



Atlantic Pilotage  
Authority



Administration de Pilotage  
de l'Atlantique

# Corporate Plan Summary (2022-2026)

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The Atlantic Pilotage Authority  
1791 Barrington Street, Suite 1801  
Halifax, Nova Scotia

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## 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 charges within each of its major ports. These stakeholder meetings provide open dialogue with customers and allow management to stay connected to actual or potential developments in its region.

Traffic began to decline in various ports before the Novel Coronavirus pandemic (or "COVID-19") impacted the world economy. The pandemic and resulting global economic contraction has had an unprecedented negative impact on traffic for the Authority. Demand in a number of sectors has rebounded and the Authority's revenues will be better than budgeted for 2022. The largest impact on the Authority has been the cancellation of the cruise ship season that generated \$3.0 million in pilotage revenue in 2019. In order for the Authority to maintain its financial self-sufficiency in fiscal 2022, it will adjust its base rates to offset increased costs and continue to collect a deficit reduction additional charge to recover the COVID-19 losses over the medium-term outlook.

## Major Objectives

The Corporate Plan (2022 - 2026) is the output of the Authority's strategic planning process. The Authority has set five corporate objectives to help fulfill the mandate to establish, operate, maintain and administer in the interests of safety an efficient pilotage service in the Atlantic region. These objectives are explained in detail below:

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 charges 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 the pilot boat fleet through the procurement of new assets. This capital investment will require additional debt. A capital budget is included in this plan that includes investments in new or used pilot boats, wharves and structures, and portable pilotage units. The approval of the Minister of Finance for the Authority to secure a new loan facility of \$8 million is being requested to finance the construction of two new pilot boats or be used towards procurement of used vessels. Construction is expected to begin in 2022. The Authority is also requesting the approval to maintain an approved line of credit of \$7.5 million.

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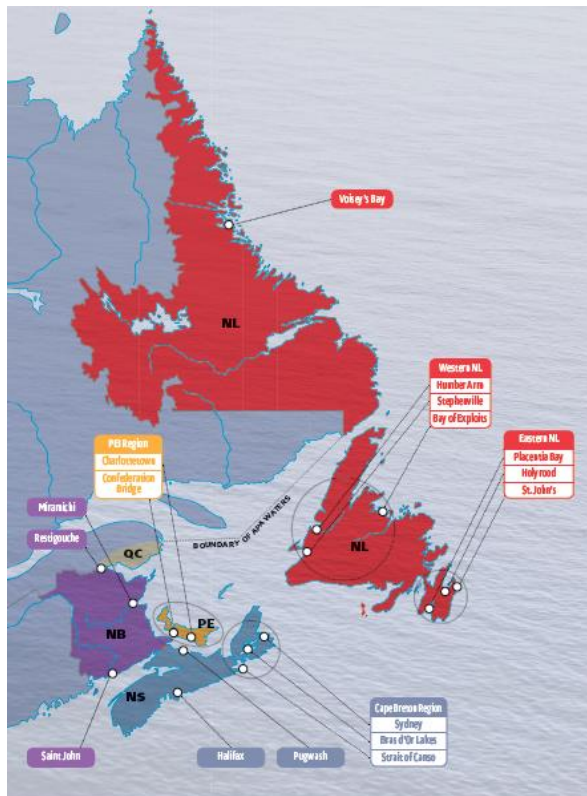
# I) Overview

## 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, or monitors tracks vessels traveling with a certificated pilot, to ensure that these ships travel within the pilotage area as safely as possible. The Authority also examines qualified mariners, with the observance of Transport Canada, who then issues pilotage licences, or certificates, to successful candidates. A pilotage certificate enables a master to navigate their own 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, or navigational 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 while it 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.

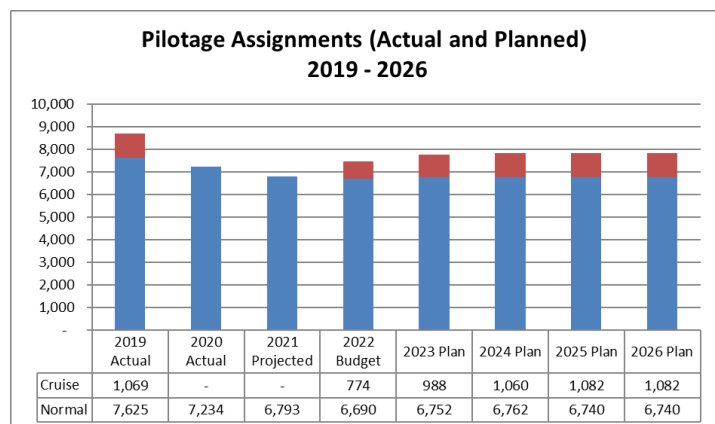
To achieve the vision, the Authority must demonstrate:

- An industry-leading safety record
- Operational efficiency where customers receive tangible value for the charge 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 to the right illustrates the annual assignments for 2019 and 2020, and the forecast for 2021-2026. The planning assumptions of the Authority are based on historical traffic levels, shipping announcements, and information provided directly to the Authority by stakeholders through consultation and projects a moderately paced recovery from COVID-19. 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.



The Authority's mandate does not specifically mention compulsory and non-compulsory pilotage, and under the revised *Pilotage Act*, non-compulsory pilotage licences will be rescinded. Pilotage services are currently provided to non-compulsory ports upon demand and are requested by users in specific

circumstances where they believe risk to be elevated. The Authority intends to offer an advisory service in these areas to reduce risk of navigation, while no longer providing licenced pilotage.

The total number of assignments for 2022 is estimated to increase from the previous year with the return of cruise ship traffic. The estimated activity for 2022 is 7,464 assignments, a significant decrease from pre-COVID activity levels of approximately 8,700 assignments. The amount of activity in ports serviced by the APA can vary significantly due to factors that are beyond its control.

Piloted traffic has been impacted negatively by an increase in certificated masters in recent years, prior to the pandemic. 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 2,732 movements by certificated masters in 2019 and this declined to approximately 1,700 movements in 2020 as all traffic declined due to the pandemic.

With daily challenges in scheduling and weather threats, the Authority offers great flexibility in ordering a pilot with no special nighttime order rules. This requirement is in competition with the need to keep costs as low as possible while being flexible and nimble to meet targets 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 fix charges 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 costs 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 time and expense required to train a pilot, numbers are not reduced for temporary decreases in traffic. The Authority does have entrepreneurial, or contract pilots, who provide service in ports with low levels of activity and whose costs fluctuate with traffic variance.

## 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 inherent risks associated with the business, and the potential for an incident 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 agreements, and currency exchange rates that have a large impact on tourism that drives cruise vessel traffic.

- a. Much of the activity in the Atlantic region is affected by commodity pricing. In 2020, the major oil producing countries ramped up production that created an over-supply at the same time world demand for oil plummeted due to Covid-19. The oil refinery in Come-by-Chance shut down during this period and has not returned. Oil tanker traffic has been strong at other facilities serviced by the Authority in Placentia Bay, NF; the Strait of Canso, NS; and, Saint John, NB, while oil prices have remained steady in 2021.



Bulk and dry cargo vessels have been affected by falling commodity prices and a coal mine has shutdown in Cape Breton, NS. Potash exports continued to move through the Port of Saint John as Nutrien transfers product from its Saskatchewan mine to Saint John for export. A coal transshipment operation in the Strait of Canso is very sensitive to the market prices of coal and is very difficult to predict moving forward. Currently, there is very little activity.

- b. The 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. This traffic declined during the pandemic but has returned in most areas with the exception being in automobiles where supply has been interrupted or delayed, as economies recover from the pandemic.
- 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 can be driven by exchange fluctuations. Currency also impacts tourism in the region with a lower Canadian dollar contributing in normal times to a thriving cruise industry.
- d. The outcome of trade negotiations as well as the imposition or removal of nationalistic trade barriers and charges 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.



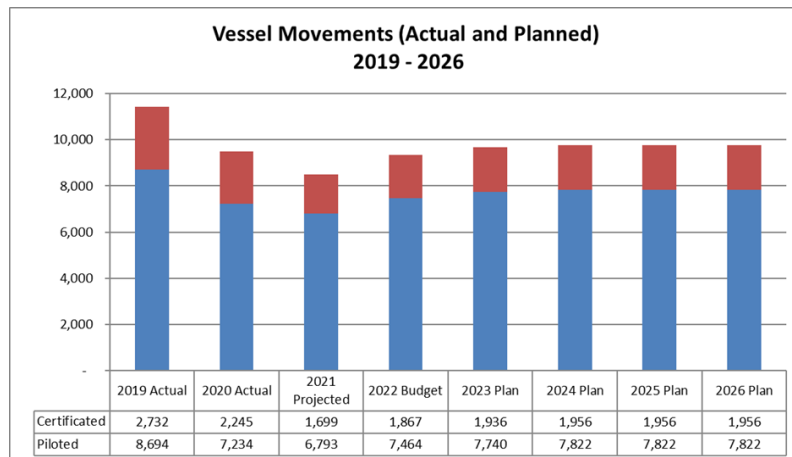
- **Customer Operational Interruptions:** Usually without warning the Authority loses expected traffic to operational decisions or circumstances that interrupt the demand for services. These can be extended interruptions that negatively impact the financial position of the Authority and threaten its goal to be area-by-area financially self-sufficient. In 2020, the floating production storage and offloading (FPSO) unit for the Terra Nova Oil Field in Newfoundland went off station for the year and will be returning late in 2022, while other offshore maintenance will be conducted that may also impact traffic in Placentia Bay. During 2020, the Come-by-Chance oil refinery in Placentia Bay, NL, shutdown operations and the refinery remains for sale. Also in 2020, coal mining operations stopped in Cape Breton, leading to reduced piloted activity in the Port of Sydney. These types of commercial decisions impact the Authority's revenues and may occur without significant warning.
- **COVID-19 Related Declines:** The global pandemic continues to impact the Authority's traffic levels and related revenues, with the largest impact created with the cancellation of the cruise season. There were over 1,000 assignments on cruise vessels in 2019 with \$3 million in related revenues. These assignments were cancelled in 2020 and 2021, and the Authority is budgeting a 75% return in 2022.
- **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 charge 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 charges 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 serious challenges to the Authority's 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, such as wharves and breakwaters, are also at risk to damages due to changing environmental factors which impacts safety. Some marine operations, specifically the 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 indefinitely.
- **Push to Zero-Carbon Economy:** With climate change as a focus of Governments, there is an impetus to move towards a zero-carbon economy. This will impact the Authority eventually in its reliance on tanker traffic and related revenues, as well as additional capital investment required to lower its carbon footprint.
- **Cyber Security:** Threats to IT infrastructure are growing and Cyber Security is growing in concern. Like most organizations, the Authority relies on technology to deliver its services with the greatest operational risk exposure in its dispatch centre. The dispatchers rely on numerous technological tools to organize and dispatch for the Atlantic region. Interruption of these tools could impact the

efficiency and effectiveness of the service delivery. The Authority is also responsible for safeguarding private information and limits the personal information it holds electronically.

- **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 and 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:** Movements performed by certificated masters represents approximately 20% of all movements within the compulsory waters.

These are masters who are examined by the Authority and certified to pilot their own vessels.

- **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 that requires the certificated masters to have performance evaluations. The Authority has developed a policy to review certificated masters’ performance at the time of their renewal and this has been accepted by industry. There are approximately 1,700 – 2,800 movements performed annually by these masters while the Authority’s pilots are expected to conduct approximately 7,000 – 9,000 assignments and are assessed on a three-year cycle.



- **Lost Revenues and Responsibilities under the Pilotage Act:** This number of certificates has a financial impact on the Authority with approximately \$4.6 million lost in pilotage fees expected in 2021. The *Pilotage Act* assures a robust and efficient pilotage regime so that pilotage is available to all ships operating in a compulsory pilotage area and are assured of safe and predictable use on the part of all ships regardless of whether any given ship is boarded by a licensed pilot or handled by a certificate holder. The Authority incurs regular costs in service of this assurance that include operating the pilotage authority as described in the *Act* and the related By-Laws; operating a dispatch centre to monitor and

record all movements in compulsory waters subject to compulsory pilotage requirements; develop and maintain the required management system as specified by Regulation; and pay the Minister of Transport a fee for administration of the Act. Virtually all of these costs associated with having pilotage services available in Atlantic Canada are borne by the users that do not have certificated masters even though the Authority must make services available to all vessels. This is not a fair cost recovery model, negatively impacts the efficiency of the service, and effects 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 in the region. 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 charge 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 the region.
- **Marine Labour Market:** Recruiting and training 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. The pandemic has not led to an increase in retirement and has not had a negative impact on recruitment.



