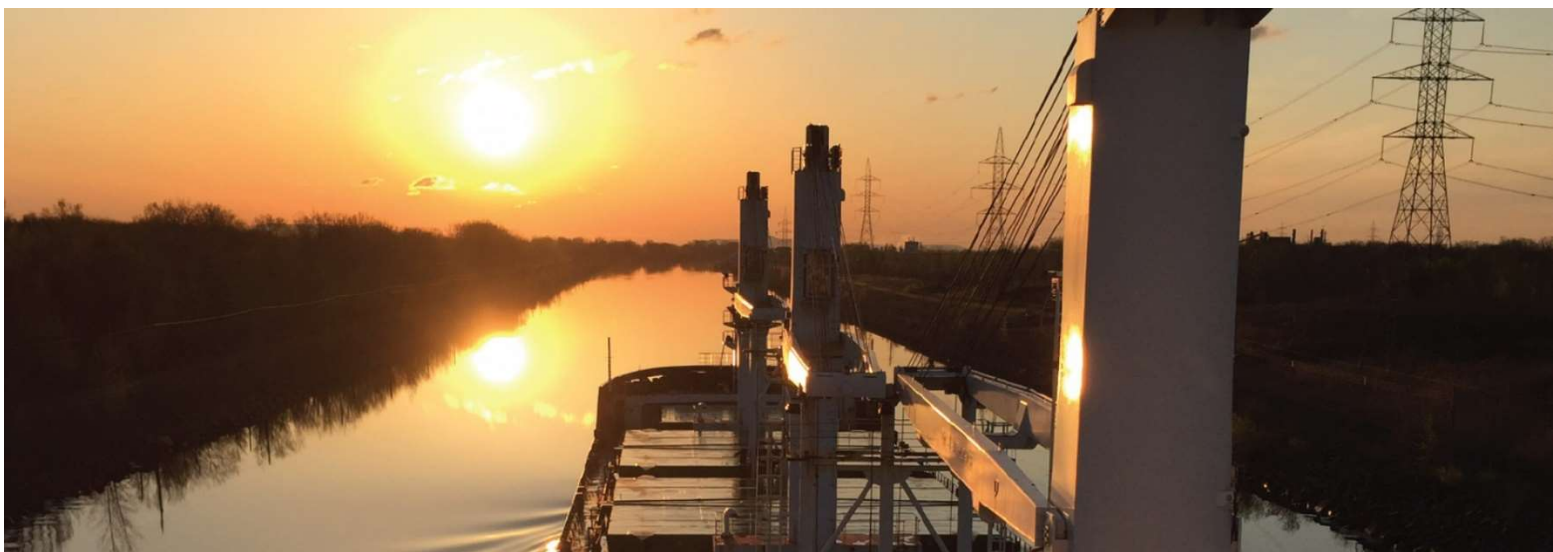


# The Great Lakes Pilotage Authority



Great Lakes  
Pilotage  
Authority

Administration  
de pilotage  
des Grands Lacs



## CORPORATE PLAN SUMMARY 2023 - 2027

*Approved by the GLPA Board  
October 28, 2022*



Canada

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## 1. Executive Summary

The Great Lakes Pilotage Authority (GLPA) operates with a mandate to establish, operate, maintain, and administer in the interests of safety of navigation, an efficient and cost-effective pilotage service within designated Canadian waters. The 2023 – 2027 Corporate Plan has been developed in close alignment with the recently renewed GLPA Strategic Plan.

Between June – September 2022, the GLPA Senior Leadership Team and Board of Directors worked collaboratively to solidify the vision, mission, values, and strategic focus areas for the organization over the next five years. This clear strategic direction will enable the GLPA to successfully act upon the commitments, considerations and plans articulated in this document.



In addition to a renewed path forward through the refreshed Strategic Plan, the GLPA is entering into this reporting period with greater certainty and financial stability as the Canadian Transportation Agency ruled against tariff appeals filed by the Shipping Federation of Canada in 2020 and 2021. Under the *Pilotage Act*, the GLPA is responsible for ensuring the safety of pilotage services and vessels transiting within its jurisdiction. The GLPA must do so on a financially self-sufficient basis. The results of these objections play an important role in the planning and considerations that underpin this document as the GLPA is now operating with more fiscal certainty, including holding a moderate reserve in 2021 and 2022.

With these constructive contextual factors in mind, the GLPA faces a number of key challenges and risks in the organization’s efforts to meet its mandate. This document provides a detailed description of those challenges, considerations, and risks. Below is a summary of the three most significant challenges currently facing the GLPA:

### Pilot Succession and Recruitment

The GLPA carefully balances the forecasted demand for pilotage services in the Great Lakes region with the number of pilots it employs, but continues to be challenged with a limited pool of pilots to meet the demand. The GLPA historically benefitted from a stable pilot workforce with minimal turnover. However, like other stakeholders in the maritime industry, the GLPA has been facing challenges with workforce shortages due to an aging workforce and a growing industry. The high level of pilot retirements experienced since 2015 and anticipated during the planning period have resulted in pilot succession planning and pilot recruitment to be top of mind for the GLPA. To achieve financial self-sufficiency, the GLPA must predict how much revenue it will generate to pay for its salaried pilots. This has proven difficult given the number of pilot retirements, and an increased demand for pilotage services since 2013.

Pilot succession continues to be one of the GLPA’s main challenges. Currently the GLPA provides pilotage services using 67 full-time and part-time pilots and has 5 apprentice pilots in training. However, in order to effectively meet the anticipated demand for pilotage services over the

short to medium term, ensure delays are kept at a minimum and contain costs, the GLPA is aiming to increase its full-time and part-time pilots by approximately 15-20% by the end of the planning period.

## Economic and Business Environment – Managing Uncertainty

Over the course of the planning period, the GLPA expects to encounter some economic and operational uncertainty driven by external and internal factors. Below is a description of those expected areas of uncertainty:

- *Economic and Traffic Uncertainty:* early evidence is signaling the beginning of an economic recession in Canada in the coming months, which may or may not have impacts on the traffic levels in the Great Lakes region. The GLPA will continue to monitor any evolving trends or expected market corrections, and ensure it adopts the principles and activities that successfully allowed it to navigate the height of the COVID-19 pandemic and its unexpected and major disruptions to the economy and supply chain.
- *Regulatory Reform:* Transport Canada is in the process of introducing regulatory reforms expected to have notable impact on the responsibilities and accountabilities of the GLPA. The GLPA will stay abreast to these changes, assess their impact on the organization (operations, revenue, people, etc.) and respond appropriately through organizational adjustments and/or working with partners at Transport Canada to mitigate negative impacts and maximize on identified opportunities.
- *Succession of Key Management Positions:* the GLPA has and will experience some continued change at the senior leadership level of the organization. This includes the onboarding of a new Chief Financial Officer (CFO), recruitment of a new Chief Executive Officer (CEO) given the current incumbent recently announced her departure, and the expected retirement of the Director of Operations in the coming years. The GLPA will continue with its efforts to strategically recruit and onboard these key roles to ensure business continuity and minimal operational disruption.

## COVID-19 Pandemic –Employee Safety and Business Continuity

Following two years of navigating the uncertainties of the pandemic, the GLPA continues to effectively work with its employees, marine industry stakeholders, government agencies and service providers to ensure proper safety and preventative protocols are in place to keep its pilots and customer crew members healthy and safe while ensuring business continuity in providing pilotage services in the Great Lakes region.

As a means to protect its employees, their families, and the Canadian marine industry, the GLPA successfully promoted the vaccine in 2021 and 2022. The GLPA adopted a mandatory COVID-19 vaccination policy for its employees, directors, and contractors fully aligned with the public service vaccination requirements. As of Fall 2021, 99% of GLPA employees and 100% of GLPA pilots were fully vaccinated. The GLPA will continue its collaborative approach with all parties to ensure pilotage services are provided in a safe and effective manner in the face of surges in new variants of COVID-19, and/or the onset of new and unexpected pandemics.

The remainder of this document includes the detailed GLPA 2023 – 2027 Corporate Plan

## 2. Overview

### 2.1 Corporate Mandate

The Great Lakes Pilotage Authority (GLPA) was established in February 1972 pursuant to the *Pilotage Act* with a mandate to establish, operate, maintain, and administer in the interests of safety of navigation, an efficient and cost-effective pilotage service within designated Canadian waters. The *Pilotage Act* also provides that pilotage charges must be fair and reasonable, and – together with any revenue from other sources – shall permit the GLPA to operate on a self-sustaining financial basis. Maritime shipping in the Great Lakes-Seaway system is vital to Canada’s prosperity and is an important link to international markets. North American farmers, steel producers, construction firms, food manufacturers, power generators and Canadian households depend on the 160 million metric tons of raw materials and finished goods that are delivered by ships every year in the Great Lakes region.

The GLPA is a non-agent Crown corporation – listed in Schedule III, Part I of the *Financial Administration Act*. The GLPA has not received federal appropriations since 1995 and is not eligible for future appropriations. The GLPA is also exempt from income taxes.

The GLPA’s mission and vision define the framework for its strategic direction, as approved by the GLPA Board of Directors (the Board).

### 2.2 Public Policy Role

The delivery of pilotage services in compulsory pilotage areas supports both the economic and environmental goals of the federal government. Safe and reliable pilotage services ensure the movement of goods and people as well as yields economic benefits to Canada. The services also contribute to fulfilling environmental goals through the safe transportation of commodities and hazardous materials.

### 2.3 Strategic Plan

In June 2022, the Board and the Senior Management team initiated a process to develop an updated and refreshed Strategic Plan for the planning period (2023-2027). The purpose of this effort was to update and enhance GLPA’s Strategic Plan infrastructure so that the organization can continue to optimize and enhance the establishment, operation, and administration of safe and efficient pilotage services across the Great Lakes region. Through a multi-phase process, the Board and Senior Management team worked together to develop the refreshed vision, mission and value statements included in this document. This included pre-interviews with GLPA staff and stakeholders, followed by a two-day Strategic Planning Retreat in early July to develop the key elements of the updated Strategic Plan. The developed plan was then validated with staff, including dispatchers and pilots and key stakeholders.

## 2.4 Mission

Proactively deliver quality marine pilotage services by collaborating with our stakeholders, leveraging technology, and recruiting proficient pilots and staff.

## 2.5 Vision

To be a leader in marine pilotage services that ensures the safe, efficient, sustainable, and reliable movement of goods through the Great Lakes region.

## 2.6 Values

The following values were defined as part of the recent Strategic Planning process:

- **Service Excellence:** We are committed to being an agile organization that delivers safe, high-quality services to our stakeholders.
- **Solutions-Focused:** We are collaborative and transparent in addressing opportunities and challenges to create value for our stakeholders.
- **Care for Our People:** We are an organization that is diverse, inclusive and creates opportunities for the professional growth of our people.
- **Care for the Environment:** We are an organization that values and strives to be environmentally responsible.

## 2.7 Main Activities and Principal Programs

The GLPA's main activity is to operate, in the interest of safety, a marine pilotage service for all foreign and domestic ships subject to compulsory pilotage in all Canadian waters in the Provinces of Ontario, Manitoba, and Quebec, south of the northern entrance to the St. Lambert Lock. Pilotage services are provided mainly to ocean-going ships, also referred to as foreign vessels, and has historically represented 80-85% of assignments, with the remaining 15-20% attributed to Canadian tankers and non-ocean-going ships.

As the St. Lawrence Seaway Management Corporation (St. Lawrence Seaway), which extends from Montreal to the middle of Lake Erie, is only open from mid-March to the end of December (also known as the navigation season), the GLPA primarily provides pilotage services during this timeframe as the vast majority of the services are provided to ocean-going vessels. In addition, domestic vessels also navigate in the Great Lakes during the St. Lawrence Seaway's non-navigation season with GLPA pilots mainly providing service to tankers as the other domestic vessels are mostly serviced by certificate holders.

In 2011, the *Great Lakes Pilotage Regulations* were amended, introducing a requirement that all Canadian officers who intend to perform pilotage duties in the Great Lakes region hold a valid pilotage certificate issued by the GLPA (also known as certificate holders). In June 2021, the Government of Canada introduced changes to the issuance, suspension, and cancellation of pilotage certificates as part of the amendments to the *Pilotage Act*. During this transition, the GLPA continues to administer a pilotage certification system of approximately 270 certificate holders to ensure Canadian vessels subject to compulsory pilotage are under the conduct of a valid certificate holder when the services of a pilot are not requested per the *General Pilotage Regulations*.

On June 9, 2022, the four regional pilotage regulations were consolidated under the *General Pilotage Regulations* with administrative amendments to align the Minister's authority with the *Pilotage Act*. As such, the *Great Lakes Pilotage Regulations* were repealed, and all provisions are now under Division 3 of the *General Pilotage Regulations*.

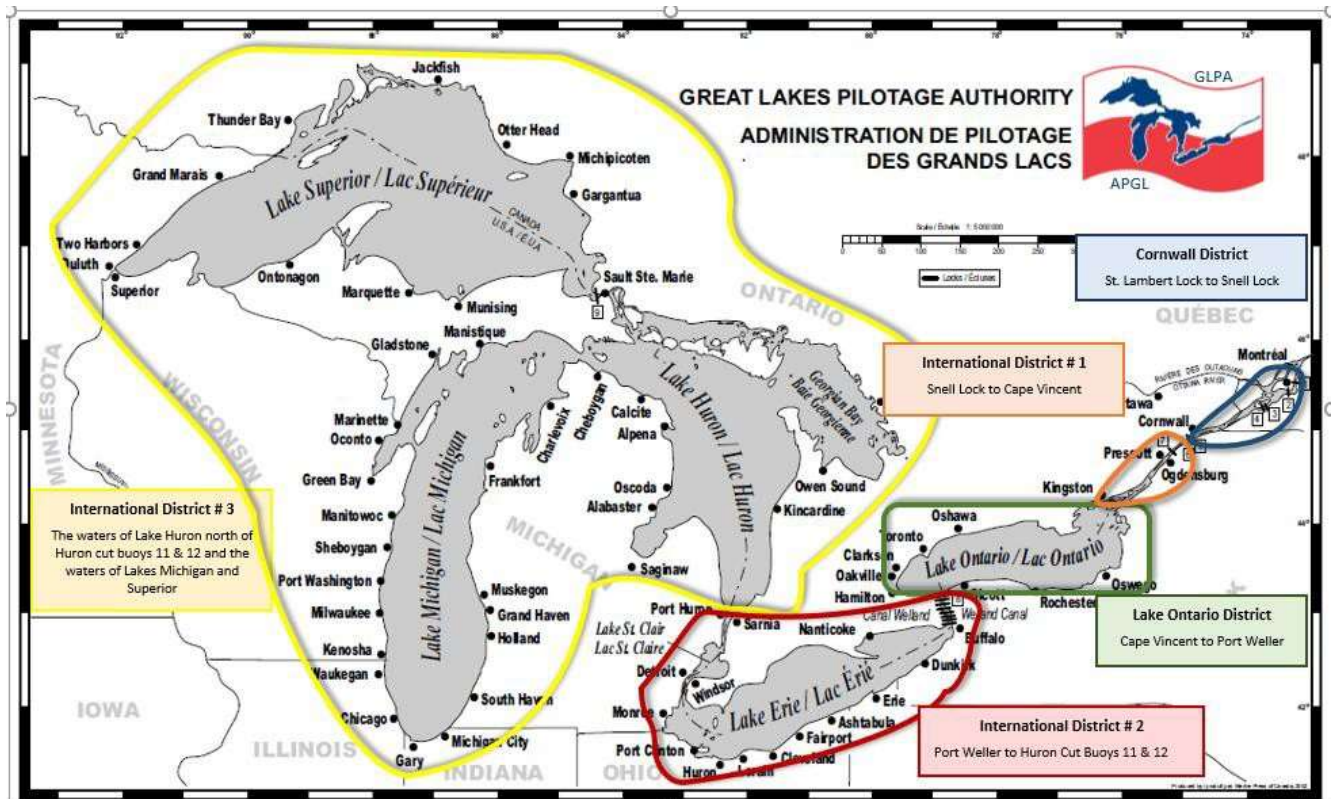
## 2.8 Further Information

Further corporate information regarding the GLPA can be found in its 2021 Annual Report, available at <http://www.glpapl.com/reports-and-documents/financial-reports>.

