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/26

# Corporate Plan Summary



Administration de pilotage des Laurentides  
Laurentian Pilotage Authority

Operating Budget 2022

Capital Budget 2022



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## 1.0 / EXECUTIVE SUMMARY

After seeing record years in terms of income and number of completed assignments, the Laurentian Pilotage Authority (“the Authority” or “LPA”) experienced a significant drop in traffic in 2020 (-14%) and 2021 in the wake of the global COVID-19 pandemic. The most affected vessel categories were tankers, cruise ships and container ships. However, the solid financial health built up over time has enabled the LPA to weather the crisis without any major difficulties. This crisis has given the LPA an opportunity to review its work methods and improve certain internal and external processes.

Despite the impacts of the crisis, the Authority has pursued its vision to be a world leader in marine pilotage. Thanks to the collaborative strength of the multidisciplinary team in place, the LPA is continuing its ongoing improvement efforts and its service offering optimization project—notably, by leveraging new technologies.

While measures to deal with the pandemic appear to be working well and the economy is picking up steam, the Authority is pursuing its efforts to implement its main key initiatives to achieve the objectives set out in the 2022–2026 plan. These objectives include working closely with Transport Canada (“TC”) to implement the amended *Pilotage Act* (“the Act”), enacting the national regulatory project and implementing a management system. Other initiatives—such as renewing the service contract with one of the pilot corporations according to the new principles set out in the Act, rolling out the action plan for the navigation simulator and implementing optimized pilotage services—will also be set in motion. The Authority will also endeavour to extend its outreach with the industry and Canadian public and will consolidate its leadership in waters under its jurisdiction.

These strategic and operational objectives cannot be achieved without the LPA maintaining its sound financial health. The Authority will continue to do so by striking the right balance between controlling costs, realizing adequate margins, and mitigating financial risks. With respect to its most substantial expenses, it will be necessary to make sound investments—particularly with regards to asset renewal and new technology acquisitions. For these reasons, a 3% pilotage charge increase and a temporary surcharge of \$54.96 per assignment were implemented in April 2021. Despite this,



the LPA will post a loss for 2021 as well, forecasts call for weak economic growth in the coming years. Consequently, the Authority plans to increase its pilotage charges for 2022 by 3%. The Authority will review its pilotage charge program in the medium term to ensure that the current program continues to serve the public interest in terms of mitigating the Authority's financial risks and maintaining financial self-sufficiency, while keeping costs for the industry at a reasonable level.

The financial forecasts presented in this Corporate Plan are the result of projections which take into account the Authority's priorities and key issues, and their inherent constraints and opportunities. These forecasts are subject to fluctuations resulting from a fragile economic environment precipitated by a global crisis. The Authority remains confident that it can keep its momentum and find new avenues with its partners to continue evolving toward its vision to become a world leader in pilotage. All of the actions presented in this Plan have but a single goal: to ensure navigation safety and provide efficient pilotage service while contributing to the safety of marine personnel and the protection of the public, property and the environment.



## 2.0 / OVERVIEW OF LAURENTIAN PILOTAGE AUTHORITY

### 2.1 / MANDATE

As the gateway for marine pilotage services in its region, the Laurentian Pilotage Authority is responsible for all aspects related to pilotage, making it a turnkey organization. The legislative mandate guiding the Authority's activities is based on the following principles and objectives:

- > The provision of pilotage services contributes to navigation safety, including the safety of the public and marine personnel; it is also aimed at protecting human health, property and the environment.
- > Pilotage services are provided in an efficient and cost-effective manner.
- > Efficient use of risk management tools that takes technological evolution into account.
- > The Authority's pilotage charges are set at levels that enable it to be financially self-sufficient.

The Authority reports to the government through the Minister of Transport and is accountable to the Parliament of Canada for its actions.

### 2.2 / VISION STATEMENT

By assuming a leadership role in the marine sector, the Authority strives for excellence and continuous improvement in the provision of effective and efficient pilotage services which contribute to navigational safety, environmental protection, and the marine industry's competitiveness.



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## 2.3 / MISSION STATEMENT

The Authority's mission is to serve the interests of the public and marine personnel by operating, maintaining, and managing for the safety of navigation, an effective and efficient pilotage service on the St. Lawrence and the Saguenay rivers, while safeguarding its financial self-sufficiency. The Authority employs sound risk management and state-of-the-art technology in order to ensure the protection of human health, property and the environment.

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## 2.4 / PRINCIPAL ACTIVITIES

To fulfill its mandate, the Authority has established three compulsory pilotage districts where the use of professional pilots is required: Port of Montreal (District No. 1.1) waters, the navigable waters between Montreal and Quebec City (District No. 1), and navigable waters between Quebec City and Les Escoumins, including the Saguenay River (District No. 2). These districts cover a distance of 265 nautical miles between Montreal and Les Escoumins and another 70 nautical miles on the Saguenay River.

### **Ships Subject to Compulsory Pilotage**

Ships are subject to compulsory pilotage based on a number of criteria established through regulations. For Canadian-registered ships navigating districts No. 1 or No. 1.1, compulsory pilotage applies to those over 70 metres in length and over 2,400 gross tons. For Canadian-registered ships navigating District No. 2, compulsory pilotage applies to ships over 80 metres in length and over 3,300 gross tons. Lastly, for ships not registered in Canada, all ships over 35 metres in length are subject to compulsory pilotage, regardless of the district.

### Map of Compulsory Pilotage Districts and Waters under LPA jurisdiction



### Service Offering

Pilotage services offered in each of the three districts are provided by the Authority through contract pilots from two separate corporations: the Mid St. Lawrence Pilot Corporation (CPSLC), and the Lower St. Lawrence Pilot (CPBSL), Corporation under separate service contracts negotiated between the Authority and each corporation. There are currently 200 pilots and apprentice pilots covering the compulsory pilotage waters served by the Authority.

Pilots are assigned to ships by the Authority's Dispatch Centre, which operates 24 hours a day, 365 days a year and serves all pilotage districts. The Authority manages and operates the Dispatch





Centre from its headquarters in Montreal, which also houses marine safety and efficiency services as well as financial and administrative personnel.

The supervision and oversight of pilotage services are handled by the Authority's marine safety and efficiency department. This department is also responsible for developing policies and procedures pertaining to pilotage and navigation safety, investigating marine accident/incidents involving pilots, developing exemplary pilotage practises, approving pilot training and assessment program, and recruiting apprentice pilots.

Lastly, the Authority uses five pilot boarding stations for its licenced pilots. These boarding stations are used to ferry pilots from shore to ship, and vice versa. The Quebec City, Trois-Rivières, Sorel and Montreal stations are owned and administered by Groupe Océan, with whom the Authority has a service contract. The fifth station, in Les Escoumins, is owned and operated by the LPA. The boarding station has two pilot boats, which are also owned by the LPA.

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## 2.5 / FINANCIAL SITUATION

The global pandemic had a considerable impact on the LPA's financial results in 2020. The general economic slowdown which began in March 2020 resulted in a drop in marine traffic, directly impacting income. The impact was also felt on the organization's direct expenses, which saw a significant drop in fees paid to pilot corporations because of a marked decline in pilot assignments. In 2020, the Authority posted unplanned financial losses for the first time in more than 10 years.

Despite this, the Authority has maintained a solid financial position as a result of stringent management practices put in place more than a decade ago. Up to now, losses have been absorbed by the LPA's financial reserves without compromising strategic projects.

For more information about the Authority's activities and the most recent financial results, please see the latest annual report, available on its web site at

<https://www.pilotagestlaurent.gc.ca/en/financial-reports.html>, under "Reports."



### 3.0 / OPERATIONAL ENVIRONMENT

#### 3.1 / INTERNAL ENVIRONMENT

##### Workforce

The LPA will employ a total of 64 persons as of December 2021 between Montreal headquarters, the pilot boarding station in Les Escoumins, and the “Ville-Marie” shuttle serving the Port of Montreal. A total of 37 employees are covered by collective agreements while the remaining 27 are non-unionized. The employee turnover rate remains relatively low, and the number should remain unchanged in the coming years.

The Authority’s organizational chart can be found in Appendix 10.

##### Distribution of Employees

	ACTUAL	FORECAST	PLAN				
	2020	2021	2022	2023	2024	2025	2026
<b>Management</b>	5	5	5	5	5	5	5
<b>Administrative</b>	14	14	14	14	14	14	14
<b>Operations and dispatch</b>	28	28	28	28	28	28	28
<b>Ship crew</b>	17	17	17	17	17	17	17
<b>Total</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>

The LPA also counts on more than 200 contract pilots and apprentice pilots organized into two pilot corporations to provide pilotage services to the marine industry and fulfill its mandate. The relationship with corporations is principally governed by service contracts and the Act.



## Distribution of Licensed Pilots and Apprentice Pilots

	ACTUAL	FORECAST	PLAN				
	2020	2021	2022	2023	2024	2025	2026
<b>Licensed pilots</b>	195	187	189	189	188	190	192
<b>Apprentice pilots</b>	19	19	14	12	12	12	12
<b>Total</b>	214	206	203	201	200	202	204

### Labour Relations and Compensation

The LPA works collaboratively with two unions, the Public Service Alliance of Canada (PSAC) and the Canadian Merchant Service Guild (the Guild) representing ships officers. The collective agreement covering employees represented by PSAC was renewed on April 24th, 2020, for a period of five (5) years (2019–2024). The collective agreement covering Guild-affiliated employees was renewed in April 2018 and will expire on June 30th, 2022.

The LPA keeps abreast of best practices with respect to compensation. The Authority ensures that duties are evaluated when created and reassessed as needed to offer equitable compensation and ensure employment equity. A complete job classification and pay scale determination exercise was carried out in 2020, in collaboration with a specialized firm.

### Talent Development, Retention and Attraction

The Authority continues to evolve by adapting its labour management plan and working on its brand image. This will enable the organization to attract high-potential individuals and retain key components of its current talent pool. The Authority's engagement and mobilization initiatives rely on personnel development, continuous improvement, and occupational health and well-being to attract and retain talent.



## Level of Engagement

The LPA has innovated in the area of engagement and mobilization by implementing tools to track changes more precisely, including metrics such as on-the-job motivation, belonging, recognition, etc. Semi-annual meetings animated by senior management and coffee breaks with the Chief Executive Officer are good examples of this. The Authority has also increased its employee communications on various topics throughout the year. According to the latest engagement survey, conducted in December 2020, the level of engagement is 77%.

## New Products or Services

The Authority recently began rolling out and developing two new services to expand its offering, become an industry leader, improve the efficiency of its services, and diversify its sources of revenues. The first service consists of using the Authority's marine navigation simulator to analyze incidents/accidents and develop exercises to assess pilots' and apprentice pilots' competency. The LPA also uses the simulator to provide consulting services in its areas of expertise. The second service under development consists of optimizing pilotage services to improve marine traffic flow and optimize factors such as transit times, pilotage costs, fuel consumption and reduce the number of stops during transit.