## 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 appointment process of new members named can be delayed, which is a challenge. There is currently one vacancy on the Board.
- **Operations – Pilots:** The Authority has targeted a steady workforce of 50 employee pilots and 12 entrepreneurial pilots to cover projected activity. The pilots are represented by the CMSG and had a new collective agreement set through binding arbitration that is a 5-year agreement that expires on December 31, 2024.
- **Pilot Boat Crews:** The crews consist of 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. The launchmasters are represented by the CMSG whose agreement expired on December 31, 2020. The launch masters and the Authority are currently negotiating a new agreement.

- **Dispatchers:** The department is headed by the Dispatch Manager with 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 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.

The following table summarizes the Authority’s staffing situation.

Function	Actual 2018	Actual 2019	Actual 2020	Projected 2021	Plan 2022	Plan 2023	Plan 2024	Plan 2025	Plan 2026
<b>Administration</b>									
Executive Officers	2	3	2	3	4	4	4	4	4
Managers	3	2	3	4	3	3	3	3	3
Support	5	5	5	4	4	4	4	4	4
<b>Total Admin</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Operations</b>									
Pilots	50	50	51	50	51	50	51	52	52
Pilot Boat Crews	16	16	16	16	16	16	16	16	16
Maintenance Managers	2	2	2	3	3	3	3	3	3
Dispatch Managers	1	1	1	1	1	1	1	1	1
Dispatchers	5	5	5	5	5	5	5	5	5
<b>Total Operations</b>	<b>74</b>	<b>74</b>	<b>75</b>	<b>75</b>	<b>76</b>	<b>75</b>	<b>76</b>	<b>77</b>	<b>77</b>
<b>Total Employees</b>	<b>84</b>	<b>84</b>	<b>85</b>	<b>86</b>	<b>87</b>	<b>86</b>	<b>87</b>	<b>88</b>	<b>88</b>
Entrepreneurial Pilots	<b>11</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

- **Aging Pilot Boats:** Providing 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. Wear and tear on these items is a challenge that may grow with the changing climate and will impact safety and future costs.

- **Safety Culture:** The Authority has increased its focus on improving its safety culture. ISO 9001 Certification was achieved in 2018 and has been maintained since. A dedicated resource was added in early 2019, the QHSE Manager, to increase the focus 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 had four consecutive years with healthy profits prior to the pandemic reduced revenues in 2020. A contingency fund had been maintained at targeted levels and savings accumulated for capital asset replacement and future severance payments. These savings, and greater than expected cash flows in 2021, will leave the Authority with an adequate cash balance at the end of the year.
- **Performance and Reviews:** The Authority has performed a safe, effective, and reliable service while maintaining efficiency for its users. The incident free rate for 2020 was 99.92% (99.94% in 2019) 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% (99.10% in 2019) 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, 100% (100% in 2020) of its participating users were satisfied with the Authority's dedication to safety and 91.9% (95.6% in 2020) 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 shipping 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 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 and will be reset by the end of 2021.

#### 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.

Critical Success Factors:

- Trained and capable mariners will be available upon request for any vessel that is not exempt from compulsory pilotage.
- An efficient and safe pilot boat service must be available in every port or district to allow for an on-demand service without causing delay.
- Technology must be available and used effectively to increase effectiveness and efficiency of the pilotage service and management.

To achieve this objective, in 2022 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. Training courses were cancelled in 2020 due to COVID-19, therefore the immediate objective will be rescheduling this training as soon as possible. (ongoing)
- **Capital Asset Recapitalization – Pilot Boats:** In 2019, the Board approved a long-term pilot boat replacement strategy.
  - In adherence with this plan, the development of a design for two new vessels began in 2020 with an expectation that construction will now begin in 2022 and extend into 2023. 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. The financial position of

the Authority will be examined along with traffic expectations before final commitments are made on construction. (ongoing)

- The option of procuring used, and less expensive, vessels remains. (ongoing)
- Additional resources will be allocated to life extension activities and investments for the older vessels that will remain in service, some as the primary vessel in an area. (new)
- **Capital Asset Renewal - Facilities:** The Authority has numerous marine facilities that require repairs or replacement and will be undertaking the following in 2022:
  - Floating docks in several locations will be inspected, repairs completed, and possible replacement required. (ongoing)
  - 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. Currently, the expectation is that a move will be required late in 2022. (ongoing)
- **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.
  - Where practical, the Authority will have attendance at 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 2022. This will be dependant on travel restrictions and the status of the pandemic. (ongoing)
  - The Authority plans to launch a new internal Technology and Innovation Committee with pilot and management representatives. (new)
  - The Authority is proposing that the four authorities form a regular working group to discuss evolving technologies for pilotage operations and in shipping, including advancements in autonomous shipping. (new)
  - The Dispatch and Billing System (Dabs) that is used for all vessel monitoring, dispatching, and billing will be investigated for possible upgrade. The current system was built in 2010 and has numerous addons that may be incorporated into a new web version that is more accessible for remote access. (new)
- **Pilot and Certificate Holder Evaluations:**
  - **Licensed Pilots:** Use the pilot assessment program to determine areas of improvement and training opportunities to assure performance targets are achieved by licenced pilots.
  - **Certificate Holders:** To treat licenced and certificate holders equally, competency evaluations are performed for certificate holders to assure their competencies are maintained, in the interest of safety. With the certificate renewal powers transferred to the Minister under the new *Act*, the Authority will recommend that Transport Canada upholds this practice to assure competencies are maintained before a renewal is processed. (ongoing)
- **Movements in Non-Compulsory Waters:** Under the new *Pilotage Act*, non-compulsory pilotage licences will cease to be valid in 2022. The Authority has users that are still requesting navigational

assistance for these areas when they believe there is elevated risk. To minimize risk on these voyages, the Authority intends to offer Navigation Consultation Services outside of pilotage services. The aim will be to provide Authority tested and approved mariners to offer guidance without taking conduct. (new)

## 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 charges required are fair and reasonable and should not become a hardship for users.

Critical Success Factors:

- Charges for the service must be appropriate. Rate levels must be fair and reasonable for the users, while allowing the APA to be financially self-sufficient. This includes the APA's ability to accumulate a targeted reserve and savings to fund future investment, liabilities, and survive unexpected business declines.
- The APA must be efficient in its operation by controlling costs without sacrificing service, safety or effectiveness. Continuous improvements will be sought through operational changes and management procedures.

Due to the financial losses caused by the reduced traffic associated with the pandemic, the short-term objectives will be as follows for 2022:

- **Charge Adjustments:** Charges for 2022 will be adjusted to achieve the following while also being fair and reasonable:
  - **Increased Costs of Operation:** The Authority was experiencing a decline in several ports before the pandemic and costs of operation have increased. Base rates will be adjusted in most areas in anticipation of port-by-port profits when traffic rebounds post-pandemic. For most ports, they will not have positive financial results until cruise traffic fully returns. (new)
  - **Future Charging Opportunities:** The Authority will be establishing a certificate movement charge to fairly recover allocated costs that are required to have the pilot service available to them, track their movements, participate in the certification process, and recover amounts payable to the Minister for administration of the *Pilotage Act*. This charge will be structured so that users cannot avoid the costs associated with the availability of compulsory pilotage and to assure pilotage services are available to all vessels when required. (new)

**Reserve and Targeted Savings:** In line with the requirements of the *Pilotage Act*, the Authority will aim to maintain a reserve fund so that its ability to satisfy its mandate will not be in jeopardy during periods of unexpected declines in traffic or other events (ongoing). Beyond maintaining a reserve



fund, the Authority has accumulated savings towards future capital asset replacement and long-term severance liabilities.

- As the Authority will be procuring pilot boats, the savings that have been accumulated for capital asset replacement will be exhausted during the construction period. (ongoing)
- Savings for future severance liabilities was ahead of plan but will have to be used as cash flows decrease due to COVID-19. Additional savings will accumulate as the Authority fully recovers from the impacts of the pandemic. (ongoing)

**Search for Efficiencies:** The Authority will remain ISO 9001 compliant and investigate ISM certification requirements in 2022. These programs enforce regular activities in a search for continuous improvements. The CEO will also participate in the newly created National Pilotage Committee with Transport Canada, the other pilotage authorities, the Shipping Federation of Canada, and other industry representatives with the aim to improve efficiencies in the system. (new)

### **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.

Critical Success Factors:

- The appropriate number of fully trained and capable pilots for each port or district must be available. The workforce must be sufficient to provide the service without delays while not being oversized and creating inefficiencies.
- Strong and respectful relationships with employees are vital to the operation of the pilotage authority and meeting the mandate of the organization.

To achieve this objective, in 2022 the Authority will focus on the following:

- **Pilot Recruitment:** Add three new qualified apprentice pilots during 2022 in anticipation of planned retirements. (new)
- **Employee Wellness:** Policies, programs, or activities that are intended to maintain a healthy workplace will be monitored and continually improved upon. In 2020, the Authority created a Wellness Committee 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. New policies and procedures have been developed to keep the Authority's employees safe from COVID-19 while maintaining this essential service. There has been a significant increase in communication to employees and education during the pandemic. (ongoing)

- **Implement Cyber defenses:** Phishing testing and additional training will be occurring regularly moving forward. The Authority will continue to work with local experts and the Canadian Centre for Cyber Security to protect its infrastructure. (ongoing)

#### **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.

Critical Success Factors:

- Maintaining constant and open communications with stakeholders is essential to increasing effectiveness and efficiency. The coordination and feedback from customers allow for proper planning and more efficient vessel movements. Constant communication with other pilotage authorities and Transport Canada creates opportunities to benchmark against similar entities, share best practices, and understand Government priorities and needs.

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. (ongoing)

#### **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.

Critical Success Factors:

- The Authority must act in compliance with a laws, regulations, legislation, internal policies, and code of conduct.
- Assure equal opportunity of employment, free from harassment, in an aim to provide a more diverse workforce in both marine operations and administration.

- Remain cognizant of its commitment towards environmental protection and endeavour to use emerging technologies to reduce its carbon footprint.

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. (ongoing)
- **Pilotage Act Reform**: There is a considerable workload on Transport Canada to adopt the approved changes to the *Act*. The Authority will assist wherever possible so that these reforms will be implemented successfully. For 2022, this will include the development of a Management System that is in full compliance with the newly developed Marine Pilotage Regulations. (new)
- **Training Opportunities**: Management of the Authority will be required to complete Truth and Reconciliation Training to better appreciate challenges faced by indigenous peoples of Canada. This training will be made available to all employees at the Authority. Harassment and Violence Prevention training will also be completed by all employees. (new)
- **Environmental Protection Technologies**: The Authority will investigate opportunities to reduce the carbon footprint of new pilot boats as they are being designed. (ongoing)

## 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 process was the subject of an internal audit in 2020 and recommended changes to the process were made. Additional training of the Board and management team was completed in 2021. This Enterprise-wide Risk Management System has been assigned to the Risk Committee of the Board for their oversight and bi-annual review with specific risks assigned to individual committees of the Board.

The residual risk, considering active mitigations, for areas of concern that are measured as extreme or vary high are:

### Very High

- External Economic Risk: The pandemic had caused a reduction in shipping that greatly impacted the Authority's financial position. This is a substantial risk to the Authority's goal to maintain financial self-sufficiency. Traffic in several areas has grown from expectations and the Authority was able to implement a deficit reduction charge to offset a portion of the lost revenue. These factors have meant that cash reserves have held strong during the year.
  - The Authority is implementing additional rate increases to recover increasing operating costs.
- Risk that Employees are exposed to Injury or Illness in the Workplace: This is another risk category that has been elevated during the pandemic. While the virus remains active in the world, there is increased risk for all employees of the Authority, especially pilots and boats crews. 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 a pandemic plan that has been followed during Covid. Numerous mitigations have been actioned to keep the employees safe while maintaining the pilotage service. Federal and local authorities, along with all stakeholders, have coordinated mitigation efforts that have kept shipping and commerce uninterrupted in the region.
- 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.



## 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 charges that are fair and reasonable. The costs of the Authority are charged to the users of the service in the form of a charge 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 charges. The financial goals are to have positive cash flows that allow for an accumulated reserve to weather downturns, savings for capital replacement, and savings towards future severance liabilities. Due to the pandemic, the Authority has had a reduction in its accumulated savings as they were required to maintain service without impacting its ability to fulfil its mandate. The medium-term goal will be to recover this decline in cash and re-establish an acceptable amount held in reserve and savings. Over the long-term, the Authority will return to its goal to have each area become financially self-sufficient to prevent 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 2020 Annual Report for the Atlantic Pilotage Authority is posted at:

<https://www.atlanticpilotage.com/wp-content/uploads/2020/06/Annual-Report-APA-2019-English.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 updated its reserve goal for operating cash and savings to be a target of 20% of pilotage service revenues, for the purposes of financing regular operating activities and accumulated reserves. Excess cash beyond this requirement will be moved to savings as described below in paragraphs 2 and 3.

Due to COVID-19 related declines, the reserve has been needed to fund the operation and the Authority expects it will not reach this targeted balance in 2022. The current plan is to reach this target in 2025 but is based on a strong recovery in cruise traffic without declines elsewhere.