### 3. Operating Environment

The GLPA has five compulsory pilotage areas (referred to as districts) within the Great Lakes region, and a sixth within the limits of the Port of Churchill, Manitoba:

- Cornwall District
- International District No. 1
- Lake Ontario
- International District No. 2
- International District No. 3
- Port of Churchill, Manitoba



With pilotage services in the Great Lakes region being shared between Canada and the United States and the GLPA having to operate within the confines of the St. Lawrence Seaway, it is crucial for the GLPA to collaborate and coordinate with other organizations to ensure that reliable, effective, and efficient pilotage services are provided to its customers. These organizations include: the St. Lawrence Seaway Management Corporation and the United States St. Lawrence Seaway Development Corporation, which are responsible for operating the lock facilities and maintaining traffic control systems within the region; the Canadian Coast Guard, which is responsible for providing aids to navigation; and the United States Coast Guard, which is responsible for United States pilotage matters in international waters.

Because Canada shares much of the St. Lawrence Seaway and Great Lakes with the United States, ships that travel through the region may cross the international boundary many times in a single voyage. The *General Pilotage Regulations* state that where Canadian waters are contiguous with waters of the United States, a ship subject to compulsory pilotage may use a United States marine pilot.



Refer to Appendix K for additional information on the GLPA’s operating environment, including its relationship with the United States pilotage associations in the delivery of pilotage services in the Great Lakes region.

### 3.1 Internal Environment

#### *Organizational Structure, Pilots and Management Succession*

The GLPA’s anticipated workforce for January 1, 2023, is as follows:

Bargaining Unit	Expiry date of collective agreement	No. employees
Cornwall District Corporation des Pilotes du Fleuve et de la Voie Maritime du Saint-Laurent	March 31, 2022	<ul style="list-style-type: none"> <li>• 66 full-time pilots</li> <li>• 5 apprentice pilots</li> <li>• 1 part-time pilot</li> </ul>
International District 1 Corporation of the Upper St. Lawrence Pilots	March 31, 2022	
Lake Ontario District The Pilots’ Corporation, Lake Ontario and Harbours	March 31, 2022*	
International Districts 2 and 3 Corporation of Professional Great Lakes Pilots	March 31, 2022	
<b>Dispatchers and Clérical Staff</b>		
Dispatchers and clerical staff The Public Service Alliance of Canada	June 30, 2022	<ul style="list-style-type: none"> <li>• 8 full-time dispatchers</li> <li>• 3 part-time dispatchers</li> <li>• 3 full-time clerical staff</li> </ul>
<b>Office Staff</b>		
Non-Unionized Employees	N/A	<ul style="list-style-type: none"> <li>• 3 executives</li> <li>• 8 employees</li> </ul>
<b>TOTAL</b>		<b>97 employees</b>

\*The GLPA recently concluded arbitration with *The Pilots’ Corporation, Lake Ontario, and Harbours*. On April 13, 2022, the arbitrator rendered her decision and the collective agreement was signed on May 13, 2022.

With all four pilot collective agreements expired as of March 2022, the GLPA is in the process of developing negotiating strategies and is expected to commence negotiations in fall 2022 with the Canadian Merchant Service Guild (the Guild), the union representing the pilots.

On June 27, 2022, the GLPA entered into a Resolution of Contract Renewal Disputes Agreement with the Guild. This agreement is intended to ensure continued pilotage services by having an agreed upon mechanism to resolve disputes during the collective bargaining process should the parties fail to reach a settlement.

The GLPA is also in the process of developing negotiating strategies for the collective agreement with its dispatchers and clerical staff as this agreement expired in June 2022.

In terms of executive leadership, the GLPA is actively engaged in succession planning for two key roles: the CFO (position currently held by an interim resource, with recruitment actively underway), and CEO (announced departure).

The GLPA must carefully balance cost containment efforts with reasonable and competitive compensation in order to attract and retain skilled employees, particularly marine pilots. Pilot succession continues to be the GLPA's most significant risk. Similar to the other stakeholders in the maritime industry, the GLPA faces challenges with workforce shortages due to an aging workforce, the scarcity of resources and a growing demand. The high level of pilot retirements experienced in the last nine years and anticipated during the planning period coupled with the need to increase pilot numbers to more effectively service traffic demands and reduce delays has resulted in the GLPA planning to recruit and license a significant number of apprentice pilots over the planning period. From 2014 to 2022, the GLPA hired 43 apprentice pilots and 30 retired representing an attrition rate of 52%. Over the planning period, 25 pilots are expected to retire representing 35% of the GLPA pilot workforce (see Appendix L).

Following an organizational optimization exercise initiated in 2019 focusing on the office staff, the independent consulting firm concluded that the GLPA's current organizational structure and limited resources may not enable the GLPA to meet its mandate and drive the organization's current and future strategic and operational objectives. As a result, using a phased-in approach, an additional three full-time equivalent positions were added to the organization's structure in 2020/2021 and another three will be added in 2022/2023 to ensure the organization is well positioned to meet its mandate, alleviate excessive workload, fill competency/role voids, and ensure succession planning of key positions.

For one of the three additional positions, the GLPA will initiate a process in 2022 to recruit the replacement of the Director of Operations who is expected to retire in the next year or so. This recruitment is taking place proactively to ensure continuity of operations for this important position.

Other than retirements, the GLPA has low turnover as evidenced by only a handful of employees who have voluntarily terminated their employment in the last 25 years.

### ***Financial Self-Sufficiency, 2020 and 2021 Objections and Financial Reserve***

Since 2003, the GLPA has been working at eliminating its accumulated deficit and started fiscal 2021 with a \$2.8 million accumulated deficit. As part of its revamped 2020 strategy to achieve financial self-sufficiency, the GLPA embraced a more targeted cost-recovery approach instead of the historical universal pilotage charge amendments. In response, the Shipping Federation of Canada, which represents most of the ocean shipping industry, filed a Notice of Objection to the GLPA's 2020 and 2021 pilotage charges with the Canadian Transportation Agency.

In 2021, the Canadian Transportation Agency rendered a decision favorable to the GLPA on its 2020 pilotage charges and, as a result, the GLPA was able to recognize \$5.0 million in pilotage charges previously under objection as revenues. This allowed the GLPA to recover from its \$2.8 million accumulated deficit at the beginning of 2021 and report a \$5 million accumulated surplus at the end of 2021. Regarding the objection on the GLPA's 2021 pilotage charges, the Shipping Federation of Canada withdrew its objection.

Going forward, the GLPA’s financial objective is to generate a sufficient annual surplus to maintain a reasonable reserve on an ongoing basis. To achieve this goal, the GLPA develops annual pilotage charge strategies to cover its operational expenditures while containing pilotage costs. The GLPA is committed to maintaining a reasonable reserve to ensure it can sustain its operations during unpredictable situations and significant reductions in traffic. To ensure effective management of the reserve, the GLPA will update existing, and introduce new fiscal management infrastructure to ensure funds are managed and earmarked appropriately.

The GLPA will continue to invest in its pilot and apprentice pilot training programs to factor new business needs/requirements and maintain the target of 99.9% incident-free assignments.

### *Pilot Numbers and Capacity*

The GLPA must carefully balance the forecast demand for pilotage services with a sufficient number of trained, qualified, and licensed pilots available to ensure it is financially self-sufficient and to ensure delays are kept at a minimum.

Ships enter and leave the system with no set schedules and the GLPA must provide a complement of pilots in response to uneven traffic flows in the compulsory waters of the Great Lakes region. The requirement for financial self-sufficiency does not allow the GLPA to maintain a complement of pilots to cover sudden and temporary surges in traffic.

With the recent COVID-19 pandemic which resulted in economic downturns in many sectors, the GLPA experienced an 8% and 11% traffic decrease in 2020 and 2021, respectively. For the planning period, the GLPA is forecasting a 17% increase in assignments compared to 2021. The GLPA has continued to make efforts to hire pilots (see figures below), but the total number remains insufficient to service the anticipated demand. At this time, pilots are retiring at a faster rate than the GLPA is able to recruit and train them.

<b>Number of Pilots Hired</b>	2020: 9 Pilots
	2021: 5 Pilots
	2022: 5 Pilots

The GLPA estimates it should hire 29 apprentice pilots over the planning period. Refer to Appendix L for more information on the proposed pilot headcount.

### *Technology*

After a careful assessment of extending the useful life of the current Portable Pilotage Units (PPU) in 2020 due to operational (COVID-19) and financial considerations, the GLPA relaunched the procurement process to replace the Portable Pilotage Units. The new Portable Pilotage Units were purchased in time for the 2022 navigation season. These units include software and hardware with the latest e-navigation advancements, with charts geared towards situational awareness and decision support for pilots in high-risk navigation environments.

Following the system security maturity assessment conducted as part of the GLPA's internal audit in 2019, the organization developed a future state roadmap in 2020 for its information systems. Since the audit in 2019, almost all recommendations have been implemented. At the end of 2022, the GLPA is expected to launch an internal audit to validate that all recommendations have been put in place appropriately.

In 2021, the GLPA implemented information system strategies focused on mitigating the GLPA's exposure to cybersecurity threats. This year, the GLPA also worked with a third-party Information Technology (IT) consultancy to introduce updated cybersecurity measures such as monitoring to detect potential threats, phishing prevention, security awareness training, phishing attack simulations and dark web reporting. Cybersecurity improvements will continue over the course of the planning period.

### 3.2 External Business Environment

The GLPA's main source of traffic originates from the movement of bulk commodities such as grain, oil, steel and general cargo with traffic volumes and patterns being determined by a complex and volatile combination of business, economic, and environmental factors. The GLPA relies on open and transparent demand-level information from its main customers so that it can attempt to manage traffic in the upcoming year by minimizing ship delays and containing costs while responding to changes in traffic flows.

Below are the business and environmental factors that affect the GLPA's work:

#### ***COVID-19 Pandemic – Employee Safety and Business Continuity***

The GLPA, an essential service provider in the movement of goods for the Canadian population, has ensured continuous operations since the onset of the pandemic. The GLPA works in collaboration with federal government departments and agencies as well as other industry stakeholders to ensure business continuity and the safety of its employees and crew members. Pilots, who board ships as essential workers, are equipped with the required protective personal equipment and they follow necessary sanitation and safety protocols to reduce the risk of contracting or spreading the virus to vessel crew members while performing their pilotage duties in Canadian and American waters. The GLPA also worked with its counterparts at the Canada Border Services Agency and Transport Canada to ensure pilots can reach their destination in the United States to board ships to avoid any delays to shipping. The GLPA also worked with its land transportation and pilot boat service providers to ensure safe protocols were followed to ensure the safety of its pilots and apprentice pilots.

In addition, preventive protocols, and social distancing, including working from home, ensure a safe workplace for the dispatchers and office staff to support operational needs without disruption. Signage is also prominent at the GLPA’s head office in Cornwall and visitors are monitored and kept to a minimum as much as possible with some meetings occurring via teleconference. As a means to protect its employees, their families, and the Canadian marine industry, the GLPA has successfully promoted the vaccine. 99% of employees and 100% of pilots have been fully vaccinated. The GLPA dispatchers continue to work from the office, as they have done since the beginning of the pandemic. For the remainder of the office staff, the GLPA will continue to adopt a hybrid approach with some employees working from the office and some working remotely. The GLPA continues to assess the evolution of the pandemic and will adjust its approach accordingly.

### ***Economy and Traffic***

The Great Lakes region is vast with some 250,000 km<sup>2</sup> of navigable waters. Marine traffic in the Great Lakes is driven mainly by grain, iron ore, oil and gas, dry bulk, liquid bulk, general cargo, and passenger cruises. The GLPA’s ability to accurately forecast traffic is very much dependent upon the feedback received from industry stakeholders. Container contracts with many Canadian and United States ports are not negotiated well in advance therefore this limits the ability of the GLPA to forecast traffic needs into future years. The efficient management of pilot resources in the Great Lakes region is, in part, a function of receiving reliable, timely and accurate information from users. The budgeted traffic level dictates pilot staffing and appropriate pilotage charges, both highly critical elements to allow the GLPA to be financially self-sufficient given pilot compensation is primarily fixed. As shown in the chart below, there have been significant deviations from planned assignments in the last ten years.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actual pilot assignments *	8,179	9,061	9,928	8,798	7,636	7,020	7,166	7,462	6,403	6,358	6,389
Planned pilot assignments *	9,105	8,084	8,076	7,700	7,067	6,700	6,531	6,100	6,100	6,100	5,325
<b>Deviation from Plan</b>	<b>10.2%</b>	<b>12.1%</b>	<b>22.9%</b>	<b>14.3%</b>	<b>8.1%</b>	<b>4.8%</b>	<b>9.7%</b>	<b>22.3%</b>	<b>5.0%</b>	<b>4.2%</b>	<b>20.0%</b>

*\* number of assignments during the navigation season, excludes winter work assignments*

The cruise industry, which historically represented approximately 5% of GLPA’s assignments, continued to be non-existent in 2021 due to COVID-19. However, passenger cruises returned to the Great Lakes region at the beginning of the 2022 navigation season. In 2022, the GLPA welcomed a new Seaway size cruise vessel - the Viking Octantis and is expecting a sister ship in 2023. As the global economy rebounds, the demand for oil and gas and other cargos is expected to gradually increase. At the end of July 2022, the breakdown of pilotage assignments was as follows: bulk carriers (42%), oil/tankers (27%), general cargo (21%), passenger cruises (6%) and other (4%).

Based on the factors noted above, the GLPA is forecasting 9,616 pilotage assignments for 2022 and is planning a constant 9,616 assignments for 2023 (excluding winter work). There remains some broad economic uncertainty in terms of a potential recession and the ripple-effects on traffic levels.

### *Relationships with Industry Stakeholders*

In the lens of continued improvements, the GLPA conducted a customer satisfaction survey in early 2021. The overall satisfaction with the GLPA remained favorable but slightly decreased from the previous survey conducted in 2015. The GLPA has communicated the survey results with the industry. GLPA customers expressed their greatest satisfactions with billing and invoicing, the GLPA's website and the interaction with GLPA pilots and dispatchers whereas the greatest dissatisfactions continued to be pilot availability and fairness/reasonableness of pilotage charges. The GLPA has developed action plans to address the findings and is in the process of working on implementation. Going forward, the GLPA plans to conduct customer satisfaction surveys every 3 years.

In addition to customer satisfaction surveying, the GLPA has initiated Customer Relations Meetings. The first round of discussions took place in May 2022, with a second round planned for the end of November 2022. During the meetings in November, the GLPA plans to share action plans to address the findings of the most recent customer satisfaction survey and discuss other relevant operational topics.

### *Pilotage Act Reform*

Amendments to the *Pilotage Act* received Royal Assent in June 2019. The provisions of the amended Act came into force in four phases:

- Restructuring the *Pilotage Act* and introducing labour and governance provisions (Order in Council (OiC) #1 dated August 2019);
- Oversight and enforcement (OiC #2 dated March 2020);
- Pilotage charges (OiC #3 dated June 2020); and
- Regulation and operations (OiC #4 dated June 2021)

The GLPA continues to work in close collaboration with Transport Canada in the transition of the amended *Pilotage Act*. The GLPA has provided feedback to Transport Canada on all proposals and is committed to working with departmental officials to ensure a smooth transition for its stakeholders.

On June 9, 2022, the four existing regional marine pilotage regulations were consolidated under the *General Pilotage Regulations* with administrative amendments to align the Minister's authority under the *Pilotage Act*. As such, the *Great Lakes Pilotage Regulations* were repealed, and all provisions are now under Division 3 of the *General Pilotage Regulations*.

## *Climate Challenges*

Changes in climate patterns have led to more frequent and severe environmental conditions such as high winds, extreme ice conditions and high-water levels, to name a few. These climate change events create significant operational challenges for the GLPA in its ability to provide safe, efficient, and cost-effective pilotage services. For example, extreme ice conditions lead to the decommissioning of the pilot boats used to transport pilots to their assignments, and therefore, pilots are required to embark/disembark further down the river, which leads to the reduction of pilot resource availability and higher costs. The resulting melting ice and large amounts of precipitation can lead to high-water levels, as seen in 2019 on Lake Ontario or reduced water levels as seen in 2021. To negate these water levels, the Canada-United States bi-lateral governing body (International Joint Commission) monitors the situation and imposes increased or decreased water outflow strategies in the St. Lawrence River in an effort to bring the water-level back to normal. These strategies could force a slowdown of all vessels which in turn means longer trip times and reduced pilot resource availability, also leading to higher pilotage costs. The GLPA and its pilots provide valuable expertise to the St. Lawrence Seaway and the International Joint Commission as they monitor the water level situation.

