the previous accounting rules.

In 2019, the Authority expects to invest \$2.59 million in capital projects, all of which is funded by operating cash flows generated during the year. The Authority budgets for projects that are planned, but under IFRS, there are unanticipated repairs that also must be capitalized. An allowance is assumed for these items, but depending on the components that fail, the Authority can be well over, or well under, budget on the capital portion of these repairs. The Authority discovered that the hulls on the *Captain A.G. Soppitt* and the *Captain E.T. Rogers* were failing due to errors in the design and faulty welding. The Authority is incurring significant repair costs for these vessels, of which a large portion will be considered capital additions.

A natural disaster occurred in Nova Scotia in early September 2019. Hurricane Dorian caused severe damage to the breakwater at Herring Cove that will require a major investment in the area to begin in 2019 and extend into 2020. The total cost of the repairs is currently unknown but is expected to be considerable. The breakwater protects a wharf in Herring Cove that the Authority uses to transfer pilots when there is peak traffic. Even though the conditions at the wharf do not allow for the pilot boats to be docked there regularly, this wharf is closer to the pilot station and allows for quicker transfers. This improves efficiencies, saves resources, and avoids possible delays when the port is at its busiest.

2020:

As the two Placentia Bay vessels reach 15 years of age, the Authority is beginning a project to replace these vessels. \$8 million is included in the plan to be invested in two vessels as a project will extend from 2020 – 2022. The planned expenditure for 2020 is \$3 million. As these new vessels are launched in Placentia Bay, the older vessels will be redeployed to Halifax and Saint John where they will be larger and safer platforms in these ports during the winter months. With five of the eleven vessels in the APA fleet being over 40 years of age, the Authority continues to search for other used or new vessels that would represent an upgrade to these vessels at an appropriate cost. Another possibility for lower risk ports would be a new RHIB and this will also be examined. The timing of these procurements is not exactly known but is in the plan for 2020 at a total cost of \$1 million.

The requirements included in the 2020 Capital Budget include planned upgrades to the vessels totalling \$630 thousand with another \$410 thousand budgeted for the estimated capital portion of regular repairs. This includes critical spares that are budgeted to be added based on recommendation from an internal audit in the amount of \$200 thousand.

Planned capital investment in wharves and structures of \$745 thousand is primarily due to completion of repairs at the Herring Cove Breakwater, floating dock requirements in several ports, and a new pilot and crew facility in Saint John, NB. The Authority will have to move its boat location in the port, but it is unknown whether it will be in 2020 or 2021. Further investment in portable pilotage units of \$60 thousand is planned for 2020 as well as software replacement and upgrades.

Also, in the budget for 2020 is a Right-of-Use asset of \$996 thousand. In 2018, the Authority entered into a one-year lease for docking and pilot office in Halifax that renews annually. With the deterioration of the

dock facility, the Authority went out for an expression of interest and is evaluating its longer-term options. Refer to Appendix 6 for more information.

Debt

As the Authority has invested in capital assets, it has done so by entering into financing arrangements to fund the portion of major capital projects that cannot be covered within available funding in reserve. These funding activities are governed by section 36 of the *Pilotage Act* and section 127 of the Financial Administration Act. As outlined by Order in Council, the APA is subject to a statutory borrowing approval constraint which limits total amount outstanding at any time at \$15 million. This does not include amounts to be recognized as capital leases. The Authority's borrowing strategy is developed to always stay well within this borrowing constraint.

As part of the plan to construct two new pilot boats for Placentia Bay, the Authority is requesting approval of the Minister of Finance to enter into a new loan facility in 2020 in the amount of \$6 million. These funds are expected to be drawn during the construction period that may extend into 2021, with \$3 million expected to be drawn in 2020 and the remaining \$3 million in 2021. In accordance with section 36 of the *Pilotage Act* and 127(3) of the Financial Administration Act, the APA requires the approval of the Minister of Finance to enter into any particular transaction to borrow money, including the time and the terms and conditions of the transaction. Refer to Appendix 7 for more information.

Financial Investments

Under the most recent changes to the *Pilotage Act*, under section 37, the Authority may, with the approval of the Minister of Finance, invest any moneys not immediately required for the purposes of the Authority in any class of financial asset. The Authority is requesting the approval of the Minister of Finance to invest in guaranteed investment certificates that are eligible for Canada Deposit Insurance Corporation insurance.

Appendices

1. Ministerial Direction
2. Corporate Governance Structure
3. Planned Results
4. Chief Financial Officer Attestation
5. Traffic Analysis
6. Financial Statements and Budgets
7. Borrowing Plan
8. Risk Management
9. Compliance with Legislative and Policy Requirements
10. Government Priorities and Direction



1. Ministerial Direction

The Atlantic Pilotage Authority is operating in accordance with the guidance expressed in the Honourable Marc Garneau, Minister of Transport's letter to the incoming Chair of March 14, 2019.

Minister of Transport



Ministre des Transports

MAR 14 2019

Ottawa, Canada K1A 0N5

Mr. Robert Jack Gallagher

Dear Mr. Gallagher:

I am pleased to provide you with a copy of the official documentation of your appointment by the Governor General in Council, by P.C. 2019-109, dated February 27, 2019, as Chairperson of the Atlantic Pilotage Authority (APA) for a term of five years. I would also like to take this opportunity to thank you for agreeing to serve in this capacity and to convey my expectations for the corporation.

As you know, the APA is a Crown corporation, with a mandate set out in the *Pilotage Act* to establish, operate, maintain and administer, in the interests of safety, an efficient pilotage service. Moreover, the Authority is empowered to set tariffs that are fair and reasonable and that allow the Authority to operate on a self-sustaining financial basis. My role as the Minister of Transport is to exercise oversight in accordance with the accountability regime set out in the *Financial Administration Act*, Part X. In this context, one of my key responsibilities is to answer for the APA in Cabinet and in Parliament.

As Chairperson, you are the representative of the APA to outside parties as well as the leader and facilitator of the Board as it carries out its duties. You are also the primary link between the Board and myself, as the representative of the Government. The responsibilities of the Board include the oversight of the business and activities of the corporation. As a result, the Board is expected to ensure that the strategic direction of the corporation is in line with the Government's broad policy objectives and priorities; ensure that appropriate risks have been recognized and appropriate systems are in place to manage these risks; ensure that the corporation's information systems and management practices meet its needs; and assume accountability for the integrity of the information produced by the corporation.

The Chief Executive Officer (CEO) is a member of the Board and the key link between the Board and the management of the corporation. The CEO is accountable to the Board for the management and performance of the corporation. Just as I am expected to hold the Board accountable, I expect the Board to hold the CEO accountable. My normal interactions with the Board shall be through you, the Chairperson. I trust that all Board members will provide you with the support needed to ensure sound management and maintain the success of this corporation.

Canada

As a Crown corporation within the Transport Canada portfolio, the APA provides specific services on a commercial basis, with considerable operational autonomy. I would however remind you that being part of the federal public sector, the Authority plays an important public policy role and is subject to obligations that are unique to the public sector.

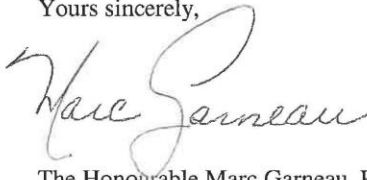
Since the corporate plan is at the centerpiece of the accountability regime put in place for Crown corporations, its timely approval is critical to ensure sound management. One of the key success factors to the timely approval of corporate plans is early and meaningful consultations with all relevant officials. This is even more important if there are activities being proposed in the corporate plan that may pose questions on the mandate or of a strategic nature. In these instances, you are to seek my views before undertaking any such activities, including planning or consultations.

As you may know, the Government of Canada is committed to diversity and inclusion as a tremendous source of strength for our country. I encourage the APA to continue its best practices in this regard by hiring, when possible, more women, Indigenous individuals, members of visible minorities and persons with disabilities.

Given that I am accountable to Parliament for the overall effectiveness of the corporation, and in the general interest of openness and transparency, please ensure that the APA continues to give my office and Transport Canada notice of issues that might be of interest to the public so that I am adequately prepared to answer any question concerning the APA in Parliament. For any communication with my office, [REDACTED] will be your contact person and he can be reached at [REDACTED].

Finally, I would like to underscore how pleased I am that you have agreed to serve as Chairperson of the APA. I would also like to extend my appreciation to the APA staff that continue to work closely with Transport Canada representatives. I look forward to continuing to build upon this successful working relationship.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Marc Garneau', is written over a light blue circular stamp. The signature is fluid and cursive.

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport

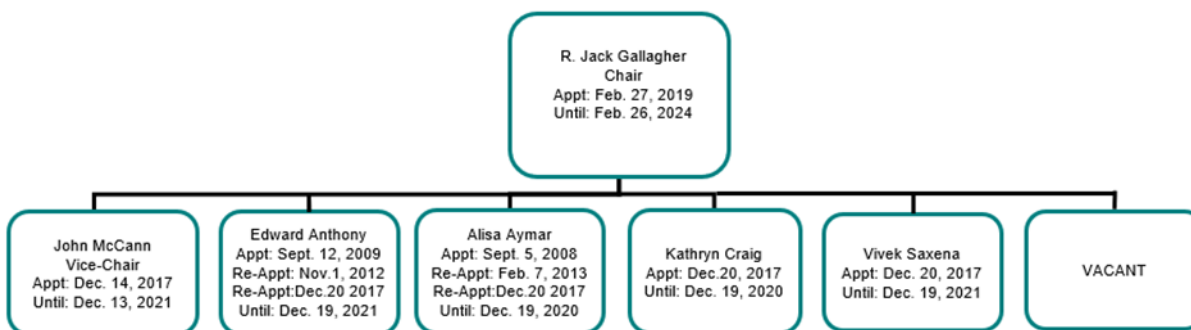
Enclosure

2. Corporate Governance Structure

Similar to other Crown corporations, the Atlantic Pilotage Authority operates at arm's length from its sole shareholder, the Government of Canada. While the shareholder provides policy direction for the corporation's ongoing operations, as stated in the Financial Administration Act (FAA), the Authority (Board) ensures that the corporation fulfills its mandate by setting the corporation's strategic direction and organizational goals, and by monitoring their implementation. The Authority reports to Parliament through the Minister of Transport.

The Chair and Members of the Board are appointed by Governor-in-Council for terms of two to five years. The Board is composed of members with various experiences and an effort is made to have the Board reflect the widespread geographical area within the APA jurisdiction.

The following organizational chart indicates the composition of the Board as at September 1, 2019, followed by a chart indicating the Board committees that are in place. The Members remain on the Board until a re-appointment or replacement is made by Order-in-Council. The Chair does not serve beyond the end of their term.



The previous Vice-Chair resigned on March 21, 2019, leaving a vacancy on the Board that has yet to be filled. The Vice-Chair roll was assigned to another member.

APA Board Members

G. Jack Gallagher, Chair

Captain Gallagher was appointed to the Board on February 27, 2019. He is a Master Mariner, formerly with the Coast Guard and owns an international maritime consulting practice.

John McCann, Vice-Chair

Captain McCann has served on the Board since December 2017 and is Chair of the Authority's Pilot Boat Committee. Captain McCann is also a manager for the Halifax Harbour Ferry System. He is involved in various other organizations in Nova Scotia and previously in Saint John, NB.

Captain Edward Anthony

Captain Anthony has served on the Authority's Board for 5 terms and was a Southeast NL marine pilot with the Authority for 12 years. Captain Anthony has also held various marine-related positions in the federal government, private industry and academia.

Alisa Aymar

Ms. Aymar has served on the Board since 2008 and is Chair of the Authority's Audit Committee. Ms. Aymar is also Manager of financial services at Comeau's Sea Foods in Saulnierville, NS and has also served with various other organizations in Nova Scotia.

Kathryn Craig

Ms. Craig has served on the Board since December 2017 and is Chair of the Authority's Governance and Risk Committees. Residing in Saint John, NB, Ms. Craig was the CEO of Fundy Linen and has served on a variety of Boards in the Saint John area.

Vivek Saxena

Captain Saxena has served on the Board since December 2017. Captain Saxena is a Master Mariner with over 20 years of experience at sea and is currently the Academic Chair at the Nautical Institute at NSCC Port Hawkesbury, NS.