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

This liability was \$1.546 million on December 31, 2020 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 \$900,000 in savings for this purpose by the end of 2019 and was well ahead of schedule prior to the pandemic. A portion of these savings has been used to offset the severance payments required while in the current downturn. Having these savings accumulated is an addition to the reserve above and reduces the likelihood of rate increases in the future to fund these sporadic, and sometimes large, cash payments.

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

The Authority has established a long-term fleet renewal strategy that includes an investment in new vessels that began with a new design in 2020. Also included in this strategy are mid-life refits and scheduled future construction.

The plan assumes that the new pilot boats will be funded almost entirely through previously approved long-term borrowing as the cash balances of the Authority have been negatively impacted by COVID-19. For previous builds the Authority would finance a significant portion of the cost with its reserves and finance the balance. The reserves that will be made available for this build will be substantially lower because of the pandemic. The Authority will not contribute future funds towards this dedicated savings purpose until the financial reserve targets are met.

The budgeting outlook from 2022 to 2026 assumes a strong recovery in cruise traffic in 2022 and is based on feedback received from port authorities and the agents for the industry. There are other areas, such as automobile deliveries, that have declined significantly due to COVID-19 and not budgeted for a strong return. The outlook also includes specific impacts 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 an accounting loss of approximately \$612,000 in 2022 but includes a \$1.2 million loss on the disposal of capital

assets if vessels are replaced by the new builds. The Authority does not expect to draw on its line of credit in 2022 to fulfill its mandate and will aim to eliminate its annual deficit in 2023.

## Capital Investments

The Authority has over \$26 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 2021, the Authority currently expects to invest \$1.2 million in capital projects, all of which funded by operating cash flows and accumulated savings. This is \$7.7 million less than budgeted as the new pilot boat construction project was delayed.

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.

### 2022:

With a fleet of vessels that are aging, or no longer suitable for the operation, the Authority has begun a \$10.7 million project to replace these vessels that is expected to be fully completed in 2024. The expenditure for 2021 is minimal as it has only been the preliminary design that has been completed, but an additional \$10.5 million will be spent for the construction of the vessels over a two-year period beginning in 2022 with the warranty period extending into 2024. When these new vessels are launched, older vessels with less utility for the pilotage will be marked for sale and the new, larger, and more robust platforms will be deployed in ports with difficult winter months. With the delay in this project to construct two new vessels, the option will be open to use a portion of this capital budget towards used vessels instead, if needed to maintain service. These vessels would be less costly than a new build.

The requirements included in the 2022 Capital Budget include planned upgrades to the vessels totalling \$756,000 with another \$224,000 budgeted for the estimated capital portion of regular repairs. This includes critical spares that are budgeted to be added in the amount of \$310,000.

Planned capital investment in wharves and structures of \$540,000 is primarily due to floating dock requirements, and a lease for a new pilot and crew facility in Saint John, NB. Further investment in portable pilotage units of \$40,000 is planned for 2022 as well as software replacement and upgrades.

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 \$20 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, but the impacts on the finances of the Authority of COVID-19 and the closure of the Come-by-Chance oil refinery have been significant.

The Authority had received approval of the Minister of Finance in 2021 to enter into long-term borrowings of up to \$8 million to be used towards the construction of two new pilot boats, or purchase of used pilot boats if required. This project was delayed and the funds are now expected to be drawn in 2022. Therefore, the Authority is asking for a new approval from the Minister of Finance to borrow this \$8 million for capital replacement. The Authority is also requesting approval to maintain the approval of its short-term borrowings of up to \$7.5 million to deal with currently unknown circumstances and traffic reductions. The Authority does not anticipate that it will be drawing on its line of credit by the end of 2022. In accordance with section 36 of the *Pilotage Act* and 127(3) of the *Financial Administration Act*, the Authority 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.

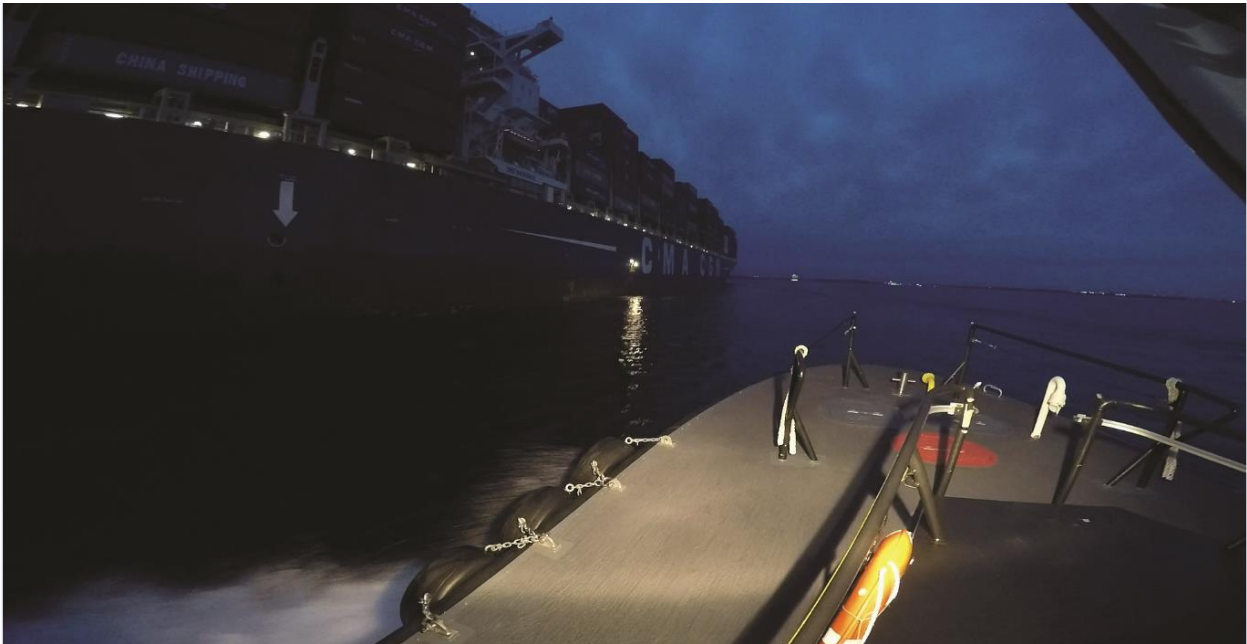
## **Financial Investments**

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. Covid-19 Pandemic Impacts
10. Compliance with Legislative and Policy Requirements
11. Government Priorities and Direction



# 1. Ministerial Direction

The Atlantic Pilotage Authority is operating in accordance with the guidance expressed in the Honourable Omar Alghabra, Minister of Transport's letter to the Chair.



Mr. Jack Gallagher  
Chair of the Board of Directors  
Atlantic Pilotage Authority  
1801-TD Centre  
1791 Barrington Street  
Halifax NS B3J 3K9

Dear Mr. Gallagher:

It is an honour to serve Canadians as the Minister of Transport and a privilege to be able to work with key partners such as the Atlantic Pilotage Authority (APA) during this pivotal time for both the transportation sector and the country as a whole.

Given that the world has changed significantly because of the COVID-19 pandemic, I wish to communicate to you that, now more than ever, our collaboration remains essential to advance the government's priorities and policy objectives. I look forward to deepening a strong working relationship that fosters open communication and a shared commitment to advancing the government's priorities and policy objectives, and ensuring that the APA remains a key component of Canada's transportation system.

In supporting my accountability to Parliament for your organization, I will work with you to ensure that Canada's transportation system supports the government's ambitious economic response and recovery efforts in fighting the pandemic and building back a better Canada. Together, during these challenging times, we will position the APA to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, achieve real results, and stand up for fairness and equality.

The fight against climate change remains of paramount importance to this government, and I expect that the APA will provide its support by ensuring that opportunities to advance this cause are considered in your organization's priorities, plans and operations.

In Budget 2021, the government indicated its intention to finish the fight against COVID-19, create jobs and growth, and support a resilient and inclusive recovery. For its part, I expect that the APA will do its part by providing safe, secure and efficient transportation services in support of economic recovery and growth for middle-class Canadians.



When Indigenous people experience better outcomes, all Canadians benefit. To this end, I expect that the APA will join us as we continue to walk the road to reconciliation together. For Crown corporations, this should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

Together, we must also continue delivering real results for Canadians. This includes tracking and publicly reporting on the progress of our work, assessing our work's effectiveness, aligning resources with priorities, and adapting to events as they unfold. To this end, your corporation's corporate plan remains the most important vehicle by which my colleagues and I can identify the results Canadians can expect from the APA, and the annual report is the most important mechanism by which to assess the APA's results.

We must also continue to work together to improve how we collectively approach Crown corporations' corporate plan approvals. This need was underscored by the concerns raised in the Office of the Auditor General's spring 2018 Report, tabled in Parliament on May 29, 2018. Transport Canada, Transport portfolio Crown corporations and central agencies all have a role to play. To this end, I would ask for your continued support in ensuring that these reports are prepared sufficiently in advance. I would also advise that early engagement with Transport Canada officials will help ensure that your organization's corporate plans are submitted for Treasury Board consideration according to timelines set out by the *Financial Administration Act*. Such collaboration will help to ensure sound, transparent and accountable governance of all federal Crown corporations.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidate should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chair, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council. By extension, I expect that the APA will incorporate a similar focus on the abovementioned populations in all its labour force practices.

Recognizing the value of incumbents to ensuring consistent good governance, for those individuals previously appointed through an open process, I will consider recommending reappointment based on past performance and the Board's current needs in terms of diversity and skills. Transport Canada officials will engage with you to assess the performance and contribution of any incumbent being considered for reappointment.

Furthermore, as always, the legal and ethical obligations of public office holders remain paramount. All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A. All boards should also ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the *Lobbying Act*, and the *Conflict of Interest Act*.

As you know, substantial amendments have been made to the *Pilotage Act*. As the department moves forward with the implementation plan, we will rely on your expertise, skills, and strong relationships to facilitate a smooth and effective transition. These legislative changes will require an adjustment for the Authority with implications on your operations as it relates to efficient service delivery at a reasonable cost to industry so as to facilitate competitiveness without compromising safety. I do not doubt that you will continue to provide safe, reliable and efficient pilotage services in the Atlantic Region.

I look forward to continuing to work with you in advancing your corporation's plans, priorities and challenges.

Sincerely,



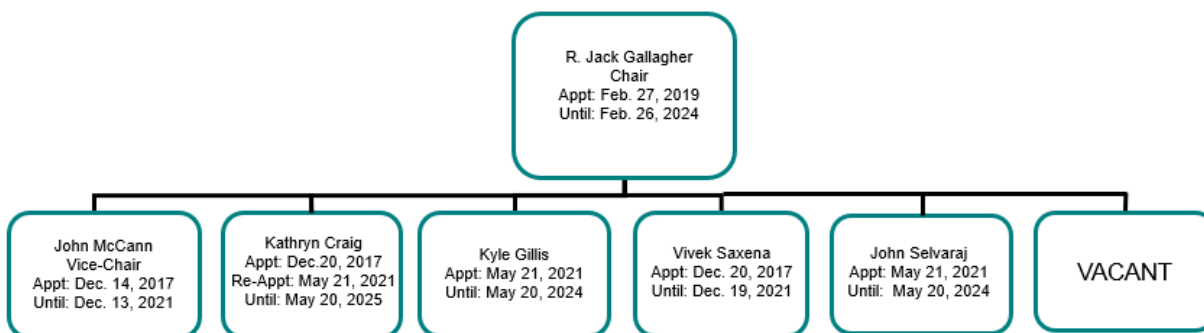
The Honourable Omar Alghabra, P.C., M.P.  
Minister of Transport

## 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 Atlantic Pilotage Authority’s jurisdiction.

The following organizational chart indicates the composition of the Board as at September 1, 2021, 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, minimizing the risk to the Authority of these expiring terms. The Chair does not serve beyond the end of his/her term.



A long-serving Board Member resigned on June 7, 2021, leaving a vacancy on the Board that has yet to be filled.

### 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 & Capital Infrastructure and Risk Committees. 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.

### Kathryn Craig

Ms. Craig has served on the Board since December 2017 and is Chair of the Authority's Governance and Human Resources 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.

### Kyle Gillis

Mr. Gillis joined the Board in May 2021 and is Chair of the Authority's Audit Committee. Mr. Gillis, of Hatchet Lake, NS is a CPA, CMA, is the Vice-President of Finance at Eigen Innovations Inc. and President of Gillis Financial Inc.

### 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.

### John Suresh Selvaraj

Mr. Selvaraj joined the Board in May 2021. Residing in Antigonish, NS, Mr. Selvaraj is a Marine Engineer and Instructor of Marine Engineering at NSCC in Port Hawkesbury. Prior to this, Mr. Selvaraj was a Fleet Manager at Executive Ship Management PTE Ltd. in Singapore.