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## 3.2 / EXTERNAL ENVIRONMENT

### Changes in Marine Traffic

Over time, merchant ships have become larger and traffic has increased, even though a drop occurred in 2020 and 2021, due to the pandemic. The Authority has therefore had to adapt its services in order to maintain safety and efficiency. This adaptation notably depends on the



development of systems to optimize pilotage services, management and the implementation of protocols.

### **Pilot Corporations**

The current service contract with the CPSLC has been renewed for a three-year term ending on June 30, 2023. The amended Pilotage Act played an important role in improving the service contract, notably by removing provisions covered by TC regulatory powers such as those related to navigation safety. The safety rules removed are now included in the LPA's policies and management system and are published on its web site. The contract with the CPBSL will end on December 31, 2021, and negotiations will begin in the fall of 2021. The LPA is confident that the new provisions of the *Act* regarding contract exclusions on topics covered by TC regulatory powers will also help to position the LPA in negotiations with the CPBSL.

### **Business Partners**

The LPA wishes to maintain solid relationships with various marine industry stakeholders. The Authority believes that maintaining good relations—with groups representing shipowners such as the Shipping Federation of Canada and the Chamber of Maritime Commerce, or with pilot corporations and other industry partners, port Authorities, other pilotage authorities, the Canadian Coast Guard, and Transport Canada are essential for the LPA to effectively carry out its mandate. These good relationships allow open information flows and solutions to difficult situations easier to be worked out.



## Suppliers

Other than services provided by pilot corporations, the Authority's main service provider is Groupe Océan. This company provides pilot boarding services on behalf of the LPA in Montreal, Sorel, Trois-Rivières and Quebec City. As Groupe Océan is the only company currently available to provide this type of service in its region, the LPA has started a review of its pilot boarding service. As part of this review, a call for tenders will be launched in the fall of 2021, in anticipation of the expiry of the service contracts with Groupe Océan. Moreover, a call for tenders for the potential acquisition of one or two pilot boats will also be launched. This will enable the LPA to potentially gain greater flexibility in providing pilot boarding services. This includes chartering pilot boats to a service provider selected through the call for tenders or for the Authority to offer these services itself.

## Technological Changes

The LPA closely monitors technological changes in commercial navigation and is positioning itself to play a leadership role on pilotage related aspects. The LPA is examining how technologies and software currently being developed or already available would allow pilotage services and ship transits to be more efficient. Accordingly, the LPA is leading a development project to optimize ship transits under the conduct of a pilot. This project will also position the Authority to play a role in remote pilotage projects and the potential arrival of Marine Autonomous Surface Ships (MASS).

## Environmental Changes

Environmental changes can have a significant impact on the Authority's operations. For example, as these changes could lead to an increase or decrease in the available water column, speed restrictions may need to be implemented in certain sections to prevent shoreline erosion or to protect marine ecosystems. The Authority must therefore position itself to help protect the environment as required by the Act.



## Recent and Pending Legal Issues

On June 1, 2021, the fourth and final order was issued bringing into force the remaining provision of amended *Act*. The draft national pilotage regulations are under development by TC, and the Authority is actively participating in all discussions with TC and the industry to facilitate the publication of modern regulations, in keeping with the spirit of the *Act* and in support of its vision and mission. Meanwhile, in anticipation of forthcoming regulations, the LPA has started the development of the management system required by the *Act*.

Two complaints against the Authority were filed with the Office of the Commissioner of Official Languages in 2020. These complaints were withdrawn and closed within the following weeks without any further action being required. The Commission declared itself satisfied with the explanations provided and measures put in place.

## Public Positioning

The Authority and its mandate are still relatively unknown by the general public, as well as certain stakeholders and public authorities. It is imperative that the Authority improve its public positioning, increase awareness of its role, ensure that it is the primary point of contact and reference with regard to pilotage and marine safety matters in its region. This includes being more visible and involved with the population as well as with government authorities at all levels.

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## 3.3 / EXTERNAL ECONOMIC AND OPERATIONAL ENVIRONMENT

### Markets and Competition

The Authority operates under an *Act* requiring clients to use its services and is therefore in a monopoly position. The Authority's customers, on the other hand, compete with all other types of transportation as well as with the United States Eastern Seaboard ports. This competition can have



a positive or negative influence on the level of traffic and services managed and provided by the Authority, and therefore its revenues.

### **Macroeconomic Outlook**

According to the latest quarterly economic indicators, Canada's production level was within 1.7% of its pre-pandemic level, placing the country second among G7 countries. The outlook is very encouraging for the second quarter and the remainder of 2021. Many economists are expecting weak but sustained growth from 2022 onwards, which should be favourable to the Authority.

### **Marine Industry Outlook**

The global pandemic has negatively impacted several sectors of activity, including the marine transportation industry. However, the economic recovery is gaining momentum and should continue in 2022. Most marine traffic has resumed and appears to be back to pre-pandemic levels. Cruise ships will however not be allowed to operate until the end of fall 2021 and the Authority does not expect normal traffic to resume until 2023. Liquid bulk traffic is expected to take a few more years to get back to 2019 levels. This sector has been affected by the pandemic and by a price war in the oil sector; however, activity in this sector can change quickly.

### **Trade Agreements**

Trade agreements recently signed by Canada have not yet reached their full potential given the global pandemic. However, it is clear that these agreements will increase trade between Canada and the signatory countries and contribute to long-term marine traffic growth as most of the goods involved are transported by ship.





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### 3.4 / STRATEGIC ISSUES

The Authority has limited control over numerous factors which can have a significant impact on its operations: marine traffic volume, service contracts with pilot corporations subject to final offer arbitration, or pilotage charges increases subject to objection. Nevertheless, the Authority must generate sufficient cash flow to continue providing quality service at fair rates to clients, ensure navigation safety and maintain financial self-sufficiency.

The recent updates to the *Act* also bring additional challenges to the Authority. The changes provide opportunities for the LPA, but a number of regulatory dispositions are still under development, which will impact the LPA and other Authorities. Among others, regulatory powers are now held by TC and the Authority will be called upon to follow and administer them. Clarifications in terms of roles and responsibilities will therefore be needed and the LPA will continue working closely and effectively with TC. A new regulation will require Authorities to develop and implement a management system for the purpose of achieving the mission and compliance with Acts and regulations. The new management system will also provide the Authority with additional tools for the management of pilotage services.

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### 3.5 / ADDITIONAL INFORMATION

#### **Organization's Performance**

Sound financial management has in recent years enabled the LPA to achieve better-than-budgeted financial performance. In 2020, the authority generated a negative comprehensive income of \$2.56 million, compared with a budgeted comprehensive income of \$603,000 presented in the 2020–2024 Corporate Plan. Administrative and operational expenses were \$1.0 million higher than budgeted in 2020. The difference stems from an accounting reclassification of the amortization of certain expenditures (PPU and assets located at Les Escoumins). The organization's solid financial health allowed it to absorb losses related to the economic slowdown



caused by the global pandemic and to maintain a sufficient financial reserve to carry out projects and maintain its asset base. However, the capacity to deal with unexpected contingencies in the coming years will be affected by the increased costs of required investments.

With respect to the LPA's operational performance, the number of incidents/accidents have been within the average of recent years and more than 99% of missions were completed free of pilot-related delays.

### **Internal/External Audits**

The Authority conducts annual internal audits to ensure that the right processes are in place. Moreover, its financial statements are audited each year by the Auditor General of Canada (AGC). A special AGC audit of all LPA processes will be carried out in 2022. The most recent such audit took place in 2013.

### **Leadership Role**

It is imperative that the LPA be positioned as a leader and an influential member of the marine community on all issues having an impact on pilotage and on the Authority's ability to ensure the safe and efficient movement of marine traffic. Not providing leadership in this area risks compromising the adequate application of the safety and efficiency measures put in place by the Authority and required by the Act.

### **Government of Canada Support**

As a federal Crown Corporation, the Authority complies with the requirements of applicable legislation and policies. Detailed information can be found in Appendix 8, "Compliance with Legislation and Policy Requirements." The LPA endorses and supports the government's priorities



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and initiatives. The related activities can be found in Appendix 9, "Government Priorities and Directions."



## 4.0 / OBJECTIVES, ACTIVITIES, RISKS, DESIRED RESULTS AND PERFORMANCE INDICATORS

### 4.1 / OBJECTIVES AND ACTIVITIES

Following several years of quasi-continuous growth, the Authority saw a 14% drop in traffic in 2020, due to the COVID-19 pandemic. The most recent results and a report on activities can be found in its latest annual report, available on the LPA web site.

Although the current financial year also brings its share of challenges, the LPA can determine that 2021 should generate higher traffic and that normal activities should resume in 2022.

To fully realize its mandate, the Authority is relying on existing or new strategic activities grouped in three principal orientations based on its mission and the recent amendments to the Act.



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**Priority 1:** Optimize the establishment, operation, maintenance and management, for navigation safety, of an effective and efficient pilotage service in the navigable waters under its jurisdiction and ensure sound risk management taking technological developments into account.

### ***Review Post-Pandemic Work Organization and Operational Continuity***

The LPA had to quickly adapt to new work methods because of the COVID-19 pandemic. The pandemic also impacted global trade and clients. As well, issues and opportunities have changed. The Authority's working methods should thus be reviewed in order to ensure stable development in a post-pandemic environment. Without this review, the Authority would be exposing its operations to a potential loss of efficiency.

### ***Rollout of Phase I and II of Optimized Pilotage Services***

Larger commercial vessels are subject to additional navigational constraints. These can include draft and air draft restrictions, the availability of berths or anchorages, speed reductions and tugs or pilots' availability. Also, wide beam ships can only meet or overtake others in designated areas.

The LPA provides advice to clients navigating its waters to facilitate and optimize transits under the conduct of a pilot. The Authority is in the process of developing a computerized tool to automate the required calculations. This tool will help plan transits optimally by defining the best available windows while taking into account various administrative, regulatory and physical parameters. This will allow clients to plan an uninterrupted passage, reduce transit duration, stopovers or time spent alongside, reduce wait time for lockage or anchorage, reduce fuel consumption and greenhouse gas emissions, maximize draft, ensure adequate air draft; and minimize pilotage costs. Users of the



software will have the option of choosing the best option for their needs, according to their specific reality.

The development of such a service and software is in keeping with the LPA's mandate to provide efficient pilotage services, contribute to the protection of the public interest and reduces the environmental impacts and the ecological footprint of ships.

Phase I of this project will enable the optimization of a ship's transit by a single pilot. The software is currently under development and testing will take place in the summer and fall of 2021. The second phase is planned for fall of 2022 and will consist of improved coordination of larger vessels passages and optimizing ship departures and arrivals according to availability of berths and other infrastructure.

### ***Complete the Development and Business Development Plan for the Simulation Centre and Continue Rollout***

The LPA's navigation simulation centre was brought to "Pilot Grade" in July 2020 and continues to be developed and upgraded to meet the Authority's and partners' needs. The business plan will be updated in 2021 to guide the various navigation simulator projects, which will roll out in 2022. The objective is to ensure that the safety and efficiency of marine transits are maintained and improved through the use of technology. This will also provide an opportunity to contribute to the LPA's financial self-sufficiency by offering simulation services and expertise to the marine industry and other partners while having a positive impact on the LPA's income.