APA Board Role

The Board is responsible for the oversight and strategic direction of the Authority. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, as well as ensures that risks are identified and managed.

The Board meets at least quarterly with other meetings scheduled as needed. The Board has created a number of committees with specific responsibilities. The Board has established Terms of Reference for each standing Committee and guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities. Further information on these committees is provided below.

The total of Board remuneration and expenses is projected to be \$135 thousand in 2019, slightly over the \$132 thousand budgeted for the year. As expectations on the Board have increased in recent years, more time is being dedicated by these individuals towards their responsibilities with the Authority. In recognition of this, the Authority adjusted its compensation policy in recognition of the preparation time members are requiring for meetings by paying each of them one additional per diem per month. This is consistent with the policies of the other three pilotage authorities.

Committees

Audit Committee

The Audit Committee is a core committee of the Authority's Board of Directors. The *Financial Administration Act* (FAA) specifically requires the Authority to establish an audit committee. There are three members designated as members of this committee. Its responsibilities include providing financial oversight for the

Authority, improving the quality of financial reporting, and increasing stakeholder confidence in the credibility and objectivity of the corporate performance.

Governance, Nominating and Regulations Committee

There are three members of this committee and they meet at the call of the committee chair. Its mandate includes defining roles and responsibilities for the Board and management, as well as consulting with the Chair regarding the structure of Board committees. This committee recommends candidates for the Board as well as the Chair and CEO positions and critically reviews management recommendations amending any regulations associated with the *Pilotage Act*, General Pilotage Regulations, and Atlantic Pilotage Authority Regulations.

Human Resources Committee

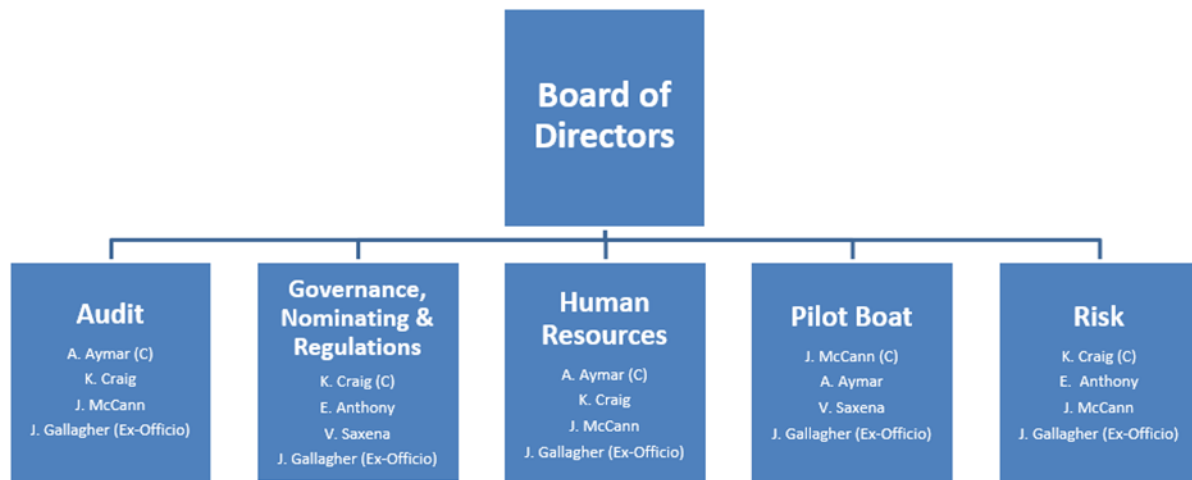
This committee meets as needed and is made up of three members. The committee's responsibilities include the CEO's performance evaluation, reviewing significant changes to the organizational structure, reviewing the mandate for collective bargaining, and monitoring succession planning for management and pilot resources.

Pilot Boat Committee

This committee has three members. The committee meets as needed and its responsibilities include the critical review of management reports associated with the operation of pilot boats and technology and monitoring the fleet renewal strategy.

Risk Committee

This committee has three members and its responsibilities include the active solicitation of information regarding significant risks and exposures while reviewing the adequacy of mitigations of those risks identified. This includes the monitoring of the Enterprise Risk Management Framework and the progress achieved in mitigating the identified risks. This committee is also responsible for oversight of the process, financial and management control and practices relating to a specific Pilotage Risk Management Methodology (PRMM); critically reviewing facilitator's, stakeholders' and management reports associated with a PRMM and then making a recommendation to the Board to accept, reject or amend the recommendation(s).



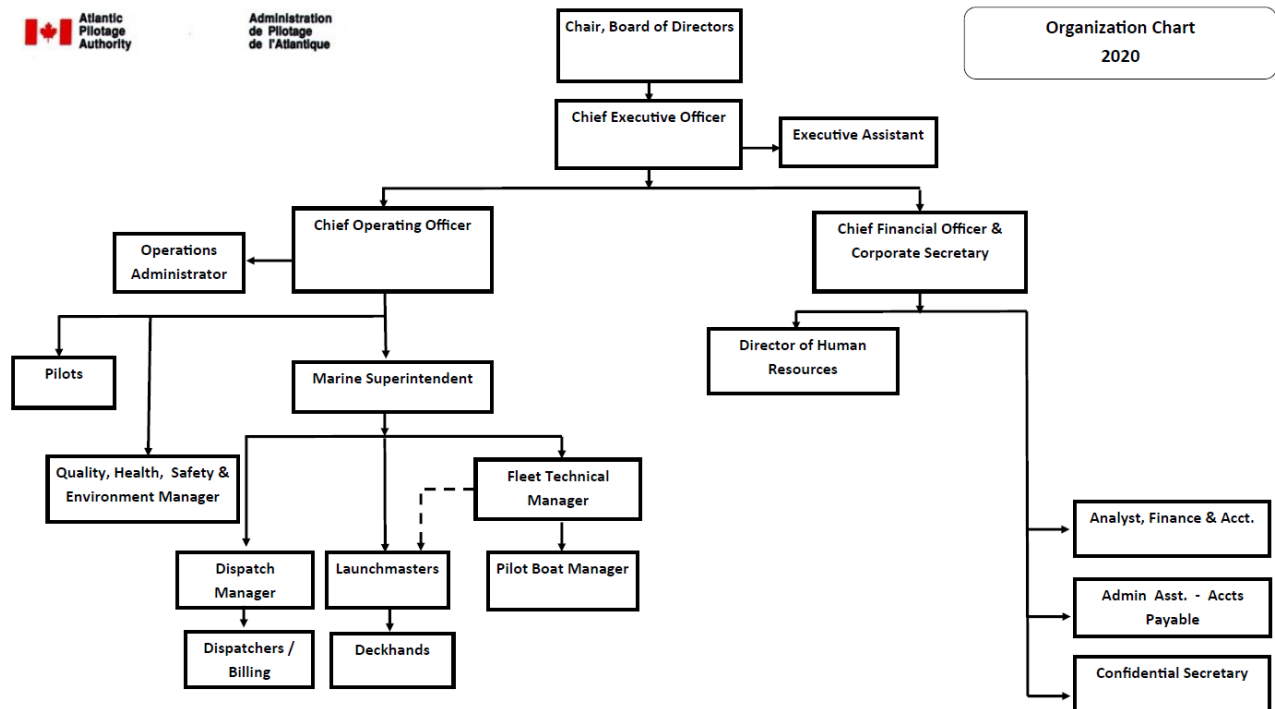
Senior Executives

The following individuals hold key senior executive positions within the Authority:

Name	Title
Sean Griffiths	Chief Executive Officer
Brian Bradley	Chief Financial Officer and Corporate Secretary
Gary Joyce	Chief Operating Officer
Jennifer Campbell	Director of Human Resources

The total cost of this senior executive group is expected to be approximately \$849 thousand. This is well above the \$793 thousand budgeted for the year due to retroactive payments made to the CEO based on an OIC that impacted a period that dated back to 2014.

The senior executives are supported by six administrative staff members. The following chart indicates the organization structure of the administration of the Authority for 2020 even though all of the positions listed may not be occupied by year-end:



Operations Personnel

Employee Pilots

The Authority recruits highly skilled mariners with a significant and diversified experience within the shipping industry. Recruiting a mariner with this level of certification and career experience is a targeted audience, specifically those who have sea time experience in the compulsory district for which we are recruiting. The Authority established the familiarization program upon the amendment of our APA Regulations - Section 14 General Qualifications – Experience at Sea – Applicants 14.1 (2) in 2014. The intention of the regulation is to aid in the recruitment of qualified mariners that otherwise would not meet the trip qualifications within the district. This program increases our eligible pool of highly skilled and competent candidates to hire for future district pilot positions. Operating in a dynamic maritime industry, this program becomes increasingly important to ensuring our future personnel have the professional expertise and work experience to meet our high standard for providing a safe and efficient pilotage service.



The Authority's pilot age demographic is weighted towards those individuals nearing retirement. As historically, pilot progression takes between 24 – 36 months to reach a full Class A Unlimited Licence, it is

critical to have access to competent and qualified resources to ensure continuity of service during times of increased traffic or due to time lost due to injury. In 2013, the Authority reached a Memorandum of Agreement with the CMSG in which there is an incentive for pilots to provide notice of retirement. This agreement provides the Authority with an opportunity to properly plan pilot strength by pro-actively hiring new apprentices. Subsequent to this agreement, the Authority has received notice from many pilots regarding their plans to retire. Pilots are being added as replacements so that they can have two years of training before each pilot retires. Having a pilot retire without a suitable replacement able to compensate can have a negative effect for users.

The licence structure is outlined below:

Licence	Gross Tonnage	Note
Apprentice Licence	Training capacity	At the end of this phase, the apprentice must receive a passing mark on an extensive written and oral exam for their district.
Class C Licence	Does not exceed 10,000 GT	
Class B Licence	Does not exceed 40,000	Class B Limited
		Class B Unlimited
Class A Licence	Over 40,000 GT	Class A Limited
		Class A Unlimited

An apprentice licence restricts the holder to training trips under the supervision of a senior Class A Unlimited pilot within his/her district. Training is conducted on various types and sizes of ships. At no point during the apprentice phase, does the holder complete pilotage assignments without supervision. As licence progression continues, he/she will perform pilotage assignments independently within their corresponding gross tonnage limitation. During this time, he/she performs training trips with senior district pilots on assignments above their current licence level. This process continues until the pilot receives a full Class 'A' Unlimited licence, allowing them to take all assignments within their district.

The following outlines the general application of training courses as related to the pilot progression through their increasing level of pilotage licence.

Mandatory Training Course	Location	Pilotage Licence Level Required
SeaIQ/PPU	Quebec	Apprentice
H2S Alive	Local Area	Apprentice
H2S Refresher	Local Area	Class C, B or A as required
Basic Manned Model	United Kingdom	Class B
Mandatory Training Course	Location	Pilotage Licence Level Required
Advanced Bridge Resource Management (BRM-P)	Quebec	Class C or Class B
Radar Errors	Quebec	Class C or Class B
Tug Escort	PEI/Quebec	Class C, B or A

Z-Drive Tug	Quebec	Class B or Class A
Azipod	Quebec	Class B or A
Advanced Manned Model	France	Class A
Advanced Manned Model refresher	France	Class A (7 years after Advanced Manned Model)

The average cost to the Authority to train a pilot to an unlimited Class A licence over the initial two to three years is \$250,000. The Authority has budgeted \$350,000 for training courses for 2020.

Pilot Boat Crews

The pilot boat crews encompass three groups of employees that are considered operational.

Vessel Maintenance

The Authority employs two people that manage and maintain the APA vessels. The Fleet Technical Manager and the Pilot Boat Manager. These positions allow for increased leadership, technical management and preventative maintenance of our fleet.

Launchmasters

There are eight launchmasters who are employees of the Authority, four in Saint John and four in Halifax. They are the captains of the pilot boats and are highly skilled boat handlers that are able to guide the pilot boats along side much larger, fast moving vessels, to allow the pilots to transfer safely.

Deckhands

There are eight deckhands who are employees of the Authority, four in Saint John and four in Halifax. The deckhands most important responsibility is assisting and protecting the pilots while transferring between moving vessels.

Dispatchers

Included in the dispatchers' category is the Dispatch Manager position, who manages the dispatch centre and five full-time dispatchers, one of whom handles the billing. High quality dispatchers are essential to providing an efficient and effective service as they are the point of contact for all operational partners in each port, coordinating pilots, pilot boats, and transportation with the moving vessel orders and requirements, while adhering to mandatory rest periods and safety requirements.