## 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 are projected to be \$99,000 in 2021 and are below the \$150,000 budgeted for the year due to the board vacancy and reduced travel. These are budgeted to increase to \$159,000 as the board is fully staffed and travel restrictions are lifted.

## 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 and they meet quarterly. 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 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 that may impact National Marine Pilotage Regulations.

### Human Resources Committee

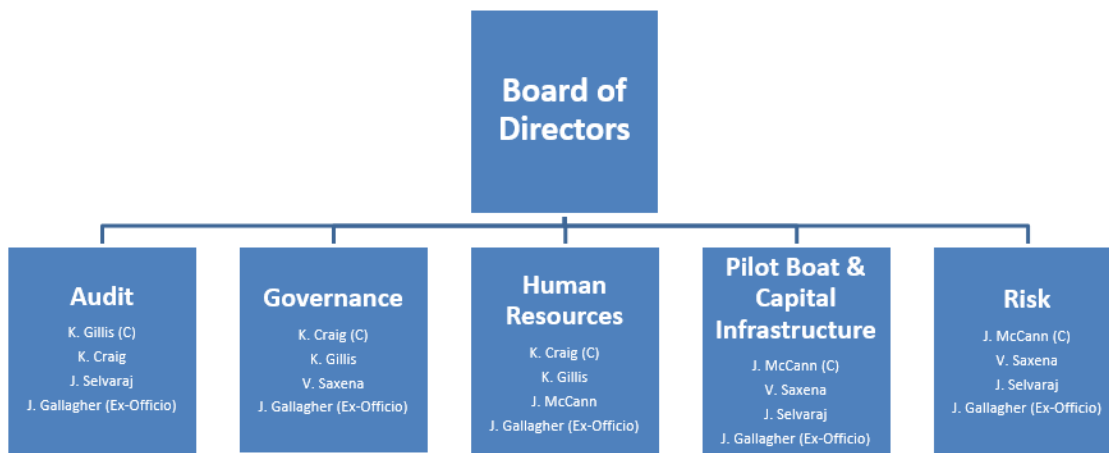
This committee meets as required and is made up of three members. The committee’s responsibilities include the CEO’s performance evaluation, reviewing significant changes to the organizational structure, reviewing the mandate for collective bargaining, and monitoring succession planning for management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

### Pilot Boat Committee & Capital Infrastructure Committee

This committee has three members. The committee meets as required 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.



### Senior Executives

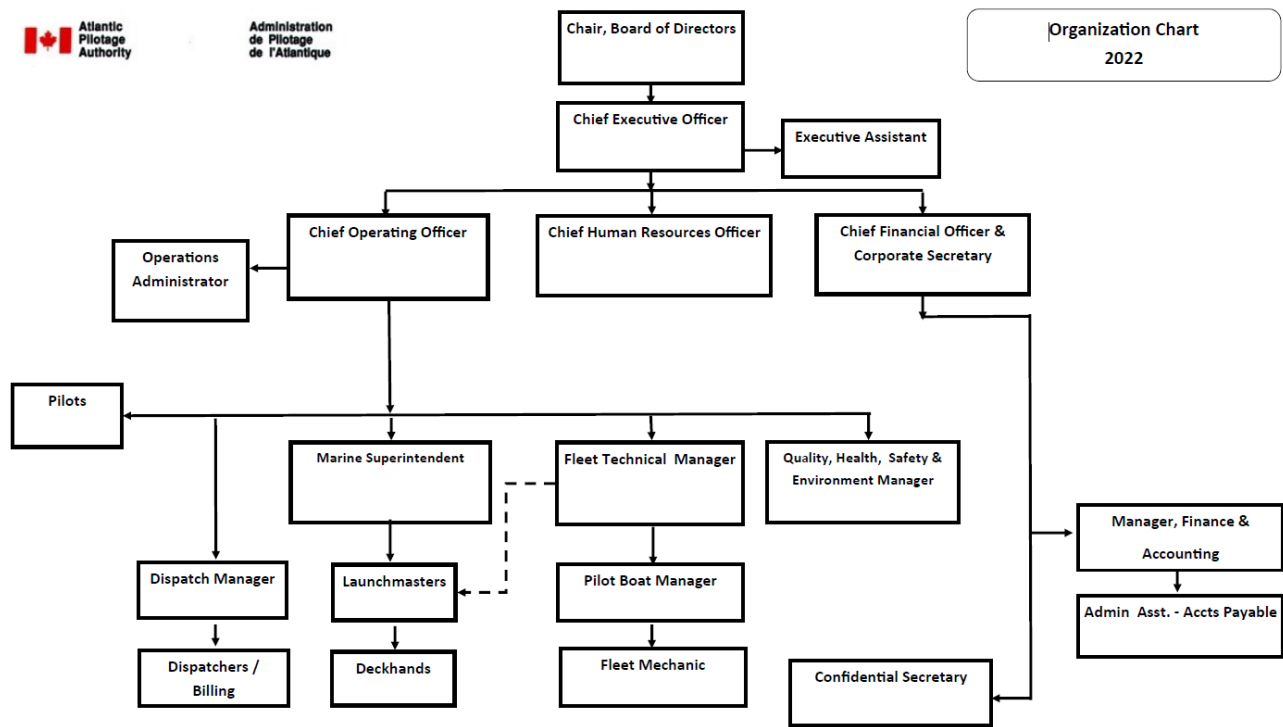
The following individuals hold key senior executive positions within the Authority:

Name	Title
Sean Griffiths	Chief Executive Officer
Brian Bradley	Chief Financial Officer and Corporate Secretary
Jennifer Campbell	Chief Human Resources Officer
David Anderson	Chief Operations Officer

The total cost of this senior executive group is projected to be \$790,000 in 2021. This will be below the \$845,000 budgeted for the year. The 2022 budget is for the cost of this group to increase to \$857,000 as it will be fully staffed for the entire year.

**Administration:** The Authority has a staff of 11 in administration with the technical qualification of the staff being a strength. The Executive/Managers includes four master mariners who occupy the positions of Chief Executive Officer (CEO), Chief Operating Officer (COO), Marine Superintendent (MS), and Quality, Health, Safety and Environment Manager (QHSE). The CEO also has a Master of Business Administration (MBA). The Chief Financial Officer (CFO) is a CPA with an MBA and the Chief Human Resources Officer is a Chartered Professional in Human Resources (CPHR) and holds an MBA. The workload on the operations staff remains high with little redundancy.

The following chart indicates the organization structure of the administration of the Authority for 2022:





## 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 competes with private industry for this skilled labour and wages and benefit packages have to be comparable. The Authority stresses the work/life balance it can offer, the retirement benefits, and that being a pilot is seen by many as the pinnacle of a mariner's career. These factors can be attractive to a number of mariners and offset some shortages in wages. The corporation uses other pilotage authorities with salaried pilots as a benchmark for determining wages and benefits.

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 due to lost time 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 \$450,000 for training courses for 2022 as previously delayed courses are scheduled as travel restrictions from the pandemic are lifted.

## Pilot Boat Crews

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

### **Vessel Maintenance**

The Fleet Technical Manager, Pilot Boat Manager, and Marine Mechanic are responsible for the maintenance of the pilot boat fleet. These three 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.

### **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 charge 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 Actual	2022	2026	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	99.94%	99.90%	99.90%	Logged Incident Reports
	Number of incidents that cause injury or environmental damages	0	0	0	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	100%	90%	95%	Annual Customer satisfaction Survey
The Authority will maintain financial self-sufficiency by exercising effective cost management and establishing charges that are fair and reasonable	Line of credit will be maintained to assure mandate can be achieved and then reserve accumulated	Full expected Operating Cash on Hand – \$3.4 Million	Full expected Operating Cash on Hand will be maintained (\$3 Million)	Total Cash and Reserve will be 20% of pilotage service revenues. (not direct recovery revenues)	Annual data from APA’s financial systems
	Accumulated savings as compared to target – Capital Asset Replacement	\$2.7 million accumulated	-	\$0.5 million accumulated	Annual data from APA’s financial systems
	Accumulated savings as compared to target – Severance Liability	\$700,000 accumulated	-	\$1.0 million accumulated	Annual data from APA’s financial systems

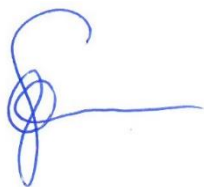
Outcome	Performance Indicators	2020 Actual	2022	2026	Data Strategy
The Authority is committed to providing pilotage services that do not cause delay or service interruptions	Number of assignments under the conduct of a licenced pilot on which there were no delays of greater than one hour	99.20%	99.00%	99.00%	Annual data from APA's financial systems
	Number of registered complaints as reported through the Authority's non-compliance reporting process	99.74%	99.75%	99.85%	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	95.60%	80%	85%	Annual Customer satisfaction Survey
	Number of delays caused by pilot boat maintenance issues	7	0	0	Delay analysis
	Total pilot boat downtime caused by unplanned maintenance	0.88% of total time vessels available	1% of total time vessels available	1% of total time vessels available	Maintenance tracking
The Authority is committed to the safety of its people	Hours of case management time associated with work related injuries	9.3 hours	8 hours	7 hours	Employee medical case manager reports

## Medium-Term Performance Assessment

Outcome	Performance Indicators	2020 Actual	2022	2026	Data Strategy
The Authority is committed to supporting efficiency & consistency through consultation	The number of consultation meetings held between the Authority and its stakeholders	19 meetings	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	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 were no environmental spills or damages reported that are related to pilot boat operations	There will be no environmental spills or damages to be reported that are related to pilot boat operations	Investments focused more on green technology and improved efficiency	

## 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 16, 2021

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.



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Chief Financial Officer  
The Atlantic Pilotage Authority

September 16, 2021

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Date



## 5. Charge Analysis

The 2021 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	ACTUAL	PROJECTED	BUDGET	BUDGET	PLAN			
	2019	2020	2021	2021	2022	2023	2024	2025	2026
<b>COMPULSORY TRAFFIC</b>									
<b>SALARIED PORTS</b>									
HALIFAX	2,682	2,401	2,272	2,223	2,562	2,698	2,737	2,737	2,737
SAINT JOHN	1,844	1,698	1,726	1,547	1,854	1,885	1,905	1,905	1,905
STRAIT OF CANSO	621	706	685	532	626	626	626	626	626
SYDNEY	441	199	223	172	368	392	420	420	420
BRAS D'OR	4	-	-	4	-	-	-	-	-
PLACENTIA BAY	1,373	1,007	834	1,181	776	791	791	791	791
ST. JOHN'S	559	434	377	376	397	415	437	437	437
HOLYROOD	33	26	22	32	22	22	22	22	22
HUMBER ARM	205	171	192	211	220	220	224	224	224
BAY OF EXPLOITS	67	50	40	64	40	40	40	40	40
STEPHENVILLE	34	30	40	40	34	34	34	34	34
<b>TOTAL SALARIED PORTS</b>	<b>7,863</b>	<b>6,722</b>	<b>6,411</b>	<b>6,382</b>	<b>6,899</b>	<b>7,123</b>	<b>7,236</b>	<b>7,236</b>	<b>7,236</b>
<b>ENTREPRENEURIAL PORTS</b>									
PUGWASH	90	65	65	87	75	85	90	90	90
MIRAMICHI	25	3	2	18	2	2	2	2	2
RESTIGOUCHE	24	1	2	2	2	2	2	2	2
BELLEDUNE	-	-	-	-	-	100	125	125	125
VOISEY'S BAY	41	26	14	16	14	14	14	14	14
CHARLOTTETOWN	277	112	71	78	214	236	258	258	258
CONFEDERATION BRIDGE	106	78	73	75	90	95	95	95	95
<b>TOTAL ENTREPRENEURIAL PORTS</b>	<b>563</b>	<b>285</b>	<b>227</b>	<b>276</b>	<b>397</b>	<b>534</b>	<b>586</b>	<b>586</b>	<b>586</b>
<b>NON-COMPULSORY TRAFFIC</b>									
BELLEDUNE	125	86	72	98	85	-	-	-	-
OTHER NON-COMP	143	141	83	105	83	83	-	-	-
<b>TOTAL NON-COMP TRAFFIC</b>	<b>268</b>	<b>227</b>	<b>155</b>	<b>203</b>	<b>168</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRAFFIC</b>	<b>8,694</b>	<b>7,234</b>	<b>6,793</b>	<b>6,861</b>	<b>7,464</b>	<b>7,740</b>	<b>7,822</b>	<b>7,822</b>	<b>7,822</b>

### Halifax

The port of Halifax continues to attract larger container vessels as the industry moves towards capturing efficiencies through increased size of vessels. The cruise traffic was trending up throughout the Atlantic

Provinces when the pandemic struck in 2020, leading to the moratorium on cruise that cancelled both the 2020 and 2021 cruise schedules. The auto carrier traffic was exceptionally strong in 2018 but has fallen since, and especially during the pandemic. This is one sector that is not expected to recover quickly due to the shortage of supply of computer chips. Cruise traffic is budgeted to return at 75% of previous levels and is based on user feedback and the number of vessels that have already confirmed a return for 2022.