## *Technology*

Domestic customers have been recently using a Draft Information System (DIS) as a tool to provide mariners with better information about under keel clearances to increase the vessel's draft when transiting safely in the St. Lawrence Seaway, which in turn, maximizes efficiency and profitability. Foreign customers are now starting to use this technology. An increase in draft leads to multiple safety concerns that are partly addressed by reducing the vessel speed. In 2021/2022, the GLPA and its pilots collaborated with some foreign customers and the St. Lawrence Seaway on the necessary trials to determine whether this new technology would be adopted for their vessels transiting in the Great Lakes system.

### 3.3 Compliance with Federal Directives and alignment with government priorities

The GLPA operates in compliance with all federal directives by ensuring it follows the spirit and intent of these directives and supports open and transparent governance by consulting regularly with its stakeholders and using its website to proactively disclose information to the public.

The efficient and safe transport of marine vessels through the ports of the Great Lakes delivers economic growth and prosperity for all Canadians. The industries that are dependent on these transports create jobs, increase economic opportunities, and expand markets for Canadian companies. The GLPA contributes to the safe and efficient movement of goods and people for Canadians, while protecting the environment from harm. Pilotage plays a key role in ensuring that there are no ship source environmental disasters in Canadian waters. The GLPA's pilotage services benefit Canadians by protecting marine ecosystems, a vibrant tourism industry, and local infrastructure.

Please refer to Appendix I for further information on compliance with Federal legislation as well as Appendix J for additional information on the GLPA's alignment with government priorities.



## ***Office of the Auditor General Special Examinations and Government / Industry Reviews and Other Audits***

In the 2018 Special Examination Report, the Office of the Auditor General of Canada (OAG) noted significant deficiencies related to the GLPA's Board oversight and appointments, as well as its process for monitoring the transits of Canadian ships. The report contained 10 recommendations. The Board and management have addressed all but one recommendation, namely the need to conduct a review of compulsory pilotage areas. The review is being deferred given the responsibility for establishing compulsory pilotage areas has been transferred from the GLPA to the Minister of Transport per s. 52(f) of the *Pilotage Act*. The 2018 Special Examination Report along with previous Special Examination Reports are available at <http://www.glpapl.com/reports-and-documents/special-examination-reports/>.

The OAG also conducts an annual audit of the GLPA's financial statements. It verifies that they fairly reflect the operating results and position, and ensures transactions have been carried out according to International Financial Reporting Standards (IFRS), and Part X of the *Financial Administration Act*. The GLPA received an unqualified opinion and its 2021 audited financial statements are available at <http://www.glpapl.com/reports-and-documents/financial-reports/>.

In compliance with the *Financial Administration Act*, the GLPA conducts periodic internal audits to strengthen accountability, risk management, resource stewardship, and good governance. The results of an internal audit focusing on occupational health and safety were presented to the GLPA Board in August 2021, with the recommendations on-track to be implemented by December 2022. The focus for the 2022 internal audit will be on Human Resources, and more specifically pilot recruitment.

## 4. Objectives, Activities, Risks, Expected Results, and Performance Indicators

### 4.1 Corporate Strategic Objectives

The GLPA's corporate strategic objectives for the five-year planning period are:

- To establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service in its area of responsibility;
- To provide such services within a commercially oriented framework that aims for financial self-sufficiency at minimal cost to users; and
- To contribute to the Federal Government's environmental, social, and economic policies as they apply to the marine industry in the Great Lakes region.

### 4.2 Objectives and Activities

As part of the recent Strategic Planning effort, the GLPA identified four key objectives and associated activities of focus for the organization over the course of the planning period. Below is a description of the strategic objectives and associated activities.

#### *Be an Employer and Partner of Choice*

The GLPA is focused on creating a people and customer-centric organization that is both an employer and partner of choice within the marine sector. In order to achieve this, the GLPA will continue efforts to build partnerships with training institutions and industry stakeholders in order to attract new talent and build a more enduring pipeline of talent for key roles including pilots, dispatchers, and key administrative and leadership roles.

This objective will also involve striving towards an engaged workforce and positive organizational culture through more regular and deliberate staff and pilot engagement communications. The GLPA will also work to strategically build capacity within the organization to ensure that it has the talent and succession planning needed to reliably deliver on its strategic and operational priorities.

Other specific actions the GLPA will undertake in the planning period include:

- Implement the various phases of its future state information systems to reduce the risks of the ever-increasing cybersecurity;
- Recruit the additional positions as part of the organizational optimization initiative as well as key senior management positions;
- Continue to develop succession plans for senior management;
- Continue to partner with the pilot unions to effectively address operational issues;
- Continue to assess COVID-19 related issues to ensure employee safety;

- Continue to implement action plans following the 2020 employee engagement survey to: i) address expectation gaps on supporting employees' commitment to the GLPA's goals and values, ii) foster employee motivation to contribute to the GLPA's success, and iii) enable an employee's own sense of wellbeing. The GLPA is planning to undergo employee engagements surveys every three years with the next one planned in 2023.

### *Deliver Safe, Reliable and Innovative Service*

The goal of this strategic objective is to ensure the GLPA is proactive and agile in delivering safe, reliable, and effective marine pilotage services in a way that considers leading practices and sector innovations. The GLPA will continue with the delivery of customer service improvements, and work with industry stakeholders to develop approaches to minimize avoidable delays to pilotage services. This includes continuing to maintain a strong record of safety when it comes to marine incidents by ensuring a 99.9% incident-free rate. This will also involve working with US counterparts to harmonize processes and practices to deliver a more seamless service to stakeholders. The GLPA is also committed to working with other pilotage authorities and Transport Canada over the planning period to ensure the sector can seamlessly transition to the new regulatory and certification environment.

Other specific actions the GLPA will undertake in the planning period include:

- Recruit and train an appropriate number of apprentice pilots;
- Revise and update the pilot quality assurance program and the apprentice pilot training program to reflect business requirements and current trends;
- Explore stress management support for its pilots;
- Achieve less than 5,000 delay hours;
- Ensure a sufficient number of Canadian ship transits are audited to demonstrate that Canadian ships are transiting under the conduct of a valid certificate holder;
- Develop pilotage charge strategies that will generate sufficient revenues to record annual surpluses to maintain a reasonable financial reserve.

### *Create Value for Stakeholders*

This strategic objective is focused on creating organizational and stakeholder value through effective, efficient, and responsive processes, structures, services, and programs. During the planning period, this will involve a number of key activities that include (1) updating the GLPA's Reserve Policy and Strategy to ensure resources are appropriately allocated and managed to support financial self-sufficiency and ensure the GLPA's financial resilience; (2) developing and implementing an IT and Digital Service Enablement Master Plan that supports the organization to continue to develop best-in-class pilotage services and business operations; and (3) grow the business intelligence functions, systems and processes to help clear existing gaps that may be limiting the ability of the GLPA to effectively get ahead of, and manage sector trends and needs in the Great Lakes region.

### ***Deepen Industry Relations and Engagement***

In alignment with continuing efforts to collaborate and engage with the marine sector and its stakeholders, the GLPA is committed to deepening and sustaining reciprocal relationships with stakeholders that continuously strengthen service excellence and its organizational reputation. Other specific actions the GLPA will undertake in the planning period include:

- Support the *Pilotage Act* transformation framework, including the transition of regulatory functions to Transport Canada and the development of the GLPA's Integrated Management System in support of the National Marine Pilotage Regulatory Framework;
- Continue with the implementation of customer relationship tools, including implementing the action plans that respond to the 2021 customer satisfaction survey results.

Appendix C contains a full list of performance indicators and expected results.

### **4.3 Risks**

The GLPA is committed to identifying, assessing, and mitigating, when deemed appropriate, all risks. It applies an Enterprise Risk Management (ERM) approach to its strategic planning process. Identified risks are monitored and updated throughout the year. In June 2021, the Board and the senior management team participated in a training session on Board oversight of enterprise risk. Following the recent update of its risks and mitigating measures, the GLPA believes its risks are, in general, well controlled.

The primary key risk areas requiring the GLPA's attention for the planning period are as follows:

#### ***Pilot Succession Planning***

A top risk for the GLPA is navigation safety, always at the forefront of the GLPA's decision-making processes. The GLPA's most important challenge for ensuring safe and reliable pilotage services is pilot succession and recruitment. The GLPA continues to anticipate an above average number of pilot retirements over the planning period given the age of its pilots. This reality is currently common in the marine industry. Should the GLPA not effectively plan and manage pilot succession, it runs the risk of not having a sufficient number of licensed pilots to efficiently service the pilotage demand and may place some additional burden on existing pilots, potentially putting them in unsafe conditions (i.e. pilot fatigue). In addition, the lack of sufficient pilots leads to pilotage unreliability driven by increased delays and drives up pilotage costs as excessive overtime compensation will be required for pilots working on their scheduled rest days. As described previously in this document, economic uncertainty may have further impacts on the actions required by the GLPA to address traffic changes and impacts on pilotage assignments.

#### ***COVID-19 Pandemic – Employee Safety and Business Continuity***

The COVID-19 pandemic in 2020, 2021 and 2022 caused many challenges for the GLPA to ensure employee safety and business continuity, in addition to adverse financial implications. The GLPA quickly responded to these new realities and successfully dealt with the various waves by keeping its pilots and other employees safe from contracting the virus as well as being able to

continually operate without any business interruptions. The GLPA's business continuity could be at risk should an important number of pilots contract the COVID-19 virus, negatively impacting the GLPA's ability to maintain an adequate number of pilot resources to meet regular pilotage demand or should government decisions including closing the Canada/United States border to marine pilots, considered as essential service workers for the efficient movement of goods, resulting in the GLPA's inability to provide pilotage services as it is not currently structured to facilitate transfers of pilots stationed in the United States.

As part of the GLPA's commitment to the health and safety of its employees, customers, contractors, and visitors and with the Prime Minister's October 6, 2021, announcement on the government's plans to require COVID-19 vaccination across the federal public service and federally regulated transportation sectors, the GLPA introduced its mandatory COVID-19 vaccination policy for its employees and service providers in November 2021. The GLPA lifted this policy in June 2022 in line with the actions taken by the federal government for the core public service. COVID-19 continues to be a risk for the GLPA to ensure proper safety and preventative protocols are in place to keep its pilots and customer crew members safe while ensuring business continuity in providing pilotage services in the Great Lakes region. The lessons learned will be leveraged in the case of future pandemics – either due to the onset of new COVID-19 variants or new viruses that arise.

### *Navigating Incoming Regulatory Changes*

The GLPA recognizes that regulatory changes are designed to bring about consistency and cohesion across Canada's pilotage authorities. At the same time, with this change comes some uncertainty about the exact impacts on the operations and strategic focus of the GLPA. Should the GLPA not effectively assess the regulatory changes ahead and their impact on how the organization operates, the organization is at risk of disrupting operational continuity between the previous, current, and future regulatory environment. In 2021/2022, the GLPA developed its Integrated Management System based on the drafting instructions provided by Transport Canada in July 2021. Once these regulatory changes are in place, the GLPA will be in a good position to update its Integrated Management System and anticipates that it will be able to meet the implementation date set in regulations. Once this is in place, over the planning period, the GLPA is planning to explore ISO certification.

The GLPA is optimistic about the regulatory changes being introduced and those to be introduced in the near future, and acknowledges that it will be critical to collaborate with Transport Canada, our stakeholders and partner with pilotage authorities to enable a smooth transition.

Appendix H contains more information on these risks as well as other key risks and risk responses.

## 5. Financial Overview

### 5.1 2021 Financial Results

For 2021, the GLPA recorded revenues of \$45.0 million, an increase of \$6.8 million over 2020. This increase is mainly due to the reversal of pilotage charges under objection of \$10 million and the basic pilotage fees decrease of \$2.5 million. The basic pilotage fees decrease of \$2.5 million is mainly driven by an 11% reduction in traffic and 2021 basic fees increase.

For 2021, the GLPA recorded expenses of \$37.1 million, a decrease of \$1.9 million when compared to 2020. Most of the GLPA's expenses are pilot wages and benefits, as well as pilot travel and pilot boat services, both directly associated to servicing vessels, and subject to increases or decreases with assignment demand. The pilot boat services have decreased by \$0.3 million. This decrease is mainly driven by a lower assignment demand.

This increase in revenues and decrease in expenses allowed the GLPA to record, in 2021, an operating surplus of \$7.9 million compared to a loss of \$1.0 million in 2020 and an accumulated surplus of \$5 million. The 2021 surplus has enabled the GLPA to build a reserve of \$5.0 million for future years.

This reserve will be used to invest in the organization's assets which are in some cases obsolete, mitigate the impact of potential turbulences in the Canadian and global economy, mitigate the risk of volatility in maritime traffic, finance the impact of labour shortages and reduce the impact of a challenging year as we experienced in 2020 and 2021 during the COVID-19 pandemic.

### 5.2 2022- 2027 Major Assumptions

When preparing forecasts and budgets, the GLPA considers a variety of elements, both financial and non-financial. Budget preparations include the following assumptions:

#### *Pilotage Assignments*

Based on discussions with industry stakeholders, the GLPA is forecasting 9,616 pilot assignments for the 2022 navigation season (excludes winter work). This represents a 17% traffic increase over 2021, with an additional 74 pilotage assignments during winter navigation. The GLPA further forecasts 9,616 pilotage assignments for 2023 and similar traffic forecasts for the remainder of the planning period. Given previously noted traffic forecasting challenges, anything beyond one year is difficult to predict.

#### *Pilotage Charges*

The GLPA's main source of revenue is derived by pilotage charges. Over the planning period, the GLPA is forecasting a 2.5% annual increase. As the GLPA is expecting to continue with the current level of apprentice pilot recruitment and training, the GLPA will continue with its apprentice pilot training surcharge of 5% for the entire planning period.

## Headcount

Pilot retirement forecasts and corresponding new hires are referenced in Appendix L - Statement of Pilot Numbers. The current headcount for dispatchers and unionized office staff will remain flat over the planning period. As for the non-unionized office staff, additional headcounts will be added in 2023 to develop, implement and monitor the GLPA's Integrated Management System and for the replacement of the Director of Operations who plans on retiring in the coming years.

## 5.3 Sensitivity of Projections to Changes

The GLPA's major expenditures are in the form of wages and benefits, pilot boat costs, as well as other contracted commitments. Thus, approximately 86% of operating costs are fixed or semi-variable with the remainder 14% being variable. Therefore, major fluctuations in pilotage assignments will have a significant impact on financial results.

Applying this earnings/cost model to the below noted assignment levels means that pilotage revenue, operating expenses, and the surplus or deficit of the GLPA could vary as follows:

Variation in Pilotage Assignments	Variation in Pilotage Revenues	Variation in Operating Expenses	Resulting Change to Surplus or Deficit
15% reduction in traffic	(\$6.5) million	(\$3.8) million	(\$2.7) million
15% increase in traffic	\$6.7 million	\$4.5 million	\$2.2 million

## 5.4 Debt Analysis

There is no long-term debt other than the head office capital lease and employee benefits. Based on the budgeted financial results for the planning period, the GLPA has no concerns with servicing these debts.

## Appendices

- A. Federal Mandate Letter or Direction
- B. Corporate Governance Structure
- C. Performance and the Chief Executive Officer Results Commitment
- D. Chief Financial Officer Attestation
- E. Financial Statements and Budgets
- F. Borrowing Plan
- G. Investment Framework
- H. Risk and Risk Responses
- I. Compliance with Legislative and Policy Requirements
- J. Government Priorities and Direction
- K. Business Environment
- L. Statement of Pilot Numbers



## A. Federal Mandate Letter

*The GLPA operates in accordance with its mandate under the Pilotage Act, as well as with guidance expressed in the Honourable Omar Alghabra's, Minister of Transport, letter to the GLPA's Chair, dated September 6, 2022.*

September 6, 2022

Captain James Pound  
Chairperson of the Board of  
Directors Great Lakes  
Pilotage Authority  
jpound@glpa-apgl.com

Dear Captain Pound:

As you know, following the 2021 general election, I had the honour of being reappointed the Minister of Transport. My priorities have been outlined in the mandate letter the Prime Minister shared with me in December 2021, and today I write to you to set out my expectations as to how the Great Lakes Pilotage Authority (GLPA) will help advance these priorities.