Entrepreneurial Pilots

Entrepreneurial Pilots are not employees of the Authority and derive their income from receiving a share of the tariff levied for an assignment. Therefore, the Entrepreneurial Pilot assumes the financial risk related to changes in activity. They are used in areas where there is very little traffic, no investment in assets by the Authority, or potential for large fluctuations in assignments. They do not provide service in the same districts as employee pilots.

Directive on Pensions:

Section 16 of the *Pilotage Act* specifies that the Authority is deemed to be a Public Service corporation for the purposes of section 37 of the Public Service Superannuation Act. Employees of the Authority are members of the Public Service Superannuation Plan and contributions are made by the employees and the Authority to fund their future annuity. This plan aligns with the Government priorities and has the employee/employer cost sharing ratio of essentially 50:50.



3. Planned Results

The following provides an overview of the Authority's intended results for the planning period:

Short-Term Performance Assessment

Outcome	Performance Indicators	2020	2024	Data Strategy
The Authority is committed to providing pilotage services free of shipping incidents	Number of assignments under the conduct of a licenced pilot, or certificated master, on which there were no shipping incidents	99.97% (10% annual improvement)	99.98%	Logged Incident Reports
	Percentage of customers who reported that they are satisfied with the Authority's commitment to safety as registered through the annual customer survey process	90%	95%	Annual Customer satisfaction Survey
The Authority will maintain financial self-sufficiency by exercising effective cost management and establishing tariffs that are fair and reasonable	Reserve fund as measured based on the current ratio of current assets against current liabilities	Current ratio of 2:1	Current ratio of 2:1	Annual data from APA's financial systems
	Accumulated savings as compared to target – Capital Asset Replacement	-	\$2.5 million accumulated	Annual data from APA's financial systems
	Accumulated savings as compared to target – Severance Liability	\$1.0 million accumulated	\$1.2 million accumulated	Annual data from APA's financial systems
	Number of registered objections to proposed tariffs	0	0	Government logs of objection
The Authority is committed to providing pilotage services that do not cause delay or service interruptions	Number of assignments under the conduct of a licenced pilot on which there were no delays of greater than one hour	99.58% (10% annual improvement)	99.72%	Annual data from APA's financial systems
	Number of registered complaints as reported through the Authority's non-compliance reporting process	99.72% (10% annual improvement)	99.82%	Annual data from APA's non-compliance logs
	Percentage of customers who reported that they are satisfied with the efficiency of marine pilotage services provided by the Authority as registered through the annual customer survey process	80%	85%	Annual Customer satisfaction Survey

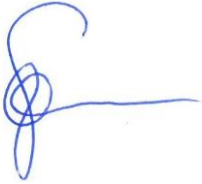
Outcome	Performance Indicators	2020	2024	Data Strategy
The Authority is committed to the safety of its people	Hours of case management time associated with work related injuries	9 days (10% improvement)	5 days	Employee medical case manager reports

Medium-Term Performance Assessment

Outcome	Performance Indicators	2020	2024	Data Strategy
The Authority is committed to supporting efficiency & consistency through consultation	The number of consultation meetings held between the Authority and its stakeholders	15 meetings	15 meetings	Meeting logs and records
The Authority will support the Government in its efforts to implement the regulation changes required under <i>Pilotage Act</i> reform	The regulation changes and changing policies/procedures will be implemented successfully as determined by Transport Canada	100% as per TC schedule	-	Transport Canada schedule for changes
The Authority supports the Federal Sustainable Development Strategy and Greening Government Strategy by reducing its environmental footprint	Reduction in environmental footprint as boats and facilities are replaced	There will be no environmental spills or damages to be reported that are related to pilot boat operations	Investments in pilot boat technology will be made that are more efficient	

Chief Executive Officer Results Commitment

I, Sean Griffiths, as Chief Executive Officer of the Atlantic Pilotage Authority, and accountable to the Board of Directors of the Atlantic Pilotage Authority for the implementation of the results described in this Corporate Plan and outlined in this Appendix verify that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Chief Executive Officer
The Atlantic Pilotage Authority

September 18, 2019

Date

4. Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of the Atlantic Pilotage Authority, I have reviewed the Corporate Plan and Budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan.
5. The Corporate Plan and Budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the Corporate Plan.)
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation.

In my opinion, the financial information contained in this Corporate Plan and Budget(s) is sufficient overall to support decision making.



Chief Financial Officer
The Atlantic Pilotage Authority

September 18, 2019

Date

5. Traffic Analysis

The 2019 Forecast of Pilotage Requirements in Compulsory Pilotage Areas is the basis for the planning assumptions of the Authority and is based on historical levels, shipping announcements, and information provided directly to the Authority. The Authority reviews each port to arrive at a projected traffic level for the port and rolls these numbers into the overall forecast as presented. A brief discussion of traffic trends is in the body of the report with a more detailed traffic summary and discussion provided below.

TRAFFIC SUMMARY																	
		ASSIGNMENTS															
		ACTUAL	OUTLOOK	BUDGET	BUDGET		PLAN										
		2018	2019	2019	2020	2021	2022	2023	2024								
TARGET PILOT																	
STRENGTH																	
SALARIED PORTS																	
HALIFAX	14									3,100	2,845	2,889	2,933	2,933	2,933	2,933	2,933
SAINT JOHN	10									1,715	1,849	1,838	1,843	1,843	1,843	1,843	1,843
STRAIT OF CANSO	9									739	696	756	696	696	696	696	696
SYDNEY										448	447	433	485	485	485	485	485
BRAS D'OR										4	4	4	4	4	4	4	4
PLACENTIA BAY	14									1,137	1,255	1,146	1,177	1,195	1,195	1,195	1,195
ST. JOHN'S										498	535	597	535	535	535	535	535
HOLYROOD		36	34	34	34	34	34	34	34								
HUMBER ARM	3	187	198	186	234	248	248	248	248								
BAY OF EXPLOITS		80	90	89	90	90	90	90	90								
STEPHENVILLE		18	30	14	40	40	40	40	40								
TOTAL SALARIED PORTS	50	7,962	7,983	7,986	8,071	8,103	8,103	8,103	8,103								
TARGET																	
LICENCES																	
ENTREPRENEURIAL PORTS																	
PUGWASH	2									98	100	90	100	100	100	100	100
MIRAMICHI										18	20	20	20	20	20	20	20
RESTIGOUCHE	3									2	2	10	2	2	2	2	2
BELLEDUNE										-	-	125	125	125	125	125	125
VOISEY'S BAY	4									14	10	2	10	10	10	10	10
CHARLOTTETOWN	3									261	260	248	260	260	260	260	260
CONFEDERATION BRIDGE										124	120	121	120	120	120	120	120
TOTAL ENTREPRENEURIAL PORTS	12	517	512	616	637	637	637	637	637								
NON-COMPULSORY TRAFFIC																	
BELLEDUNE										128	125	-	-	-	-	-	
OTHER NON-COMP										113	112	124	112	112	112	112	
TOTAL NON-COMP TRAFFIC		241	237	124	112	112	112	112	112								
TOTAL TRAFFIC	62	8,720	8,732	8,726	8,820	8,852	8,852	8,852	8,852								

Halifax

The port of Halifax has rebounded in recent years with increased container, auto carrier, and cruise traffic. The cruise traffic in 2020 is expected to increase slightly from 2019. The auto carrier traffic was exceptionally strong in 2018 but has fallen to levels closer to the historical traffic rates in 2019. The port lost a weekly container caller early in 2019 with speculation that it will be replaced with a larger weekly

caller late in the year. This has reduced the number of visits and has negatively impacted the revenues for the port. The budget projects the return of a weekly container caller.

Saint John

Oil tanker assignments were negatively impacted by an incident at the refinery in the fourth quarter of 2018. This activity is expected to rebound with larger vessels as the refinery scales back to full capacity. A bunker vessel has been deployed in the area and added a number of small revenue assignments for the Authority. These revenues will be lost when the masters of this vessel are able to write for their pilotage certificates. Cruise ship traffic in the port has been growing after a sharp decline in 2012. The potash mine closed in 2016 but in 2017 there was an increase in large cargo vessel traffic as potash began being moved from Saskatchewan by rail to be exported through Saint John. This activity has slowed in 2019. All of these segments are expected to provide steady traffic for the planning period.

Cape Breton

The tanker traffic in the Strait of Canso has declined in 2019. Cargo traffic in the port is partially generated from ship-to-ship coal transshipment operations that had decreased dramatically in 2016 due to low coal prices. These are very large vessels for the area and their decline has been very detrimental to revenues in the area. With a rebound in coal prices, this operation picked up again in 2017, but in 2019 the year-round operation scaled back in the winter months to avoid the worst weather in the port. There remains a proposal to build a new container terminal in the Strait of Canso area and an LNG export facility. Neither project is expected to have any impact on activity in 2020. For Sydney, there is tanker traffic, coal movements, and cruise traffic that drives the activity. Most of the fluctuations in the area are in the cruise traffic that has continued to grow recently and is expected to reach a new high in 2020.

Southeast Newfoundland

In Placentia Bay, traffic continues to fluctuate depending on the length of maintenance shutdowns done annually. The Come-by-Chance oil refinery are in the initial stages of planning for expansion that will increase traffic over the longer term. The Whiffen Head transshipment terminal has had a large increase in traffic as the Hebron field has been in operation. This activity began stronger than originally anticipated but the facility will show a decline in 2020 as the FPSO for the Terra Nova Oil Field goes off station for the year. Cargo assignments are present primarily the removal of sulfur from the refinery. There is a nickel smelter at Long Harbour in Placentia Bay that provides just over a monthly caller. The refinery began operating a bunker vessel for fueling vessels late in 2016. The amount of pilotage activity this provides to the Authority is determined by whether the current masters are certificated but the operation is also drawing additional traffic to the area. In St. John's, the Authority pilots much less than half of the ship movements in the area due to pilotage certificates. In 2019 there are expected to be approximately 2,000 movements by certificated masters.

Other Notes

Belledune, NB is expected to become a compulsory port during the planning period when the regulation to change its status is finalized.

6. Financial Statements and Budgets

This Corporate Plan is presented under International Financial Reporting Standards (IFRS).

For 2019, forecasted revenues are underperforming budget by \$204 thousand as revenues suffered in Saint John, Halifax, and the Strait of Canso. The decline in activity has provided savings in several categories of variable costs meaning projected total expenses are under budget by \$68 thousand. This would be despite significant unforeseen pilot boat maintenance costs to repair major hull damages on the *Captain E.T. Rogers* and the *Captain A. G. Soppitt*. There were also significant damages to APA infrastructure during Hurricane Dorian that required repairs. The Authority is expecting to close 2019 with a \$902 thousand profit that falls short of its \$1.069 million budget for the year but continues its trend of strong financial results.

The budgeting outlook beyond 2020 assumes the following; traffic recovery in Halifax and Saint John; traffic in Western Newfoundland to grow; elsewhere remains stable; operational behaviour remains consistent with current approaches; and, adjustments made for typical, predictable economic factors such as inflation.

Financial Planning Factors

When preparing its forecast and budgets, the Authority considers a variety of elements, both financial and nonfinancial. Information is gained through consultation meetings within each port or area which allows for projections and budgeted activity over the near term. Budgets are prepared for each administrative cost centre as well as each operating segment.

Projected and Budgeted Revenue

The revenues of the Authority are influenced by the amount of marine traffic, and the composition of that traffic in terms of size and types of vessels. The annual traffic levels are mainly driven by the economics of the marine industries of the Atlantic region. Forecasting the traffic for future years is very challenging as there are many factors involved, all of which are well outside the Authority's control.

When creating the Corporate Plan for 2020-2024, the Authority used several sources of information to predict traffic levels. The traffic patterns of previous years were combined with changes within individual business sectors, announced or expected expansions or contractions, and general financial conditions. The Authority also reached out to stakeholders, including the marine industry and port authorities, during consultation meetings and direct communications, to solicit feedback on projected changes to future volumes or activity.