### **Saint John**

Oil tanker assignments in the area have not been impacted by the pandemic and are expected to remain strong. 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 remained strong. The port has been aggressive in its efforts to attract additional container traffic, with new carriers added in 2021. Like other areas, the port is optimistic about its cruise traffic for 2022 and has been budgeted for a 75% return. All other traffic is expected to be steady for the planning period.

### **Cape Breton**

The tanker traffic in the Strait of Canso has increased substantially in 2021 and is budgeted to continue. 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 and has not rebounded. For Sydney, there is normally tanker traffic, coal movements, and cruise traffic that drives the activity. The coal movements nearly stopped in 2020 due to local operational concerns at the mine. The cruise traffic expected in the port for 2021 was cancelled due to COVID-19, but a strong return is expected in 2022.

### **Southeast Newfoundland**

In Placentia Bay, traffic continues to fluctuate depending on many factors that normally include the length of maintenance shutdowns. The Come-by-Chance oil refinery was in the initial stages of planning for expansion that would increase traffic over the longer term. This facility was shutdown in March of 2020 and is not expected to return in its previous form. 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 is expected to show a decline in 2022 with maintenance planned for offshore facilities. Cargo assignments are primarily for a nickel smelter at Long Harbour that provides just over a monthly caller, and vessels arriving in Placentia Bay for bunker fuel. The operation of a bunker vessel for fueling vessels began late in 2016 with the amount of pilotage activity provided to the Authority determined by whether the current masters are certificated. In St. John's, the Authority pilots much less than half of the ship movements in the area due to pilotage certificates. The port does have significant cruise traffic that is expected to return in 2022.

### **Other Notes**

Belledune, NB is expected to become a compulsory port during the planning period when the regulation to change its status is finalized. Non-compulsory assignments will stop when the licences expire, and a navigational consulting program is launched.

## 6. Financial Statements and Budgets

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

For 2021, revenues will outperform the budget as traffic has increased in several sectors and multiple ports. Forecasted pilotage service revenue for the current fiscal year is \$25.976 million, which would be \$373,000 (1.5%) over the Authority's approved fiscal 2020 budget. The deficit reduction charge is expected to add an additional \$943,000 in revenues, \$38,000 more than budgeted. The reduced overall activity has caused a decline in variable expenses. Total expenses for 2021 are projected to be \$26.623 million, \$1.350 million below budget. This leaves the Authority with a projected profit of \$322,000, but with cash inflows not sufficient to cover the projected spending. Most of the Authority's costs are fixed or cannot be reduced without severely impacting service levels and fulfilment of its mandate. The Authority had budgeted a \$1.4 million loss for 2021.

The budgeting outlook beyond 2022 assumes the following; a strong return of cruise traffic; a very slow recovery in other traffic for Halifax and Cape Breton, like auto carriers and coal related traffic; traffic in Western Newfoundland to remain steady; the refinery in Placentia Bay to remain closed; operational behaviour remains consistent with current approaches; and, adjustments made for typical, more 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. This is made more difficult with the pandemic.

When creating the Corporate Plan for 2022-2026, 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. The pace of return for cruise traffic will make the largest difference for the Authority as the World moves through this pandemic.

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

### Charge Adjustment 2022

Due to the unique nature of pilotage in the Atlantic region, the Authority strives for area-by-area and port-by-port financial self-sufficiency over the longer-term. This is in an effort to minimize cross-subsidization between stakeholders.

- 1) Effective January 1, 2022, there will be increases in port-by-port charges for one-way trips, thru trips, and movages in fourteen compulsory ports to offset decreasing activity and increasing costs that include capital investments as described earlier. The impact of these increases represents a 2.4% increase in total revenues, or \$624,000. The rate increases and annual expected impact by port are summarized below:

Port	Charge Increase	Annual Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Bay of Exploits, NL	5.00%	\$6	(\$62)	(\$56)	Recent declines in traffic Pre-COVID-19.
St. John's, NL	5.00%	\$51	(\$149)	(\$98)	Offset increase in allocated costs
Confederation Bridge, PE	4.00%	\$3	(\$2)	\$1	Increase to assure service availability (Entrepreneurial Pilots)
Strait of Canso, NS	3.00%	\$78	(\$150)	(\$72)	Offset increased costs.
Stephenville, NL	3.00%	\$3	\$5	\$8	Offset increased costs.
Holyrood, NL	3.00%	\$1	(\$18)	(\$17)	Offset increased costs.
Halifax, NS	3.00%	\$192	(\$458)	(\$266)	Offset increased costs.
Sydney, NS	3.00%	\$39	(\$167)	(\$128)	Recent declines in traffic Pre-COVID-19.
Saint John, NB	3.00%	\$173	(\$316)	(\$143)	Offset increased costs.

Port	Charge Increase	Annual Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Bras d'Or Lakes	3.00%	\$1	\$0	\$0	Offset increase in allocated costs
Charlottetown, PE	2.00%	\$7	\$5	\$6	Increase to assure service availability (Entrepreneurial Pilots)
Pugwash, NS	2.00%	\$1	(\$5)	(\$4)	Increase to assure service availability (Entrepreneurial Pilots)
Miramichi, NB	2.00%	\$1	\$0	\$1	Increase to assure service availability (Entrepreneurial Pilots)
Restigouche, NB	2.00%	\$1	\$0	\$1	Increase to assure service availability (Entrepreneurial Pilots)

- 2) Effective January 1, 2022, there will be an increase in the pilotage charge for the compulsory pilotage area of Voisey's Bay, NL. The daily rate will increase from \$1,200 to \$1,225.

Port	Rate Increase	Annual Revenue Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Voisey's Bay, NL	2%	\$2	\$3	\$4	Increase to assure service availability (Entrepreneurial Pilots)

- 3) Effective January 1, 2022, for the compulsory areas of Charlottetown, PE, and Pugwash, NS, a minimum charge of \$875 will be established for both ports and applied for one-way trips and movages.

Port	Rate Increase	Annual Revenue Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Charlottetown, PE	2%	\$6	\$6	\$7	Increase to assure service availability and change the fee structure to be consistent with other areas (Entrepreneurial Pilots)
Pugwash, NS	1%	\$1	(\$4)	(\$3)	Increase to assure service availability and change the fee structure to be consistent with other areas (Entrepreneurial Pilots)

- 4) Effective January 1, 2022, for the compulsory area of Confederation Bridge, PE, the Flat Pilotage Charge with a pilot boat, and the charge without a pilot boat, will be set at \$875. The actual cost of the pilot boat will be recovered separately as described in paragraph 5 below. The net impact of these changes will be an increase of 2%.

Port	Rate Increase	Annual Revenue Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Confederation Bridge, PE	2%	\$3	(\$2)	\$1	Increase to assure service availability and change the fee structure to be consistent with other areas (Entrepreneurial Pilots)

- 5) Effective January 1, 2022, the rates for the following areas will be moved from the "Customer Guide to Charges 2 d. Table 4" and be placed in a new guide for other charges. These charges are not related to compulsory pilotage, therefore fall under 33 (2) of the *Pilotage Act* and may be established or revised by resolution.

Even though these charges are not subject to the objection process, please be aware that the following charges will be amended, effective January 1, 2022. The Authority provides services for these areas upon request, if there are trained resources available. There is no requirement to do so, therefore the charges must be set at a rate that attracts these entrepreneurs to accept these requests when desired by industry.

All charges associated with these areas will be increased by 2.0%.

Port	Charge Increase	Annual Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Belledune, N.B.	2.00%	\$10	\$0	\$2	Increase to assure service availability (Entrepreneurial Pilots)
Sheet Harbour, N.S.	2.00%	\$2	(\$2)	\$0	Increase to assure service availability (Entrepreneurs)
Summerside, P.E.I.	2.00%	\$4	(\$3)	\$0	Increase to assure service availability (Entrepreneurs)
Any port or harbour area that is a non-compulsory pilotage area	2.00%	\$1	\$0	\$0	There have been no assignments recently in any other area.

a) Pilot Boats

Effective January 1, 2022, a charge for the use of a pilot boat, equal to the actual cost of hiring a pilot boat, will apply to Holyrood, NL and Confederation Bridge, PE. These areas will be added to Section G.

- III Pilot Boats within the Guide.

Port	Current Pilot Boat Charge	Annual Impact ('000's)	Budgeted Profit (Loss) without Increase ('000's)	Budgeted Profit (Loss) with Increase ('000's)	Comments
Holyrood, NL	\$1,250	\$18	(\$18)	\$0	Recover the cost of the contracted pilot boat service.
Confederation Bridge, PE	\$800	\$0	\$1	\$1	The pilot boat recovery is currently embedded in the regular pilotage rate in the area. This will reduce the regular charge and bill the pilot boat separately.

#### b) Other Changes

Effective January 1, 2022, the Authority will be increasing other charges as follows in order to better align them with the costs associated with those activities. The annual impact of these changes is estimated to be approximately \$10,000.

These items in the Guide will change to the following:

- VIII. Detention on Board Ship – The charge for the second hour of detention will increase to \$500 from \$231. The charge for each hour or part of an hour beyond will increase to \$500 from \$132. The maximum charge for any 24-hour period will increase to \$2,000 from \$1,023.
- IX. Detention on Shore or Pilot Boat – The charge for each hour or less of detention will increase to \$500 from \$132. The maximum charge for any 24-hour period will increase to \$2,000 from \$1,023.
- XV. Cancellations – The maximum charge for a cancelation will be increased to \$1,025 from \$1,000.

#### 6) Certificate Movement Charge

- g) Effective January 1, 2022, a certificate movement charge will be established as a new paragraph (g) in the Customer Guide to Compulsory Charges to recover a portion of administrative costs, dispatch centre costs, and training costs required to have pilotage services available to these users and fulfill the obligations as set out in the *Pilotage Act*.

Based on the description above, the initial rate will be set at \$200 per movement in 2022 and increase to \$300 in 2023, and \$400 in 2024.



## **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 3.5% based on category.

### **Discount rate:**

The discount rate as used for the valuation of the Right-of-Uses assets and corresponding liabilities has been set at 2.01%, 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 overachieving 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 scenarios being followed include whether cruise traffic returns in part for 2022.

1. The current budget (Corporate Plan) assumes cruise traffic returns to 75% of pre-pandemic levels in 2022(774 assignments).

Forecast volume-expected net loss of \$612,000.

2. The impact on the 2022 budgeted profit for the Authority if cruise traffic returns to 50% of pre-pandemic levels is as follows:

Volume decline of 3.5% (258 assignments) from budget - expected net loss of \$1,084,000.

3. The impact on the 2022 budgeted profit for the Authority if cruise does not return is as follows:

Volume decline of 10% (774 assignments) from budget - expected net loss of \$1,812,000.

## Financial Position

STATEMENT OF FINANCIAL POSITION								
(in thousands of dollars)	ACTUAL	PROJECTED	BUDGET	BUDGET	PLAN			
	2020	2021	2021	2022	2023	2024	2025	2026
	<b>ASSETS</b>							
<b>CURRENT</b>								
CASH	\$ 3,446	\$ 3,704	\$ 128	\$ 3,842	\$ 3,730	\$ 3,848	\$ 5,036	\$ 5,021
CASH - SEVERANCE FUND	674	374	500	-	-	-	300	1,089
CASH - BOAT REPLACEMENT FUND	2,700	750	1,386	1,700	-	-	-	600
ACCOUNTS RECEIVABLE	2,918	3,063	3,300	3,300	3,350	3,400	3,450	3,500
PREPAID EXPENSES	127	166	160	160	162	164	166	168
	9,865	8,057	5,474	9,002	7,242	7,412	8,952	10,378
<b>FIXED</b>								
LEASE ASSET	2,551	2,551	3,106	2,981	3,331	3,331	3,331	3,331
CAPITAL AT COST	26,348	27,471	36,352	33,566	36,752	38,343	39,243	39,885
LESS ACCUMULATED AMORTIZATION	14,441	16,423	17,312	17,683	19,313	20,859	22,542	24,436
	14,458	13,599	22,146	18,864	20,770	20,815	20,032	18,780
<b>TOTAL ASSETS</b>	<b>\$ 24,323</b>	<b>\$ 21,656</b>	<b>\$ 27,620</b>	<b>\$ 27,866</b>	<b>\$ 28,012</b>	<b>\$ 28,227</b>	<b>\$ 28,984</b>	<b>\$ 29,158</b>
<b>LIABILITIES</b>								
<b>CURRENT</b>								
ACCOUNTS PAYABLE	\$ 4,151	\$ 2,279	\$ 2,600	\$ 2,600	\$ 2,700	\$ 2,750	\$ 2,800	\$ 2,850
CURRENT PORTION OF BANK LOANS	696	2,628	1,134	1,479	1,272	500	509	519
CURRENT LEASE LIABILITY	257	264	289	344	355	367	379	250
TERMINATION BENEFITS	315	147	211	144	-	231	271	286
	5,419	5,318	4,234	4,567	4,327	3,848	3,959	3,905
<b>LONG TERM</b>								
BANK LOANS	3,573	944	10,319	8,489	7,217	6,717	6,208	5,689
LEASE LIABILITY	1,873	1,618	1,915	1,677	1,672	1,305	926	676
TERMINATION BENEFITS	1,231	1,227	1,109	1,196	1,303	1,173	1,003	803
	6,677	3,789	13,343	11,362	10,192	9,195	8,137	7,168
<b>TOTAL LIABILITIES</b>	<b>12,096</b>	<b>9,107</b>	<b>17,577</b>	<b>15,929</b>	<b>14,519</b>	<b>13,043</b>	<b>12,096</b>	<b>11,073</b>
<b>CONTRIBUTED CAPITAL AND EQUITY</b>								
EQUITY	12,227	12,549	10,043	11,937	13,493	15,184	16,888	18,085
	12,227	12,549	10,043	11,937	13,493	15,184	16,888	18,085
	<b>\$ 24,323</b>	<b>\$ 21,656</b>	<b>\$ 27,620</b>	<b>\$ 27,866</b>	<b>\$ 28,012</b>	<b>\$ 28,227</b>	<b>\$ 28,984</b>	<b>\$ 29,158</b>

- The financial results have been stronger for the Authority in 2021 with revenues projected to be over budget and the expected costs to be under budget. A decline in cash is expected, but the decline is not as severe as planned.
- The budget for 2021 expected the new pilot boat construction to have started, but it has been delayed.