The development plan has two parts. The first part, regulatory in nature, will deal with the assessment of maritime pilot candidates, skills demonstration, examining incidents, specific training for masters and pilots involved in an incident, developing good pilotage and navigation practises, and pilotage risk analysis. The second part relates to consulting services. The LPA will offer infrastructure/ship modelling services, risk analysis for the development of marine facilities, studies on fluid mechanics or human behaviour, and master training services.



### ***Continue Developing and Implementing a Management System***

To reach the objectives and comply with the principles of the Act, the Authority is developing and implementing a management system which takes into account industry best practices. This system will include policies, practices, procedures, and instructions covering all LPA's departments and activities and will be applicable to employees, pilots and their corporations as well as the Authority's subcontractors.

The main objectives of the system are to ensure compliance to Acts and Regulations, provision of quality services and the continuous improvement of practices and procedures. Accordingly, the draft national marine pilotage regulation, currently undergoing development and consultation by TC, includes requirements for the implementation of a management system by each pilotage authority in Canada. Once implemented, the system will contribute to the optimization of the Authority's performance and ensure compliance with the sound management principles it must adhere to as a Crown corporation.

### ***Consider the Risk Study Recommendations on Fatigue and Finalize the Pilotage Risk Analysis for the South Shore Gulf ports***

The Authority has hired a consulting firm to carry out a risk analysis related to pilot fatigue in District No. 2. This study was completed in the summer of 2021 and the resulting report and recommendations have been shared with the CPBSL, ship owners' associations and TC. The LPA is currently analyzing the report and its recommendations and will consult with the above-mentioned partners this fall to obtain their feedback on the report's conclusions and recommendations. Following consultations, the LPA will determine which recommendations will be adopted or modified to fulfill its mandate of navigation safety and the provision of efficient pilotage services.

In 2020, the Authority initiated a pilotage risk study in St. Lawrence South Shore Gulf ports. This risk study to ensure that risks are properly managed in all waters under the Authority's jurisdiction. Recommendations are expected in 2022. The Authority will assess next steps, as appropriate, in collaboration with TC.



### *Continue to Overhaul Pilot-Boat Services Between Montreal and Quebec City*

Pilotage authorities are responsible for safe and efficient pilot boarding services and these must be carried out effectively and at a reasonable cost. The Authority shares this activity with a single service provider on the St. Lawrence. As the service contracts expire at the end of 2023, the LPA wishes to position itself to overhaul the services provided by the subcontractor, which is currently one of the only external service providers offering this type of service on the St. Lawrence.

The Authority will undertake a complete overhaul of pilot boat services. Accordingly, a Request for Expression of Interest was also launched in 2020 to assess the industry level of interest in providing such a service. The tender notices will be made in the fall of 2021. Moreover, a tender notice will be launched for the potential procurement of one or two pilot boats in order to provide the LPA with more options for the provision of these services. This includes chartering pilot boats to a selected service provider or to allow for the in-sourcing of services by the LPA.

While the financial impacts reflected in this budget may be modified based on the results of the tender notices, investments for two pilot boats have been considered and budgeted. The solution selected must be chosen sufficiently ahead of time to allow the provider(s) or the LPA to continue operating pilot boarding services at the end of the current contract—i.e., the beginning of 2024—without any interruption in service. Pilot boat delivery times must also be taken into consideration if this option is retained.

### *IT Master Plan Implementation*

In order to support the Authority in implementing its Corporate Plan and to comply with the Act's requirement to take into consideration the evolution of technologies, the LPA's IT Master Plan will be updated by the end of 2021. The Plan covers a variety of contingencies such as operational continuity, cyber-security, asset renewal and technology development to support and optimize management and operations. The rollout of the required actions will begin in early 2022.





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**Priority 2:** Maintain the Authority's financial self-sufficiency in order to reach strategic objectives, ensure the sustainability of assets, cover unforeseen circumstances and provide quality services while maintaining fair and reasonable pilotage charges.

### ***Review Strategy to Establish Financial Needs and Define an Adequate and Reasonable Cash Position***

The financial needs of the LPA will need to be reviewed taking into account the amendments to the Act now in effect, the scope of upcoming pilotage regulations as well as planned and anticipated projects. With approximately 90% of costs originating from contractual obligations, and revenues impacted by economic conditions and the level of marine traffic, which are beyond its control, the LPA operates in a context of limited financial flexibility. Taking this into account, the LPA will need to review and redefine what constitutes an adequate and reasonable reserve position to fulfill its mandate.

For the past number of years, the Authority's cost structure and revenues forecasting and financial strategies enabled the LPA to maintain a good financial position. However, the current uncertainties and developments in the marine industry, traffic variations and upcoming projects require that we review the current approach to determine if it still meets our future needs. Projects related to service optimization or stemming from contractual or legislative obligations will need to be taken into account. It is therefore important to redefine the LPA's target cash based on these changes and considerations.



### ***Review Billing and Revenue Calculation System and Methodology***

The pilotage charges calculation process was established when pilotage authorities were created and has not been revised since, even though vessel types, dimensions, and navigation technology have substantially evolved.

The LPA will conduct an in-depth analysis of the current approach to determine if it is still relevant in today's context and will make changes if required. Elements such as a ship type and risk, manoeuvrability, available technology, winter and night time navigation conditions may be taken into consideration in a new methodology, with a view to move closer to a user-pay concept and approach.

### ***Develop pilotage charge program which could come into effect at the Beginning of 2022***

Applicable principles and objectives of the Act require that pilotage charges be fair and reasonable for all LPA clients. In order to achieve these objectives and address related risks, ongoing sound financial management is required. The Authority is seeking to present a fair pilotage charges program that includes stable increases, enabling it to meet its obligations, make the necessary investments set out in this Plan and comply with the principles set out in the Act. The Authority is presently reviewing its pilotage charges program to ensure that the current program continues to serve the public interest in terms of mitigating the Authority's financial risks, maintain financial self-sufficiency, while keeping industry costs at a reasonable and predictable level.

### ***Continue Exploring Other Sources of Income/Subsidies Where Appropriate***

The modernized Act now allows pilotage authorities to bill for services other than compulsory pilotage such as offering navigation simulator and consulting services. Given that 90% of income derived from pilotage activities is redistributed in fees paid to pilot corporations, authorities have very few financial resources to fund new projects or activities. For this reason, the LPA is seeking to



diversify its income sources as permitted by the Act. Moreover, the Authority is exploring potential eligibility to specific subsidy programs for qualifying projects. If possible, the LPA will enrol in a subsidy program to design a sustainable and social development program.

### ***Establish a Dashboard to Track Financial and Operational Indicators More Closely***

The implementation of an effective dashboard will provide a more dependable and timely overview of key performance indicators. The LPA has developed tools and indicators over the years to help management track work trends and operations performance. The current dashboard will be improved to allow managers greater autonomy to track their department or project budgets as well as provide information about the efficiency and effectiveness of pilotage services. A new analytical tool will be rolled out by the end of 2021 and a dashboard better suited to current needs will be put in place in the following months.

### ***Client Satisfaction Survey Follow-Up***

Keen to know the opinions of its customers and business partners regarding the quality of its services, the Administration conducted a customer satisfaction survey in January 2021. The purpose of this exercise was to measure clients' perception of pilotage services, and to see if they perceive these services to be safe, effective and efficient. Although the results are more than satisfactory, the LPA will review and implement certain recommendations from its clients and partners to become a better organization.



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**Priority 3:** Support the Government's objectives with respect to safety, the efficiency and effectiveness of the marine transportation system, the safety of marine personnel and the protection of the public, property and the environment in keeping with the policies, directives and instructions of the Minister of Transport and the Government of Canada.

### ***Close Involvement in the Implementation of the Amended Act and Development of National Regulations***

The LPA will continue to work closely with TC and other pilotage authorities to develop national pilotage regulations. Accordingly, the Authority in cooperation with the other authorities, has already submitted proposals and comments on the national pilotage regulations drafting instructions for to TC. Upon publication in Canada Gazette, Part 1, the LPA will again consult with the other pilotage authorities and send further proposals and comments.

### ***Develop and implement a Green Plan***

LPA employees and management are aware of the importance of protecting the environment. For this reason, the Authority has reacted positively to the new environmental protection objective contained in the amended Act as well as the carbon neutrality target set by the Government of Canada for 2050 in keeping with the Paris Accord. To position itself as a world leader in marine pilotage, the LPA must set an example in this regard. It must therefore adopt a green plan and shift its corporate culture toward a sustainable development model. It also plans to implement the necessary tools to ensure that environmental, social and governance (ESG) criteria are followed. To this end, a task force has been set up, to be supported by a firm specializing in this field. The Authority will adopt an environmental policy and green charter, raise its employees' and partners'



awareness, and follow up on various initiatives via an environmental dashboard. In the short term, the “Ville-Marie” shuttle will undergo the required assessment to join the LPA’s two pilot boats in the Green Marine program.

### ***Negotiate a New Service Contract with the CPBSL***

The current service contract with the CPBSL will expire on December 31, 2021. Renewal negotiations are expected to begin in the fall of 2021 and could continue to 2022.

With the coming into force of the amended Act, several contract changes will have to be made as the Act prohibits service contracts from containing provisions on topics coming within TC’s regulatory authority, such as double pilotage, regulatory notices to obtain the services of a pilot, and rules on navigation safety. The Authority expects this major change to the service contract will be the subject of extensive discussions. However, a service contract with the CPSLC with these kind of changes has already been signed since the amendments to the Act have come into force, which could serve as a guide in our negotiations.

### ***Support TC on Consultations for the Potential North Shore Compulsory pilotage Regulation and Develop an implementation plan.***

Following risk studies conducted in the four main North Shore ports, a recommendation was submitted to TC to establish compulsory pilotage in these four ports to be regulated in accordance with the Act. TC is considering this recommendation and the potential next steps in this matter. The LPA will support this process and provide advice and expertise to TC.



### ***Continue to Support the Government's Objectives on Workplace Mental Health, Diversity and Pay Equity***

The LPA has taken concrete steps to promote a healthy work environment, raise awareness among its employees about the importance of good mental health and encourage diversity. The Authority will continue to focus on and develop tools, policies and measures to promote these important workplace initiatives.

The Authority recognizes the importance of maintaining and enhancing the multicultural heritage of Canadians. For this purpose, the LPA is committed to ensure equality of all Canadians within its organization.

A strategic human resource management plan for optimizing and developing human capital and pay equity has been updated.

### ***Roll Out Employee Engagement Measures in Response to the 2020 Employee Survey***

The employee engagement program was set up in 2018 and is updated through ongoing monitoring of emerging initiatives which could improve it. In order to achieve and surpass corporate objectives as a team, the LPA has made engagement a core component of its priorities by enabling employees to balance their family, personal and professional lives and supporting everyone's overall health. The Authority conducted an employee survey in 2020 to monitor engagement trends. The results indicate an engagement score of 77%, which is positive and representative of a well-performing organization. Management has nevertheless deemed important to implement an action plan to improve certain points. The rollout of the measures will begin in early 2022. The new post-pandemic work reality also requires a solid action plan to mitigate the risk of losing human capital and address recruitment challenges currently facing many employers.