Changes in the energy sector, especially oil, and other commodities have the largest effect on the Authority's activity. With almost fifty percent of the revenues generated by the oil industry, fluctuations in demand, or any changes in the methods of crude oil delivery, can greatly affect the financial results of the Authority. The container business is highly competitive and cost sensitive. With the opening of the expanded Panama Canal, these factors have led to container industry consolidation and a shift to larger vessels. Ports that can accommodate these larger vessels are expected to have growth from this sector. A weaker Canadian dollar has meant growth in tourism and expected growth in cruise activity in several ports for the Authority.

Based on the operating budgets, the following tariff adjustments are being proposed:

Tariff Adjustments 2020

The Authority enacted a two-stage tariff amendment for 2019 and 2020. The second stage of the increases will come into effect on January 1st, 2020. Further adjustments proposed for 2020 include the following:

1. Pilot boat charge for Restigouche (effective on the day on which the proposed amendments are registered). The proposed amendment would introduce a charge to cover the actual cost of hiring a pilot boat in the compulsory port of Restigouche when necessary to complete an assignment.

The proposed pilot boat charge is meant to make it more appealing for licensed pilots and pilot boat contractors to operate in these areas. It also makes the tariff calculation consistent with other smaller ports with entrepreneurial pilots. Currently, pilots in this area have been absorbing the cost of hiring a pilot boat and operator. Moving forward however, this practice is not considered sustainable when trying to attract or retain pilots to operate in these areas, especially if we are asking the pilot boat operator to incur additional costs to increase safety. The cost to industry from the introduction of a pilot boat charge is estimated to be \$20,000 annually but will be mostly offset by a tariff reduction proposed below.

2. Restigouche tariff adjustment (effective the day on which the proposed amendments are registered). The proposed amendments would reduce the minimum charge and the basic charge for the area.

With the addition of a pilot boat charge in item one above, the basic charge and the minimum charge in the area will be lowered to offset much of this new charge. These reductions will save the users an estimated \$17,000.

3. Fuel charges for Halifax and Saint John will be adjusted for the updated deployment of vessels. Halifax has received two jet boats since the budgeted fuel consumption was set in the tariff regulation. This has also meant the redeployment of a second newer vessel to Saint John. These vessels are using more fuel than the previously deployed vessels and require the budgeted fuel consumption to be updated.
4. The language that describes In-Transit Charges will be changed to mirror the impact of Overcarriage Charges. In the winter, especially, it is becoming more common for pilots to have to join vessels in their previous port of call in order to be on board when the vessel reaches the pilotage area. Currently, there is no charge recovery for the time it takes for the pilot to travel to these areas to meet the vessels. This is unlike the overcarriage language where there is cost recovery for the entire time a pilot is required to travel outside of their pilotage area. This change will be beneficial to recruitment for entrepreneurial pilots for areas that are less active and more remotely located.

5. Other Tariff Adjustments 2020 (effective January 1st or date registered)

Port-by-port tariff increases for one-way trips, trips through and moveages. The proposed amendments would increase all of the charges related to one-way trips, trips through, and

moveages, with the effective tariff increases needed to maintain port-by-port self-sufficiency identified in the following table.

Port	Tariff Increase	Ave. per assignment Cost increase	Port	Tariff Increase	Ave. per assignment Cost increase
i. Strait of Canso, NS	3.00%	\$108	ii. Miramichi, NB	2.00%	\$36

6. Other Tariff Adjustments 2020 (effective April 1st)

Port-by-port tariff increases for one-way trips, trips through and moveages. The proposed amendments would increase all of the charges related to one-way trips, trips through, and moveages, with the effective tariff increases needed to maintain port-by-port self-sufficiency identified in the following table.

Port	Tariff Increase	Ave. per assignment Cost increase	Port	Tariff Increase	Ave. per assignment Cost increase
i. Placentia Bay, NL	1.00%	\$61	vi. St. John's, NL	1.00%	\$24
ii. Sydney, NS	1.00%	\$34	vii. Halifax, NS	1.00%	\$24
iii. Humber Arm, NL	1.00%	\$32	viii. Holyrood, NL	1.00%	\$24
iv. Saint John, NB	1.00%	\$30	ix. Stephenville, NL	1.00%	\$23
v. Bay of Exploits, NL	1.00%	\$27			

Tariff increases for 2021 – 2024 are estimated at 2.0% to 4.0% depending on the port and future investments.

Expense Budgets

Expenses are derived for each administrative cost centre and each operating segment based on actual contractual arrangements and estimated future costs. During the budget preparations, the following estimates have been applied:

Inflation rate:

Rates for inflation are based on contractual arrangements and assumptions applied on a line-by-line basis. On average, these rates range from 1.5% to 3% based on category.

Discount rate:

The discount rate as used to estimate the Right-of-Use asset for the head office lease and corresponding liabilities has been set at 7%. This was the actual rate used by the lessee for the head office space lease signed in 2017. The discount rate as used to estimate the other Right-of-Use asset and corresponding liabilities has been estimated at 3.5%, the latest quoted borrowing rate the Authority received on a 10-year term loan.

Sensitivity of Forecast to Changes:

The most significant estimate that impacts financial results is the number of assignments. Small variances in the number of pilotage assignments forecast do not generally affect the overall performance of the Authority. But a variance from expectations in high revenue ports can occasionally cause unexpected results. By having seventeen independent ports that rely on different users and industries, this risk is partially mitigated as some ports may be underachieving while others are over achieving or meeting expectations.

Pilot recall costs, productivity bonuses, and pilot boat contracts are all impacted by the volume of assignments. Fluctuations in the cost of fuel and transportation have been mitigated by direct recovery charges for these items. For vessels owned by the Authority, there is exposure to significant fluctuations in costs, especially the price of fuel and costs related to repairs and maintenance.

Administrative expenses are generally fixed for a year, at least, and are not related to volume of activity during the year.

For illustrative purposes, the area of Saint John is an area where the Authority has experienced fluctuations in traffic recently. The area's activity is driven primarily by operations at the oil refinery. The impact on the 2020 budgeted profit for the Authority if an extended facility maintenance shutdown occurs in the area, or if none occurs at all, is presented below. This assumes a consistent average vessel size and the other areas meeting expectations.

- 1) Forecast volume-expected net profit of \$1,333,000.
- 2) Volume decline of 5% (91 assignments) from budget - expected net profit of \$908,000.
- 3) Volume growth of 5% (91 assignments) from budget - expected net profit of \$1,740,000.

Financial Position

STATEMENT OF FINANCIAL POSITION									
(in thousands of dollars)									
	ACTUAL	IFRS 16	OUTLOOK	BUDGET	BUDGET	PLAN			
	2018	2018 ADJUST	2019	2019	2020	2021	2022	2023	2024
ASSETS									
CURRENT									
CASH	\$ 2,789	\$ -	\$ 2,612	\$ 2,239	\$ 3,844	\$ 3,527	\$ 2,830	\$ 3,161	\$ 3,042
CASH - SEVERANCE FUND	800	-	900	600	1,000	1,100	1,200	1,200	1,198
CASH - BOAT REPLACEMENT FUND	2,500	-	2,000	2,500	-	300	1,800	3,500	3,700
ACCOUNTS RECEIVABLE	3,763	-	3,838	3,752	3,915	3,827	3,993	3,904	4,073
PREPAID EXPENSES	103	-	103	105	103	103	103	103	103
	9,955	-	9,453	9,196	8,862	8,857	9,926	11,868	12,116
FIXED									
LEASE ASSET	-	1,472	1,472	2,548	2,468	2,468	2,468	2,468	2,468
CAPITAL AT COST	23,972	(531)	25,859	26,311	31,643	37,228	38,813	40,208	43,103
LESS ACCUMULATED AMORTIZATION	11,379	149	13,397	14,015	15,384	17,543	19,991	22,589	25,287
	12,593	792	13,934	14,844	18,727	22,153	21,290	20,087	20,284
TOTAL ASSETS	\$ 22,548	\$ 792	\$ 23,387	\$ 24,040	\$ 27,589	\$ 31,010	\$ 31,216	\$ 31,955	\$ 32,400
LIABILITIES									
CURRENT									
ACCOUNTS PAYABLE	\$ 2,462	\$ -	\$ 2,462	\$ 2,080	\$ 2,450	\$ 2,500	\$ 2,500	\$ 2,600	\$ 2,650
CURRENT PORTION OF BANK LOANS	1,979	-	677	698	749	967	675	683	712
CURRENT PORTION LEASES	59	(59)	-	42	-	-	-	-	-
CURRENT LEASE LIABILITY	-	119	128	205	206	223	241	258	250
TERMINATION BENEFITS	201	-	220	237	224	160	-	284	220
	4,701	60	3,487	3,262	3,629	3,850	3,416	3,825	3,832
LONG TERM									
BANK LOANS	3,612	-	4,265	3,616	6,516	8,549	7,874	7,191	6,479
DEFERRED LIABILITY	439	(439)	-	396	-	-	-	-	-
LEASE LIABILITY	-	1,234	1,106	2,059	1,680	1,457	1,216	958	708
TERMINATION BENEFITS	1,381	-	1,275	1,482	1,177	1,140	1,259	1,084	978
	5,432	795	6,646	7,553	9,373	11,146	10,349	9,233	8,165
TOTAL LIABILITIES	10,133	855	10,133	10,815	13,002	14,996	13,765	13,058	11,997
CONTRIBUTED CAPITAL AND EQUITY									
EQUITY	12,415	(63)	13,254	13,225	14,587	16,014	17,451	18,897	20,403
	12,415	(63)	13,254	13,225	14,587	16,014	17,451	18,897	20,403
	\$ 22,548	\$ 792	\$ 23,387	\$ 24,040	\$ 27,589	\$ 31,010	\$ 31,216	\$ 31,955	\$ 32,400

- Stronger financial results in previous years has increased cash and savings balances beyond budget in 2019.
- The budget for 2019 included a lease for a new vessel in St. John's. This project became too costly for the area and was not pursued. This has reduced lease assets and lease liability accounts.
- The current projections have the Authority meeting its financial targets throughout the plan. Savings for boat replacement will be used for boat upgrades in 2019 and a new build project in 2020 with savings accumulating again starting in 2021.

Income

For 2019, forecasted revenues are within 1% of budget as traffic growth in the Newfoundland oil sector has offset short-term declines due to an issue at the Saint John, NB oil refinery and a container traffic decline in Halifax. The decrease in activity in several ports has reduced variable costs meaning projected total expenses are under budget. This is in spite of overages in pilot boat repair costs as significant and unplanned repairs were required on two of the newer vessels in the fleet. The Authority is expecting to close 2019 with a \$902 thousand profit that is below the \$1.069 million budget for the year.

The annual targeted profit margin as set by the Board is between 3.5% and 5.0%. The Authority surpassed its target in 2017 and in 2018. The Authority had targeted the lower end of this profit range in 2019 with consideration of how strong the recent performances had been. The Authority is on pace to fall below this target with a 3.1% profit forecasted for 2019.