- The current projections have the Authority in a financial deficit due to COVID-19 ending in 2022. Savings for capital replacement will be used for the new build project through 2022 and excess cash will be used to replenish the reserves.

## Income

For 2021, forecasted revenues are 1.5% over budget as there has been increased traffic in Saint John and the Strait of Canso. Newfoundland oil sector has also declined with the oil refinery shutting down and causing the Authority to lose approximately \$300,000 in revenues each month while it is offline. The Authority did implement a rate increase in February 2021, that has offset much of this financial impact. The decrease in activity in several ports, especially Placentia Bay, has reduced variable costs meaning projected total expenses are under budget. There have also been savings in transportation and other activities linked directly to travel, like conferences and training. With the deficit reduction charge revenues applied, the Authority is projecting a \$322,000 profit for 2021.

The annual targeted profit margin as set by the Board is between 3.5% and 5.0%. The Authority had met or surpassed these targets in each of the four years prior to the pandemic. The Authority is planning to return to these margins by 2023, assuming traffic recovers over this period.

STATEMENT OF COMPREHENSIVE INCOME								
(in thousands of dollars)	ACTUAL	PROJECTED	BUDGET	BUDGET	PLAN			
	2020	2021	2021	2022	2023	2024	2025	2026
<b>INCOME</b>								
PILOTAGE CHARGES	\$ 25,272	\$ 25,976	\$ 25,603	\$ 28,195	\$ 29,995	\$ 31,318	\$ 32,426	\$ 33,737
INTEREST & OTHERS	54	26	29	26	27	28	24	24
<b>TOTAL INCOME</b>	<b>25,326</b>	<b>26,002</b>	<b>25,632</b>	<b>28,221</b>	<b>30,022</b>	<b>31,346</b>	<b>32,450</b>	<b>33,761</b>
<b>EXPENSES</b>								
PILOTS FEES, SALARIES, AND BENEFITS	12,536	12,588	13,156	13,730	14,428	15,226	15,758	16,310
PILOT BOATS	5,676	5,391	5,597	5,587	5,609	5,705	6,125	6,186
STAFF SALARIES AND BENEFITS	2,111	2,043	2,038	2,172	2,251	2,316	2,385	2,457
PILOT BOAT CREWS' SALARIES AND BENEFITS	2,175	2,127	2,078	2,232	2,290	2,347	2,400	2,454
OPERATIONS TRANSPORTATION	629	613	695	578	601	613	618	623
ADMINISTRATIVE TRAVEL	62	93	140	133	137	145	148	150
HOSPITALITY	7	23	20	26	26	30	30	30
CONFERENCES	4	-	10	10	20	10	20	10
PROFESSIONAL AND SPECIAL SERVICES	449	400	411	365	367	341	345	348
MINISTER OF TRANSPORT FEES	104	210	210	235	230	230	230	230
TRAINING	79	275	345	450	450	450	350	350
RENTALS	128	93	89	90	90	92	85	87
COMMUNICATION	152	153	153	157	157	159	159	159
UTILITIES, MATERIALS, AND SUPPLIES	471	481	489	503	497	505	495	474
AMORTIZATION	1,847	1,982	2,273	3,453	2,178	2,413	2,558	2,502
FINANCING COSTS	163	151	268	128	218	204	199	194
<b>TOTAL EXPENSES</b>	<b>26,593</b>	<b>26,623</b>	<b>27,972</b>	<b>29,849</b>	<b>29,549</b>	<b>30,786</b>	<b>31,905</b>	<b>32,564</b>
<b>NET INCOME BEFORE SURCHARGE</b>	<b>\$ (1,267)</b>	<b>\$ (621)</b>	<b>\$ (2,340)</b>	<b>\$ (1,628)</b>	<b>\$ 473</b>	<b>\$ 560</b>	<b>\$ 545</b>	<b>\$ 1,197</b>
DEFICIT ADDITIONAL CHARGE REVENUE	-	943	905	1,016	1,083	1,131	1,159	-
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>\$ (1,267)</b>	<b>\$ 322</b>	<b>\$ (1,435)</b>	<b>\$ (612)</b>	<b>\$ 1,556</b>	<b>\$ 1,691</b>	<b>\$ 1,704</b>	<b>\$ 1,197</b>
<b>RATE OF RETURN</b>	<b>-5.0%</b>	<b>1.2%</b>	<b>-5.4%</b>	<b>-2.1%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>3.5%</b>

- Traffic is projected to grow with the return of cruise traffic in 2022. This recovery is expected to continue through the planning period.

- The weighted average pilot strength in 2022 will be 49.0 pilots which is an increase from 2021. The Authority will continue to add pilots due to retirement notices received, but this number will be fairly steady as the retirements become effective. The number of pilots will be expected to grow by one in each year, beginning in 2023, as additional pilots are added. Recall or overtime costs have decreased in 2021 due to traffic reductions, but these costs are expected to increase in the future with traffic rebounding and the contractually awarded increases in wages. The number of pilots will level off and will range between 50 and 52 for the last years of the planning period.
- Pilot Boat costs are increasing with higher fuel prices, and additional vessels.
- Staff salaries will increase in 2022 as the administration becomes fully staffed.
- Pilot crewing costs will grow in 2022 as a shore mechanic is added to provide basic maintenance and extend the life of the older vessels. There will be offsetting savings under pilot boat costs with a reduction on contract services.
- Operations Transportation is activity based and influenced by the number of assignments and recent declines.
- Administration travel increases in 2022 from a depressed 2021 (pandemic) and with the additional travel by the Marine Superintendent.
- Minister of Transport fees began in 2020/2021 and continue throughout the planning period.
- Training costs fell in 2020/2021 with the travel restrictions but will increase in future years when interprovincial and international travel returns. Training is triggered by levels of experience, new technology, and the pilot evaluation process.
- The Amortization and Financing Costs items are impacted by the additional capital investment in boats, wharves/structures, and equipment. With the planned disposal of surplus vessels, if the new build project continues as planned, a write-down or accelerated depreciation is expected in 2022.
- The deficit additional charge revenue began in 2021 and is projected to be collected until the end of 2025. The Authority has agreed to re-evaluate this charge each year to determine if it is no longer required.

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.

As stated in the *Pilotage 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	\$137,960
2021-2022	\$234,512
2022-2023	\$244,296
2023 and Beyond	\$224,671

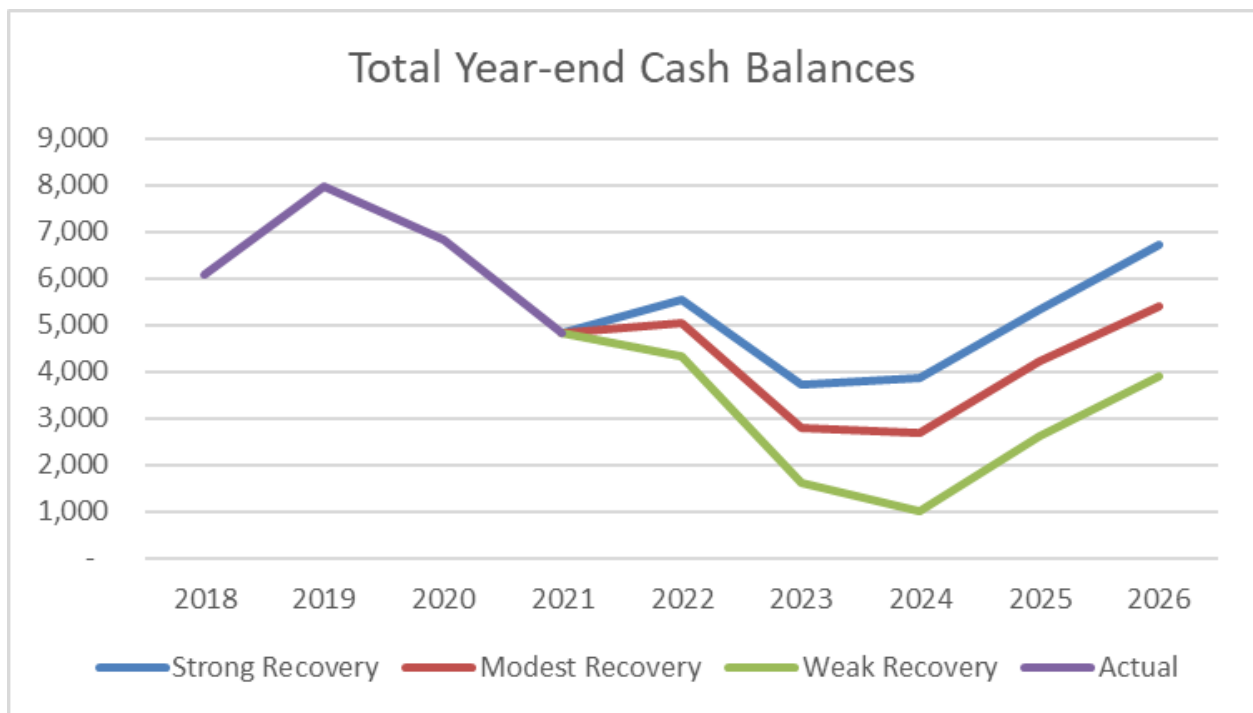
## Cash Flows

STATEMENT OF CASH FLOWS								
(in thousands of dollars)	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	BUDGET 2022	2023	PLAN		
						2024	2025	2026
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
NET PROFIT FOR YEAR	\$ 1,267	\$ 322	\$ (1,435)	\$ (612)	\$ 1,556	\$ 1,691	\$ 1,704	\$ 1,197
ITEMS NOT REQUIRING CASH								
AMORTIZATION	1,846	1,982	2,273	2,193	2,178	2,413	2,558	2,502
ASSET WRITE OFF	74	85	100	1,260	-	-	-	-
INCREASE (DECREASE) IN EMPLOYEE TERMINATION BENEFITS- SEVERANCE	120	135	121	113	107	101	101	86
	3,307	2,524	1,059	2,954	3,841	4,205	4,363	3,785
CASH PROVIDED BY (USED FOR)								
NON-CASH WORKING CAPITAL	(1,445)	(1,171)	209	90	48	(2)	(2)	(2)
DEFERRED LEASE INDUCEMENTS	-	-	-	-	-	-	-	-
EMPLOYEE TERMINATION BENEFIT PAYMENTS	(245)	(299)	(254)	(147)	(144)	-	(231)	(271)
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,617</b>	<b>1,054</b>	<b>1,014</b>	<b>2,897</b>	<b>3,745</b>	<b>4,203</b>	<b>4,130</b>	<b>3,512</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
CASH PROVIDED BY FINANCING								
CAPITAL LOAN RECEIVED ACTIVITIES	-	-	8,000	8,000	-	-	-	-
PROCEEDS OF LEASE	-	-	409	-	-	-	-	-
LOAN PAYMENTS	(678)	(697)	(817)	(1,604)	(1,479)	(1,272)	(500)	(509)
CAPITAL LEASE PAYMENTS	(193)	(256)	(260)	(291)	(344)	(355)	(367)	(379)
<b>CASH PROVIDED BY (USED FOR) FINANCING</b>	<b>(871)</b>	<b>(953)</b>	<b>7,332</b>	<b>6,105</b>	<b>(1,823)</b>	<b>(1,627)</b>	<b>(867)</b>	<b>(888)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
(INCREASE) DECREASE IN INVESTMENTS	-	-	-	-	-	-	-	-
ADDITIONS TO CAPITAL ASSETS	(1,885)	(2,093)	(8,918)	(8,288)	(4,934)	(2,458)	(1,775)	(1,250)
DISPOSAL OF CAPITAL ASSETS	-	-	-	-	1,200	-	-	-
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>(1,885)</b>	<b>(2,093)</b>	<b>(8,918)</b>	<b>(8,288)</b>	<b>(3,734)</b>	<b>(2,458)</b>	<b>(1,775)</b>	<b>(1,250)</b>
<b>INCREASE IN CASH AND SAVINGS DURING THE YEAR</b>	<b>\$ (1,139)</b>	<b>\$ (1,992)</b>	<b>\$ (572)</b>	<b>\$ 714</b>	<b>\$ (1,812)</b>	<b>\$ 118</b>	<b>\$ 1,488</b>	<b>\$ 1,374</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>7,959</b>	<b>6,820</b>	<b>2,586</b>	<b>4,828</b>	<b>5,542</b>	<b>3,730</b>	<b>3,848</b>	<b>5,336</b>
<b>CASH, END OF YEAR</b>	<b>\$ 6,820</b>	<b>\$ 4,828</b>	<b>\$ 2,014</b>	<b>\$ 5,542</b>	<b>\$ 3,730</b>	<b>\$ 3,848</b>	<b>\$ 5,336</b>	<b>\$ 6,710</b>