### *Continue the Rollout of the Strategic HR Plan and Ensure Resource Optimization*

In order to acquire and maintain an engaged workforce which believes in the corporate mission and shares its vision, a strategic human resource plan was set up in 2019 and updated in 2021. It defines the human resources strategy over a five-year horizon and is regularly updated with a view to integrate diversity and inclusion principles as well as environmental, social and governance (ESG) criteria.

A strategic health and wellness management program and pursuit of the best personnel management practices is essential for the Authority to achieve the objectives set out in the Corporate Plan. The LPA intends to maintain its status as an employer of choice by innovating and maintaining high corporate standards.

The Authority believes that strategic talent management and the development of high-potential individuals within the organization (succession), combined with ongoing personnel engagement efforts will drive its success.

The Authority also wishes to put in place a diversified and inclusive environment where people evolve confidently and thereby contribute to the achievement of corporate objectives.

The LPA will also adapt its development strategies to adequately prepare key personnel and positions to take into account existing, upcoming and emerging challenges. Special attention will be given to transforming the roles and responsibilities of key employees.

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## 4.2 / RISKS

The LPA uses a corporate risk management framework to ensure that risks are properly identified, measured, corrected, controlled, and adequately monitored on a regular basis. The operational, strategic, reputational, and financial components are reviewed annually. This effective risk management approach, approved by the Board of Directors, enables the Authority to reach its



strategic objectives and limit financial losses, service outages, reputational harm, work incidents, accidents and environmental damage.

Following the most recent update of risk elements and corresponding mitigation measures, the LPA believes that identified risks are, in general, well controlled.

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### 4.3 / DESIRED RESULTS AND PERFORMANCE INDICATORS

In order to fully realize its mission and achieve its vision, the Authority is pursuing strategic directions from which stem several activities. The realization of these activities, previously presented in Section 4.1 "Objectives and Activities," signifies success for management.

The LPA also uses other indicators to monitor corporate performance. Targets are monitored using a short time horizon for corporate activities and a longer horizon for strategic projects. Details are provided in Appendix 3, "Expected Results."

The LPA's mission statement, vision and activities are consistent with its mandate and priorities set out by the Government of Canada. The Authority is accountable to the Government of Canada on its mandate through the following measures.





Results	Measure
<p><b>Provide safe and efficient pilotage services</b></p>	<p>Number of incidents/accident-free pilotage missions</p>
	<p>Ratio of missions without pilotage delays</p>
	<p>Number of assignments</p>
<p><b>Maintain financial self-sufficiency and set reasonable and fair pilotage charges</b></p>	<p>Client accounts collection time</p>
	<p>Maintain a sufficient cash position</p>
	<p>Maintain pilotage charges at a reasonable and fair level</p>
	<p>Develop a Market Intelligence approach allowing development of more realistic commercial budget assumptions</p> <p>Establish balanced budget in accordance with restrictions on excessive expenditures</p>
<p><b>Ensure that navigation risks are low, including unregulated areas not subject to compulsory pilotage</b></p>	<p>Maintain risk management program</p>
	<p>Perform regular risk analysis in waters under the Authority's jurisdiction and implement resulting recommendations</p>
<p><b>Optimize pilotage services through technology</b></p>	<p>Use of portable pilotage units by all pilots</p>
	<p>Develop and use a navigation simulator to improve mission safety</p>
	<p>Develop and implement optimized pilotage services to improve transit efficiency and reduce fuel consumption</p>
<p><b>Protection of the environment and public</b></p>	<p>Adjust ships' speeds in targeted zones to protect shorelines and waterside residents</p>
	<p>Maintain clear safety procedures aboard pilot boats to protect users and visitors</p>
	<p>Ensure that the Authority's vessels meet environmental standards and meet Green Marine certification requirements</p>



## 5.0 / FINANCIAL OVERVIEW

### 5.1 / FINANCIAL MANAGEMENT OF THE AUTHORITY

The Authority is a financially self-sufficient Crown corporation striving to remain profitable by the application of sound management practices and focus on traffic forecasts. The Corporate Plan must be taken into consideration in its entirety for the analysis and interpretation of the financial plan presented in this document.

The financial plan takes into consideration the Authority's future developments, including asset maintenance, the realization of its strategic plan and implementation of services over which the Authority has control. Implementation of services resulting from future decisions by TC or the Governor-in-council are not included.

Key traffic assumptions are based on internal statistical reports, financial and economic trends published by research organizations (such as the Conference Board of Canada), the Bank of Canada and other Canadian institutions, such as chartered banks. In addition, this information is supplemented by discussions with representatives and consultants involved in the marine industry and their analyses.

The LPA is committed in maintaining a sound financial situation through good management practices and stringent control measures, by setting fair and reasonable pilotage charges, and by practising sound risk management.



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## 5.2 / FORECASTS

### ***Pilotage charges***

According to forecasts, pilotage charges and other revenues should reach \$109.7 million in 2022. Marine traffic and pilotage charges are expected to increase in the coming years, which should result in income of \$126.0 million for the LPA by 2026.

In order to maintain profitability and meet its obligations, the Authority plans to increase pilotage charges by 3% at the beginning of 2022.

### ***Pilot corporations Fees and Pilot Boat Operating Costs***

Fees paid to pilot corporations are closely linked to pilotage charges and represent approximately 90% of the Authority's expenditures. These fees are expected to reach \$86.2 million in 2022 and increase to \$99.0 million by 2026, following forecasted increase in traffic and application of fee increases provided for in pilot corporations service contracts. Pilot boat operating costs will be between \$11.5 million and \$11.9 million for the period covered by this Plan.

### ***Administrative and Operational Expenses***

Administrative and operational expenses are generally stable over the years. The principal increases stem from wage increases and professional services required for risk analysis or renewal of service contracts. Currently, these charges total \$11.3 million for 2022 and will increase to \$12.2 million by 2026.



### **Comprehensive Income**

Further to the aforementioned projections, the Authority predicts a positive comprehensive income of \$690,000 in 2022. The LPA expects a positive comprehensive income of \$1.7 million to \$2.8 million in each of the following years covered by the plan.

### **Capital Budget**

The Authority is planning significant investments in 2022 to 2026 to ensure sustainability of its assets base, optimize services and respect contractual commitments. These needs are directly related to the rollout of safe services delivered effectively and efficiently. The most important projects contained in this Plan are:

#### **Optimizing Pilot-Boat Services**

The Authority is currently reviewing its pilot boat service model. Scenarios under consideration include the acquisition of a pilot boat and the rollout of a revised service model is planned for 2023.

#### **Portable Units (PPUs)**

The Authority signed a letter of agreement with the CPSLC in February 2017 for the LPA to acquire PPUs for its members. This four-year agreement anticipates these units' useful life to coincide with the agreement duration. Consequently, renewal of these units is planned for 2022.



### **Les Escoumins Pilot Boarding Station Timber Crib Wharf Refurbishment**

As the timber crib wharf is nearing the end of its life and has sustained severe storm damage, it needs to undergo major repairs. While the Authority has made temporary repairs to maintain a safe condition, refurbishment work will be carried out in 2022, pursuant to a contract previously awarded for this purpose after a call for tenders.

### **Borrowings**

The Authority has currently no debt. The financial measures established in this plan are intended to avoid the need to contract any long-term debt to carry out the plan. However, the Authority is fully aware of the investments required that costs of planned work can increase, and the uncontrollable risk represented by the post-pandemic economy. The funding strategy for medium and long-term projects could be affected in the event that these economic risks materialize.

### **Access to a Line of Credit**

The Authority has access to a line of credit consisting of an authorized overdraft facility of up to \$1.5 million. The LPA does not expect to use this credit facility during the 2021 fiscal year.

### **Earnings Management and Investment Framework**

The *Pilotage Act* requires the Authority to manage its operations so as to preserve its financial autonomy. Its activities must enable it to provide for a reasonable cash reserve necessary to, among other things, replace its assets.



According to section 37 of the *Act*, "An Authority may, with the approval of the Minister of Finance, invest any monies not immediately required for the purposes of the Authority in any class of financial asset."

The Authority therefore requests permission from the Minister of Finance to invest monies not immediately required in one of the following instruments:

1. Bonds issued or guaranteed by Her Majesty the Queen in Right of Canada, by a province or Canadian municipality.
2. Fixed income securities with a minimum BBB rating from Standard & Poor's or Fitch Ratings, or a Baa3 rating from Moody's.
3. Diversified funds compliant with points 1 or 2 above, including exchange traded funds but excluding leveraged funds.
4. Guaranteed investment certificates eligible for Canada Deposit Insurance Corporation insurance.

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## 5.3 / LARGEST BUDGET ITEMS DESCRIPTION

### Revenue

#### ***Pilotage Charges***

Pilotage charges setting is based on important parameters related to the Authority's activities. Increases in pilotage charges and marine traffic variation based on the current context have been taken into consideration.

#### ***Fees for Administration of the Act***

Since July 2020, TC has levied fees from Authorities for the administration of the *Act*. These fees are to recover costs for the implementation and application of regulations to the amended *Act*. Fees charged to LPA clients to cover those TC fees, are established by allocating the total fees charged



by TC to the annual total forecasted assignments. It is to be noted that no additional costs are added to the fees.

### ***Pilot Boarding Services***

Revenues from pilot boarding services provided at the Montreal, Sorel, Trois-Rivières and Quebec City boarding stations equal forecasted expenditures under the service contracts, plus an additional 4.8% for administrative overhead.

Revenue from pilot boarding services provided at Les Escoumins boarding station is established on the basis of forecasted expenditures, plus an additional 4.8% for administrative overhead.

## **Expenses**

### ***Pilot corporations Fees***

Fees paid to pilot corporations are calculated according to service contracts signed by the Authority and each corporation. These fees are derived from marine traffic forecasts and are closely related to pilotage charges. Training costs for pilots and apprentice pilots, communications, portable units (PPU) and Board of Examiners expenses are included in this expenditures category. Pilot training usually includes ship-handling training with simulators and scaled models. Training in handling post-Panamax ships is also provided at the Maritime Simulation and Resource Centre in Quebec City. This centre also provides additional training for higher Pilot licences.

For apprentice pilots related expenses, the Authority covers all costs for both corporations.

### ***Pilot Boarding Services***

Projected expenditures for pilot boarding stations in Montreal, Sorel, Trois-Rivières and Quebec City are based on contracts in effect with Groupe Océan entities which provide the services. These



contracts were negotiated for a 10-year period and came into effect on January 1, 2014. The costs for 2021 to 2023 have been estimated on rates agreed upon by the Authority and Groupe Océan. With respect to the years 2024 to 2026, the projected expenditures are based on estimates developed by the LPA.

With regards to pilot boarding services provided by the Authority at Les Escoumins, these costs include several types of expenses, and the following assumptions were used:

- > Projected salaries are forecasted based on provisions contained in existing collective agreements. When not covered by collective agreements, salaries take into account an estimated increase in the Consumer Price Index (CPI).
- > Costs associated with the operation of pilot boats and their replacements are taken into consideration based on assumptions relative to their service life, mandatory inspections under current regulations and historical data from recent years.
- > The majority of other expenditures were estimated by taking average CPI increases for the past two years into consideration.