STATEMENT OF COMPREHENSIVE INCOME								
(in thousands of dollars)	ACTUAL RESTATED 2018	OUTLOOK 2019	BUDGET 2019	BUDGET 2020	2021	2022	2023	2024
INCOME								
PILOTAGE CHARGES	\$ 28,584	\$ 28,718	\$ 28,995	\$ 30,272	\$ 31,168	\$ 32,043	\$ 32,823	\$ 33,622
INTEREST & OTHERS	71	103	29	64	26	27	27	28
TOTAL INCOME	28,655	28,821	29,024	30,336	31,194	32,070	32,850	33,650
EXPENSES								
PILOTS FEES, SALARIES, AND BENEFITS	12,913	13,208	13,484	14,209	14,470	14,789	15,232	15,689
PILOT BOATS	5,816	6,289	5,864	6,023	6,105	6,156	6,217	6,279
STAFF SALARIES AND BENEFITS	1,841	1,946	1,827	2,085	2,144	2,209	2,275	2,343
PILOT BOAT CREWS' SALARIES AND BENEFITS	1,931	1,945	1,965	1,956	2,006	2,056	2,097	2,139
OPERATIONS TRANSPORTATION	796	752	720	794	813	816	834	853
ADMINISTRATIVE TRAVEL	113	105	105	105	96	99	99	99
HOSPITALITY	32	30	30	30	30	30	30	30
CONFERENCES	15	15	15	25	15	25	15	20
PROFESSIONAL AND SPECIAL SERVICES	375	340	366	563	629	592	600	609
TRAINING	466	475	470	350	420	420	420	420
RENTALS	147	150	157	88	89	90	92	94
COMMUNICATION	145	152	154	153	153	155	157	158
UTILITIES, MATERIALS, AND SUPPLIES	447	424	454	422	419	423	433	428
AMORTIZATION	1,844	1,869	2,063	1,987	2,159	2,448	2,598	2,698
FINANCING COSTS	245	219	283	213	219	325	305	285
TOTAL EXPENSES	27,126	27,919	27,957	29,003	29,767	30,633	31,404	32,144
NET INCOME BEFORE SURCHARGE	\$ 1,529	\$ 902	\$ 1,067	\$ 1,333	\$ 1,427	\$ 1,437	\$ 1,446	\$ 1,506
SURCHARGE REVENUE	176	-	-	-	-	-	-	-
PROFIT FOR THE YEAR	\$ 1,705	\$ 902	\$ 1,067	\$ 1,333	\$ 1,427	\$ 1,437	\$ 1,446	\$ 1,506
RATE OF RETURN	5.91%	3.1%	3.7%	4.39%	4.6%	4.5%	4.4%	4.5%

- Traffic is projected to be on budget in 2019 but with a smaller average vessel. Larger vessels are expected to increase the revenues per assignment in 2020 and then remain steady through the remainder of the plan.
- The average pilot strength in 2020 will be 52.75 pilots and is an increase over 2019. The Authority has added pilots sooner than budgeted due to retirement notices received, but this number will fall in 2021 and 2022 as the retirements become effective. The number of pilots will then be expected to grow in 2023 as additional pilots are added. Recall or overtime costs have decreased in 2019 due to traffic reductions in Halifax. These costs are expected to increase in the future with traffic

rebounding in the area and the reduction in pilots due to retirements. The Authority will be adding more pilots in the future, carrying over 52 by 2023/2024.

- Pilot Boat costs are increasing with increased repair costs (especially in 2019), higher fuel prices, and additional vessels.
- Staff salaries are over budget in 2019 with the payment of prior period adjustments to the CEO and a severance payment for an executive staff member. An executive position is being added in 2020 that will increase this line item.
- Operations Transportation is activity based and influenced by the number of training pilots.
- Professional and Special Services includes consultation/internal audit fees associated with being ISO 9001 compliant, as well as legal fees and board costs. The expense line will increase beginning in 2020 with Transport Canada recovery costs currently estimated at \$177 (9 months) to \$263 thousand annually.
- Training costs are being driven by the addition of training pilots and the individual training targets for each pilot. Training is triggered by levels of experience, new technology, and the pilot evaluation process.
- The Rental, Amortization, and Financing Costs classifications are all impacted by the adoption of IFRS 16. There is also additional amortization with the capital additions that are planned.
- The Surcharge Revenue stopped on July 1st, 2018 when the charge was rescinded.
- The profit margin is projected to be within the Board's target of 3.5%-5.0% for the entire plan.

Regarding the Transport Canada recovery costs, one provision in the new *Pilotage Act* gives the Minister of Transport the authority to request payments from a Pilotage Authority (Authority) for the administration of the Act.

Payment to Minister

37.1 For the purpose of defraying the costs of the administration of this Act, including the development of regulations, and the enforcement of this Act, an Authority shall, on request, pay to the Minister an amount specified by the Minister in a time and manner specified by the Minister.

With a view to assisting each Pilotage Authority in its corporate planning activities, Transport Canada's has estimated its costs for administering the Act for the period 2020-21 to 2023-24, inclusively, and allocated these costs to each Authority based on their share of revenues using a five-year average. For the Atlantic Pilotage Authority, the costs are:

2020-2021	\$237,308
2021-2022	\$262,971
2022-2023	\$263,122
2023 and Beyond	\$198,672

A 1% increase on pilotage fees is proposed for an effective date of April 1, 2020. This date is when the Transport Canada fee also becomes effective. This tariff adjustment will recover the specified fees each year.

Cash Flows

STATEMENT OF CASH FLOWS								
(in thousands of dollars)	ACTUAL 2018	OUTLOOK 2019	BUDGET 2019	BUDGET 2020	2021	PLAN		
						2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES								
NET PROFIT FOR YEAR	\$ 1,705	\$ 902	\$ 1,067	\$ 1,333	\$ 1,427	\$ 1,437	\$ 1,446	\$ 1,506
ITEMS NOT REQUIRING CASH								
AMORTIZATION	1,844	1,869	2,063	1,987	2,159	2,448	2,598	2,698
ASSET WRITE OFF	219	325	45	100	100	100	100	100
INCREASE (DECREASE) IN EMPLOYEE TERMINATION BENEFITS- SEVERANCE	122	120	126	126	123	119	109	114
	3,890	3,216	3,301	3,546	3,809	4,104	4,253	4,418
CASH PROVIDED BY (USED FOR)								
NON-CASH WORKING CAPITAL	251	(75)	(141)	(89)	138	(166)	190	(119)
DEFERRED LEASE INDUCEMENTS	-	-	(17)	-	-	-	-	-
EMPLOYEE TERMINATION BENEFIT PAYMENTS	(37)	(207)	(209)	(220)	(224)	(160)	-	(284)
CASH PROVIDED BY OPERATING ACTIVITIES	4,104	2,934	2,934	3,237	3,723	3,778	4,443	4,015
CASH FLOWS FROM FINANCING ACTIVITIES								
CASH PROVIDED BY FINANCING								
LOAN RECEIVED ACTIVITIES	-	-	-	3,000	3,000	-	-	-
PROCEEDS OF LEASE	-	-	-	846	-	-	-	-
REPAYMENT OF LEASE INDUCEMENTS	(25)	-	(42)	-	-	-	-	-
LOAN PAYMENTS	(640)	(649)	(1,277)	(677)	(749)	(967)	(675)	(683)
CAPITAL LEASE PAYMENTS		(119)	(191)	(194)	(206)	(223)	(241)	(258)
CASH PROVIDED BY (USED FOR) FINANCING	(665)	(768)	(1,510)	2,975	2,045	(1,190)	(916)	(941)
CASH FLOWS FROM INVESTING ACTIVITIES								
(INCREASE) DECREASE IN INVESTMENTS	-	-	-	-	-	-	-	-
ADDITIONS TO CAPITAL ASSETS	(1,288)	(2,743)	(1,716)	(6,880)	(5,685)	(1,685)	(1,495)	(2,995)
DISPOSAL OF CAPITAL ASSETS	-	-	-	-	-	-	-	-
CASH USED FOR INVESTING ACTIVITIES	(1,288)	(2,743)	(1,716)	(6,880)	(5,685)	(1,685)	(1,495)	(2,995)
INCREASE IN CASH AND SAVINGS DURING THE YEAR	\$ 2,151	\$ (577)	\$ (292)	\$ (668)	\$ 83	\$ 903	\$ 2,032	\$ 79
CASH, BEGINNING OF YEAR	3,938	6,089	5,631	5,512	4,844	4,927	5,830	7,861
CASH, END OF YEAR	\$ 6,089	\$ 5,512	\$ 5,339	\$ 4,844	\$ 4,927	\$ 5,830	\$ 7,861	\$ 7,940

Changes in Equity

STATEMENT OF CHANGES IN EQUITY									
(in thousands of dollars)	ACTUAL 2018	IFRS 16 ADJUSTED	OUTLOOK 2019	BUDGET 2019	BUDGET 2020	2021	PLAN		
							2022	2023	2024
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 10,642	\$ -	\$ 12,352	\$ 12,158	\$ 13,254	\$ 14,587	\$ 16,014	\$ 17,451	\$ 18,897
(LOSS) GAIN FOR THE YEAR	1,746	(63)	902	1,067	1,333	1,427	1,437	1,446	1,506
OTHER COMPREHENSIVE (LOSS)	27	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	1,773	(63)	902	1,067	1,333	1,427	1,437	1,446	1,506
RETAINED EARNINGS, END OF THE YEAR	\$ 12,415	\$ 12,352	\$ 13,254	\$ 13,225	\$ 14,587	\$ 16,014	\$ 17,451	\$ 18,897	\$ 20,403

Operating and Capital Budgets

OPERATING BUDGET								
(in thousands of dollars)	ACTUAL	BUDGET	OUTLOOK	BUDGET	PLAN			
	2018	2019	2019	2020	2021	2022	2023	2024
Income								
Pilotage Tariffs	28,584	28,995	28,718	30,272	31,168	32,043	32,823	33,622
Pilotage Surcharges	176	-	-	-	-	-	-	-
Other	71	29	103	64	26	27	27	28
Total Revenue	28,831	29,024	28,821	30,336	31,194	32,070	32,850	33,650
Direct Pilotage Costs								
Pilot Costs								
Contract Pilot Fees	939	892	969	981	1,002	1,023	1,054	1,085
Pilot Salaries and Benefits	11,974	12,592	12,239	13,231	13,468	13,765	14,178	14,605
Total Pilot Costs	12,913	13,484	13,208	14,212	14,470	14,788	15,232	15,690
Pilot Boat & Pilot Travel								
Pilot Boat Crew Costs	1,931	1,965	1,945	1,956	2,006	2,056	2,097	2,139
Pilot Boat Operating Costs	2,777	2,586	3,033	2,603	2,610	2,614	2,640	2,666
Pilot Boat Ownership Costs (Deprec.)	1,616	1,818	1,622	1,628	1,799	2,099	2,270	2,293
Pilot Boat Fees (Contract)	2,832	3,056	3,024	3,189	3,259	3,305	3,338	3,472
Pilot Travel Expenses	764	708	744	781	789	791	807	823
Other Related Costs	76	68	82	82	82	82	82	82
Total Pilot Boat & Pilot Travel	9,996	10,201	10,450	10,239	10,545	10,947	11,234	11,475
Other Pilot Expenses								
Pilotage Portable Units	153	97	95	60	60	60	60	60
Pilotage Training	466	470	475	352	420	420	420	420
Dispatch Center	601	625	651	645	661	679	693	706
Other Pilot Costs	449	543	558	645	648	637	633	633
Total Other Pilot Expenses	1,669	1,735	1,779	1,702	1,789	1,796	1,806	1,819
Total Direct Pilotage Costs	24,578	25,420	25,437	26,153	26,804	27,531	28,272	28,984
Indirect Pilotage Costs								
Administrative Expenses								
Administration Salaries	1,338	1,303	1,390	1,536	1,582	1,632	1,687	1,733
Professional Services	316	290	279	311	298	265	270	276
Regulatory Fees	8	18	8	178	257	263	263	263
Rent /Utilities /Supplies /Computers	315	313	268	267	274	263	273	259
Travel	107	105	105	106	109	112	112	112
Hospitality	32	30	30	34	34	34	34	34
Conferences	15	14	5	24	11	25	10	25
Other Amortization	172	181	178	181	179	183	178	173
Total Administrative Expenses	2,303	2,254	2,263	2,637	2,744	2,777	2,827	2,875
Loan Financing Costs	245	283	219	213	219	325	305	285
Total Direct Pilotage Costs	2,548	2,537	2,482	2,850	2,963	3,102	3,132	3,160
Total Expenses	27,126	27,957	27,919	29,003	29,767	30,633	31,404	32,144
Net Profit (Loss)	1,705	1,067	902	1,333	1,427	1,437	1,446	1,506
Capital Reimbursement	665	1,510	768	871	955	1,190	916	941

CAPITAL EXPENDITURE COMPARISON								
	ACTUAL	OUTLOOK	BUDGET	BUDGET		PLAN		
	2018	2019	2019	2020	2021	2022	2023	2024
(in thousands of dollars)								
CAPITAL PURCHASES								
PILOT BOATS								
CONSTRUCTION OF BOATS	-	-	-	3,000	4,500	500	-	-
PURCHASE OF USED BOATS AND/OR NEW RHIB	-	-	-	1,000	-	-	-	-
PILOT BOAT PLANNED REFITS	862	804	1,000	630	300	300	300	2,300
ESTIMATE OF CAPITAL REPAIRS	224	1,080	383	410	700	700	1,000	500
WHARVES AND STRUCTURES	53	650	170	745	75	75	75	75
LEASEHOLD IMPROVEMENTS	-	-	10	-	-	-	-	-
COMPUTERS, FURNITURE, AND EQUIPMENT	50	44	29	20	10	10	20	20
PORTABLE PILOTAGE UNITS	153	95	95	60	60	60	60	60
COMPUTER SOFTWARE	70	70	29	19	40	40	40	40
TOTAL	\$ 1,412	\$ 2,743	\$ 1,716	\$ 5,884	\$ 5,685	\$ 1,685	\$ 1,495	\$ 2,995
RIGHT-OF-USE LEASE ADDITIONS								
PILOT BOAT CONTRACTS	-	-	1,500	-	-	-	-	-
WHARVES AND STRUCTURES	-	-	-	996	-	-	-	-
TOTAL	\$ -	\$ -	\$ 1,500	\$ 996	\$ -	\$ -	\$ -	\$ -

As described in the body of this report, the Authority expects to be over budget in capital investments. All of the capital purchases, including the overages, are funded by operating cash flows generated during the year. The Authority budgets for projects that are planned, but under IFRS, there are unanticipated repairs that also must be capitalized. An allowance is assumed for these items, but depending on the components that fail, the Authority can be well over, or well under, budget on the capital portion of these repairs.