## Changes in Equity

STATEMENT OF CHANGES IN EQUITY								
(in thousands of dollars)	ACTUAL 2020	ACTUAL 2021	BUDGET 2020	BUDGET 2022	2023	PLAN		
						2024	2025	2026
RETAINED EARNINGS, BEGINNING OF YE	\$ 13,595	\$ 12,227	\$ 13,254	\$ 12,549	\$ 11,937	\$ 13,493	\$ 15,184	\$ 16,888
(LOSS) GAIN FOR THE YEAR	(1,267)	322	1,333	(612)	1,556	1,691	1,704	1,197
OTHER COMPREHENSIVE (LOSS)	(101)	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,368)	322	1,333	(612)	1,556	1,691	1,704	1,197
RETAINED EARNINGS, END OF THE YEAR	\$ 12,227	\$ 12,549	\$ 14,587	\$ 11,937	\$ 13,493	\$ 15,184	\$ 16,888	\$ 18,085

## Cash Flow Scenario Planning



With the pace of the recovery of cruise traffic being the largest unknown planning variable, the Authority developed three cash models based on a strong recovery (Corporate Plan - 75% cruise return in 2022), a moderate recovery (50% return), and a weak recovery (no return). All financials based in this plan assume the strong recovery scenario.

CAPITAL EXPENDITURE COMPARISON								
	ACTUAL	PROJECTED	BUDGET	BUDGET		PLAN		
	2020	2021	2021	2022	2023	2024	2025	2026
<b>(in thousands of dollars)</b>								
CAPITAL PURCHASES								
PILOT BOATS								
CONSTRUCTION OR PURCHASE OF BOATS	128	50	6,807	6,948	2,834	718	-	-
PURCHASE OF USED BOATS AND/OR NEW RHIB	-	-	-	-	1,000	-	-	-
PILOT BOAT PLANNED REFITS	424	601	607	756	570	1,235	1,225	700
ESTIMATE OF CAPITAL REPAIRS	400	369	719	224	400	400	400	400
WHARVES AND STRUCTURES	929	94	85	110	15	30	35	50
MAINTENANCE AND OTHER VEHICLES	-	-	-	-	40	-	-	-
LEASEHOLD IMPROVEMENTS	411	15	200	200	-	-	-	-
COMPUTERS, FURNITURE, AND EQUIPMENT	29	10	10	5	10	10	30	5
PORTABLE PILOTAGE UNITS	29	40	60	40	60	60	60	60
COMPUTER SOFTWARE	32	29	21	5	5	5	25	35
<b>TOTAL</b>	<b>\$ 2,382</b>	<b>\$ 1,208</b>	<b>\$ 8,509</b>	<b>\$ 8,288</b>	<b>\$ 4,934</b>	<b>\$ 2,458</b>	<b>\$ 1,775</b>	<b>\$ 1,250</b>
RIGHT-OF-USE LEASE ADDITIONS								
LEASED SOFTWARE	-	-	-	-	350	-	-	-
WHARVES AND STRUCTURES	904	-	409	430	-	-	-	-
<b>TOTAL</b>	<b>\$ 904</b>	<b>\$ -</b>	<b>\$ 409</b>	<b>\$ 430</b>	<b>\$ 350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

As described earlier, the Authority has not progressed in its new pilot boat procurement to the stage budgeted for 2021. The initial design has been completed and proposals to build will be received from shipyards by October 1, 2021. The Authority had expected that the pilot boat facilities in Saint John, NB would have been moved, in partnership with the Port of Saint John, but that project is now expected late in 2022. After damage to the Herring Cove breakwater were caused by hurricane Dorian in 2019, substantial repairs were completed, and all payments made early in 2021. All of the capital purchases have been funded by operating cash flows generated during the year and accumulated savings targeted for capital replacement. 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 requirements included in the 2022 Capital Budget include:

- New vessel construction project that will extend from 2020 – 2024. The timing of this project will depend on the finances of the Authority in this pandemic, and possible capacity shortages at boatyards. If this project is substantially delayed, the Authority may be required to procure used vessels to maintain a reliable and safe service.
- Spare equipment recommended by internal audit of critical spares includes new generators and other equipment. Capital costs related to scheduled inspections, HVAC system upgrades, as well as engine rebuilds on various other vessels in the fleet are also budgeted. In total, there is \$756,000 budgeted for planned refits and spare equipment, with another \$224,000 budgeted for the estimated capital portion of regular repairs.
- The increase in wharves and structures is 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 likely be in late-2022.

- Further investment in the replacement of portable pilotage units is planned annually as well as software replacement and upgrades.

The amounts included in the Plan for the years of 2023 – 2026 include:

- The continuation of the new build program that was started in 2020.
- Midlife maintenance on the older Placentia Bay vessels in 2024-2025.
- Regular annual maintenance and capital asset replacement for pilot boat and electronic equipment.
- The replacement of the Dispatch and Billing System (Dabs) is budgeted for 2023 with the expectation that it will be leased. This cost may be incurred in 2022 if the project is completed in that year and may also be a capital addition and not a lease agreement.



Herring Cove  
Breakwater –  
Repaired after  
being damaged by  
Hurricane Dorian



## 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.

### Overview of Borrowing

#### Short-Term Borrowings to be Undertaken/Maintained in 2022

The Authority wishes to maintain its short-term borrowing at \$7.5 million in overdraft protection and/or short-term operating borrowing. This would allow the Authority to fulfil its mandate during the worst of the pandemic and provide protection against further declines.

#### Commercial Line of Credit

##### Proposed Terms and Conditions

Amount:	\$7.5 million - Fluctuating by Way of Overdraft or Short-term notes
Rate of Interest:	The Lender's Prime Commercial Lending Rate
Term:	Advances to be made as overdraft situations occur and balances revolving and not to exceed one year
Lender:	One or more of the Major Banks

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

Year	Highest Amount	Days in Overdraft
2017	\$0	0
2018	\$0	0
2019	\$0	0
2020	\$0	0
2021	\$0	0

#### Long-Term Borrowings to be Undertaken/Maintained in 2021

The Authority requests the Minister of Finance's approval to enter into a new loan facility of \$8 million in 2022 to finance capital investment. A new build process was launched to add two state of the art vessels to the fleet. The estimated cost to add these vessels is \$10.7 million. The purchase of used vessels may also be required to maintain service. This approval was received in the previous corporate plan to be drawn in 2021, but the project was delayed and the boat build is expected to begin in 2022. The purchase of used vessels may also be required to maintain service. The loan will be a bank term loan with a 5 to 10-year term and amortized over 15 to 25 years. An Interest Rate Swap may be utilized to secure a fixed interest rate.

### 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, 2021 will be \$331,000. 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, 2021 will be \$1.072 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 \$2.169 million remaining at December 31, 2021. This loan is locked in at 1.80% interest until May 2022.



### Material Leases to be Undertaken/Maintained in 2021

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

	2020 Actual	2021 Projected	2022 Budget	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Bank Overdraft							
Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Short-term Borrowings</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Long-term Borrowings</b>	\$4.269	\$3.573	\$9.968	\$8.489	\$7.217	\$6.717	\$6.208
<b>Total</b>	\$4.269	\$3.573	\$9.968	\$8.489	\$7.217	\$6.717	\$6.208

The aggregate principal amount outstanding of borrowings will not exceed the maximum limit of \$20 million.

	2020 Actual	2021 Projected	2022 Budget	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Canadian dollars	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Short-term outstanding borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	2020 Actual	2021 Projected	2022 Budget	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Opening Balance	\$4.947	\$4.269	\$3.572	\$9.968	\$8.489	\$7.217	\$6.177
Maturities	0.678	0.697	1.604	1.479	1.272	.500	.509
New Issuances	0	0	8.000	0	0	0	0
Closing Balance at December 31	\$4.269	\$3.572	\$9.968	\$8.489	\$7.217	\$6.717	\$6.208

	2020 Actual	2021 Projected	2022 Budget	2023 Plan	2024 Plan	2025 Plan	2026 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.							
<b>Maximum expected liability on the lease</b>	\$1.407	\$1.299	\$1.119	\$0.929	\$0.730	\$0.525	\$0.313
<b>Maximum expected number of years to be agreed</b>	6.4	5.4	4.4	3.4	2.4	1.4	0.4

Pilot Boats to be Built in 2022/2023



## 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. The Authority had this process audited in 2020 and all recommendations were implemented.



### Purpose


This procedure outlines the requirements and processes for maintaining an Enterprise Risk Management (ERM) system that is designed to:

- Assist the Board of Directors to identify, understand, clarify and prioritize the risks facing the Authority
- Assist the management team to identify, understand, clarify and prioritize the operational risks facing the Authority
- Assist the Authority’s employees to bring forward identified hazards that could become emerging risks
- Provide for multi-directional information flow, and reporting structure, within the organization regarding new and existing risks and their mitigation strategies

## Procedure Statement

The ERM system will use the measurement-driven approach for identifying and mitigating risk (see ERM Risk Ranking Criteria).

This model focuses on understanding the materiality and probability of occurrence of the identified risks facing the Authority, as well as velocity of possible onset and ability for further mitigation. Risk mitigation activities are focused on creating and applying appropriate mitigation strategies.

 <h1 style="text-align: center;">Risk Assessment Matrix</h1>							
	Health & Safety	Environmental / Property	Financial	Operational	Human Resources	Regulatory Compliance	Information Technology
Consequence / Severity							
5 Catastrophic	Fatality or Long term disability	A significant event with potential to cause major damage to both the immediate area and the surrounding community	>\$5M	Threatens the viability of APA in the medium or long term	Long term suspension of pilotage services OR loss of management capacity requiring Board intervention	Acting outside of Pilotage Act leading to an incident	Server access and/or information lost without possible restoration or personal information stolen
4 Major	Multiple LTI's OR short term disability	A significant even with potential to cause major damage, OR Causes alarm in the surrounding communit	\$1M - \$5M	Threatens viability of APA in a major port for the short term OR Threatens viability of APA in minor port for medium to long term	Reduction or short term suspension of pilotage services OR significant reduction in management oversight	Loss of confidence of Board OR substantial fine	Server access and information lost with restoration possible but will take greater than one day to restore or ransom-ware installed
3 Moderate	Medical Treatment Case that results in Lost Time (LTI)	An event with potential to cause damage or may cause alarm in the immediate vicinity	\$100K - \$1M	Threatens viability of APA in a major port for the short term OR Complaints received from major clients	Long term, significant changes in work loads or work flows OR >	Complaints from major clients OR Minor fine OR pilot boat certificate suspended or revoked	Server access and information lost with restoration possible between 12 and 24 hours or an employee's email is hacked
2 Minor	Medical Treatment Case	An event which has minimal impact outside of the immediate area and is quickly brought under control	\$10K - \$100K	Temporary disruption of service in a major port	Temporary changes in work flows or work loads required to maintain operational and management activities	Complaints from clients OR Non compliance from external audit OR repetition of audit observations	Server access and information lost with restoration possible within 12 hours or local instances of computer viruses
1 Insignificant	First Aid Case	An insignificant even unlikely to cause damage which is resolved by routine management activities	<\$10K	Temporary disruption of service in a minor port	No reduction in operational or management capacity	Observations from internal / external audits; Suggestions for improvement from governance / regulator	Server access lost with restoration possible within 1 hour

The impact rating chart is used to assess the Impact of the risk assuming that it has occurred. Consideration is given to the main types of impacts that would accrue if the risk did occur. Then for each of the types selected an example is chosen from the table that best equates to what the impact would be. The risk impact is then rated to the highest of these choices.