### ***Administrative/Operational and Salary Expenses***

Administrative and operating expenses from 2022 to 2026 are established based on actual 2020 expenditures, estimated 2021 expenditures, and assumptions made by management.

Projected salaries are forecasted based on provisions contained in the existing collective agreements. For years not covered by the collective agreements, as well as employees who are not covered by these agreements, projected salaries take into account an estimated increase in the Consumer Price Index (CPI). Employee benefits cost vary between 20% and 24% of salaries.





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## 5.4 / VARIANCE ANALYSIS

### ***Variance Between 2022 Budget and 2021 Forecast***

#### **Revenue**

The 2022 budget was established according to several assumptions pertaining to marine traffic analyses, local and global economic outlooks. As a result, pilotage charges have been adjusted to reflect growth in traffic as per expectations. For 2022, the LPA expects oil tankers traffic to increase compared to 2021, although not up to 2019 levels. The Authority also believes that container ships traffic will resume at a steady pace in 2022, following lower than average levels in 2021. Lastly, according to discussions with partners, cruise ship traffic should be around 50% of actual 2019 traffic, with a return to normal levels by 2023. Other ship categories traffic should remain stable or increase slightly. The Authority therefore expects a \$9.4 million increase in pilotage charges in 2022, compared to 2021.

#### **Expenses**

Fees paid to pilot corporations vary as a function of marine traffic volume, and according to changes established by service contracts. With variation in traffic and service contract increases, fees paid to pilot corporations should increase by \$6.2 million in 2022.

Administrative expenses have been adjusted according to collective agreements in place for unionized employees. The cost-of-living increase has been taken into account for employees not covered by these collective agreements. Lastly, the cost-of-service contracts in place with partners has been taken into consideration. The increases in these expenses (administration, operations, and operation of pilot boats) for 2022 is \$1.4 million.



### **2021 Actual vs. 2021 Budget (6 Months) and 2021 Forecast**

The 2021 budget showed fees paid to pilot corporations of \$42.2 million after six months of activity. However, the actual results were \$38.8 million, a variance of \$3.4 million or 8%. This drop is due to several factors, including the delayed implementation of the new pilotage charge program and a negative change in traffic following a weaker than expected economic recovery. The biggest change was in tanker traffic, followed by container ships. The Authority expected an uptick in passenger traffic in 2021, which turned out not to be the case. As the season begins around the month of May, a very small variance actually emerged, but is expected to continue growing until the end of the year. It should be noted that the 2021 budget was prepared three months after the start of the global pandemic, making it difficult to predict impacts. According to the latest budget revision, the LPA now expects total income of \$99.6 million for the entire year (excluding fees payable to TC), compared with an initial budget of \$107.9 million.

Fees paid to pilot corporations follow the same trend, except that planned increases were implemented as planned. Pilot boat operating fees and charges are thus \$41.9 million after 6 months, compared to a budgeted amount of \$44.6 million, a variance of \$2.7 million or 6%. The Authority posted a positive variance in administrative expenses after 6 months of \$136,000 (2.6%), while actual expenses were \$5.2 million, and the budgeted amount was \$5.3 million. The most recent forecasts show fees and other pilotage-related expenses of \$91.2 million for the 12 months of 2021 while a budgeted amount is \$97.6 million and administrative and operational expenses are now forecasted to be \$10.3 million while the budgeted amount is \$10.8 million.

Lastly, as per the presented data, the LPA is posting a negative comprehensive income of \$2.6 million after 6 months, compared to a negative budgeted amount of \$1.3 million. The initial budgeted amount for the full year predicted a financial loss of \$492,000, while according to the latest forecasts, the loss will be \$1.1 million.



**Appendices**



## APPENDIX 1 / GUIDANCE OR MANDATE LETTER FROM THE MINISTER

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

Mr. Julius Spivack  
Interim Chair of the Board of Directors  
Laurentian Pilotage Authority  
1410-999, De Maisonneuve Boulevard West  
Montréal QC H3A 3L4

Dear Mr. Spivack:

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 Laurentian Pilotage Authority (LPA) 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 LPA 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 LPA to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, and stand up for fairness and equality.

The fight against climate change remains of paramount importance to this government, and I expect that the Laurentian Pilotage Authority 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, this government indicates its intention to finish the fight against COVID-19, to create jobs and growth and to support a resilient and inclusive recovery. For its part, I expect that the Laurentian Pilotage Authority will do its part by providing safe, secure and efficient transportation services in support of economic recovery and growth for middle class Canadians.

Canada



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When Indigenous people experience better outcomes, all Canadians benefit. In this vein, I expect that the Laurentian Pilotage Authority 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 together continue to deliver 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. In this vein, I would note that 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 LPA, and the annual report is the most important mechanism to assess the LPA'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. In this vein, I would ask for your continued support in ensuring that these reports are prepared sufficiently in advance. I would also recommend 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. Candidates 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 Chairperson, 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 way of extension, I note my expectation that the LPA 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. My officials will engage with you to assess the performance and contribution of any incumbent being considered for reappointment.



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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 Laurentian 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



## APPENDIX 2 / CORPORATE GOVERNANCE STRUCTURE

### Board of Directors

The Authority has a governance structure which allows for the discharge of its mandate while the Board of Directors also exercises proper authority.

Board members are appointed for an initial term of up to four years. The *Act* states that this term may be subsequently renewed for a term not exceeding four years, but there is no limit on the number of reappointments of a Board member.

The first decree of August 2019 implementing the first amendments to the *Act* prohibits representation from marine industry members on boards of directors. However, the legislation includes a “grandfather clause” allowing current members from the industry to keep their seat.

The Board of Directors is responsible for the Authority's strategic planning, including the corporate plan, finances, and overall stewardship. This includes identification of major risks exposure, succession planning and setting up an information system to meet requirements.

The Board is normally made up of seven members including a chairperson, a vice chairperson and five members, all of whom are appointed by the Minister, with the approval of the Governor-in-council. Since the departure of Ricky Fontaine in June 2020, the chairperson position has been filled on an interim basis by Julius Spivack, formerly the Vice-Chairperson, and a member of the LPA Board for several years.



## Board Members and Meeting Attendance Table

Board Member	Active Since	Date of Last Appointment	Duration (ending)	Committees	Attendance	
					Jan. 1st, 2020 - Dec. 31, 2020	Jan. 1st, 2021 - August 18, 2021
<b>Julius Spivack</b> Acting President (June 2020) and Chair of Audit committee	2007-06-30	2018-09-07	4 years (september 2022)	Board of directors	7 / 7	6 / 6
				Audit	6 / 6	4 / 4
<b>Michel Tosini</b> Member	2007-10-12	2018-09-07	3 years (september 2021)	Board of directors	7 / 7	6 / 6
				Governance & HR	3 / 4	3 / 3
<b>Frank Di Tomaso</b> Member	2011-06-23	2020-05-13	3 years (may 2023)	Board of directors	7 / 7	6 / 6
				Governance & HR	4 / 4	3 / 3
<b>Sophie-Emmanuelle Chebin</b> Member and Chair of HR & Governance committee (Feb. 2021)	2018-09-07	2018-09-07	4 years (september 2022)	Board of directors	7 / 7	6 / 6
				Governance & HR	4 / 4	3 / 3
<b>Christiane Chabot</b> Member	2018-09-07	2018-09-07	3 years (september 2021)	Board of directors	7 / 7	6 / 6
				Audit	6 / 6	4 / 4
<b>George J. Pollack</b> Member	2018-09-07	2018-09-07	3 years (september 2021)	Board of directors	7 / 7	6 / 6
				Audit	6 / 6	4 / 4

**The position of Chairperson has been vacant since June 19, 2020**

Total compensation for the members of the Board of Directors is subject to the actual number of committee meetings held during the year.

In carrying out its responsibilities, the Board has established two oversight committees composed of three of its members. Each of these committees meet several times per year.

### Audit Committee

The Audit Committee is responsible for monitoring, analyzing, and supervising the Authority's financial situation and management practices including but not limited to, financial controls and the efficient operation of its information systems. It is also mandated under the law to ensure that internal audits are carried out and follow up on recommendations, if any. The Audit Committee maintains ties with the Office of the Auditor General of Canada (OAG) and takes cognizance of reports issued with respect to audits conducted. The Audit Committee also ensures that the





auditor's recommendations, if applicable, are implemented by management. In 2020, the Committee met six times.

This committee is composed of:

- > Julius Spivack, Committee Chairperson
- > George J. Pollack, Member
- > Christiane Chabot, Member

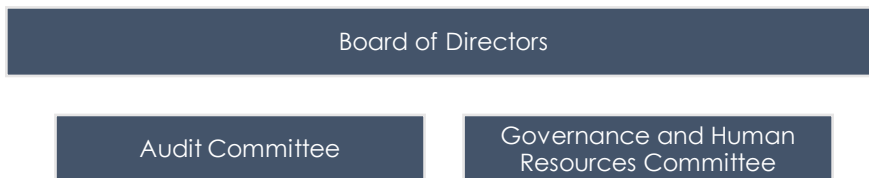
### Governance and Human Resources Committee

The Governance and Human Resources Committee is responsible for reviewing the Authority's governance and human resources practices, policies, and procedures, and analyzing and adapting the personnel management strategy. The Committee members met four times in 2020.

This committee is composed of:

- > Frank Di Tomaso, Member
- > Sophie-Emmanuelle Chebin, Committee Chairperson
- > Michel Tosini, Member

### Board of Directors Structure and Committees





## Senior Management

Since September 2012, Fulvio Fracassi, a lawyer by training, is the Authority's Chief Executive Officer. Reporting directly to the Board of Directors, his responsibilities include providing leadership to the LPA, developing the organization's overall strategy and overseeing the stewardship of the Authority's resources and assets in order to fulfill the LPA's mission pursuant to the *Pilotage Act*. Before joining the Authority, Mr. Fracassi was Director General of TC's National Marine Security Program. He chairs the Executive Committee as well as the Internal Management Committee, which is made up of all of the Authority's managers and meets on a regular basis. He is also responsible for chairing the Pilotage Advisory Committee composed of representatives from the marine industry, pilot corporations, the St. Lawrence Seaway Management Corporation, the Montreal and Quebec City port authorities and representatives from TC and the Canadian Coast Guard.

Mr. Fracassi is assisted by four executives: Josée Leroux, Executive Director, Finance and Administration, Alain Richard, Executive Director, Marine Safety and Efficiency, Sylvain Lachance, Special Advisor, and Anaïs De Lausnay, General Counsel and Corporate Secretary.