Early in 2019 the Authority discovered an ingress of water on the *Captain A.G. Soppitt* and the *Captain E.T. Rodgers*. It was determined that some welds on both vessels had let go and that increased structural supports would be required in the hull. These repairs and capital additions will be completed during the year but have increased the capital repairs. Hurricane Dorian caused substantial damage to the breakwater in Herring Cove and less significant damage to other assets. Repairs and upgrades to this infrastructure will begin in 2019 and extend into 2020. The Authority had planned to lease a new vessel for St. John's, NL, but the negotiated cost became too high and the project was abandoned.

The requirements included in the 2020 Capital Budget include:

- New vessel construction project that will extend from 2020 – 2022.
- A used vessel to service the port of St. John's or Sydney. The Authority continues to search for vessels that would represent an upgrade to the current vessels that are over 40-years of age. The timing of these procurements is not exactly known but is in the plan for 2020. As quality used vessels are difficult to source, the Authority is also considering new RHIB vessels for lower risk transits. These may be a purchase by the Authority or leased through a third-party service provider.
- Spare equipment recommended by internal audit of critical spares. New generators and HVAC system upgrades for the Halifax vessels as well as engine rebuilds on various other vessels in the fleet. In total, there is \$630 thousand budgeted for planned refits and spare equipment, with

another \$410 thousand budgeted for the estimated capital portion of regular repairs. Due to the hurricane damage in Herring Cove, NS the Authority is investing in the breakwater that is essential to the pilotage operations in Halifax as it protects a wharf that is used regularly. An investment for the breakwater had been in prior plans for 2021 but is now beginning in 2019 due to the recent damages.

- The increase in wharves and structures is also due to repairs and replacements of floating docks required in several ports and a possible relocation of the pilot and crew offices in Saint John, NB. The timing of the move in Saint John is not known at this point but will be in 2020 or 2021.
- Further investment in the replacement of portable pilotage units is planned annually as well as software replacement and upgrades.
- A Right-of-Use asset is budgeted for 2020 as a new facility for Halifax is expected for the docking of the vessels and pilot office. The exact cost of this asset is not known at this time, but an estimate has been made based on the most recent information.

The amounts included in the Plan for the years of 2021 – 2024 include:

- The continuation of the new build program that will be started in 2020.
- Continued investment in used pilot boats for ports with less traffic and shorter distances.
- Regular annual maintenance and capital asset replacement for pilot boat and electronic equipment.



Before Hurricane Dorian



After Hurricane Dorian with 12 metres broken off and remainder damaged

7. Borrowing Plan

Borrowing Authority

The Authority funds a portion of major capital projects through loans with financial institutions when they cannot be fully covered by available reserves or savings. Coinciding with the changes to IFRS16 the Authority also recognises implicit financing arrangements through material leases that provide the right to use an asset for an extended period of time. The Authority's funding activities are governed by section 36 of the *Pilotage Act* and section 127 of the *Financial Administration Act*. Pursuant to Section 127(3) of the *Financial Administration Act*, the borrowing by the Authority has to be approved by the Minister of Finance. The borrowing limit for the Authority was set at \$15 million as outlined by Order in Council.

Overview of Borrowing

Short-Term Borrowings to be Undertaken/Maintained in 2019

The Authority wishes to maintain its line of credit at \$2.5 million and is currently in the form of overdraft protection.

Commercial Line of Credit

Proposed Terms and Conditions

Amount:	\$2.5 million - Fluctuating by Way of Overdraft
Rate of Interest:	The Lender's Prime Commercial Lending Rate
Term:	Advances to be made as overdraft situations occur and balances will not exceed one year
Lender:	Bank of Montreal

The five-year summary of short-term borrowing usage is below:

Year	Highest Amount	Days in Overdraft
2015	\$291,000	11
2016	\$236,000	6
2017	\$0	0
2018	\$0	0
2019	\$0	0

Long-Term Borrowings to be Undertaken/Maintained in 2020

The Authority requests the Minister of Finance's approval to enter into a new loan facility of \$6 million in 2020. This is expected to be drawn in two parts, \$3 million in 2020 and the remainder in 2021. A new build process is being launched to add two state of the art vessels to the fleet. The estimated cost to add these vessels is \$8 million. The Authority will provide the balance of the funds for this project through accumulated savings. The loan will be a bank term loan with a 5 to 10-year term and amortized over 15 years.

Capital Loan (Existing Borrowing)

The Authority negotiated Capital Loans in the amount of \$4.5 million to finance two new pilot boats for Placentia Bay in 2007. The boats cost a total of \$6.7 million. The principal balance remaining on this loan as at December 31, 2019 will be \$1.072 million. This loan is split into two parts at 2.93% and 3.28% interest, maturing in January 2023 and September 2022.

The Authority launched two new pilot vessels for the ports of Halifax and Saint John. The total cost of these vessels was \$5.8 million, and approval for financing up to \$4.0 million was provided by the Minister of Finance pursuant to the Authority's 2011-2015 Corporate Plan. Draws on this loan facility totaled \$2.0 million, and the remainder of the facility was not required for the build. The Authority was able to self-finance a larger portion of the construction costs than originally anticipated. The principal balance remaining on this loan as at December 31, 2019 will be \$1.334 million and is locked in at 3.14% until January 2024.

The Authority purchased two used pilot vessels for the ports of Halifax and Saint John. The total cost of these vessels was \$3.4 million, and approval for financing up to \$3.0 million was provided by the Minister of Finance pursuant to the Authority's 2016-2020 Corporate Plan. Draws on this loan facility were completed in 2017 with \$2.540 million remaining at December 31, 2019. This loan is locked in at 1.80% interest until May 2022.



Material Leases to be Undertaken/Maintained in 2020

In 2017, the Authority entered into a 10-year lease for its head office space. In 2019 the Authority will adopt IFRS16 that will require a lease liability to be recognized. No borrowing authority was required for this transaction at the time.

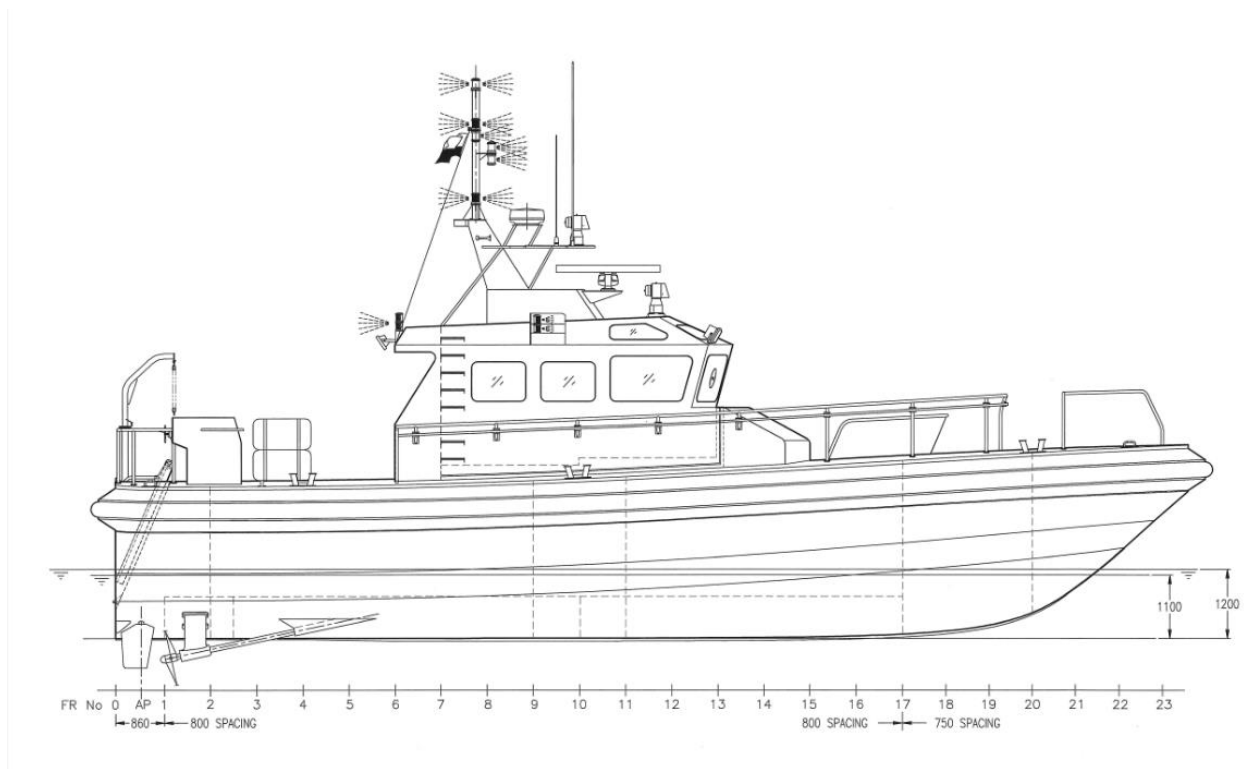
Table 1: Borrowings outstanding, as at December 31(in millions of dollars)

	2018 Actual	2019 Outlook	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Bank Overdraft	At each year end, there was no short-term borrowing outstanding.						
Line of Credit							
Short-term Borrowings							
Long-term Borrowings	\$5.591	\$4.942	\$7.265	\$9.516	\$8.549	\$7.874	\$7.191
Total	\$5.591	\$4.942	\$7.265	\$9.516	\$8.549	\$7.874	\$7.191

The aggregate principal amount outstanding of borrowings will not exceed the maximum limit of \$15 million. **For short-term borrowing, Table 2 was not included as there is none anticipated over the planning period.**

Table 3: Long-term borrowings (in millions of dollars)							
	2018 Actual	2019 Outlook	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Opening Balance	\$6.231	\$5.591	\$4.942	\$7.265	\$9.516	\$8.549	\$7.874
Maturities	640	649	677	749	967	675	683
New Issuances	0	0	3.000	3.000	0	0	0
Closing Balance at December 31	\$5.591	\$4.942	\$7.265	\$9.516	\$8.549	\$7.874	\$7.191

Table: Existing Material Leases outstanding (in millions of dollars)							
	2018 Actual	2019 Outlook	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Asset: Office Space							
The Authority signed a 10-year lease beginning in June 2017 for its Head Office premises. The lease has been recorded under IFRS 16.							
Maximum expected liability on the lease	\$1.353	\$1.234	\$1.107	\$0.970	\$0.819	\$0.655	\$0.479
Maximum expected number of years to be agreed	8.4	7.4	6.4	5.4	4.4	3.4	2.4



IFRS 16 Adoption

In 2019, the Authority adopted the International Financial Reporting Standard 16 (IFRS 16), entitled Leases. This requires the Authority to account for all material leases as a liability equal to the discounted present value of future lease payments, regardless of whether these leases were previously determined to be capital or operating leases. This standard became effective in January 1, 2019.

The Authority applied the full retrospective approach for its head office lease that resulted in an increase in capital assets of \$805 thousand and an increase in lease liabilities of \$855 thousand. This liability (and corresponding asset) will be amortized to May 2027.



8. Risk Management

The Authority has developed its risk-assessment practices to allow it to undertake a complete assessment of risk factors, by implementing a formal comprehensive risk management framework that covers the entire organization and supports the realization of the Authority's mandate, business goals, and objectives.