As the Minister accountable to Parliament for the GLPA, I am committed to continuing our productive relationship to ensure that Canada's transportation system is safe, secure, efficient, and environmentally responsible. I recognise that the GLPA experienced a significant drop in traffic in the wake of the COVID-19 pandemic. I appreciate GLPA's efforts to pivot operations and continue to operate safely during this unprecedented time.

My priority upon my reappointment as the Minister of Transport was to enforce vaccination requirements across the federally regulated transportation sector. Thank you for the commitment you have demonstrated in developing and implementing your corporation's vaccination policy. Together, we mitigated the full impact of infection and severity of illness for travellers and workers in the transportation sector, and increased vaccine uptake, providing broader societal protection. As the COVID situation unfolds, we continue to adjust our measures accordingly, as we did in June of this year. I appreciate the corporation's ongoing collaboration as our response to COVID-19 continues to evolve as we learn more about this virus.

Ensuring goods and people can move efficiently throughout our country with robust and reliable supply chains and transportation systems is another key priority further reiterated in Budget 2022. The GLPA is an important link in Canada's supply chain, and I trust that the corporation will strive to reduce and prevent bottlenecks in Canada's transportation network. I encourage you to work with my officials to ensure the GLPA continues to be prepared to proactively mitigate and respond to emerging incidents and hazards, including cyber security threats.

Fighting climate change is a cornerstone of the government's plan to rebuild the economy, create middle-class jobs, and ensure Canadian industry remains competitive. The Canadian Net-Zero Emissions Accountability Act has legislated Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050. I expect the GLPA to seek opportunities to advance measures that support Canada's transition to net-zero, including accelerating the transition to zero-emission vehicles and considering targets related to this cause throughout your operations.

As part of the government's strategy to combat climate change, Budget 2021 announced that Canada's Crown corporations would demonstrate climate leadership by adopting the Task Force on Climate-related Financial Disclosures standards, or more rigorous and acceptable standards. I encourage the GLPA to start reporting its climate-related financial risks by 2024.

Another pillar of the government's plan is to continue to address the profound systemic inequities and disparities that remain present in the core fabric of our society. I expect that the GLPA will join us as we walk faster and farther along the road to reconciliation, particularly through meaningful partnership and collaboration with local Indigenous communities. This should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

Diversity and equity within the GLPA's workforce will improve its ability to deliver on all its objectives, and I expect that as the GLPA embarks on any hiring, it implements outreach and recruitment strategies that uphold the principles of equity, diversity, and inclusion. I trust that the GLPA will also continue to ensure that it is doing its part, per the Accessible Canada Act, to help make the transportation system more accessible for persons with disabilities.

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.

I expect that your short-, medium-, and long-term objectives as they relate to the government's priorities in this letter are clearly presented in your upcoming corporate plans and progress to achieving those objectives is reported in your subsequent annual reports. I also ask for your support in ensuring that, to the extent that it is within the GLPA's control, future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.

It is critical that the performance objectives of the corporation, Board and CEO flow within a consistent storyline. I ask that the measures you develop to assess your CEO's performance conform to best practices concerning the development of specific, measurable objectives, based on the observable behaviours in areas where your CEO can exercise sufficient influence to achieve the desired outcomes. The rationale included for the overall rating of your CEO should clearly identify why your Board is providing the rating and which performance objectives were weighed most heavily when arriving at the determination.

As always, the legal, fiduciary, and ethical obligations of public office holders remain. All appointees should abide by the principles found in the Prime Minister's statement on Open and Accountable Government. All boards should ensure ongoing compliance, both for their organization and for themselves, with relevant legislation, Treasury Board policies, Governor in Council and ministerial directives.

It is an honour to serve Canadians as Minister of Transport and a privilege to be able to work with key partners such as the GLPA.

Sincerely,

A handwritten signature in black ink, appearing to read 'Omar Alghabra', written in a cursive style.

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

## B. Corporate Governance Structure

### Board of Directors

The Board, which reports to the Minister of Transport, consists of the Chair and six other Directors. The Chair is appointed by the Governor in Council on the recommendation of the Minister of Transport, in accordance with section 105 of the *Financial Administration Act*. The Directors are appointed by the Minister of Transport with the approval of the Governor in Council. There were eight Board meetings in 2021, along with one priority session and 14 committee meetings with a 97% attendance rate. In 2022, there will be a total 10 Board meetings, one strategic planning session, and eight committee meetings.

In 2021, the Board decided that the GLPA Risk Committee would be disbanded as of January 1, 2022, due the size of the GLPA organization and given risks can be discussed at the committee and Board level. The Risk Committee was a standing committee from 2018 to 2021 responsible for overseeing the identification and assessment of key risks, as well as the risk management framework and infrastructure to address and mitigate risks. The Enterprise Risk Management program for the GLPA will be managed at the Board level, with risks delegated to the two committees (Audit and Governance and Human Resources).

The following table represents the Board composition as of July 1, 2022:

Board Member	Term Expiration Date	Length of Service	Location	Committee Member
James Pound, Chairperson	2025-12	7 years	St. Catharines, Ontario	Ex officio - AC, GC
Julie Mills, Vice-Chairperson	2026-06	4 years	Ottawa, Ontario	AC
Josée-Christine Boilard	2026-06	4 years	Mont-Tremblant, Quebec	GC
Vered Kaminker	2026-06	4 years	Toronto, Ontario	AC
David Souliere	2024-07	1 year	Peterborough, Ontario	GC
John St-Marseille	2025-06	0 years	Cornwall, Ontario	AC
Oksana Exell	2025-06	0 years	Hudson, Quebec	GC

*Legend: Governance and Human Resources Committee (GC); Audit Committee (AC).*

As with other Crown corporations, the GLPA operates at arm's length from its sole shareholder, the Government of Canada. The shareholder provides policy direction for the corporation's ongoing operations, as stated in the *Financial Administration Act* and the Board is responsible for oversight and strategic direction. The Board sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets, financial statements, policies and by-laws, recruits and evaluates the CEO, and ensures that risks are identified and managed. The Board ensures that the GLPA maintains the highest standards in operating a safe, efficient, and cost-effective pilotage service.

On June 20, 2022, the Governor General in Council, on the recommendation of the Minister of Transport, appointed two new Board members, John St. Marseille and Oksana Exell for three-year terms expiring June 19, 2025, as well as reappointed Julie Mills, Vered Kaminker and Josée-Christine Boilard for four-year terms expiring June 19, 2026.

The 2022 total compensation, including benefits, for the Board is budgeted at \$0.1 million.

## Committees

The Board is supported in its roles and responsibilities by the legally requisite Audit Committee, as well as a Governance and Human Resources Committee. The Board has established a charter for each Committee. The Board may establish other committees, as required, to help meet its responsibilities. As described above, following a reflective exercise into efficient Board oversight of enterprise risk, the Board has decided to disband its Risk Committee effective 2022.

### *Role of the Audit Committee*

The Audit Committee is a standing committee. Its duties, outlined in section 148 (3) of the *Financial Administration Act*, are to advise the Board on matters relating to financial statements, internal audits, the annual auditor's report, any special examination reports and resulting plans, and other functions as assigned by the Board or the GLPA's by-laws. The Audit Committee is composed of at least three members of the Board. This committee meets a minimum of four times a year. The Audit Committee met four times in 2021 with a 100% attendance rate and is expected to meet four times in 2022.

The committee has the power to investigate any activity of the GLPA. The committee ensures the financial oversight of the corporate books, records, general and management controls, as well as information systems and management practices.

### *Role of the Governance and Human Resources Committee*

The Governance and Human Resources Committee is a standing committee. Its duties are to advise the Board on matters relating to governance and human resources issues, these include: the GLPA's succession plan, CEO performance management, the Board member skills matrix for renewal of appointments by the Minister of Transport or the Governor General in Council, and the stewardship of the GLPA's by-laws and policies. The committee is composed of at least three Board members. This committee meets a minimum of four times a year. The Governance and Human Resources Committee met six times in 2021 with a 100% attendance rate and is expected to meet four times in 2022.

### *Reporting*

The Officers of the GLPA are the CEO and the CFO. The Officers report to the Board, through the Chair, on various areas of their responsibilities at each meeting of the Directors. Ongoing and new policy matters are discussed, and corporate direction is provided.

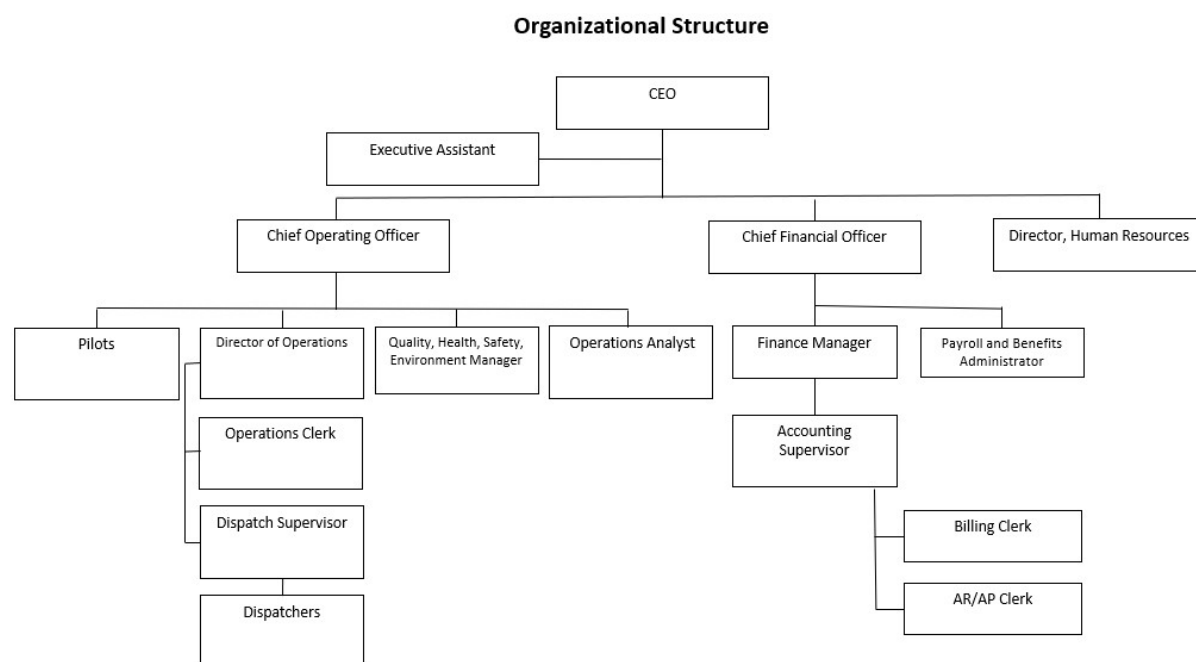
The GLPA reports to the Minister of Transport through its Annual Report, which includes the Office of the Auditor General's report as required under section 150(1) of the *Financial*

Administration Act.

### Organizational Structure of the GLPA

The CEO plans, organizes, directs, and controls the business of the GLPA, and reports to the Chair and the Board. The CEO is appointed by the Board pursuant to section 13. (1.1) of the *Pilotage Act*. The remuneration of the CEO is fixed by the Governor General in Council.

The GLPA’s organizational chart for 2022 is as follows:



The following Individuals hold key senior executive positions with the GLPA:

Name	Title
Michèle Bergevin	Chief Executive Officer
Patricia Jasmin (Interim)	Chief Financial Officer
Captain Christian Ouellet	Chief Operating Officer

The 2022 total compensation, including benefits, for the senior executive positions is budgeted at \$0.7 million.

## C. Performance and CEO Results Commitment

The following provides supplemental information for section 4 - Objectives, Activities, Risks, Expected Results and Performance Indicators:

STRATEGIC PERFORMANCE INDICATORS		2021 Actuals	2022 Forecast	2023 Target
<b>1 - NAVIGATION SAFETY</b>				
1	% of incident-free assignments	99.9%	99.9%	99.9%
<b>2 - PILOTAGE RELIABILITY</b>				
2	Number of vessel delays hours due to shortage of pilots	3,924	5,000	5,000
<b>3 - FINANCIAL SELF-SUFFICIENCY</b>				
3-1	Net income (in millions)	\$7.9	\$1.1	\$0.8
3-2	Surplus / Accumulated deficit (in millions)	\$5.0	\$6.1	\$6.9
OPERATIONAL PERFORMANCE INDICATORS		2021 Actual	2022 Forecast	2023 Target
<b>1 - NAVIGATION SAFETY</b>				
1-1	Number of pilots not compliant with 5 years mandatory training	0	0	0
1-2	Number of audited Canadian vessel transits	1,544	1,334	1,334
1-3	Certificate holder monitoring - up-to-date	Yes	Yes	Yes
<b>2 - PILOTAGE RELIABILITY</b>				
2-1	Number of new apprentice-pilots recruited	5	5	7
2-2	Number of new pilots trained and retained	8	3	5
<b>3 - FINANCIAL SELF-SUFFICIENCY</b>				
3-1	Cost per assignment	\$4,477	\$4,715	\$4,865
3-2	Containing administrative costs, as a % of total cost	6.1%	6.1%	6.3%
<b>4 - GOOD LABOUR RELATIONS</b>				
4-1	Number of grievances (less than)	1	0	5
4-2	Average number of sick days	3.5	3.3	3.3
<b>5 - ORGANIZATIONAL EXCELLENCE</b>				
5-1	Number of physical intrusions by unauthorized personnel	0	0	0
5-2	Number of cyber intrusions by unauthorized personnel	0	0	0
5-3	Number of complaints filed under the <i>Privacy Act</i>	0	0	0
5-4	Number of complaints filed under the <i>Official Languages Act</i>	1	1	0
5-5	% Compliance with Access to Information Request response timelines	100%	100%	100%
5-6	% Compliance with whistleblowing complaint response timelines	100%	100%	100%
5-7	% of harassment/discrimination concerns appropriately resolved on time	100%	100%	100%
5-8	% of Code of Conduct concerns appropriately resolved on time	100%	100%	100%
5-9	Number of days of business interruption within GLPA control	0	0	0

<span style="color: green;">■</span> Performance on or above target	<span style="color: yellow;">■</span> Performance slightly below target	<span style="color: red;">■</span> Performance significantly below target
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## Navigation Safety

### *Incident Reporting*

The GLPA categorizes incidents and accidents and the associated reporting into two types, major incidents, and minor incidents. Major incidents are defined as marine incidents that have resulted in loss of life, serious injuries, environmental spills, or causes damage to a vessel or property that results in the cessation of operations for more than one month.

### *Strategies to Achieve the Objective*

In addition to previously noted strategies, the GLPA's pilot training objectives also include a module on Bridge Resource Management (BRM). It gives pilots an opportunity to refresh their BRM knowledge – facilitating communications and information exchange with Masters – while enabling them to work more effectively with the bridge team.

The assessment of pilot competencies and quality of service is ongoing with each pilot evaluation. This is completed at least once every five years. Pilot evaluations assure the industry, and the GLPA, that only qualified personnel are performing pilotage duties. It also allows the GLPA to identify areas of development and potential improvements in the delivery of services.

The GLPA successfully completed the roll-out of its pilot fatigue management awareness program to all pilots prior to the start of the 2022 navigation season. In addition, during the 2022 winter months, all pilots completed training (Azipod) for the new Viking Octantis cruise ship that entered the Great Lakes region in May 2022.



## Performance Assessments

Below is an overview of the GLPA's performance to date and anticipated results.

Short-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To provide pilotage services free of shipping incidents	Number of pilotage assignments under the conduct of a licensed pilot for which there are no shipping incidents.	99.9% incident-free assignment rate.	Incident reports.
To provide quality pilotage services free of shipping incidents	Comply with the GLPA's Pilot Quality Assurance policy by ensuring all pilots complete their pilot continued proficiency requirements and are evaluated within a five-year cycle.	100% compliance of quality assurance evaluations.	Compare the pilots' annual training evaluations to their previous evaluations to ensure they are within the five-year cycle.
To reduce delays caused by a shortage of pilots.	Recruit, train, and retain pilots to increase the number of pilots and increase pilot availability.	Reduce the number of vessel delays to less than 5,000 hours.	Data is available on a monthly basis.
To recruit and train an appropriate number of apprentice pilots to meet traffic demands and reduce the hours of vessel delays due to a shortage of pilots.	Number of apprentice pilots recruited, trained, and retained.	GLPA will aim to recruit 7-11 apprentice pilots in 2023. 5 newly licensed pilots trained and retained for 2023.	Data is available on a daily basis.
To be financially self-sufficient.	Maintain surplus in 2022 and generate modest surplus in 2023 to meet reserve targets over planning period.	Surplus of \$1.1 million.	Monthly internal financial statements and Annual audited financial statements.