## Senior Management Structure





## APPENDIX 3 / EXPECTED RESULTS

The Authority has set five objectives, divided into sub-objectives, in order to monitor results. Performance targets are defined for each measurable element. Details are presented in the following table:

<b>OBJECTIVE #1</b>			
Optimize the establishment, operation, maintenance and management, for navigation safety, of an effective and efficient pilotage service.			
<b>Results objectives</b>	<b>Strategy and indicators</b>	<b>2021 target</b>	<b>2022–2026 target</b>
<b>Review the continued training/evaluation program for pilots/apprentice pilots, for skill acquisition and maintenance and incident prevention</b>	> LPA approval and review of pilot corporations' training programs	N/A	N/A
	> Follow-up of incidents via databases and written reports provided by pilots	> Incident rate below 0.10%	> Incident rate below 0.10%
<b>Help maintain and expand safe, effective and efficient pilotage service with business partners</b>	> Chair the advisory committee by advocating for safety, efficiency and effectiveness of pilotage services related files	> Two (2) meetings per year	> Two (2) meetings per year



Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Issue and revise policies detailing standards, procedures and practices to be followed.</b>	> Develop and maintain policies on exchange of information between pilots and masters (MPX), dual pilotage, winter navigation, navigation safety and the effectiveness and efficiency of pilotage services.	> Develop, maintain and update policies and related documents.	N/A
		> Policy complied by all pilots	> Policy complied by all pilots
<b>Carry out studies and analyses via the simulator to highlight pilotage safety, efficiency and effectiveness and the development of best practices</b>	> Analyze incidents, finalize pending studies and develop or update procedures	> Percentage of incidents examined by simulator	> N/A
		> Number of completed studies	
<b>Reduce delays and the causes of pilot shortages, including those related to pilots being detained aboard ships</b>	> Recruit/increase the number of pilots	N/A	N/A



Results objectives	Strategy and indicators	2021 target	2022–2026 target
	<ul style="list-style-type: none"> <li>&gt; Increase pilot availability by reducing detentions aboard ships not ready to depart when the pilot arrives</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Number of delays less than 0.10% the number of assignments</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Number of delays less than 0.10% the number of assignments</li> </ul>
<b>Maintain the efficiency and reliability of pilot boats and shuttle</b>	<ul style="list-style-type: none"> <li>&gt; Keep the maintenance program updated above applicable standards</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% compliance with the program and KPIs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% compliance with the program and KPIs</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; Renegotiate service agreements with Groupe Océan and include KPIs for pilot boats and service quality</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Review contract with G.O. with implementation of KPIs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintain KPIs</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; Advance work related to service contract renewal and the potential in-sourcing of pilot boarding services at one or more ports</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Present a concrete action plan to the Board of Directors for approval</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Implement the action plan related to the service contract renewal and/or the in-sourcing of service</li> </ul>



## OBJECTIVE #2

Implement sound risk management and adapt to technological changes

Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Ensure that navigation risks are low, including unregulated areas where pilotage is not compulsory</b>	> Phase I: Provide expertise to TC for its work regarding North Shore ports.	> Support TC in its analysis and decision making	> Implement TC's decision
	> Phase II: Complete risk analysis for the St. Lawrence South Shore and Gulf, and submit recommendations to TC	> Analysis 100% complete	> Recommendations provided to TC and support for analysis and decision making
<b>Improvement of sleep cycles of pilots on District No. 1 further to the recommendations implemented following the risk study on the safe duration of a transit</b>	> Increased predictability of night transits	> Adherence to new assignment rules for night transits	> 100% compliance with night assignment rules
		> 100% pilot-vessel pairing	> 100% pilot-vessel pairing
<b>Assess safe transit duration by a single pilot in District No. 2</b>	> Analyze report and recommendations and undertake consultations	> Start consultations with pilots, the industry and TC	> Implement mitigation measures, if any



Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Maintain adequate number of pilots</b>	> Forecast marine traffic and pilot turnover with pilot corporations	> Recruit/train 10 apprentice pilots per year	> Recruit/train 10 apprentice pilots per year
<b>Ensure operational systems efficiency and effectiveness</b>	> Update and monitor the IT Master Plan	> 100% followed up and updated	> 100% followed up and updated
	> Monitor new developments	> Continuous	> Continuous
<b>Ensure that technology used by pilots meets LPA usage and safety criteria</b>	> Agreement with the two pilot corporations on the use of PPUs	> Agreement with the two pilot corporations on the use of PPUs by 100% of pilots	> Agreement with the two pilot corporations on the use of PPUs by 100% of pilots
<b>Provide efficient service 24/7</b>	> Update and test emergency measures and operations continuity plan	> Test once a year	> Test once a year
<b>Ensure monitoring and sound management of LPA's risks</b>	> Review the LPA risk catalogue according to legislative environment changes in 2019	> Review 100% of LPA risks	> Update 100% of risks
	> Ensure that mitigation measures are kept up to date	> Review 100% of mitigation measures	> Review 100% of mitigation measures



### OBJECTIVE #3

Ensure financial self-sufficiency by keeping pilotage charges at a reasonable cost

Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Maintain LPA expenditures at a sufficiently low level</b>	> Determine a budget by restraining excessive expenditure	> Annual budget determined in accordance with sound financial management	> Annual budget determined in accordance with sound financial management
	> Perform periodic follow-up and forecasting	> Follow-up and update forecasts four times a year	> Follow-up and update forecasts four times a year
<b>Maintain pilotage charges and income at a sufficient level to assume 100% of costs and investments</b>	> Annual planning of pilotage charges review in accordance with indicators	> Once a year, according to CPI and contractual agreements	> Once a year, according to CPI and contractual agreements
	> Long-term planning and limitation of investments according to expected income (avoid special pilotage charges increases)	> Prioritize investments according to available cash forecast	> Prioritize investments according to available cash forecast





Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Minimize gaps between actual and budgeted comprehensive results (predictability of results)</b>	> Develop a market intelligence approach allowing for the establishment of commercial budget assumptions focused on traffic	> Less than 2% variance between actual and budget	> Less than 2% variance between actual and budget
<b>Avoid losses due to bad debts</b>	> Weekly follow-up of accounts and ongoing communication with clients	> Less than 1% bad debts	> Less than 1% bad debts

#### OBJECTIVE #4

Protect the public and the environment

Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Ensure that pilot boats meet environmental protection criteria</b>	> Ensure Green Marine certification is maintained	> Certification maintained and 100% of inspection program passed	> Certification maintained and 100% of inspection program passed
	> Update pilot boats maintenance manual after dry dock maintenance	N/A	N/A



<b>Contribute to the protection of shorelines and shore-side residents</b>	<ul style="list-style-type: none"> <li>&gt; Ongoing monitoring of conditions affecting water levels and compliance with policies and guidelines to protect shorelines and shore-side residents</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% speed adjustment and navigation conditions during alerts</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% speed adjustment and navigation conditions during alerts</li> </ul>
<b>Protect pilot boat users and visitors (non-employees)</b>	<ul style="list-style-type: none"> <li>&gt; Maintain clear instructions for on-board user safety</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 0% incident rate</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 0% incident rate</li> </ul>

### OBJECTIVE #5

Maintain sound and effective management and good partner relations

Results objectives	Strategy and indicators	2021 target	2022–2026 target
<b>Increase cooperation and communication with partners</b>	<ul style="list-style-type: none"> <li>&gt; Organize regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Continuous</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Continuous</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; Participate in partners' works/committees</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Continuous</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Continuous</li> </ul>
<b>Increase LPA's public positioning</b>	<ul style="list-style-type: none"> <li>&gt; Rollout external communication plan</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Rollout newsletter</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Quarterly newsletter issued</li> </ul>



- > Post at least one message per week on social media
- > Post at least one message per week on social media

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**Ensure a sufficient, competent and diversified pool of future employees**

- > Update of the succession and skills development plan

- > Once a year
- > Once a year

- > Follow-up of performance plans

- > 3 meetings per year
  - > 3 meetings per year
-



### Commitment by the Chief Executive Officer

I, Fulvio Fracassi, LL.M., Chief Executive Officer of the Laurentian Pilotage Authority, am accountable to the Board of Directors of the Authority for achieving the objectives of this Corporate Plan and for achieving the results described in this Plan and the various appendices. I confirm that this commitment is supported by the balanced use of all available and relevant performance assessment information.

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**Fulvio Fracassi, LL.M.**  
Chief Executive Officer



## APPENDIX 4 / DECLARATION BY THE EXECUTIVE DIRECTOR OF FINANCE

I have examined the five-year Corporate Plan and corresponding budgets, as well as supporting information that I considered to be necessary, on the date indicated below, in my capacity as Executive Director of Finance of the Laurentian Pilotage Authority.

Further to this due diligence review, I declare that:

- > The nature and scope of financial and related information and the various assumptions that may have a substantial influence on results are reasonable and justifiable.
- > The main risks which could have an influence on financial results or assumptions set out in this Plan have been identified and appropriate mitigation measures have been duly disclosed and put in place.
- > Financial resource requirements have been disclosed and comply with assumptions, and cost containment options have been considered.
- > As applicable, the necessary financing has been determined and is sufficient to meet financial requirements during the period covered by this Corporate Plan.
- > The Corporate Plan and budgets comply with applicable financial management laws and regulations, and appropriate financial management authorizations are in place.
- > The necessary financial controls are in place to support implementation of the proposed activities and the ongoing operation of the Crown corporation.

In my opinion, the financial information contained in this Corporate Plan and the corresponding budgets are generally adequate to support decision-making.

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Josée Leroux, CPA, CA  
Executive Director, Finance and Administration



## APPENDIX 5 / 2022–2026 FINANCIAL STATEMENTS FORECAST AND BUDGETS

### Statement of Comprehensive Income

2020 actual, 2021 budget and forecast and 2022–2026 budget  
(in thousands \$ CDN)

	Actual	Forecast	Budget				
	2020	2021	2022	2023	2024	2025	2026
<b>Income</b>							
Pilotage charges	93,858	100,069	109,535	117,516	120,643	123,122	125,642
Other income	113	292	192	228	300	347	374
	93,971	100,361	109,727	117,744	120,943	123,469	126,016
<b>Direct Expenses</b>							
Pilot fees	75,866	80,038	86,174	92,675	94,881	96,959	99,040
Operating costs of pilot-boats	10,886	11,151	11,529	11,640	11,719	11,855	11,944
	86,752	91,189	97,703	104,315	106,600	108,814	110,984
<b>Gross Profit</b>	<b>7,219</b>	<b>9,172</b>	<b>12,024</b>	<b>13,429</b>	<b>14,343</b>	<b>14,655</b>	<b>15,032</b>
	7.68%	9.14%	10.96%	11.41%	11.86%	11.87%	11.93%
<b>Administrative and Operating Expenses</b>							
Personnel Costs	5,824	6,045	6,576	6,697	6,833	6,971	7,114
Professional and Special Services	970	1,060	1,217	1,329	1,244	1,163	1,133
Rental	307	338	360	366	372	378	384
Utilities, Supplies and Procurement	219	173	199	200	200	220	200
Transport and Communications	136	185	239	240	307	209	211
Information	63	95	114	125	89	105	89
Amortization	1,964	2,085	2,317	2,482	2,829	2,807	2,805
Repairs and Maintenance	115	123	131	133	136	139	142
Interest	94	80	80	72	65	58	50
Other	91	101	101	103	105	106	107
	9,783	10,285	11,334	11,747	12,180	12,156	12,235
<b>Comprehensive Income</b>	<b>(2,564)</b>	<b>(1,113)</b>	690	1,682	2,163	2,499	2,797



## Statement of Financial Position

2020 actual, 2021 budget and forecast and 2022–2026 budget  
(in thousands \$ CDN)