Each year, management works through the Risk Assessment and Treatment Process by:

- o Identifying new risks
- o Performing risk analysis through the scales related to likelihood and impact
- o Proposing risk treatments in the form of mitigation
- o Considering risk evaluation

This forms the basis for this Enterprise Risk Management (ERM) Report that is communicated to the Risk Committee in the spring. This committee is also tasked with monitoring the risk framework and management's progress towards mitigation. This is done with the meeting in the spring that includes the results of the most recent Risk Assessment and Treatment Process, and the fall meeting where an update

is given on the impact of each risk graded from medium to extreme and the status of the proposed mitigations.

At the annual strategy meeting, the full Board is involved in the process for consultation and approval of the current year's Risk Management Framework.

Even though the initial focus is on the items with risk ratings from moderate to Extreme, each risk is analysed and mitigations for the remaining items are developed. The Board has adopted the following risk profile and tolerance matrix:



Risk Assessment Matrix

Consequence / Severity	Human Resources / Workforce Safety	Financial & Legal	Environmental, Public Safety	Reputation & Image	Customer Service / Business Interruption	Probability / Likelihood				
						1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
						The event may occur in some exceptional circumstances.	The event could occur in some circumstances, perhaps once every 20 years.	The event will probably occur in some circumstances, perhaps once every 5 to 10 years.	The event will probably occur in most circumstances, perhaps once every several years.	The event is expected to occur in most circumstances, at least once per year.
5 - Catastrophic	Unexpected/unplanned departure of several key employees; One or more Deaths caused, or multiple people with serious long term injury. Intensive care.	Impact of \$5 million or greater ; significant legal, regulatory or internal policy failure	A significant event with potential to cause major injury including deaths and/or damage to both the immediate area and the surrounding community	Sustained prominent adverse national media coverage and some international coverage	Threatens viability of APA in the medium or long term.	medium (5)	high (10)	extreme (15)	extreme (20)	extreme (25)
4 - Major	Unexpected/unplanned loss of a key Manager; Some people with long term injury and multiple minor injuries	Impact of more than \$1 million but less than \$5 million ; Major legal, regulatory or internal policy failure	A significant event with potential to cause major injury or damage, or which causes alarm in the surrounding community	Intermittent adverse national media coverage and some international coverage OR Sustained local media coverage and some	Threatens viability of APA in a major port for the short term. OR Threatens viability of APA in a minor port for the medium to long term.	medium (4)	high (8)	high (12)	extreme (16)	extreme (20)
3 - Moderate	Unexpected/unplanned loss of Senior staff member considered to be a key dependency; One or more people with injuries of 2 to 4 weeks	Impact of more than \$100 thousand but less than \$1 million ; Limited legal, regulatory or internal policy failure	A significant event with potential to cause major injury or damage, or which causes alarm in the surrounding community	Intermittent adverse local media coverage and complaints received from Major Clients	Threatens viability of APA in a major port for the short term.	low (3)	medium (6)	high (9)	high (12)	extreme (15)
2 - Minor	Unexpected/unplanned loss of Senior staff member ; - Single person injury that lasts 2 weeks or less	Impact of more than \$10 thousand but less than \$100 thousand ; minor legal, regulatory or internal policy failure	An event which is unlikely to cause injury or damage, has minimal impact or effect outside the immediate area and is quickly brought under control	Intermittent adverse local media coverage; Complaints received from Clients	Threatens viability of APA in a minor port for the short term OR Temporary disruption of service in a major port	low (2)	medium (4)	medium (6)	high (8)	high (10)
1 - Insignificant	Minor Injury. No time missed	Impact of less than \$10 thousand ; insignificant legal, regulatory or internal policy failure.	An insignificant event unlikely to cause injury or damage which is resolved by routine management activities	Has no impact on reputation at any level	Temporary disruption of service in a minor port	low (1)	low (2)	low (3)	medium (4)	medium (5)
	</									

The full list of 28 identified risks are as follows:

Issue	Risk Level
Injury to pilot/crew member while transferring	High
Loss of Launch Services causing Major Interruption of Service	
Safety/Service Compromised due to Interruptions caused by weather or climate	
Risk of Accident Caused by the Human Element	
Risk of being unable to Attract and Retain Pilots to meet Demand	
External Economic Risk	Medium
Operating costs exceeding amount budgeted when tariffs are determined	
Safety Compromised due to Condition of APA Infrastructure	
Safety Compromised due to Frequent Pilot Boats Relocations in Open Water	
APA Involvement in Non-Comp Ports	
Pilotage Service Cannot be Provided in Minor Ports due to Lack of Proficiency	
Certificate Holders Evaluations	
Risk that Employees are exposed to Injury or Illness in the Workplace	
Interruption of Service due to Breakdown in Labour Relations	
Loss of Contracted Launch Services or Crewing Contract	
Safety Compromised due to Pilot Fatigue/Under the Influence	
Customer Satisfaction	
Safety/Service Compromised due to Interruption to the Dispatch Operation	
Pilot Vessels not meeting TC or Class Inspections	
Business Continuity	
Safety Compromised due to Boat Crew Fatigue/Under the Influence	
Safety Compromised due to Inappropriate Pilotage Area Designation	
Management Information	
Unable to Attract and Retain Adequate and Trained Relief Pool for Pilot Boat Crew	
Fraud	
Governance/Organizational Structure/Succession Planning	
Loss or Misuse of Information, Data, or Other Assets	Low
Administration Staff Coverage	

At present, there were no risks rated as extreme and four risks that were identified as high. For the Authority the top five risks were:

Issue	Inherent Risk Level	Residual Risk Level	Details	Present Status
Injury to pilot/crew member while transferring (Human Resources)	Extreme	High	<p>These transfers are done thousands of times annually in all types of weather conditions involving many types of vessels. It is this activity that exposes some of our employees to the greatest danger.</p> <p>The Authority does all it can to mitigate this risk but the consequences are so severe that the risk level is always deemed to be very high.</p>	<p>The Authority has many mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> • Empowering employees to refuse transferring if ladders or equipment are not suitable. • Providing Personal Locator Beacons and updating AIS technology to quickly find employees if in the water. • Providing state-of-the-art vessels now in Placentia Bay, Saint John, and Halifax that provide a more stable platform for over 50% of the APA's assignments. • Pilot boats supplied by the Authority or the contractors are deemed suitable platforms for the areas serviced. The boats are also well maintained to assure proper operation and surfaces for transfer and inspected annually. • Boats are equipped with man overboard equipment, crews are trained to utilize the equipment, and regular drills are conducted. • Robust OHS system is in place with updated manuals and regular committee meetings. Standard Operating Procedures are constantly monitored and updated in support of pilot transfers. • Pilots have access to H2S Gas monitors in areas where they may be exposed to this hazard. • Dispatchers inquire on all orders whether there is a hazard present and records this. Pilots are notified of all potential hazards. • All pilots are required to have medicals every year to assure ability to do physical component of job • Pilots have the authority to suspend pilotage operations if the weather is deemed to be too severe to provide the service. • An electronic procedure was put in place to allow for easier reporting of near-misses and will be presented for "lessons learned" at each OHS committee meeting. • Operating parameters have been developed for working in adverse weather.

Issue	Inherent Risk Level	Residual Risk Level	Details	Present Status
Loss of Launch Services causing Major Interruption of Service (Quality of Service)	Extreme	High	The risk that the APA loses launch service, which severely disrupts operations has been mitigated substantially by the addition of more vessels.	<p>The Authority has mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> • Fleet Tech Manager and Pilot Boat Manager are in place to plan maintenance and manage the fleet of vessels and crew. • Additional spare equipment and vessels have been added within close proximity to primary vessels minimize down time. • Drawings of each boat are being updated to facilitate quicker and more efficient responses to equipment breakdowns. • New vessels have been deployed to add reliability in the ports of Saint John and Halifax while freeing up older boats to add redundancy. • Vessels are maintained constantly to reduce the amount of down time that will also reduce the risks of available boats. • An internal audit of critical spares was completed in 2019 and equipment sourced by 2020. • Additional vessels are in the plan to be added and in service by 2021.
Safety/Service Compromised due to Interruptions caused by weather or climate (Safety of Environment)	Extreme	High	The risk that worsening environmental conditions cause injury during transfer or deterioration of customer service with weather closures.	<p>The Authority has mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> • The Authority has supported weather buoy deployment and operations to provide forecasts to shippers. • The dispatch software has been modified to better track weather watches for historical tracking. • Private, independent weather forecasting is contracted to provide back-up to Environment Canada forecasts. • Are refining weather watch reporting to document and justify weather suspensions. • New vessels are targeted to be larger and heavier to combat worsening sea conditions.

Issue	Inherent Risk Level	Residual Risk Level	Details	Present Status
Risk of Accident Caused by Human Error (Safety of Environment)	High	High	The risk that pilots and boat crews are not assessed for competence and quality of service leading to poor or unsafe service being provided.	<p>The Authority has mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> • There are open lines on communication between employees, customers, and APA management that brings some areas of concern to the forefront. • An incident management plan has been developed that would help mitigate the consequences should an accident occur. • An agreement was made with the pilots regarding a post incident protocol regarding the investigation of an incident and how a pilot involved can be treated. • An agreement was finalized with the pilots regarding a near miss protocol regarding the investigation of near misses and how a pilot involved can be treated. • PPA & CMPA have actioned "Guiding Principles - Pilotage Authority Quality Assurance Programs for Assessing Pilot Proficiency". The APA evaluates its pilots regularly based upon these principles. • A training is done according to plan based on pilot progression and experience. • Portable Pilotage Units have been supplied to all employee pilots and entrepreneurs.
Risk of being unable to Attract and Retain Pilots to meet Demand (Quality of Service)	Extreme	Medium	The risk that the APA is unable to attract and retain pilots to meet demand. This problem is specific to Saint John, NB and recently in recruiting entrepreneurial pilots for smaller ports.	<p>The Authority has mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> • Amendments to the APA regulations were made to allow a port familiarity program rather than actual trips under certain circumstances. This program will use simulations in minor ports with a variety of conditions to replace or supplement doing actual trips, to maintain proficiency. • Due to changes in the regulations, the APA is now advertising nationwide for potential pilots. • An eligibility list is kept with qualified individuals who are interested in becoming pilots if an opening arises. These lists are maintained in ports where there is an expected need in the coming years. • Tariffs in contract ports have been adjusted to attract and retain entrepreneurial pilots.

9. Compliance with Legislative and Policy Requirements

Official Languages Act

The Authority continues to fulfill the duty to have an Official Languages Program (hereafter, Program) in support of the *Official Languages Act*.

The Authority has assigned an Official Languages Champion to monitor and promote the use of official languages within the organization. The assigned Champion shows leadership through respecting the requirement for fulfilling the following objectives annually:

- a) Employees rights to have a chosen working language (where required);
- b) Creating and maintaining a workplace which welcomes and accommodates the use of English and French for established bilingual regions; and
- c) Communicating and educating employees the Authority's responsibility to comply with the *Official Languages Act* and the impact this has on service excellence.

These objectives are fulfilled through the following means:

- a) Employees are surveyed at the point of hire for their preferred working language and may request documentation to be available in both official languages. All surveyed current employees have a preferred working language (verbal and written) of English.
- b) The Authority is responsible for one of the five prescribed bilingual regions, New Brunswick. Translation services are available for written content and can be arranged for hosting bilingual meetings as requested. Further, the Authority continues to offer all publications, website content and promotional content in both official languages.
- c) The Authority provides a pilotage service which is not provided to the public at large. However, the Authority strives to uphold service excellence in its operations to fulfill our mandate "to establish, operate, maintain and administer in the interests of safety an efficient pilotage service" and to be accountable to the Federal Government, the public and to our maritime stakeholders. For this reason, the Authority continues to fulfil its obligations under *the Official Language Act* and reports its Program initiatives and yearly results through the Official Languages Information System II (OLIS II) to the Treasury Board Secretariat's Official Languages Centre of Excellence. This information is accessible to the employees of the Authority. Over the course of the past year, no Act-related issues were communicated to the Authority.

The Multiculturalism Act and Employment Equity Act

The Authority continues to fulfill the duty to have a Diversity, Inclusion and Employment Policy (hereafter, Policy) in support of *The Multiculturalism Act and Employment Equity Act*.