Short-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To support Transport Canada in its efforts to implement the National Marine Pilotage Regulations.	Respond to Transport Canada's requests for comments by the required timeline. Continue to develop the GLPA's Integrated Management System.	Responses to Transport Canada requests submitted by the deadline. GLPA's Integrated Management System developed in compliance with Transport Canada's requirements.	Data is available on a quarterly basis.
To finalize the remaining system security recommendations identified in the 2019 audit conducted by the independent internal auditors and conduct an assessment of IT requirements.	Complete the implementation of action plans to address system security gaps and complete the assessment of IT requirements.	Complete implementation of internal audit recommendations and assessment completed.	Various information technology systems and third-party system providers.
To improve customer relations following the 2021 customer satisfaction survey.	Implement 2021 survey action plans. Conduct customer satisfaction survey in 2023/2024.	Action plans implemented. Survey completed with a 10% increase on favorable experience, action plans developed and shared with customers.	Customer feedback.
To be viewed as an employer of choice.	Conduct employee engagement satisfaction survey in 2023/2024.	Achieve a 10% improvement from the 2020 results.	Employee satisfaction survey conducted by a third party.

Medium-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To provide pilotage services free of shipping incidents.	Number of pilotage assignments under the conduct of a licensed pilot for which there are no shipping incidents.	99.9% incident-free assignment rate.	Incident reports.
To provide quality pilotage services free of shipping incidents.	Comply with the GLPA's Pilot Quality Assurance policy by ensuring all pilots complete their pilot continued proficiency requirements and are evaluated within a five-year cycle.	100% compliance of quality assurance evaluations.	Compare the pilots' annual training evaluations to their previous evaluations to ensure they are within the five-year cycle.
To further reduce delays caused by a shortage of pilots.	Recruit, train, and retain pilots to increase the number of pilots and increase pilot availability.	Reduce the number of vessel delay hours by 10% annually.	Data is available on a monthly basis.
Continue to recruit and train an appropriate number of apprentice pilots to meet traffic demands and reduce the hours of vessel delays due to a shortage of pilots.	Number of apprentice pilots recruited, trained, and retained.	Annually, recruit and train 4-8 apprentice pilots and license 7-9 pilots.	Data is available on a daily basis.
To be financially self-sufficient.	Continue to maintain the financial reserve to allow for unforeseen events.	Annual surpluses of \$0.7 million to \$1 million.	Monthly internal financial statements and Annual audited financial statements.
To comply with the National Marine Pilotage Regulations.	Adjust operations per the new regulations. Implement and manage the GLPA's Integrated Management System per Transport Canada's timelines and requirements.	Operations in line with new regulations. Implementation of the Integrated Management System per established timelines.	Data is available on a quarterly basis.

Medium-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To achieve the GLPA's information technology future state.	Fully transition to future state recommended.	Systems updated/renewed to ensure the provision of quality, timely and efficient pilotage services.	System security internal audit.
To be viewed as a valued maritime partner by our customers.	Customer satisfaction surveys rolled-out and improve on previous results.	Achieve a 15% increase on favorable customer experience result.	Customer satisfaction survey conducted by a third party.
To be viewed as an employer of choice.	Employee engagement surveys rolled-out and improve on previous results.	Achieve a 15% improvement over previous results.	Employee satisfaction survey conducted by a third party.

Long-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Target	Data source and methodology
To provide pilotage services free of shipping incidents.	Number of pilotage assignments under the conduct of a licensed pilot for which there are no shipping incidents.	99.9% incident-free assignment rate.	Incident reports.
To provide quality pilotage services free of shipping incidents.	Comply with the GLPA's Pilot Quality Assurance policy by ensuring all pilots complete their pilot continued proficiency requirements and are evaluated within five-year cycle.	100% compliance of quality assurance evaluations.	Compare the pilots' annual training evaluations to their previous evaluations to ensure they are within the five-year cycle.
To maintain a reasonable level of delays caused by a shortage of pilots.	Recruit, train, and retain pilots to increase the number of pilots and increase pilot availability.	Vessel delay hours to return to pre- 2014 levels - less than 500 hours.	Data is available on a monthly basis.

<b>Long-Term Performance Assessments</b>			
<b>Outputs/ Outcomes</b>	<b>Performance Indicators</b>	<b>Target</b>	<b>Data source and methodology</b>
To maintain a sufficient level of marine pilots to provide safe and reliable pilotage services.	Average number of assignments per pilot.	110-120 assignments per pilot.	Data is available on a daily basis.
To be financially self-sufficient.	To maintain a reasonable financial reserve to allow for unforeseen events.	Achieve and maintain a financial reserve.	Monthly internal financial statements / Annual audited financial statements.
Maintain a safe and dependable information system infrastructure which meets future business needs.	Security programs and emergency preparedness.	To successfully recover information systems within the stated business day tolerances in the GLPA's Business Continuity Plan to avoid business interruptions.	Various information technology systems and third-party system service providers.

## Chief Executive Officer Statement

I, Michèle Bergevin, as Chief Executive Officer of the Great Lakes Pilotage Authority, am accountable to the Board of Directors of the Great Lakes Pilotage Authority for the implementation of results described in this Corporate Plan. I verify that this commitment is supported by the balanced use of all available and relevant performance measures and evaluation information.

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Michèle Bergevin, Chief Executive Officer  
Great Lakes Pilotage Authority

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October 28, 2022

## D. Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of the *Great Lakes Pilotage Authority*, I have reviewed the 2023- 2027 *Corporate Plan and Budgets* and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan. (not applicable)
5. The Corporate Plan and Budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the *Great Lakes Pilotage Authority*.
7. In my opinion, the financial information contained in this Corporate Plan and Budgets is sufficient overall to support decision making.

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Patricia Jasmin, Chief Financial Officer  
(Interim) Great Lakes Pilotage Authority

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October 28, 2022

## E. Financial Statements and Budgets

This corporate plan is presented under International Financial Reporting Standards (IFRS).

### Statement of Operations and Comprehensive Income

(000'S)	2021	2022	2023	2024	2025	2026	2027
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
<b>Revenues</b>							
Pilotage charges	39,738	46,513	47,681	48,894	50,108	51,372	52,647
Pilotage charges under objection	5,012	0	0	0	0	0	0
Dispatching and pilot boat income	172	189	194	120	123	126	130
Interest and other Income	61	88	90	92	94	97	99
<b>Total</b>	<b>44,984</b>	<b>46,790</b>	<b>47,965</b>	<b>49,106</b>	<b>50,325</b>	<b>51,595</b>	<b>52,876</b>
<b>Expenses</b>							
Pilots' salaries and benefits	25,931	32,923	33,667	34,367	35,182	35,823	36,800
Transportation and travel	3,666	4,065	4,227	4,354	4,441	4,530	4,620
Operation staff salaries and benefits	1,820	1,687	1,888	1,764	1,799	1,835	1,872
Pilot boat services	2,013	2,396	2,492	2,567	2,618	2,670	2,724
Administration staff salaries and benefits	1,323	1,776	1,858	2,121	2,163	2,206	2,251
Purchased dispatching services	182	193	201	207	211	215	219
Professional fees	509	613	637	656	670	683	697
Amortization and depreciation	217	350	439	598	719	736	851
Amortization on capital lease	63	63	63	60	60	60	60
Utilities, rentals, repairs and supplies	299	294	306	315	321	328	334
Pilot transfer services	284	335	348	359	366	373	381
Pilot training and recruiting costs	329	465	483	494	504	514	525
Pilot laptop and navigation software	163	111	116	119	122	124	127
Communications	117	92	96	99	101	103	105
Interest and bank charges	13	(5)	(5)	(5)	(5)	(5)	(6)
Interest on capital lease	4	3	1	23	21	19	17
Interest on line of credit	0	0	0	0	0	0	0
Interest on borrowing	0	0	0	0	0	0	0
Transport Canada administration fees	201	321	320	329	336	342	349
<b>Total</b>	<b>37,135</b>	<b>45,683</b>	<b>47,138</b>	<b>48,426</b>	<b>49,627</b>	<b>50,557</b>	<b>51,924</b>
<b>Profit (Loss) for the year</b>	<b>7,849</b>	<b>1,107</b>	<b>828</b>	<b>680</b>	<b>698</b>	<b>1,038</b>	<b>952</b>
Actuarial (Loss) gain	13	0	0	0	0	0	0
<b>Comprehensive income (Loss) for the year</b>	<b>7,861</b>	<b>1,107</b>	<b>828</b>	<b>680</b>	<b>698</b>	<b>1,038</b>	<b>952</b>



## Statement of Change in Equity

(000'S)	2021	2022	2023	2024	2025	2026	2027
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Accumulated surplus (deficit) - beginning of the year	(2,836)	5,025	6,132	6,960	7,640	8,338	9,376
Profit for the year	7,849	1,107	828	680	698	1,038	952
Other comprehensive Income	13	0	0	0	0	0	0
<b>Accumulated surplus - end of the year</b>	<b>5,025</b>	<b>6,132</b>	<b>6,960</b>	<b>7,640</b>	<b>8,338</b>	<b>9,376</b>	<b>10,328</b>

## Statement of Financial Position

(000'S)	2021	2022	2023	2024	2025	2026	2027
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
<b>ASSETS</b>							
Cash and cash equivalents	17,380	20,445	16,352	16,662	17,419	19,170	20,470
Investment	0	0	5,000	5,000	5,000	5,000	5,000
Trade and other receivable	5,912	6,977	7,152	7,334	7,516	7,706	7,897
Prepays	60	60	60	60	60	60	60
<b>Current</b>	<b>23,352</b>	<b>27,482</b>	<b>28,564</b>	<b>29,057</b>	<b>29,996</b>	<b>31,936</b>	<b>33,427</b>
Property and equipment	430	934	1,044	1,101	837	559	814
Intangible assets	74	0	121	636	1,046	723	397
Right-of-use asset	130	67	4	540	480	420	360
<b>Non Current</b>	<b>634</b>	<b>1,001</b>	<b>1,169</b>	<b>2,277</b>	<b>2,363</b>	<b>1,702</b>	<b>1,571</b>
<b>Total</b>	<b>23,986</b>	<b>28,483</b>	<b>29,733</b>	<b>31,333</b>	<b>32,359</b>	<b>33,637</b>	<b>34,998</b>
<b>LIABILITIES</b>							
Accrued salaries and benefits	14,617	18,193	18,707	19,126	19,572	19,932	20,461
Other accounts payable and accrued charges	2,027	2,141	2,227	2,292	2,338	2,385	2,433
Employee benefits	501	323	323	323	323	323	323
Lease liability	75	61	0	52	54	56	63
Pilotage charges under objection	0	0	0	0	0	0	0
<b>Current</b>	<b>17,220</b>	<b>20,718</b>	<b>21,256</b>	<b>21,793</b>	<b>22,287</b>	<b>22,696</b>	<b>23,280</b>
Employee benefits	1,680	1,632	1,516	1,402	1,289	1,177	1,065
Lease liability	61	0	0	498	444	388	325
<b>Non Current</b>	<b>1,741</b>	<b>1,632</b>	<b>1,516</b>	<b>1,901</b>	<b>1,733</b>	<b>1,565</b>	<b>1,390</b>
<b>Total</b>	<b>18,961</b>	<b>22,350</b>	<b>22,773</b>	<b>23,693</b>	<b>24,020</b>	<b>24,261</b>	<b>24,670</b>
<b>EQUITY</b>							
<b>Accumulated Surplus</b>	<b>5,025</b>	<b>6,132</b>	<b>6,960</b>	<b>7,640</b>	<b>8,338</b>	<b>9,376</b>	<b>10,328</b>
<b>Total Liabilities &amp; Equity</b>	<b>23,986</b>	<b>28,483</b>	<b>29,733</b>	<b>31,333</b>	<b>32,359</b>	<b>33,637</b>	<b>34,998</b>

## Statement of Cash Flow

### STATEMENT OF CASHFLOW

(000'S)	2021	2022	2023	2024	2025	2026	2027
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
<b>OPERATING ACTIVITIES</b>							
Profit for the year (loss)	7,849	1,107	828	680	698	1,038	952
Adjustments to determine net cash (used in) provided by operating activities:							
Employee benefits	(230)	(226)	(115)	(114)	(113)	(112)	(111)
Amortization and depreciation	217	350	439	598	719	736	851
Depreciation of right of use assets	63	63	63	60	60	60	60
Changes in non-cash working capital items:							
Decrease (increase) in trade and other receivables	660	(1,065)	(175)	(182)	(182)	(190)	(191)
Increase in prepaids	(4)	0	0	0	0	0	0
Increase (Decrease) in accrued salaries and benefits	(635)	3,576	513	419	446	360	529
Increase in other accounts payable and accrued charges	289	114	86	69	46	47	48
Increase (decrease) in pilotage charges under objection	(5,018)	0	0	0	0	0	0
<b>Net cash provided by operating activities</b>	<b>3,191</b>	<b>3,919</b>	<b>1,638</b>	<b>1,530</b>	<b>1,674</b>	<b>1,939</b>	<b>2,136</b>
<b>INVESTING ACTIVITIES</b>							
Disposal (Purchase) of investments	0	0	(5,000)	0	0	0	0
Acquisition of property and equipment and intangible assets	(70)	(780)	(670)	(1,770)	(865)	(135)	(780)
<b>Net cash (used in) provided by investing activities</b>	<b>(70)</b>	<b>(780)</b>	<b>(5,670)</b>	<b>(1,770)</b>	<b>(865)</b>	<b>(135)</b>	<b>(780)</b>
<b>FINANCING ACTIVITIES</b>							
Payment of the lease liability	(74)	(75)	(61)	550	(52)	(54)	(56)
<b>Net cash (used in) by financing activities</b>	<b>(74)</b>	<b>(75)</b>	<b>(61)</b>	<b>550</b>	<b>(52)</b>	<b>(54)</b>	<b>(56)</b>
<b>CASH AND CASH EQUIVALENTS</b>							
Net increase (decrease) in cash during the year	3,047	3,065	(4,093)	310	757	1,750	1,300
Balance, beginning of year	14,333	17,380	20,445	16,352	16,662	17,419	19,170
<b>Balance, end of year</b>	<b>17,380</b>	<b>20,445</b>	<b>16,352</b>	<b>16,662</b>	<b>17,419</b>	<b>19,170</b>	<b>20,470</b>

## Capital Budget

(000'S)	2021 Actual	2022 Fore cast	2023 Budget	2024 Plan	2025 Plan	2026 Plan	2027 Plan	Total 2023-2027
<b>Buildings</b>								
None	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Furnitures &amp; Fixtures</b>								
Office Furnitures	6,327	20,000	20,000	20,000	20,000	20,000	20,000	100,000
<b>Total</b>	<b>6,327</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>100,000</b>
<b>Leasehold improvements</b>								
General leasehold improvements	10,204	20,000	20,000	20,000	20,000	20,000	20,000	100,000
Head Office	0	0	180,000	180,000	0	0	0	360,000
<b>Total</b>	<b>10,204</b>	<b>20,000</b>	<b>200,000</b>	<b>200,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>460,000</b>
<b>Comm unication &amp; Computer Equipments</b>								
Computer, server, telecommunication & Security	25,968	75,000	75,000	75,000	75,000	75,000	75,000	375,000
Hardware update	0	0	125,000	125,000	0	0	0	250,000
Portable pilotage units	0	645,000	0	0	0	0	645,000	645,000
<b>Total</b>	<b>25,968</b>	<b>720,000</b>	<b>200,000</b>	<b>200,000</b>	<b>75,000</b>	<b>75,000</b>	<b>720,000</b>	<b>1,270,000</b>
<b>Softwares</b>								
Update and maintenance	28,416	20,000	20,000	20,000	20,000	20,000	20,000	100,000
Dispatching, billing and financial systems	0	0	230,000	730,000	730,000	0	0	1,690,000
<b>Total</b>	<b>28,416</b>	<b>20,000</b>	<b>250,000</b>	<b>750,000</b>	<b>750,000</b>	<b>20,000</b>	<b>20,000</b>	<b>1,790,000</b>
<b>GRAND TOTAL</b>	<b>70,915</b>	<b>780,000</b>	<b>670,000</b>	<b>1,170,000</b>	<b>865,000</b>	<b>135,000</b>	<b>780,000</b>	<b>3,620,000</b>

## Overview of Significant Capital Expenditure Plan

### Leasehold improvements

The current office lease expires January 31, 2024.