	Actual 2020	Forecast 2021	2022	2023	Budget 2024	2025	2026
<b>Assets</b>							
<b>Current</b>							
Cash and cash equivalents	11,774	12,206	4,833	3,674	6,886	11,826	13,968
Accounts Receivable	12,709	14,089	15,584	16,076	16,504	16,843	17,688
Investments	1,001	–	–	1,080	2,160	2,240	2,320
	25,484	26,295	20,417	20,830	25,550	30,909	33,976
<b>Non-Current</b>							
Property and Equipment (net)	16,164	14,596	21,456	24,203	22,059	19,951	19,593
Intangible Assets (net)	1,819	1,819	2,308	2,293	2,104	1,490	1,604
	17,983	16,415	23,764	26,496	24,163	21,441	21,197
<b>Total Assets</b>	<b>43,467</b>	<b>42,710</b>	<b>44,181</b>	<b>47,326</b>	<b>49,713</b>	<b>52,350</b>	<b>55,173</b>
<b>Liabilities</b>							
<b>Current</b>							
Accounts Payable and accrued Liabilities	13,883	14,467	15,478	17,110	17,509	17,830	18,061
Lease Obligations	232	311	243	243	243	258	263
	14,115	14,778	15,721	17,353	17,752	18,088	18,324
<b>Non-Current</b>							
Employee Benefits	423	428	439	450	461	472	483
Lease Obligations	2,052	1,740	1,567	1,387	1,201	992	771
	2,475	2,168	2,006	1,837	1,662	1,464	1,254
<b>Total Liabilities</b>	<b>16,590</b>	<b>16,946</b>	<b>17,727</b>	<b>19,190</b>	<b>19,414</b>	<b>19,552</b>	<b>19,578</b>
<b>Equity</b>							
Retained Earnings	26,877	25,764	26,454	28,136	30,299	32,798	35,595
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>43,467</b>	<b>42,710</b>	<b>44,181</b>	<b>47,326</b>	<b>49,713</b>	<b>52,350</b>	<b>55,173</b>



## Statement of Changes in Equity

2020 actual, 2021 budget and forecast and 2022–2026 budget  
(in thousands \$ CDN)

	<b>Actual</b>	<b>Forecast</b>			<b>Budget</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Retained Earnings, Beginning of the Year	29,441	26,877	25,764	26,454	28,136	30,299	32,798
Comprehensive Income for the Year	(2,564)	(1,113)	690	1,682	2,163	2,499	2,797
<b>Retained Earnings, End of the Year</b>	<b>26,877</b>	<b>25,764</b>	<b>26,454</b>	<b>28,136</b>	<b>30,299</b>	<b>32,798</b>	<b>35,595</b>





## Statement of Cash Flows

2020 actual, 2021 budget and forecast and 2022–2026 budget  
(in thousands \$ CDN)

	Actual	Forecast	Budget				
	2020	2021	2022	2023	2024	2025	2026
<b>Operating Activities</b>							
Comprehensive income for the period	(2,564)	(1,113)	690	1,682	2,163	2,499	2,797
Adjustment to determine net cash flows generated by (used for) operating activities :							
Depreciation and amortization	1,964	2,085	2,317	2,482	2,829	2,807	2,805
Changes in long-term portion of employee benefits	89	5	11	11	11	11	11
Interest on lease obligations	87	79	71	63	57	49	42
Interest Income	(113)	(120)	(45)	(35)	(61)	(97)	(115)
Changes in non-cash working capital items :							
Changes in receivables	1,810	(1,380)	(1,495)	(492)	(428)	(339)	(845)
Changes in accounts payable and accrued liabilities	(1,461)	584	1,011	1,632	399	321	231
<b>Cash flows from operating activities</b>	<b>(188)</b>	<b>140</b>	<b>2,560</b>	<b>5,343</b>	<b>4,970</b>	<b>5,251</b>	<b>4,926</b>
<b>Investing Activities</b>							
Net purchase of investments	1,390	1,001	-	(1,080)	(1,080)	(80)	(80)
Acquisition of property and equipment	(380)	(50)	(8,600)	(4,620)	(45)	(63)	(1,810)
Acquisition of intangible assets	(776)	(467)	(1,066)	(594)	(451)	(22)	(751)
Interest received	139	120	45	35	61	97	115
<b>Cash flows from investing activities</b>	<b>373</b>	<b>604</b>	<b>(9,621)</b>	<b>(6,259)</b>	<b>(1,515)</b>	<b>(68)</b>	<b>(2,526)</b>
<b>Financing Activities</b>							
Repayment of lease obligations	(223)	(233)	(241)	(180)	(186)	(194)	(216)
Interest paid on lease obligations	(87)	(79)	(71)	(63)	(57)	(49)	(42)
<b>Cash flow from financing activities</b>	<b>(310)</b>	<b>(312)</b>	<b>(312)</b>	<b>(243)</b>	<b>(243)</b>	<b>(243)</b>	<b>(258)</b>
<b>Cash Position</b>							
Change for the year	(125)	432	(7,373)	(1,159)	3,212	4,940	2,142
Balance, beginning of year	11,899	11,774	12,206	4,833	3,674	6,886	11,826
<b>Balance, end of year</b>	<b>11,774</b>	<b>12,206</b>	<b>4,833</b>	<b>3,674</b>	<b>6,886</b>	<b>11,826</b>	<b>13,968</b>



## Capital asset acquisition and capital budget

2020 actual, 2021 budget and forecast and 2022–2026 budget  
(in thousands \$ CDN)

	Actual 2020	Budget 2021	Forecast 2021	2022	2023	Budget 2024	2025	2026
IT infrastructure and equipment	994	2,484	204	2,668	514	496	85	2,561
Waiting room, boarding station and others	134	3,278	48	6,755	4,400	-	-	-
Leasehold improvements, furniture	-	25	-	28	-	-	-	-
Other intangible assets	28	401	265	215	300	-	-	-
<b>Total</b>	<b>1,156</b>	<b>6,188</b>	<b>517</b>	<b>9,666</b>	<b>5,214</b>	<b>496</b>	<b>85</b>	<b>2,561</b>



## APPENDIX 6 / BORROWING PLAN

### Background

In accordance with Section 36 of the *Act* as well as Section 127 (3) of the *Financial Administration Act*, the LPA is required to obtain approval from the Minister of Finance to borrow funds, including the terms and conditions thereof.

Accordingly, the LPA was authorized by the Minister of Finance on December 31, 2020, to undertake short-term borrowing, up to \$1.5 million. This short-term borrowing is authorized by a chartered bank in the form of an overdraft credit facility. No changes have been requested in this Corporate Plan.

Notwithstanding the current cash reserves, LPA management wishes to maintain its borrowing authority to protect against the eventuality of a significant sum disbursement. The maturity of short-term investments could prevent such a disbursement, or an unexpected situation could require a larger unplanned disbursement. Note that financial losses generated by the global pandemic reduced the LPA's cash reserves by approximately \$3.96 million between December 31, 2019, and June 30, 2021.

As previously indicated in this plan, the Authority may have to fund the acquisition of new pilot boats through its reserves and require the \$1.5 million bank overdraft.



## Continuity of Borrowing

The Authority requires that the following credit facilities to be continued:

	<b>Short term</b>
<b>Type</b>	Overdraft
<b>Lender</b>	Any financial institution in Canada that is a member of the Canadian Payments Association
<b>Amount:</b>	\$1,500,000
<b>Currency</b>	Canadian dollars
<b>Interest Rate</b>	Prime
<b>Term</b>	One year maximum

## Situation as at December 31st

Table 1: Borrowings outstanding as at December 31st

(in millions of dollars)

	2020 Actual	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Short-term borrowings	-\$	-\$	-\$	-\$	-\$	-\$	-\$
Long-term borrowings	-\$	-\$	-\$	-\$	-\$	-\$	-\$
<b>Total borrowings</b>	-\$	-\$	-\$	-\$	-\$	-\$	-\$

The Authority had no outstanding borrowings as at December 31st for the years 2020 and 2021. It does not expect to require any long- or short-term borrowings during years covered by this Plan, therefore no outstanding balances are expected.



## Short-Term Borrowings

The LPA modified its current cash management practices in 2018 such that short-term credit is not to be used. For reasons previously indicated, management wishes to maintain its current authorizations. The following table shows pasts and forecasts use of short-term credit facility for the period covered by this Plan. As the Authority does not expect to incur any debts in order to implement this Plan, the balances are therefore zero.

**Table 2: Short-term borrowings**

(in millions of dollars)

	2020 Actual	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Short-term borrowings—December 31st	- \$	- \$	- \$	- \$	- \$	- \$	- \$
Maximum reached during the year	- \$	- \$	- \$	- \$	- \$	- \$	- \$

## Maximum Borrowings During the Year

The following table shows the maximum amount to be used during the year, according to the current Corporate Plan. As the Authority does not expect to incur any debts in order to implement this Plan, the balances are therefore zero.

**Table 3: Maximum Borrowings During the Year**

	2020 Actual	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Short-term borrowings	- \$	- \$	- \$	- \$	- \$	- \$	- \$
Long-term borrowings	- \$	- \$	- \$	- \$	- \$	- \$	- \$
<b>Total borrowings</b>	- \$	- \$	- \$	- \$	- \$	- \$	- \$

\* Maximum (or peak) amount at any point during the year



## Long-term borrowings

No long-term borrowings were contracted in 2021; the Authority expects to use its cash reserves to fund the acquisition of two pilot boats, thus it will not need to contract any long-term borrowings. Current balances are therefore zero.

Table 4: Long-term borrowings

	2020 Actual	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Long-term borrowings as at December 31st	- \$	- \$	- \$	- \$	- \$	- \$	- \$

## Leases

The Authority does not expect to sign any new leases during the period covered by this Plan.

Table 5: List of upcoming leases

	2020 Actual	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
No upcoming new leases	- \$	- \$	- \$	- \$	- \$	- \$	- \$



## Contingent Liabilities

The Authority can be subject to claims or lawsuits within the normal course of business. No monetary claim had been submitted to the Authority at the time of writing.



## APPENDIX 7 / RISKS AND RELATED MITIGATION MEASURES

### Corporate Risk Management

To ensure the continued delivery of safe, effective and efficient pilotage services and achieve its strategic objectives, LPA's management conducts an annual review of risks to operations. This exercise identifies the Authority's main risks and confirms that adequate mitigation measures are in place. Sound risk management allows the LPA to maintain its operations, ensure financial self-sufficiency and meet the other aspects of its mandate by the achievement of strategic objectives. LPA management conducted a comprehensive risk management review in 2021 where the main risks of the organization have been identified.





## APPENDIX 8 / COMPLIANCE WITH LEGISLATION AND POLICY REQUIREMENTS

### ***Access to Information and Protection of Privacy Act***

To ensure clear and transparent governance, the LPA provides statutory annual reports and statistical reports to the Treasury Board Secretariat concerning access to information requests and any other questions on the subject of protection of personal information. We note that in general very few requests are received by the Authority.