The policy will be consistent with Canadian Federal legal principles with respect to the *Canadian Charter of Rights and Freedoms*, *Canadian Human Rights Act*, *Employment Equity Act*, the Canadian Labour Code, Employment and Social Development Canada labour programs, the Canadian Multiculturalism Act, and as an authority under the guidance of the Treasury Board, the APA will share employer responsibilities to the extent of their authority under the *Financial Administration Act* and the *Public Service Employment Act*.

The Authority has assigned a Champion to monitor and promote the use of these core principles within the organization. The assigned Champion shows leadership through respecting the requirement for fulfilling the following objectives annually:

- a) ensure that Canadians of all origins have an equal opportunity to obtain employment and advancement in those institutions;
- b) promote policies, programs and practices that enhance the ability of individuals and communities of all origins to contribute to the continuing evolution of Canada;
- c) promote policies, programs and practices that enhance the understanding of and respect for the diversity of the members of Canadian society;
- d) collect statistical data in order to enable the development of policies, programs and practices that are sensitive and responsive to the multicultural reality of Canada;
- e) make use, as appropriate, of the language skills and cultural understanding of individuals of all origins; and
- f) generally, carry on their activities in a manner that is sensitive and responsive to the multicultural reality of Canada.

These objectives are fulfilled through the following means:

- a) accommodation, equity, and inclusion within the workplace for all Employees, regardless of position;
- b) accommodation, equity, and inclusion during recruitment, selection and appointment processes which the APA has authority to appoint;
- c) accommodation, equity, and inclusion for the terms and conditions of the employment agreement and further during the lifecycle of employment, including career development, training, transfer and termination/retirement.

Public Service Disclosure Protection Act

The Authority continues to fulfill the duty to have a Public Service Disclosure Protection Policy and a means of confidential disclosure for employees (hereafter, Policy) in support of the *Public Service Disclosure Protection Act (PSDPA)*.

The Authority has assigned a member of the senior management staff to monitor and promote the use of these core principles within the organization. The responsible individual shows leadership through respecting the requirement for fulfilling the following objectives annually:

- The program has a fair and objective internal procedure will include a process for the disclosure of wrongdoings, outline the steps for investigation and reporting of complaints and disclosure(s) internally, and the guidelines for public disclosure of findings.
- Ensure the process will follow the process criteria as governed by the PSDPA, the Public-Sector Integrity Commissioner and the Public Servants Disclosure Protection Tribunal. All public service employees have the right to externally contact the Public-Sector Integrity Commissioner if required

These objectives are fulfilled through the following means:

- a) *Utilize the established internal procedure to allow for and to encourage any employee to come forward to disclose information in confidence, and without reprisal, about suspected wrongdoing in the workplace;*
- b) *Continue to educate employees on the established confidential reporting program called ConfidenceLine Secure Reporting Program. ConfidenceLine is a third-party communications program that allows employees to securely report sensitive work-related issues. This program has a dedicated toll-free ethics reporting hotline or employees may confidentially report via a web-based reporting tool. Toll free telephone line and online reporting are available 24 hours a day, 365 days a year.*
- c) *Submit an annual report within 60 days of the end of the fiscal year to our APA Board of Directors and additionally to the Treasury Board which includes:*
 - i. *The number of inquiries received related to the PSDPA definition of wrongdoing;*
 - ii. *The number of formal disclosures related to the PSDPA definition of wrongdoing and whether or not corrective action was taken;*
 - iii. *The number of investigations held;*
 - iv. *Detailed description of any systematic problems that were found that led to the wrongdoing;*
 - v. *Any other information the Senior Officer deems as critical information to be disclosed.*

Occupational Health and Safety Regulations of the Canada Labour Code

The Authority continues to fulfill the duty to submit the Employer's Annual Hazardous Occurrence Report (EAHOR) detailing the total number of disabling injuries, deaths, minor injuries, occupational diseases and other hazardous occurrences that have occurred in federally regulated workplaces in the past year.

The Authority has assigned a member of the senior management staff to monitor and promote the use of these core principles within the organization. The assigned individual shows leadership through respecting the requirement for fulfilling the following objectives annually:

- Ensuring the Authority's Workplace Health and Safety Committee is active and continues to fulfil its mandate;
- Fulfil requirements under Occupational Health and Safety Regulations of the Canada Labour Code to ensure the Authority is in compliance with our internal OHS system Canada Labour Code Part II, Marine Occupational Health and Safety Regulation, and other relevant legislative documentation set out by federal governing bodies such as Transport Canada.
- Fulfil internal requirements under ISO 9001: 2015 accreditation through established management system

These objectives are fulfilled through the following means:

- Ensure continuous improvement through the annual scheduled review of OHS system programs and the associated safe operating procedures, ensuring education and consistent enforcement of these programs throughout all levels of the organization.

- To bring forth, discuss, and resolve all occupational health and safety concerns or complaints of APA employees in a timely manner and establishing realistic actionable solutions and timelines for compliant resolution.
- Ensure all occupational health and safety committee members are actively participating in the implementation review, planning and amendment to work processes and procedures that may impact the occupational health and safety of APA employees and in the implementation action of those amendments.
- To maintain an inspection schedule so that each month all or part of the workplace is inspected at least once within the operational year.
- Maintain a high level of communication between the WHSC Committee and APA executive management to ensure action and accountability for all safety related matters.

Access to Information Act

The Authority has a clear commitment to transparent governance. The APA reports, through its website, monthly summaries of all requests related to the *Access to Information Act* received, reports that have been tables in Parliament, and proactively discloses travel and hospitality expenses for the board members and key management positions. To date in 2019 there have been no ATIP requests received.

Directive on travel, hospitality, conferences and event expenditures

The Authority has established travel, hospitality, conference and event expenditure policies, guidelines and practices that are in alignment with Treasury Board policies and directives. The policies were implemented in June 2016 and revised in June 2017. The Authority confirms that the requirements of the directive have been met.

The Atlantic Pilotage Authority's area of operation is defined as all the Canadian waters in and around the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador, including the waters of Chaleur Bay in the Province of Quebec.

Travel of pilotage authority board and management representatives is required to meet the needs of stakeholders in each area and manage the Authority's resources effectively. Periodic travel outside of the Authority's area of operation is also required to meet with Government representatives, industry associations, and the other pilotage authorities. Conferences include port specific marine business conferences and pilotage specific conferences. Board travel costs are captured with all other Board costs under professional and special services in the Authority's financial statements.

Pension plan reforms

Section 16 of the *Pilotage Act* specifies that the Authority is deemed to be a Public Service corporation for the purposes of section 37 of the *Public Service Superannuation Act*. Employees of the Authority are members of the Public Service Superannuation Plan and contributions are made by the employees and the Authority to fund their future annuity. This plan aligns with the Government priorities and has the employee/employer cost sharing ratio of essentially 50:50.

Trade agreements

As a matter of principle, the Authority conducts its expenditure contracting activities with due regard to applicable laws, regulations, international agreements and conventions, internal policies and competitive tendering processes. The Authority does this in such a way as to convey its high standards of professionalism and business ethics to the external community. The procurement practices of the Authority are disclosed on its website at:

<https://www.atlanticpilotage.com/about-us/procurement-practices/>

10. Government Priorities and Direction

Results linked to Government priorities

The Government of Canada's priorities aim to strengthen the middle class; open and transparent governance; a clean environment and a strong economy; strength through diversity; and security and opportunity.

The Atlantic Pilotage Authority is facilitating reliable and efficient trade, contributing to the economic growth of Canada while being essential to protecting the environment. The Authority delivers on the commitment for open and transparent governance through increased proactive disclosures on its website and frequent consultation meetings with stakeholders.

Transparency and Open Government

The Authority supports the Government's priority for openness and transparency by using its public website to post the following:

- Increased Proactive Disclosures
- Financial reporting (Annual and Quarterly)
- Corporate Plan Summaries
- Special Examinations Reports
- Information on InfoSource
- Forward Regulatory Plan
- Procurement Practices
- Completed *Access to Information Act* inquiries
- Live Feed of Current Assignments

In addition to the public website, the Authority provides secured pages for customers, stakeholders, and employees that allows for more targeted information to be provided to the marine community and to facilitate effective and efficient operations. This access is provided upon request with some stakeholders given direct data feeds for incorporation into their operations or technology.

The Authority also has frequent stakeholder meetings in each of its ports or regions for direct consultation and discussion. The Authority aims to respond to all information requests, as well as reasonably address their associated concerns, in a timely manner.

Gender-Based Analysis / Diversity and Employment Equity

Under the guiding principles of Treasury Board, the Public Service Commission Diversity, and Employment and Social Development Canada programs, the Authority is committed to developing an inclusive, barrier-free work environment in which all persons have equal access to opportunities within our organization as a federal Crown Corporation. This includes, but is not limited to, ensuring all recruitment, selection, and appointments are based on merit, all terms and conditions of employment, including training, career development and performance management, are equitable, and overall ensuring that all employees feel included and valued.

The Workplace Equity Division of the Canada Labour Program within Employment and Social Development Canada has deemed the Authority as exempt from the Employment Equity due to having less than 100 permanent full-time or permanent part-time employees. However, the Authority will uphold the spirit of Employment Equity Program in its related policies and procedures.

The Authority's staffing levels are on average less than 100 full-time equivalent personnel and thus prevents a statistically significant analysis for diversity. The Authority has a visible and equitable representation of women on its Board of Directors and within its management team. The challenge remains in two key personnel segments, Pilots and Pilot Boat Crew (Launchmasters and Deckhands). In total across the Atlantic districts, these job positions represent nearly 80% of our overall full-time workforce. The recruitment and hiring statistics for these positions reflect the demographics of the greater Canadian maritime industry. The Canadian maritime industry has historically seen a lack of equity and diversity of those individuals with senior navigation credentials. There is a trend towards greater equity and diversity in the nautical schools, and the Authority is taking pride in its active participation in supporting their efforts. It will be several years before these individuals will receive the required sea time, pass the required Transport Canada examinations for their certification and diversify their senior marine experience to meet the basic requirements for employment at the Authority. The APA is committed to continuing to work with its industry and government partners to ensure it has a pulse on the best practices for recruitment, selection and retention of the maritime labour force to diversify the Authority's resources.

In 2019, further steps will be made towards establishing policy and programs which actively support the obligations and outcomes for the Gender-Based Analysis (GBA+). This will begin with the development of a statement of intent and further update our relevant policies and procedures to reflect the six core items of the GBA+ framework.

The Authority is committed to continuing to work with its industry and government partners to ensure it has a pulse on the best practices for recruitment, selection and retention of a diverse populations within the maritime labour force. The maritime labour force is a sector from which approximately 80% of the Authority's working positions are drawn. Initiatives such as engaging in career fairs with educational institutions and partnering with Atlantic region Indigenous groups to participate in career development and education, is an example of this work.

Annually, the Authority will monitor and measure its compliance against predetermined metrics. We are committed to utilize these metrics to continue to improve.

Indigenous Relationships

The Authority reached out to the Atlantic Policy Congress of First Nations Chiefs Secretariat to notify them of available positions on the Authority Board. Management intends to engage this group again in the fall of 2019 to discuss whether there are opportunities for cooperation between their members and the Authority.

The Authority is taking steps towards education of its employees in Indigenous awareness and relations. The goal is move towards engagement with Atlantic Canadian Indigenous community leaders and to build informed, effective, and respectful relationships with Indigenous Peoples and their communities.

Sustainable Development and Greening of Government Operations

The Authority supports sustainable development by protecting the environment from potential spills and contamination through marine incidents. This is done as an essential part of the Corporation's mandate and is achieved through successful pilotage service as well as through consultation and expertise that is provided to customers during the design of their facilities or operations. As specified in its core values, the Authority prioritizes safety over any competing goals or pressures.

Greening of the operations is a goal that is being pursued by the Authority. In 2017 the head office was moved to a Class "A" Smart Building that is LEED Gold Core and Shell certified. The Authority has invested in its Halifax dock to allow for greener shore power to be used to power HVAC systems on its pilot boats. Fueling facilities are also being moved closer to the vessels to save on unnecessary boat movements. As the Authority develops its longer-term strategy for pilot boat replacement, opportunities to improve emissions or efficiency standards will be considered.