### Communication & Computer Equipment

The Portable Pilotage Unit (PPU) is a valuable tool that helps pilots make navigation decisions. The GLPA considers these units to be essential for achieving an economically sound, safe, and reliable pilotage service. The Portable Pilotage Units were replaced for the beginning of the 2022 navigation season. The GLPA estimates that the PPU's will have to be replaced again in 2027.

This year, the GLPA worked with a third-party Information Technology (IT) consultancy to introduce updated cybersecurity measures. Cybersecurity improvements will continue over the course of the planning period.

## Software

The GLPA needs to update and/or replace its billing, dispatching and financial systems. In 2023, the GLPA will prepare a preliminary analysis of its needs. At this point, it is too early to determine with certainty the cost of updating these systems.

## F. Borrowing Plan

### *Borrowing Authority*

The GLPA's funding activities are governed by section 36 of the *Pilotage Act* and section 127(3) of the *Financial Administration Act*. As such, the GLPA requires approval from the Minister of Finance to enter into any particular transaction to borrow money, including the time and terms and conditions of the transaction. The borrowing limit for the GLPA is set at \$12 million by the Governor General in Council. The following outlines the GLPA's borrowing plan:

- To maintain the short-term borrowing of \$5 million in the form of a line of credit.

The short-term borrowing is potentially needed to ensure business continuity.

Section 36 of *Pilotage Act* does not permit the GLPA to receive any payment made under an appropriation by Parliament to enable it to discharge any obligation or liability, with the exception of an authority given under the *Emergencies Act* or any other Act in respect of emergencies. As such, the GLPA is not entitled to seek any stimulus or other financial relief assistance being made available by the Government of Canada. Thus, the only viable solution to its cash flow concerns is to ensure a sufficient level of short-term borrowings to meet its future financial obligations to ensure the continuity to provide pilotage services for the movement of goods in Canada.

### *Overview of Borrowing Plans*

#### *Line of Credit*

The GLPA requests authorization from the Minister of Finance to maintain its short-term borrowing to \$5.0 million in the form of a line of credit for 2023, pursuant to Section 127(3) of the *Financial Administration Act*. The line of credit – given the nature of the GLPA's business – is also an important part of its business strategy, as it ensures funds are available to even out cash flow during fluctuations in traffic over the course of the navigation season.

As agreed with its banker, the GLPA pays prime rate on its line of credit. This borrowing requirement is integral to the GLPA's cash management strategy.

### Long-Term Borrowing

The following table reflects the peak usage of the line of credit towards the start of each navigation season (April 1):

<b>Short-term borrowings available and usage at peak during the year</b>						
<b>(in millions of dollars)</b>						
<b>Split by currency</b>	<b>2022 Forecasted</b>	<b>2023 Projected</b>	<b>2024 Projected</b>	<b>2025 Projected</b>	<b>2026 Projected</b>	<b>2027 Projected</b>
Line of credit available	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0
Real use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### Total Borrowing – New Capital Lease

During the planning period, the GLPA anticipates entering into new leases which will require Ministerial approval. The current office lease expires January 31, 2024. As such, the GLPA will be seeking approval to enter into a new lease effective February 1, 2024.

<b>Information and approval for upcoming leases</b>				
<b>(in millions of dollars)</b>				
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Building lease - Head Office</b>				
Maximum expected liability on the lease	\$ 0.6	\$ 0.5	\$ 0.4	\$ 0.4
Maximum expected number of years remaining	9	8	7	6

## G. Investment Framework

Section 37 of the *Pilotage Act* allows the GLPA, “with the approval of the Minister of Finance, to invest any moneys not immediately required for the purposes of the GLPA in any class of financial assets”.

Since 1996, the GLPA has requested and has obtained formal approval from the Minister of Finance to invest excess moneys on a short-term basis in bonds guaranteed by any level of government. Given the changes to the *Pilotage Act*, the GLPA plans to continue to invest in short-term guaranteed investments within the new scope of investment options.

Given an important portion of cash inflow is received between September and December and given the GLPA’s significant cash outflows occur in January the following year, the GLPA cannot aggressively invest in instruments that mature beyond February. The GLPA consults with its investment experts for recommendations of investment instruments that could be purchased to maximize returns with no financial risks.

The GLPA, therefore, requests the Minister of Finance’s approval to invest any moneys not immediately required for the GLPA in any of:

1. Bonds or other obligations of or guaranteed by Her Majesty the Queen in right of Canada or any province, or any municipality in Canada;
2. Fixed-income instruments with a credit rating of at least BBB- by Standard & Poor’s or Fitch Ratings, or Baa3 by Moody’s;
3. Funds with diversified holdings that fall within the scope of items 1 and 2 above, including exchange-traded funds but excluding leveraged funds; and
4. Guaranteed investment certificates that are eligible for Canada Deposit Insurance Corporation insurance.

## H. Risk and Risk Responses

The GLPA is committed to identifying, assessing, and mitigating, when deemed appropriate, all risks. It applies an Enterprise Risk Management (ERM) approach to its strategic planning process. In 2018, the GLPA introduced an ERM policy that formalized the development of an enterprise risk management framework. It supports decision making at all levels so that members of the Board, senior executives, staff, and pilots are accountable for managing risk within their area of responsibility.

The GLPA manages risks based on an inventory of risk categories that align with (i) external, (ii) financial; (iii) operational, (iv) environmental/health and safety, (v) human capital, (vi) technological and (vii) regulatory risks.

The GLPA's Management team reviews and updates the ERM dashboard and provides a status update on mitigating actions throughout the year and presents the results on a quarterly basis to the various Committees and the Board. As part of this exercise, the Management team ensures it is:

- Identifying new risks and reviewing current risks;
- Assessing the inherent and residual risks through its risk matrix that focuses on impacts and likelihoods;
- Assessing the risk tolerance for all risks identified;
- Reviewing the current mitigating controls and proposing further mitigating actions; and
- Prioritizing key risks, taking into account financial and human resources.

The GLPA has adopted the following impact and likelihood definitions to assess the risk matrix (ratings):

Risk Rating	Financial	Human	Property	Vessels	Environmental	Reputation	Disruption of Business
<b>Extreme</b>	Above \$6 million cash impact on the GLPA	Multiple deaths And multiple people with serious long-term injuries Intensive care	Damage to property is such that it ceases operations for a period of time exceeding one month	Vessel sinks or sustains so much damage that it is a constructive total loss	Incident causes sustained long-term harm to the environment (i.e., Damage lasts greater than a month)	Sustained front page adverse national media coverage and international media coverage	Threatens long-term viability of the GLPA (Operational cessation or major operational issues lasting more than one month)
<b>Very High</b>	Impact on the GLPA between \$3 and \$6 million	Single death And multiple people with serious long-term injuries Intensive care	Damage to facilities is such that operations cease for up to one month	Vessel sustains damage significant enough to result in towing to dry dock and loss of operations for up to one month	Incident causes sustained medium term harm to environment (i.e., damage lasts up to one month)	Front page adverse national media coverage and intermittent international media coverage	Threatens viability of the GLPA in the medium term (Operational cessation or major operational issues lasting up to one month)
<b>High</b>	Impact on the GLPA between \$1 and \$3 million	Some people with serious long-term injuries and multiple minor injuries	Damage to facilities is such that operations cease for up to two weeks	Vessel sustains significant damage with dry dock and loss of operations up to two weeks	Incident causes medium term harm to environment (i.e., damage lasts up to two weeks)	Intermittent adverse national media coverage	Threatens viability of the GLPA in the short term (Operational cessation or major operational issues lasting up to two weeks)
<b>Medium</b>	Impact on the GLPA between \$0.5 and \$1 million	One person with serious long-term injuries Some minor injuries	Damage to facilities is such that operations cease for up to one week	Vessel sustains damage resulting in loss of operations up to one week	Incident causes short term harm to environment (i.e., damage lasts no greater than one week)	Sustained front page adverse local media coverage Board and Government of Canada receive complaints from Chamber of Marine Commerce, Shipping Federation of Canada	Operational issues lasting up to one week but no cessation of business



Risk Rating	Financial	Human	Property	Vessels	Environmental	Reputation	Disruption of Business
Low	Impact on the GLPA under \$0.5 million	Single or multiple minor injuries requiring on site first aid and/or off-site treatment	Damage to facilities is such that operations cease for up to 72 hours	Minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours	Incident causes minimal or intermittent harm to the environment over a period of time (i.e., damage lasts no greater than a day)	Intermittent front page adverse local media coverage  Complaints from Chamber of Marine Commerce, Shipping Federation of Canada	Operational issues lasting up to 72 hours

RISK MATRIX						
I M P A C T	EXTREME					
	VERY HIGH					
	MEDIUM					
	LOW					

LIKELIHOOD DEFINITION	
Rare	< 5% this event may occur (exceptional basis).
Unlikely	5-25% this event could occur at some time.
Possible	25-50% this event should occur at some time.
Likely	50-75% this event will probably occur in most circumstances.
Frequent	> 75% this event is expected to occur in most circumstances.

The GLPA's top key risks (ERM Dashboard), are as follows:

No.	ERM Risk Category	Strategic Alignment	Key Risk	Inherent Risk	Residual Risk	Target Residual Risk
1	Operational Human Capital	S, R, L, F	Risk of an insufficient number of pilots to effectively service pilotage demand.	Orange	Yellow	Green
2	External	S, R, L, F	Risk of insufficient pool of candidates applying to the GLPA to become a pilot to meet the GLPA's recruitment needs.	Red	Yellow	Yellow
3	External	S, R, L, F	Risk that the Covid-19 pandemic worsens (or another pandemic begins), impacting GLPA employees' health and safety as well as business continuity.	Red	Yellow	Yellow
4	Financial Strategy	F	Risk that the GLPA does not develop effective pilotage charge strategies (including budget assumptions) to recover its operating costs.	Yellow	Green	Green
5	Human Capital	L	Risk that the GLPA does not have the right leadership in place, that it does not have an appropriate organizational structure to deliver on its objectives or does not have management succession plans which could jeopardize business continuity.	Orange	Yellow	Green
6	Operational Regulatory	E	Risk that the GLPA does not properly monitor or validate the pilot certification program leading to unqualified certificate holders providing pilotage services or creating a shortage of certificate holders.	Orange	Yellow	Green
7	Financial	F	Risk that the GLPA does not have effective budgeting, forecasting, and monitoring processes and reporting to the Board.	Yellow	Green	Green
8	Financial Operational	L, F	Risk that pilot compensation is not contained and leads to financial losses.	Orange	Yellow	Green
9	Operational	R, L	Risk that the GLPA cannot respect its mandate of efficient pilotage services (pilot availability).	Orange	Yellow	Green
10	Operational Human Capital Environmental and Safety	S	Risk that the GLPA has not developed and maintained its pilot training program to ensure safe pilotage services.	Red	Green	Green
11	Environmental and Safety	S	Risk that a pilot has an incident that leads to loss of life, environmental spills, or significant structural damages.	Red	Green	Green
12	External	F, R	Risk that the economic conditions outside of the GLPA's control will lead to actual traffic being materially different than forecasted by the GLPA.	Red	Orange	Yellow
13	Operational	E	Risk that the GLPA cannot effectively manage the traffic volatility (i.e. surges) leading to costly delays.	Yellow	Green	Green
14	Human Capital Financial Strategic	L	Risk that the GLPA's labour negotiation strategies (pilots and PSAC) do not allow the GLPA to meet its mandate of providing safe and reliable pilotage services and be financially self-sufficient.	Orange	Yellow	Green
15	Human Capital Strategic	L, F, S, R	Risk that the GLPA does not have a robust pilot succession planning process (recruitment and retention) which could cause a shortage of pilots to service pilotage demands.	Orange	Yellow	Green
16	Technology	E	Risk that the GLPA's physical and cyber security exposes its inability to deal with outside threats (including ransomware).	Orange	Yellow	Green
17	Technology Strategic	E	Risk that the GLPA's Information Technology future state does not meet future business needs.	Orange	Yellow	Green

Legend: S – Navigational Safety; R – Pilotage Reliability; F – Financial Self-Sufficiency; E – Organizational Efficiency; L – Good Labour Relations  
 Note: the ordering of the above risks does not necessarily reflect their priority.

The tables below provide additional information on the impact and responses of the top risks identified in the table above.

Risk Title & Description
<p>1. Insufficient number of pilots to effectively service pilotage demand.</p> <ul style="list-style-type: none"> <li>• Categories: Operational, Human Capital</li> <li>• Probability: Likely</li> <li>• Inherent Risk Level: High</li> <li>• Residual Risk Level: Low</li> </ul>
Impact & Response
<p><b>Impact:</b> Credibility impacts for the GLPA amongst stakeholders for the ripple effects to the supply chain.</p> <p><b>Response:</b> As the GLPA’s ability to effectively provide safe and reliable pilotage services is directly related to maintaining a sufficient number of qualified pilots, the pilot succession planning risk is high. As there is no legislated mandatory retirement age in the marine sector, uncertainty in retirement prediction leads to recruiting and training apprentice pilot challenges to maintain the proper level of pilots. To mitigate this uncertainty, the GLPA surveys its pilots annually to ask about their retirement plans. The exercise has proven beneficial since the average notification period has increased to approximately 6 months, thus facilitating recruitment plans. In 2022, the GLPA’s response rate to this survey was 88%. The GLPA uses this information to prepare its upcoming pilot number requirements.</p> <p>The GLPA offers part-time employment contracts to retired pilots to provide additional resources when apprentice pilots are being trained. Most of the retired pilots agree to return on a part-time basis for a number of years.</p> <p>To mitigate the risk of apprentice pilots not completing their training program, the GLPA will continue to review its training program, have training progression debriefs with the apprentice pilots and use its pilots in the training program to support apprentice pilots.</p> <p>In 2022, the GLPA’s focus for its internal audit will be on Human Resources – Pilot Recruitment. This advisory audit is being conducted to potentially assist the GLPA in its recruitment efforts. The GLPA will also monitor for changing economic trends (i.e. the onset of a recession) and how that may impact pilotage demand levels.</p>

### Risk Title & Description

2. Insufficient pool of candidates applying to the GLPA to become a pilot to meet the GLPA's recruitment needs.

- Categories: External
- Probability: Medium
- Inherent Risk Level: High
- Residual Risk Level: Medium

### Impact & Response

**Impact:** As the GLPA is currently experiencing a high level of pilot retirements and increasing demand for pilotage services, a lack of qualified pilot candidates would lead to the GLPA's inability to meet pilotage demands, cause a high level of vessel delays, and lead to higher pilotage charges due to greater pilot overtime. The number of individuals entering into a Canadian maritime career has been decreasing over the years. In addition, the Canadian shipping industry also has an aging workforce similar to the GLPA with many upcoming retirements.

**Response:** In collaboration with the Chamber of Marine Commerce, the GLPA continually reviews the requirements for the Great Lakes marine pilotage certification training program to ensure they remain current. As the issuance of pilotage certificates transitions to Transport Canada, the GLPA remains actively involved in supporting both Transport Canada and the domestic shipowners to ensure Canadian officers obtain their pilotage certificates in a timely manner.

The GLPA has been working on increasing the awareness of the marine pilot profession by participating in various career fairs and offering bursaries to colleges with marine programs. As the pandemic restrictions ease, the GLPA will continue to participate in more events at marine schools and job fairs aiming to raise awareness of the profession in the Great Lakes region. In 2022, the GLPA did not meet its recruitment target (onboarded five pilots vs. the target of nine). Currently, four of the five pilots have started training with the fifth to begin training in November 2022. The GLPA has also recently promoted the pilot career in Marine Delivers and Maritime magazines.

### Risk Title & Description

3. COVID-19 pandemic worsens in 2023 (or another pandemic begins), impacting GLPA employees' health and safety as well as business continuity.