### ***Official Languages Act***

The LPA ensures that public communications are available in both official languages. Data from the Official Languages Information System concerning the LPA is communicated annually to the Treasury Board Secretariat. Two complaints were filed with the Official Languages Commission in the past year. These complaints were withdrawn and closed in the following weeks without any further action being required. The Commission declared itself satisfied with the explanations provided and the measures put in place.

### ***Travel, Hospitality, Conference and Event Expenditures Directive***

The LPA's internal policies on travel, hospitality, conference, and event expenditures have been harmonized under the Treasury Board's Guideline on Travel, Hospitality, Conference and Event Expenditures. Approved information is then disclosed on the LPA's web site within 30 days following the end of each quarter.



## Canada Pension Plan Act

The LPA pension plan, which is a contributory defined benefit plan sponsored by the Government of Canada, complies with the *Canada Pension Plan Act*.

## Trade Agreements

The Authority applies the principle of best overall value for money in awarding contracts for goods and services, after due analysis of bids received. The LPA maintains business relationships with suppliers providing quality goods and services at competitive prices that meet its needs in a timely manner. As a Crown corporation, the LPA must negotiate supplier contracts, where applicable, through a competitive bidding process in accordance with applicable legislation, regulations, agreements, international conventions, and internal policies.

## Other

The LPA has implemented several internal policies to ensure compliance with values (see the Annual Report, available online, for more information) and reflecting its commitment to and compliance with the following laws and directives: These include:

- > *Pilotage Act*
- > *Financial Administration Act*
- > *Canada Labour Code*
- > *Public Servants Disclosure Protection Act*
- > *Access to Information Act*
- > *Protection of Privacy Act*
- > *Canada Shipping Act, 2001*
- > *Canadian Human Rights Act*
- > *Employment Equity Act*
- > *Conflict of Interest Act*



## APPENDIX 9 / GOVERNMENT PRIORITIES AND DIRECTIONS

As a Crown corporation, the Authority endorses and supports Government priorities and initiatives. The following actions and measures have thus been put forward to harmonize management practices with the stated priorities:

### Transparency and Open Government

- > Increase the level of consultation and information sharing with business partners;
- > Increase the amount of information provided on significant changes impacting pilotage and concerned stakeholders.

### Gender-Based Analysis

- > The female/male ratio of 31.4% is stable. It is a challenge in an unconventional industry for female personnel.
- > Review pay scales with one of the objectives being pay equity and the introduction of mechanisms required to comply with the new provisions of the *Pay Equity Act* which will come into effect on August 31, 2021.
- > Hiring process free of conscious and unconscious bias.
- > Hiring of female personnel in functions largely represented by males: two female executives as well as a female captain on the management team.

### Employment Diversity and Equity

The Authority recognizes the importance of maintaining and enhancing the multicultural heritage of Canadians. Accordingly, the importance of diversity in the Canadian population in terms of race, nationality of origin, ethnic origin, colour, and religion, which is a fundamental characteristic of Canadian society is acknowledged. The LPA is therefore committed to ensure diversity within its organization by encouraging, women, indigenous people, disabled people, or members of visible minorities to apply for available positions. For this purpose, the Authority has, among other things, published on its web site, an invitation to designated groups. It should be noted, however, that the participation of women in the marine industry continues to face challenges. The LPA is in the process of identifying relevant programs with diversity objectives according to its needs, and then implement activities required to increase social and cultural diversity within the organization.



To do so, the LPA will put in place:

- > A hiring process free of conscious and unconscious bias.
- > Details regarding the LPA's adherence to employment diversity specified in its job postings.
- > An internal committee on active inclusion.

Programs have also been implemented regarding strategic management of health, diversity and inclusion and to monitor changes in these metrics in parallel with engagement initiatives previously mentioned. With this in mind, the managers' performance plan will include inclusion-related skills beginning in 2022. This approach is aimed at entrenching the importance of inclusion in the Authority's governance culture and positioning the LPA among the select number of enterprises which opted to be proactive in this area.

## Indigenous Peoples

- > Details regarding the LPA's adherence to employment diversity are specified in job postings.
- > The LPA has developed a First Nations consultation and engagement strategy for future projects. Implementation has slowed due to restrictions put in place in response to the pandemic. However, a number of concrete actions have been or will soon be taken pursuant to the strategy:
  - o Pilotage consultation process widened to include First Nations (e.g., consultation on the impact of North Shore pilotage will include the Innu community).
  - o Inclusion of First Nations from the start of new LPA projects: First Nations will be consulted on the next phases of the St. Lawrence River South Shore and Gulf risk analysis.



## Sustainable Development and Greening of Government Operations

- > Acquisition of environmentally responsible equipment when selecting replacements.
- > Green Marine certification granted for LPA pilot boarding vessels in July 2019 and upcoming work to acquire same certification for the “Ville-Marie” shuttle.
- > Implementation of measures and practices to reduce the environmental footprint (particularly at Les Escoumins Pilot Station, in harmony with the Green Marine certification process).
- > Implementation of optimized pilotage service project, reduction of vessels’ fuel consumption being one result.
- > Access to LPA facilities and equipment to be provided for environmental studies on flora and fauna—specifically, facilities and property at the Les Escoumins pilot station.
- > Participation as an expert on the Federal Environmental Assessment Panel and assisting business partners on projects affecting the environment.
- > Creation of a standing committee to develop the LPA Green Plan.

## Promoting a Healthy Workplace

The Authority is aware of the importance of providing employees with a workplace conducive to good mental health. Engagement activities, including training sessions on tools and methods to prevent workplace civility problems have been provided. Training sessions on managing known mental health issues and workplace stress have also carried out in recent years. These ongoing activities involving all staff are intended to educate all in the promotion of healthy work practices.

Actions and communications have been undertaken during the COVID-19 pandemic to support personnel physical and psychological health. These include tips on sanitary measures and precautions, communications on protecting mental health when working from home, and training for managers on remote team management.

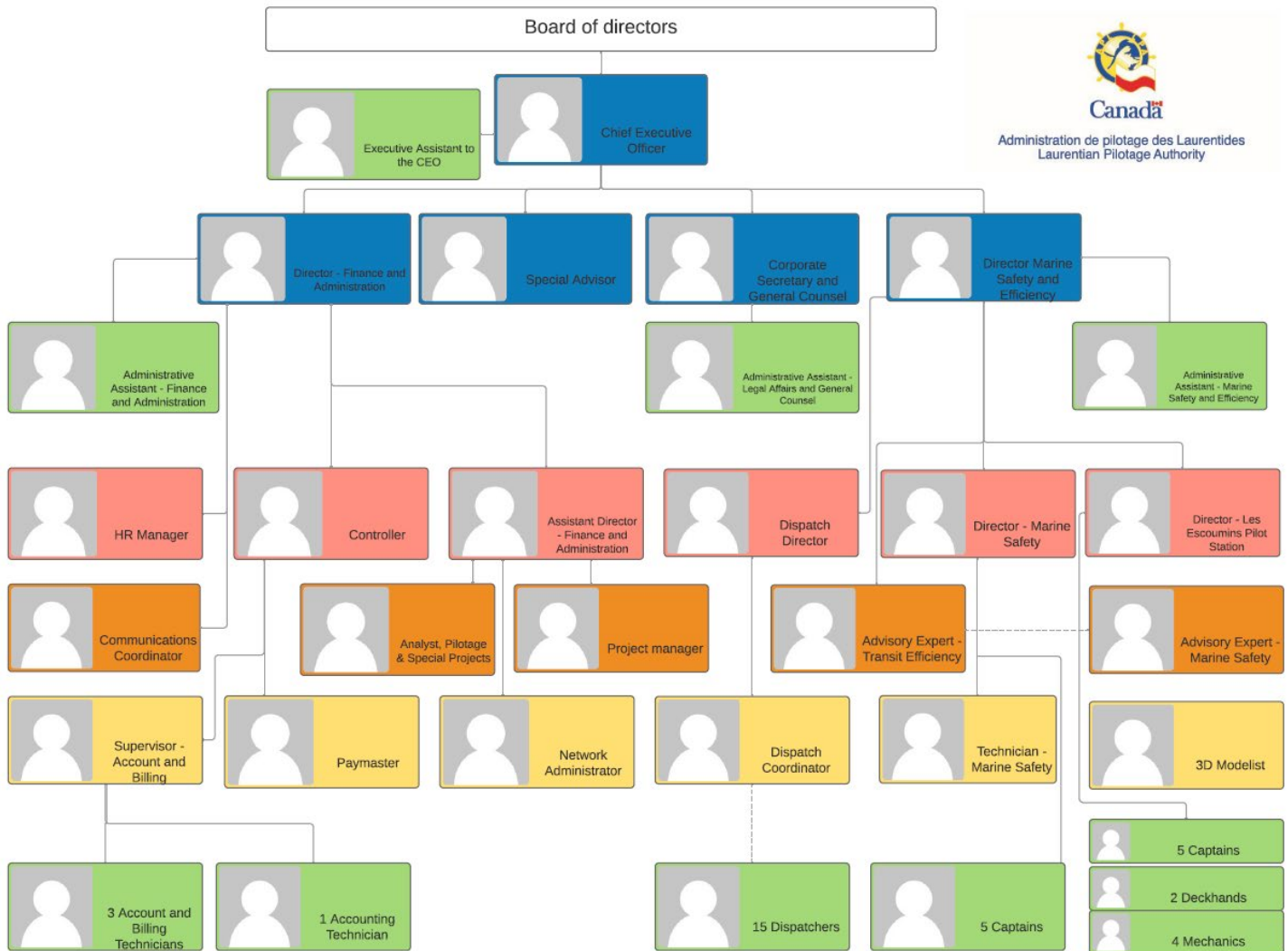
Following an engagement survey carried out in spring 2018, several action plans have been drawn up for the organization’s sectors. At the end of 2020, a new survey was carried out to assess the impact of the actions undertaken and the results were communicated to managers. Action plans



consistent with the preceding initiatives will be implemented in order to pursue our engagement and mobilization actions initiated in 2018.



APPENDIX 10 / ORGANIZATIONAL CHART





## APPENDIX 11 / COVID-19- RETURN TO OFFICE

After more than 18 months in a pandemic situation, where most employees worked remotely full-time, discussions are underway on how to ensure a safe return to the office in keeping with the new reality.

A working group was set up to look into the matter and take into consideration all of the best practices currently used by other employers. Both management and employees are part of the working group. The goal is to leverage the opportunity offered by returning to the physical workplace to consolidate employee mobilization and engagement initiatives. The labour market has undergone rapid changes since 2020 and the LPA must adopt best practices to remain competitive and stand out as an employer of choice. The Authority is pursuing the goals of service excellence, current employee engagement, and maintain its brand image to attract new talents.

The plan presented to management by the working group consists of a return to the office for 2 to 3 days per week, combined with telework for the remaining days (hybrid mode). Operational requirements, emergencies and team meetings will be prioritized in the selected days for presence at the office. This arrangement will be tested over a three-month period. If positive results follow, the arrangement will be formalized through a permanent directive. This project will be launched as soon as public authorities give their approval for a generalized return to office workplaces.

Obviously, these initiatives must respect various levels of government orders and guidelines, including mandatory vaccination.