For emerging risks, the impacts are initially based on the absence of controls and then later adjust ratings based on the produced controls. When controls are identified there are three main types to consider (preventative, detective and reactive).

Probability / Likelihood				
1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain
May occur in some exceptional circumstances.	could occur in some circumstances, perhaps once every 20 years.	will probably occur in some circumstances, perhaps once every 5 to 10 years.	will probably occur in most circumstances, perhaps once every several years.	is expected to occur in most circumstances, at least once per year.
5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

After the impact is rated, the table above is used to rate the probability, or likelihood, of the event occurring.

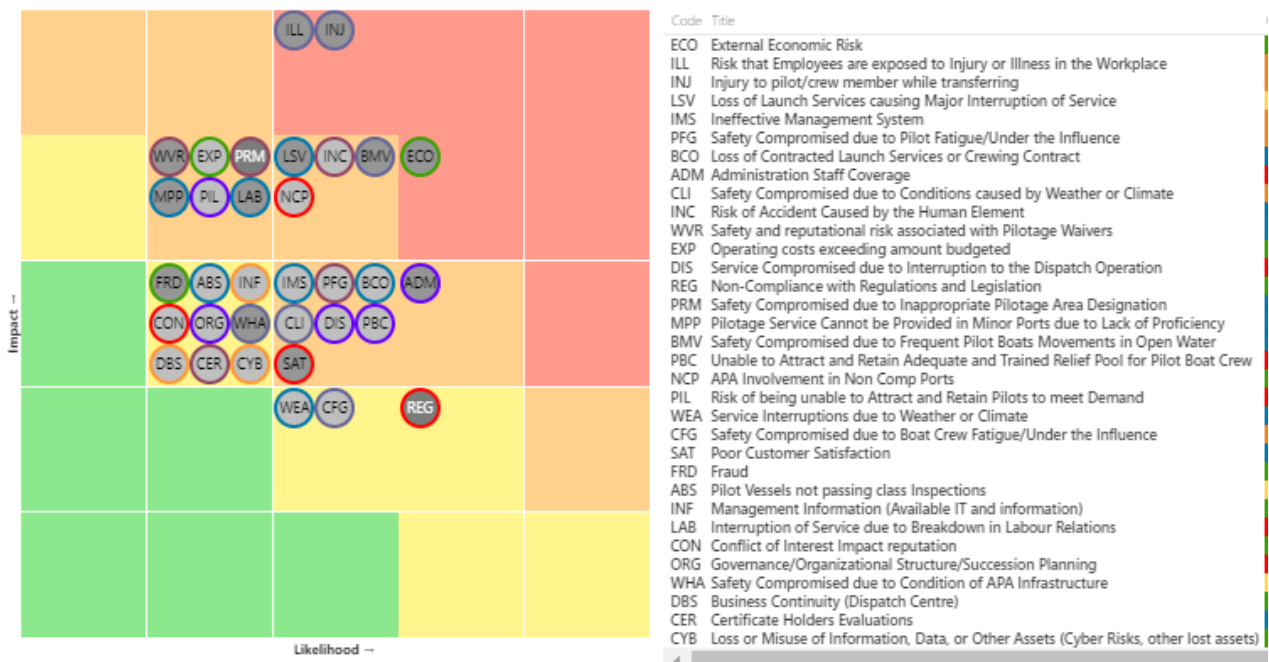
## Risk Ranking Score Key

To achieve the risk's score, the impact score and the likelihood score are multiplied. The overall rankings are the following:

25	Extreme	20	Very High	15	High	10	Medium	5	Low
24	Extreme	19	Very High	14	High	9	Medium	4	Low
23	Extreme	18	Very High	13	High	8	Medium	3	Low
22	Extreme	17	Very High	12	High	7	Medium	2	Low
21	Extreme	16	Very High	11	High	6	Medium	1	Low

The full list of 33 identified risks in the Risk Register that follows:

Risk Register | 33 items



At present, there were three risks that are currently identified as very high. For the Authority the top five risks were:



Issue	Residual Risk Level	Details	Present Status
<p>The risk is that economic conditions outside of the Authority's control will lead to actual traffic levels or mix and/or costs being materially different than that forecasted by the Authority</p> <p>(Financial)</p>	<p><b>Very High</b></p>	<p>Traffic reductions during the pandemic have elevated this risk as reserves are exhausted and the Authority operates within its line of credit.</p>	<p>The Authority has mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> <li>• A reserve fund and targeted savings that had been accumulated.</li> <li>• Frequent consultation meetings with industry produce information used to forecast.</li> <li>• An increase to the borrowing approvals will allow for more short-term borrowing, if necessary, to finance operations during unexpected downturn.</li> <li>• Deficit additional charge on industry has reduced the impact of the downturn and recover any amounts borrowed.</li> <li>• New charge setting process allows for more timely charge adjustments.</li> <li>•</li> </ul>
<p>The risk that work conditions or policies will not mitigate the likelihood of injury or illness in the workplace.</p> <p>(Health and Safety Risk)</p>	<p><b>Very High</b></p>	<p>The global pandemic has increased the risk that employees will be exposed to significant illness.</p>	<p>The Authority has mitigations already in place for this risk, including:</p> <ul style="list-style-type: none"> <li>• The Authority has developed and actioned a pandemic plan that includes numerous mitigations.</li> <li>• There is a robust OHS Committee that meets frequently, more so during the worst of the pandemic.</li> <li>• A safety officer is on staff that oversees all mitigations.</li> <li>• The Authority achieved and maintains its ISO 9001 certification.</li> </ul>

Issue	Residual Risk Level	Details	Present Status
<p>Injury to pilot/crew member while transferring</p> <p>(Health and Safety Risk)</p>	<p><b>Very High</b></p>	<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>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"> <li>• Empowering employees to refuse transferring if ladders or equipment are not suitable.</li> <li>• Providing Personal Locator Beacons and updating AIS technology to quickly find employees if in the water.</li> <li>• 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.</li> <li>• 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.</li> <li>• Boats are equipped with man overboard equipment, crews are trained to utilize the equipment, and regular drills are conducted.</li> <li>• 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.</li> <li>• Pilots have access to H2S Gas monitors in areas where they may be exposed to this hazard.</li> <li>• Dispatchers inquire on all orders whether there is a hazard present and records this. Pilots are notified of all potential hazards.</li> <li>• All pilots are required to have medicals every year to assure ability to do physical component of job</li> <li>• Pilots have the authority to suspend pilotage operations if the weather is deemed to be too severe to provide the service.</li> <li>• 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.</li> </ul>

Issue	Residual Risk Level	Details	Present Status
Loss of Launch Services causing Major Interruption of Service  (Operational Risk)	<b>High</b>	The risk that the APA loses launch service, which severely disrupts operations has been mitigated substantially by the addition of more vessels.	The Authority has mitigations already in place for this risk, including: <ul style="list-style-type: none"> <li>• Fleet Tech Manager and Pilot Boat Manager are in place to plan maintenance and manage the fleet of vessels and crew.</li> <li>• Additional spare equipment and vessels have been added within close proximity to primary vessels minimize down time.</li> <li>• Drawings of each boat are being updated to facilitate quicker and more efficient responses to equipment breakdowns.</li> <li>• New vessels have been deployed to add reliability in the ports of Saint John and Halifax while freeing up older boats to add redundancy.</li> <li>• Vessels are maintained constantly to reduce the amount of down time that will also reduce the risks of available boats.</li> <li>• An internal audit of critical spares was completed in 2019 and equipment sourced by 2021.</li> </ul> Additional vessels are in the plan to be added and in service by 2021.
Issue	Residual Risk Level	Details	Present Status
Ineffective Management System  (Governance Risk)	<b>Medium</b>	Risk that the MS will not be in compliance with the new Marine Pilotage Regulations and <i>Pilotage Act</i> , or is not utilized to its full potential .	The Authority has mitigations already in place for this risk, including: <ul style="list-style-type: none"> <li>• Ownership by the HSEQ Manager.</li> <li>• Regular audits, including internal audit by the Manager of Finance and Accounting.</li> <li>• Working closely with Transport Canada with their implementation of the National Marine Pilotage Regulations.</li> <li>• Sourcing of external expertise to perform a gap analysis between the Authority’s current management system and that which is required by Transport Canada.</li> </ul>

## 9. COVID-19 Pandemic Impacts

In March 2020, the World Health Organization declared a global pandemic as a result of COVID-19. The pandemic, and resulting global economic contraction, has had an unprecedented negative impact on traffic for the Authority. The reduced demand for oil products and many other goods has impacted ship movements and reduced revenues in all ports and districts in the Atlantic region. The largest impact on the Authority has been the cancellation of the cruise season. The Authority had over 1,000 cruise assignments in 2019 that generated \$3.0 million in pilotage revenue. This was scheduled to increase in 2020 and beyond. The negative impacts of COVID-19 are expected to continue through 2021.

The impact of the pandemic contributed to a \$4.4 million loss of revenue in 2020 that led to a \$1.3 million accounting loss and a \$1.1 million reduction in cash. The Authority was able to mitigate some of the loss through the implementation of a deficit reduction surcharge, and a charge increase in Placentia Bay where the oil refinery has been shut down. The forecast for 2021 revenues are for them to increase by \$1.6 million, with the deficit reduction charge revenues included.

In evaluating other actions that could be taken, the provision of safe and efficient service is always a primary concern. The Authority must establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service within the region. The localized nature of the pilotage operation means that resources have to be maintained in each port or area to provide the service in the short-term and to be available when traffic rebounds. The extended training period and high related costs do not allow for pilot numbers to be reduced for a short-term reduction in activity. Capital investments were evaluated regarding their critical need and were deferred or delayed where possible.

Notwithstanding reduced variable expenses caused by a reduction in vessel movements, cash inflows experienced by the Authority will not be sufficient to offset regular cash outflows. Most of the Authority's costs are fixed or cannot be reduced without severely impacting service levels and fulfilment of its mandate. Despite large variations in levels of marine traffic, the Authority is mandated to provide for the safe movement of marine vessels as an essential service, even in times of a global pandemic. As a result, the Authority experienced significant net cash outflows that are expected to continue through 2021. Net cash outflows for the current fiscal year are forecast for the 2021 fiscal year at \$2.0 million. This would leave operating cash and reserves of \$4.8 million at year end, which is below target, but is an acceptable result under the circumstances.

## 10. 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 creating and executing an official languages action plan to support the Authority's obligations annually.

### ***The Multiculturalism Act and Employment Equity Act***

The Authority continues to fulfill its duties as established under our Diversity, Inclusion and Employment Policy in support of The *Multiculturalism Act and Employment Equity Act*.

The Authority has assigned a Champion to monitor and promote the use of the core principles of accommodation, equity, and inclusion within the organization. The assigned Champion shows leadership through respecting the requirement for fulfilling the established objectives within the policy annually.

### ***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 educate employees on their rights and the procedure for disclosure of information in confidence, and without reprisal, about suspected wrongdoing in the workplace.

### ***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 by establishing objectives, accurately recording and reporting on these requirements annually.

### ***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 tabled in Parliament, and proactively discloses travel and hospitality expenses for the board members and key management positions. There was one ATIP request received in 2021.

### ***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/>

# 11. 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 conducted a joint Multiculturalism and

Employment Equity Survey of all employees to allow for all to voluntarily self-identify as a federally designated group.

The Authority has a visible 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 proud of its active participation in supporting their efforts. 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.

In 2021, the Authority continues to work towards establishing policy and programs which actively support the obligations and outcomes for the Gender-Based Analysis (GBA+).

## **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 further to discuss whether there are opportunities for cooperation between their members and the Authority. The Authority also intends to continue to support and participate in working groups, events and educational sessions provided by Nova Scotia Community College Nautical Institute.

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 Leadership in Energy and Environmental Design (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 Heating, ventilation, and air conditioning (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 is designing new pilot boats, advanced active emissions control technology is being utilized in the exhaust system to improve emissions and other efficiency standards will be considered.



## Safe Workspaces and Accessibility

### Safe Workspaces

The Authority will uphold the practice of respect, fairness and courtesy and the importance of demonstrating human dignity within all professional relationships. Success in the practice of these values for the Authority will foster a safe and healthy workplace free from discrimination, violence, and harassment.

The Authority fulfills this duty through its established Prevention of Discrimination, Violence and Harassment in the Work Place Policy and its supporting procedures. The Authority has assigned a member of the senior management staff to take a leadership role in this area, including the planning of a work place assessment and the continuation of employee education.

### Accessibility

In support of initiatives to build a diverse public service, the Authority is committed to developing an inclusive, barrier-free work environment in which all persons have equal access to opportunities within our organization. The Authority fulfils its duties for persons with disabilities as established under our Diversity, Inclusion and Employment Policy in support of the *Employment Equity Act* and associated relevant Acts. The Authority has assigned a member for the senior management staff to take a leadership role in this area and to monitor requirements under the proposed *Accessible Canada Act*.