- Categories: External
- Probability: Medium
- Inherent Risk Level: High
- Residual Risk Level: Medium

### Impact & Response

**Impact:** Pilots may develop severe health issues which may also result in a lack of pilot resources to service pilotage demand. COVID-19 impacts on GLPA operations is stable at this time with some pilots having contracted the virus and being off the tour de role for 5 days.

**Response:** Given pilots are required to cross the Canada/United States border to board vessels and that they have direct contact with foreign and domestic crews in tight spaces, the health/safety risk is inherently high. Through effective social distancing protocols, wearing of personal protective equipment and collaboration with all industry stakeholders on agreed upon prevention protocols, the health/safety residual risk is reduced to medium.

As the St. Lawrence River and the Great Lakes are in most parts in international waters and that the GLPA shares pilotage services with US pilotage associations, the current operational infrastructure requires Canadian pilots to board vessels from various stations in the United States pursuant to a Memorandum of Understanding with the United States Coast Guard. The GLPA is not structured to allow pilots to board vessels directly from Canada, thus a border closure leads to a high inherent risk and medium residual risk for business continuity. The GLPA has worked in close collaboration with Transport Canada and the Canada Border Services Agency to ensure GLPA pilots, essential service providers, can cross the Canada/United States border to board vessels without access restrictions. Since the beginning of the pandemic, GLPA pilots have been able to complete their pilotage assignments without delays.

Given the continued transmissibility of existing and new variants, the GLPA employees continue to be vigilant with its preventive protocols and are committed to ensuring a safe work environment to protect all who work in the Canadian marine industry. This is evidenced by a 99% vaccination rate for employees and a 100% vaccination rate for pilots.

The GLPA's business continuity plan was tested as the GLPA planned and executed its strategies to address the COVID-19 pandemic issues.

### Risk Title & Description

4. The GLPA does not develop effective pilotage charge strategies (including budget assumptions) to recover its operating costs.

- Categories: Financial, Strategy, Operational
- Probability: Medium
- Inherent Risk Level: Medium
- Residual Risk Level: Low

### Impact & Response

**Impact:** Direct financial loss and the inability to meet financial obligations

**Response:** The GLPA was in a financial deficit position from 2003 to 2021. The Shipping Federation of Canada's objection to the GLPA's 2020 and 2021 pilotage charges compounded the GLPA's uncertainty to profitability and cash flows. The GLPA modified its pilotage charges strategies in 2020 to introduce charges that targeted specific cost recovery events. The decision by the Canadian Transportation Agency in November 2021 resulted in the GLPA recovering from its longstanding accumulated deficit and recording a \$5.0 million accumulated surplus at the end of 2021 which has allowed the organization to meet its statutory obligation of financial self-sufficiency.

The GLPA has been increasing its operational analysis to better understand pilotage demands and schedules to better control costs and increase efficiency opportunities (i.e. analyzing surges and marrying this with the availability of pilots).

In August 2022, the Board and Senior Management have developed a strategy for its financial reserve to ensure it can meet the legislated requirement of financial self-sufficiency over the long term.

**Risk Title & Description**

5. The GLPA does not have the right leadership in place, that it does not have an appropriate organizational structure to deliver on its objectives or does not have management succession plans which could jeopardize business continuity.

- Categories: Human Capital
- Probability: Low
- Inherent Risk Level: Medium
- Residual Risk Level: Low

**Impact & Response**

**Impact:** That poor leadership sets a negative tone and creates an unhealthy work environment and that an inappropriate organization structure leads the inability for an organization to meet its mandate or strategic objectives.

**Response:** The GLPA initiated a third-party organization optimization assessment of its management structure. The independent consultant concluded that the GLPA’s current organizational structure and limited resources may not enable the GLPA to meet its mandate and drive the organization’s current and future strategic and operational objectives. The Board approved the addition of positions to strengthen the organization's structure and to facilitate the succession plan for key positions. In January 2022, the GLPA also filled an important management vacancy with the onboarding of an Interim Chief Financial Officer. The GLPA is in the process of recruiting a full time CFO with an expected start date of fall 2022. The CEO announced her departure with a long lead time to recruit a replacement. With the Director of Operations expected to retire in the next couple of years, the GLPA will be launching an anticipatory staffing process to ensure a smooth transition for this important position.

### Risk Title & Description

6. The GLPA does not properly monitor or validate the pilot certification program.

- Categories: Operational, Regulatory
- Probability: Low
- Inherent Risk Level: Low
- Residual Risk Level: Low

### Impact & Response

**Impact:** Unqualified certificate holders providing pilotage services or creating a shortage of certificate holders.

**Response:** The GLPA has been working with Transport Canada since Spring 2021 on the transition of the certification program given the issuance, suspension and cancellation has been transferred from the GLPA to the Minister of Transport. The Operations Analyst responsible for the certification program left the GLPA in April 2022 and a replacement was only found in early August 2022. The Chief Operating Officer has been focusing on clearing the backlog as the GLPA is committed to ensuring program files are processed in a timely manner to ensure domestic companies can benefit from their qualified employee pilotage certificates and also to assist the GLPA with the shortage of pilots to service pilotage demand.



## I. Compliance with Legislative and Policy Requirements

The GLPA is governed by the *Pilotage Act* and is also subject to other federal legislation. The following provides an insight into the GLPA's compliance status with various legislation and directives to which it is subject.

### *Canada Labour Code*

The GLPA fully supports all elements of the *Canada Labour Code* and embraces all new regulatory requirements for the betterment of all Canadians. Bill C-86, the *Budget Implementation Act*, No. 2, which received Royal Assent in December 2018 and Bill C-63 introduced new regulatory requirements relating to new hours of work provisions. The GLPA completed a detailed impact assessment of these new requirements and requested some exemptions and modifications as they relate to the requirements for the 8-hour rest period between work period of shifts, subsection 169.2 (1), and the 30-minute break within every five hours of work, subsection 169.1 (1), since the pilot groups are solely responsible for the conduct of a ship during the transit. The amended regulations were published on February 1, 2022.

### *Access to Information Act*

The GLPA believes that openness and transparency help build a trusting relationship with customers, partners, and all other stakeholders. Its objective is to respond promptly, and with transparency, to all information requests from the public, the media, and all those interested in the GLPA's operations. To date in 2022, the GLPA has received one request and does not have any outstanding requests from prior years.

The GLPA complies with the Federal Government by posting responses to requests it receives under the *Access to Information Act* on [www.open.canada.ca](http://www.open.canada.ca). Additionally, the GLPA reports annually to the Access to Information Commissioner.

### *Conflict of Interest Act*

The GLPA's policy on conflict of interest is compliant with the *Conflict-of-Interest Act*. To date in 2022, the GLPA does not have any reported conflict of interest issues.

### *Canadian Human Rights Act*

All GLPA policies respect the *Canadian Human Rights Act*. The GLPA is not aware of any complaints made under this Act. The GLPA revised its policy on harassment and violence prevention in the workplace at the end of 2020 as well as its supporting programs to ensure it remains compliant with the requirements for comprehensive policies to address workplace harassment, violence, and sexual harassment under the *Canada Labour Code* in the recent Bill C-65 Safe Workplaces. In 2021, the GLPA provided harassment and violence prevention training to all its employees and this is requirement for all new hires.

### ***Employment Equity Act***

The GLPA is committed to attract, hire, and retain talent that reflects the diverse Canadian workforce. All of the GLPA's recruitment policies and processes respect the *Employment Equity Act*. In 2021, the GLPA introduced a self-declaration form for members of designated employment equity groups and encourages potential candidates to self-declare. The GLPA is not aware of any complaints made under the *Employment Equity Act*.

### ***Pay Equity Act***

The *Pay Equity Act* was recently amended in August 2021 and employers have a 3-year timeframe to comply with the changes. Management is in the process of assessing the implications of the amendments to ensure compliance with the Act. As part of the recent compensation benchmarking study completed for the GLPA by an independent consultant, measures to ensure compliance with the *Pay Equity Act* were reviewed.

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

The GLPA's Director of Human Resources assumes the role of Official Languages champion to promote and monitor the use of official languages in all internal and public communications. The use of both languages in the workplace prevails at the GLPA's head office in Cornwall, Ontario, where staff need to communicate with employees, customers, and government agencies in either language. As required, the GLPA reports annually to the Treasury Board Secretariat's Official Languages Centre of Excellence. The GLPA received one complaint in 2021 which was investigated by the Office of the Commissioner of Official Languages. In May 2022, the Office of the Commissioner of Official Languages submitted a report to the GLPA indicating that the GLPA had fully implemented the recommendations and closed the investigation. To date in 2022, the GLPA has not received any complaints.

### ***Privacy Act***

The GLPA reports annually to the Privacy Commissioner. In 2019, the GLPA revamped its privacy program to ensure compliance with this Act. To date in 2022, there are no privacy requests received by the GLPA.

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

Since February 2016, the GLPA's policy on travel and hospitality has been aligned with the Government's *Directive on Travel, Hospitality and Conference, and Event Expenditures*, as noted by the Office of the Auditor General of Canada's opinion of the GLPA's annual financial statements.

In support of good governance practices, the GLPA has a directive on travel and hospitality that governs the reimbursement of reasonable travel and hospitality expenses required for business travel as directed under section 89 of the *Financial Administration Act*. Each year, the Office of the Auditor General of Canada audits the GLPA's compliance with this directive.

As a means of ensuring transparent communications with the public, the policy is published on the GLPA website at <http://www.glpa-apgl.com/about/policies/>. In addition, the GLPA also voluntarily publishes the travel and hospitality expenditures for the Chair of the Board, Directors, the Chief Executive Officer, and other senior officers, thus complying with proactive disclosure requirements. The GLPA's quarterly reports can be found on its website at <http://www.glpa-apgl.com/reports-and-documents/financial-reports/>. The GLPA also discloses the total annual expenditures for travel, hospitality, and conference fees. The GLPA includes this information in its Annual Reports, as required by the Treasury Board's *Directive on Travel, Conference, and Event Expenditures*.

### ***Pension Plan Reforms***

Eligible GLPA employees are covered by the Public Service Pension Plan administered by the Government of Canada. The GLPA complies with section 89 of the *Financial Administration Act* to align with a 50:50 contribution ratio.

### ***Trade Agreements***

Although the GLPA is not directly involved with trade agreements, it does support all trade agreements as part of its procurement activities. All requests for proposals are posted on the Government's Buy and Sell website and indicates those that fall under the various trade agreements.

### ***Other***

The GLPA supports and complies with the following legislation:

#### **Corporate**

- *Canada Business Corporations Act*, RSC 1985, c C-44
- *Financial Administration Act*, RSC 198, c F-11

#### **Government Institutions**

- *Auditor General Act*, RSC 1985, c A-17
- *Commercial Arbitration Act*, RSC 1985, c17 (2nd Supp.)
- *Library and Archives of Canada Act*, SC 2004, c 11
- *Lobbying Act*, RSC 1985, c 44 (4th Supp.)
- *Public Servants Disclosure Protection Act*, SC 2005, c 46

## Regulatory Statutes

- *Pilotage Act*, RSC 1985, c P-14
- *Canada Labour Code*, RSC 1985, c L-2
- *General Pilotage Regulations*, SOR/2000-132
- *Canada Marine Act*, S.C. 1998, c. 10
- *Canada Shipping Act, 2001*, S.C. 2001, c. 26
- *Collision Regulations*, C.R.C., c. 1416
- *Eastern Canada Vessel Traffic Services Zone Regulations*, SOR/89-99
- *Environmental Response Arrangement Regulation*, SOR/2008-275
- *Marine Occupational Health and Safety Regulations*, SOR/2010-120
- *Marine Personnel Regulations*, SOR/2007-115
- *Navigational Safety Regulations*, SOR/2005-134
- *Seaway Properties Regulations*, SOR/2003-105
- *Shipping Casualties Reporting Regulations*, SOR/85-514
- *St. Clair and Detroit River Navigation Safety Regulations*, SOR/84-335
- *Transportation Safety Board Regulations*, SOR/2014-37
- *Canada Transportation Act*, SC 1996, c 10

## J. Government Priorities and Direction

The GLPA has embraced, and aligns itself with the Government of Canada priorities set in the Honourable Omar Alghabra’s mandate letter sent to the GLPA’s Board Chairperson in September 2022 and is taking the following actions and measures:

### *Openness and Transparency*

The GLPA is fully committed and takes pride in its full openness and transparency with all stakeholder interactions and the Canadian public. It uses several communication tools to deliver on its commitment to be fully open and transparent. It ensures timely responses to all information requests and concerns, when feasible. It makes available the entire passage plans to provide its customers with a general overview of the transits as well as publishes its pilot-master exchange of information checklist on its website to ensure all ships are provided with consistent and effective services, largely by sharing crucial information for the safety of the ship and the crew while transiting the Great Lakes region.

### ***Supporting the Economic Response/Recovery Efforts in Fighting the Pandemic, Building Back a Better Canada, and Strengthening the middle class***

As an important partner in marine commerce, the GLPA supports Canadian companies in accessing foreign markets which enables economic growth as well as helping give middle-class Canadians access to foreign goods at a lower cost. Approximately 80-85% of pilotage services deal with the import/export of goods from foreign markets. The GLPA is committed to supporting Canadian companies with reliable and flexible pilotage services to facilitate these companies to seek out new opportunities for commerce. Since the beginning of the pandemic in March 2020, the GLPA, an essential service provider for the movement of goods, ensured uninterrupted pilotage services to Canadian companies. Unlike many sectors, pilotage demand in the Great Lakes region did not see important reductions. To support the creation of jobs and growth, the GLPA will continue to effectively collaborate with other marine stakeholders in the Great Lakes region to ensure Canadian companies have access to safe, reliable, and efficient pilotage services for the movement of their goods to market.

### ***Indigenous Relations and Walking the road to reconciliation***

The GLPA is committed to gaining a better appreciation of Indigenous culture. As many Indigenous communities are located on the border of the St. Lawrence River and the Great Lakes, the GLPA remains respectful of navigation impacts on these communities. In 2022, the GLPA met with Chiefs of the Mohawk Council of Kahnawake to promote the GLPA as an employer of choice for their community and to gain their perspective and share their concerns on navigation safety, the preservation of their culture and customs, human life and property, and the protection of the marine environment. Over the planning period, the GLPA plans on meeting with other Indigenous groups to build a respectful relationship with these communities.

### ***Fighting Climate Change***

The GLPA operates and administers safe and efficient pilotage services to ensure that Canadian waterways are free of environmental spills and damages. It continues to work in collaboration with the government, its contractors, and other marine industry stakeholders to minimize the effects of climate change as it relates to navigation.

As part of the Government's initiatives on the *Canadian Net-Zero Emissions Accountability Act*, the GLPA will be exploring green procurement requirements for all its contractors such as its land transportation contractors as part of its upcoming procurement initiatives.

### ***Standing Up for Fairness, Equity, Diversity, and Inclusion***

The GLPA supports the Government of Canada's mandate to ensure women, Indigenous Canadians, members of visible minorities and persons with disabilities are free from discrimination and are equitably represented. The GLPA is committed to developing an inclusive and barrier-free work environment in which all persons have equal access to opportunities within its organization. This is seen in the GLPA's recruitment, selection, conditions of employment, training, career development and performance management practices which focus on equity and a sense of value. Members of the management group have received training in the areas of diversity in the workplace as well as indigenous cultural awareness in 2022. These training

initiatives align with the GLPA's commitment to building a skilled and diverse workforce which is reflective of Canadian society.

Women represent 57% of the Board, 50% of the leadership team, 60% of office staff, and 27% of dispatchers. However, given the GLPA is required to recruit from a pool of pilot candidates that must meet the physical and qualification restrictions included in the *Pilotage Act* and the *General Pilotage Regulations*, the current pool of candidates is predominately comprised of male Caucasians at this time. Thus, women only represent 3% of the pilot workforce. While the GLPA has initiated self-declaration forms in 2021, it does not have further statistical analysis at this time.

In fall 2021, the GLPA hired a firm to complete a compensation benchmarking study for its non-unionized workforce to ensure fair compensation of these positions. In May 2022, the GLPA adopted a new pay structure reflective of similar jobs in the Cornwall and surrounding area to ensure it can attract good talent.

### ***Safe Workspaces and Accessibility***

The GLPA has various policies and has implemented practices to ensure a healthy workplace where its employees can expect to feel secure and enjoy a safe physical and emotional work environment as well as feel respected, recognized for the work they do, and provide a sense of belonging and purpose. Based on its employee engagement results from the 2020 survey, the GLPA is in the process of implementing action plans to address employee concerns. In addition, in 2021, the GLPA conducted an internal audit of its occupational health and safety processes. The report from the independent auditors was presented to the Board in fall 2021 and an action plan has been developed to address the audit findings. New safety programs have been developed to ensure compliance with the *Canada Labour Code* and will be implemented by the end of the 2022 navigation season.

### ***Sustainable Development and Greening Government Operations***

The GLPA provides pilotage services in the Great Lakes region that are safe and free of environmental spills. The risk of marine incidents is inherent in every action taken by GLPA employees. Training policies for all apprentice pilots, active pilots and pilotage certificate holders are designed to ensure that proper levels of knowledge and experience in this area are in place. The GLPA continues to promote ongoing communications with all employees on the importance of embracing a safety-minded culture with the goal of limiting environmental risks.

The GLPA also sends each of its pilots to complete simulator training at least once in a five-year cycle. It will continue this practice as it provides pilots with a means to train on different ships, manage various conditions, and cope with specific issues, such as slow rudders or crew responses. The GLPA reviews incidents and trends to continually reassess the training program. The GLPA also takes part in various joint initiatives and associations to keep up to date on emerging safety concerns and best practices as well as participates in the *International Marine Pilots' Association's* conference every two years where it interacts with other pilotage service providers from around the world. In discussions that promote professional standards in the interests of pilot safety, this conference encourages both consultation between its members and the exchange of technical information with other industry partners and regulators across the globe. Similarly, but on a more national level, the GLPA also gains benefits from its interaction with the Canadian Marine Pilots' Association.

Finally, the GLPA consults with the Canadian Marine Pilots' Association, the Transportation Safety Board, and its pilots and leverages its 2015 formalized post-incident protocol for all marine incident investigations.

## K. Business Environment

### *Cornwall District*

The Cornwall District is defined as the Canadian waters of the St. Lawrence River between the northern entrance to St. Lambert Lock and the pilot boarding station near St. Regis in the Province of Quebec (the Snell Lock). The pilots employed in the district are members of the *Corporation des Pilotes du Fleuve et de la Voie Maritime du Saint-Laurent*. All dispatches are made from Cornwall.

### *International District No. 1*

International District No. 1 is 103 miles long and consists of the waters of the St. Lawrence River, between Snell Lock and Cape Vincent, New York at the entrance to Lake Ontario, and includes the Eisenhower and Iroquois Locks. There are both Canadian and United States pilots in this district. The Canadian pilots belong to the *Corporation of the Upper St. Lawrence Pilots*.

A *Memorandum of Understanding* between the GLPA and the United States Coast Guard dictates that Canadian pilotage takes 10 out of every 17 assignments, or 58.82% of all dispatches in the district. Each country dispatches its own pilots.

### *International District Lake Ontario*

International District Lake Ontario is also served by both Canadian and United States pilots. The Canadian pilots are members of the *Pilots' Corporation, Lake Ontario, and Harbours*, and are specifically licensed to serve Lake Ontario and its harbours.

Per the *Memorandum of Understanding*, Canadian and United States pilots share assignments equally on Lake Ontario. Each country dispatches its own pilots.

### ***International District No. 2 (including the Welland Canal)***

This district consists of the Welland Canal, Lake Erie, Lake St. Clair, and the Detroit and St. Clair Rivers. The Canadian pilots are members of the Corporation of Professional Great Lakes Pilots, all of whom are licensed to serve the entire district.

The *Memorandum of Understanding* dictates the dispatch allocations as follows:

- |                         |  |
|-------------------------|--|
| Welland Canal           | <ul style="list-style-type: none"><li>• Canadian pilots only</li></ul>                                     |
| Port Colborne – Detroit | <ul style="list-style-type: none"><li>• Canadian pilots are assigned 50% of the through transits</li></ul> |
| Detroit – Port Huron    | <ul style="list-style-type: none"><li>• Three of eight ships take Canadian pilots</li></ul>                |

In addition, Canadian pilots are dispatched to all ships destined to or departing from Canadian ports within the district.

### ***International District No. 3***

International District No. 3 is defined as the Canadian waters of the St. Mary's River connecting Lakes Huron and Superior and includes Lakes Huron, Michigan, and Superior. Pilots employed by the GLPA in this district are all members of the same corporation as the District No. 2 pilots. Ships going to ports on Lakes Michigan or Huron from Port Huron keep the pilot on board. Ships destined for Lake Superior ports change pilots at Detour, where a district pilot takes them through the St. Mary's River to Gros Cap. A lake pilot will then board the ship to guide it to its final destination.

The *Memorandum of Understanding* does not specify the division of assignments between Canadian and United States pilots but states that the GLPA is to receive 18.9% of the revenue generated in the district for the navigation season. All administrative and dispatching functions are performed by the United States.

### ***Port of Churchill***

The Port of Churchill, Manitoba falls under the GLPA's jurisdiction and is accessible for only a few months of the year. The normal pilotage operation consists of three maneuvers, that is, piloting the ship into the harbour, turning the ship, and piloting the ship out of the harbour.

The GLPA's Lake Ontario pilots are licensed to perform all pilotage duties in the Port of Churchill on an as-needed basis.

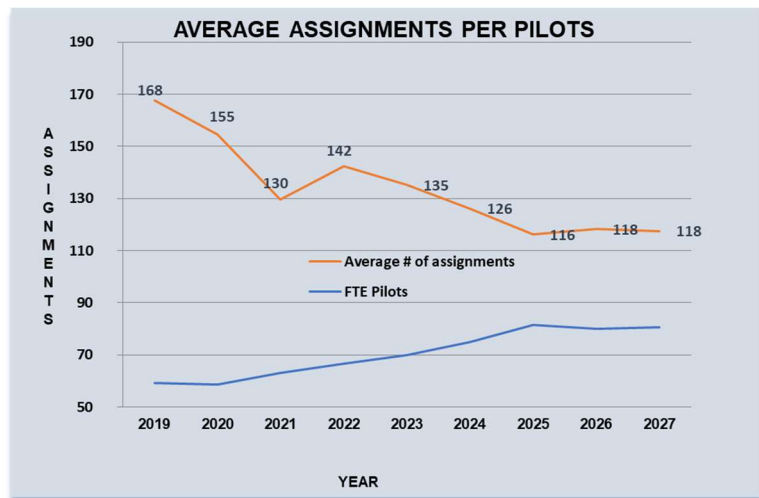


## Pilotage Capacity

With the recent COVID-19 pandemic which resulted in economic downturns in many sectors, the GLPA experienced an 8% and 11% traffic decrease in 2020 and 2021 respectively. For the planning period, the GLPA is forecasting a 17% increase in assignments compared to 2021. The GLPA has continued to make efforts to hire pilots, but the total number remains insufficient to service the anticipated demand. At this time, pilots are retiring at a faster rate than the GLPA is able to recruit and train them.

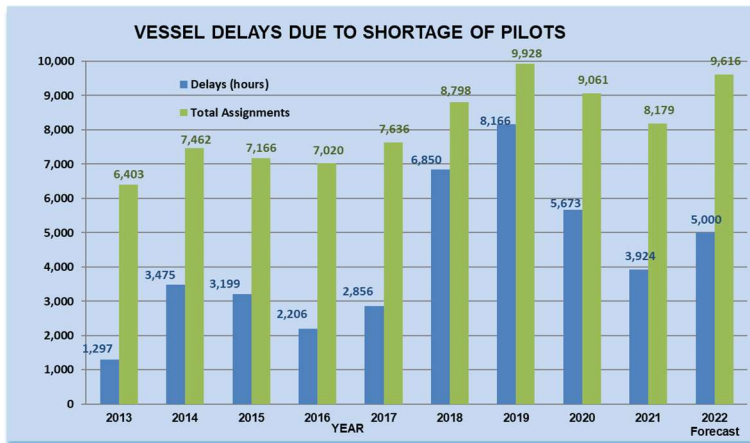
Being able to reasonably predict traffic volumes is crucial given the GLPA plays such an important role in the movement of goods in the Great Lakes region. Preliminary industry consultations have determined that pilotage assignments for 2022 are anticipated to be approximately 17% greater than 2021 given the return of the passenger vessels. Given the previously mentioned challenges to forecast beyond a year, the best estimate at this time for the outgoing years of the planning period is to assume a constant number of assignments as in 2022.

The GLPA must ensure assignments per pilot are within a reasonable average, otherwise there is a potential risk of pilot fatigue and possible safety concerns. Since 2019, pilot assignments have consistently been higher than forecast. Instead of a reasonable average of 110-120 assignments per pilot, the annual pilot average workload was 168 in 2019, 155 in 2020 and 130 in 2021.



Forecasted traffic, along with increased pilot numbers for the planning period, means the average number of assignments is expected to be 142 assignments per pilot for 2022 and will improve over the remaining years of the planning period to achieve the GLPA's objective of an average of 110-120 assignments per pilot. The planned increase in pilot numbers is key to ensuring the GLPA's continued incident-free excellence, to improve service in support of Canadian economic growth by reducing delays to shippers and to ensure pilot fatigue is eliminated.

The GLPA categorizes delays experienced in the St. Lawrence Seaway as either 1) Seaway breakdown delays – Seaway infrastructure related; 2) environmental delays – climate related; 3) vessel delays – vessel related issues; or 4) pilotage delays – shortage of pilot related issues. The first three types of delays are not under the control/responsibility of the GLPA. In addition, the GLPA does not capture delay information when they are caused by the United States Pilot Associations.



The delay hours are captured by the GLPA from the moment a vessel is delayed for any reason. This chart shows that ship delay hours due to a shortage of pilots have risen since 2013. As already noted, the total number of pilots available has the most significant impact on the hours of ship delays.

While the GLPA was successful to reduce delays due to a shortage of pilots in 2020 and 2021 due to the decrease of pilotage assignments using the same pilot complement, the GLPA anticipates that it might surpass slightly its target of 5,000 delay hours in 2022. With an increased pool of pilots during the planning period, the GLPA is striving to continually reduce the number of delay hours due to a shortage of pilots to eventually bring these results to reasonable levels as seen in 2013 and prior years.

## Pilot Training

### *Pilot Training – Annual*

The GLPA requires all pilots to complete simulation training within a five-year cycle. The *Centre de simulation et d'expertise maritime* in Quebec City currently provides this service for GLPA pilots. For the planning period, an annual average of 20 pilots/apprentice pilots will attend week-long training sessions. The GLPA also provides annual training for the Portable Pilotage Units or other specifically identified training needs, as required.

### *Pilot Training – Apprenticeship*

The GLPA continues to invest in the training of apprentice pilots. This includes theoretical studies, and practical on-board ship and simulator training. Associated costs include salaries/benefits, travelling expenses, compensation, and pilots mentoring and evaluating costs. The total cost to train an apprentice pilot is approximately \$25,000/month which includes the apprentice pilots’ salaries and benefits. Depending on the district to which the apprentice is assigned, and the apprentice’s experience navigating in the Great Lakes region, the length of training varies as follows:

District	Length of Training
Cornwall District	• 12 to 18 months
International District No. 1	• 6 to 12 months
Lake Ontario District	• 6 months
International District No. 2	• 6 to 18 months
International District No. 3	• 6 to 12 months
Port of Churchill	• 1 month (a Lake Ontario pilot)

### Stakeholder Relations

The GLPA is a Crown corporation with near-monopoly powers in terms of the provision of pilotage services. Consequently, it is important that the Board and management reach out to stakeholder organizations to ensure that important issues are identified and managed effectively.

The three primary stakeholders are the Federal government, the marine industry, and the pilots. The marine industry representing all shipping interests are under the responsibility of the Shipping Federation of Canada and the Chamber of Marine Commerce, while pilot interests are handled by the four Pilot Corporations represented by the Canadian Merchant Service Guild, and the Canadian Marine Pilots’ Association. The Government has several stakeholders, including the Minister of Transport and departmental officials, the Canadian Coast Guard, the Transportation Safety Board, the Canadian Transportation Agency, and central agencies.

GLPA’s customers represented mostly by the Shipping Federation of Canada and the Chamber of Marine Commerce must be consulted and must support the GLPA’s decisions, as they have access to the Canadian Transportation Agency for a review whenever issues are not resolved satisfactorily. Solutions with consensus, when possible, are preferred versus legislated ones, as they create a win-win situation for all parties. Furthermore, the GLPA must manage potentially differing expectations from its various stakeholders. Striking a proper balance, while achieving the GLPA’s objectives, can be challenging at times.

In addition to the three primary stakeholders, there are others that have an interest in safe, efficient, and effective pilotage in the Great Lakes region. They include, but are not limited to:

- St. Lawrence Seaway Management Corporation (Canada)
- St. Lawrence Seaway Development Corporation (United States)
- Lake Ontario St. Lawrence River Board
- United States Pilotage Associations
- Canadian Port Authorities in the Great Lakes region
- Ports and Harbours in the Great Lakes region
- Environmental groups
- Recreational boaters
- Private citizens living along the GLPA's area of responsibility

The GLPA will continue to be proactive in consulting with all primary and other stakeholders. It will provide ongoing opportunities for input on its planning and operations. It is important that all issues with stakeholders, including pilots, are resolved. However, the GLPA will never compromise the safety of the ships and the environment to avoid a third-party issue.

During a given year, the GLPA formally meets with the Shipping Federation of Canada and the Chamber of Marine Commerce. Current topics, joint concerns, and proposed pilotage charge amendments are discussed. In addition, these stakeholders and the GLPA continue to discuss operational issues throughout the navigation season. In preparation for the start and the close of a season, these stakeholders are consulted and informed about issues that may affect pilotage services. In 2021, the GLPA conducted a customer satisfaction survey to gauge how the organization is meeting their expectations as well to determine any improvements since the last survey in 2015. The GLPA has analyzed the results and is implementing action plans to address gaps to better service its customers.

To interact with pilot-interested stakeholders, the GLPA holds a face-to-face meeting with the presidents of the pilot corporations at the start of the navigation season. To improve the dissemination of information and timely discussions of pilot issues, monthly virtual meetings are also being held. There are ongoing communications with the pilot union representatives throughout the season to discuss working rules and other labour relation issues.

The GLPA is in constant communication with the St. Lawrence Seaway Management Corporation, the St. Lawrence Seaway Development Corporation, the United States Coast Guard, and the United States Pilot Associations in its commitment to providing safe and efficient pilotage services. The GLPA has been a driving force in developing strategies to reduce ship delays at the start and the end of the navigation seasons.

The GLPA meets with various Canadian and United States Ports and Harbours during the year to discuss pilotage. In addition, the GLPA meets regularly with the other three Canadian pilotage authorities to examine common topics and to share best practices.

## L. Statement of Pilot Numbers

All Districts						
(000'S)	2022	2023	2024	2025	2026	2027
	Forecast	Budget	Plan	Plan	Plan	Plan
<b>Pilots</b>						
Start of Year	66.0	66.5	70.0	72.0	78.0	77.5
Licensed	3.0	5.0	11.0	10.0	6.0	2.0
New contracts	0.5	0.5	1.0	0.5	0.0	0.0
Retirements/Terminations/Transfers	(3.0)	(2.0)	(10.0)	(4.5)	(6.5)	(1.5)
<b>End of Year- Required</b>	<b>66.5</b>	<b>70.0</b>	<b>72.0</b>	<b>78.0</b>	<b>77.5</b>	<b>78.0</b>
<b>Apprentis</b>						
Start of Year	5.0	5.0	11.0	10.0	6.0	2.0
New Hires / Transfers	5.0	11.0	10.0	6.0	2.0	0.0
Licensed / Terminated	(5.0)	(5.0)	(11.0)	(10.0)	(6.0)	(2.0)
<b>End of Year- Required</b>	<b>5.0</b>	<b>11.0</b>	<b>10.0</b>	<b>6.0</b>	<b>2.0</b>	<b>0.0</b>
<i>Financial Forecast - NewHires*</i>	5.0	7.0	4.0	5.0	4.0	5.0

\*Although new hires are required from a commercial point of view, we are aware of the labour shortage and have revised our estimates downwards for the establishment of financial forecasts.