

# Great Lakes Pilotage Authority



## Corporate Plan Summary 2024 to 2028

*Approved by the Great Lakes Pilotage Authority Board*



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## Abbreviations Used

BRM	bridge resource management
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRA	Canada Revenue Agency
DIS	Draft Information System
ERM	enterprise risk management
GIC	guaranteed investment certificate
GLPA	Great Lakes Pilotage Authority
IT	information technology
PSAC	Public Service Alliance of Canada

## 1. Executive summary

The Great Lakes Pilotage Authority (GLPA) establishes, operates, maintains and administers an efficient and cost-effective pilotage service within designated Canadian waters. Under the *Pilotage Act*, the GLPA is responsible for ensuring the safety of pilotage services and vessels transiting within its jurisdiction and must do so on a financially self-sufficient basis. Safety is the GLPA's prime concern, and it guides the safeguarding of marine personnel, the environment, and the public, as well as navigation itself. The GLPA has established an exceptional safety record while nurturing relationships and maintaining open communication with stakeholders, customers, and the maritime community.

The GLPA has much to consider, including several key challenges and risks, in its efforts to meet its mandate. This plan provides detailed descriptions of these issues. Some of the most significant challenges fall into 3 categories: the economic and business environment, pilot travel expenses, and labour negotiations.

### The economic and business environment: Managing uncertainty

During the planning period, the GLPA expects to encounter some economic and operational uncertainty driven by external and internal factors. The expected areas of uncertainty include:

- *Economic and traffic uncertainty*: The Canadian economy is grappling with a confluence of challenges, such as rising interest rates, surging inflation, a global economic deceleration, and continued unrest in Europe and the Middle East. These combined pressures are raising alarms about an impending recession, which could adversely affect traffic in the Great Lakes region. Forecasting Great Lakes traffic has always been a complex task, but a recession (or even a general economic downturn) would exacerbate the issue. The GLPA will remain vigilant in monitoring trends and will adapt its business practices and activities to navigate these uncertainties.
- *Regulatory reform*: Transport Canada is in the process of introducing regulatory reforms that are expected to have notable impacts on the GLPA's responsibilities. The GLPA will stay abreast of these changes, assess their impact on the organization (operations, revenue, people, etc.), and respond appropriately. This may involve making internal adjustments and/or working with Transport Canada to minimize negative impacts and maximize identified opportunities.
- *Succession of key management positions*: The GLPA has undergone—and will continue to experience—changes at the senior leadership level. Notably, while the organization works to recruit a suitable Chief Executive Officer (CEO), the Chairperson is temporarily filling that role. It is also anticipated that the Director of Operations will retire in the next few years. To ensure seamless business operations, the GLPA remains dedicated to strategic recruitment and onboarding efforts for all of these pivotal roles.

## Pilot travel expenses

In 2023, the GLPA collaborated with tax advisors to determine whether various allowances paid to pilots should be considered as taxable benefits. Previously, these were not taxed.

Based on tax advisor review and advice, the GLPA concluded that these allowances are in fact taxable under both Canadian and Quebec tax regulations, and is now revising its procedures to comply with these tax requirements. This scenario introduces some financial liability for the GLPA. By addressing this situation proactively, the organization aims to minimize the associated risks.

## Labour negotiations

The GLPA's 4 collective agreements with its pilot groups expired in March 2022. In June 2022, the GLPA entered into a *Resolution of Contract Renewal Disputes Agreement* with the Canadian Merchant Service Guild (the union representing the pilots). This agreement is intended to ensure continuous pilotage services by establishing an agreed-upon mechanism to resolve disputes during the collective bargaining process, should the parties fail to reach a settlement. Negotiations between the GLPA and the guild began in fall 2022.

By June 2023, the collective agreement for Districts 2 and 3 had been ratified. The GLPA plans to negotiate with the 3 remaining groups and hopes to secure similar terms. If unable to finalize agreements with the other groups, the GLPA may face challenges that could lead to arbitration. This not only poses the risk of incurring additional costs, but may also strain relationships with pilots. Furthermore, there is a financial risk in terms of cost containment. If the GLPA does not manage costs effectively, it might face financial challenges during periods of reduced traffic.

## 2. Overview

### 2.1 Corporate mandate

The GLPA was established in February 1972 pursuant to the *Pilotage Act* with a mandate to establish, operate, maintain and administer in the interests of navigation safety, 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 that these—together with any revenue from other sources—shall permit the GLPA to be financially self-sufficient. Maritime shipping through the Great Lakes/St. Lawrence Seaway system is vital to Canada's connections to international markets and its prosperity. North American farmers, steel producers, construction firms, food manufacturers, and 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 through the Great Lakes region.

The GLPA is a non-agent Crown corporation listed in Schedule III, Part I of the *Financial Administration Act*. The authority has not received federal appropriations since 1995 and is not eligible for future appropriations. It is 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 the federal government's economic and environmental goals. Safe and reliable pilotage services ensure the movement of goods and people while yielding economic benefits for Canada. Responsible and efficient services contribute to fulfilling environmental goals by supporting the safe transportation of commodities and hazardous materials.

## 2.3 Mission

The GLPA strives to proactively deliver quality marine pilotage services by collaborating with its stakeholders, leveraging technology, and recruiting proficient pilots and staff.

## 2.4 Vision

The GLPA aims to be a leader in marine pilotage services that ensure the safe, efficient, sustainable and reliable movement of goods through the Great Lakes region.

## 2.5 Values

**Service excellence:** The GLPA is committed to being an agile organization that delivers safe, high-quality services to its stakeholders.

**Solutions-focused:** The GLPA is a collaborative and transparent organization that promptly addresses both opportunities and challenges to create value for its stakeholders.

**Care for people:** The GLPA is a diverse, inclusive and creates opportunities for the professional growth of its people.

**Care for the environment:** The GLPA values and strives to be environmentally responsible.

## 2.6 Main activities and principal programs

The GLPA's main activity is the operation of a marine pilotage service that ensures safety 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. These ships have historically represented 80% to 85% of assignments, with the remaining 15% to 20% attributed to Canadian tankers and non-ocean-going ships.

The St. Lawrence Seaway Management Corporation (St. Lawrence Seaway), whose service covers the waterway from Montreal to the middle of Lake Erie, is open only during the navigation season, from mid-March to the end of December. This organization is responsible for operating and maintaining the seaway—such as its locks, channels, bridges and related facilities—to ensure safe and efficient passage of vessels from the Great Lakes to the Atlantic Ocean.

During this time frame, the GLPA provides pilotage services primarily to ocean-going vessels. However, domestic vessels are still present in the Great Lakes during the non-navigation season. The GLPA pilots service mainly tankers because other domestic vessels are generally serviced by certificate holders.

In 2011, the *Great Lakes Pilotage Regulations* were amended, requiring all Canadian officers who intend to perform pilotage duties in the Great Lakes region to hold a valid pilotage certificate issued by the GLPA. Officers abiding by this requirement are known as certificate holders.

In June 2021, through amendments to the *Pilotage Act*, the Government of Canada began introducing changes to how pilotage certificates are issued, suspended and cancelled. During this transition, the GLPA continued to oversee a pilotage certification system with roughly 250 certificate holders. This ensured that Canadian vessels, which are subject to compulsory pilotage, were still commanded by valid certificate holders—even when external pilot services were not requested—as per the *General Pilotage Regulations*.

In June 2022, the 4 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*.

## 2.7 More information

Additional corporate information about the GLPA is available at

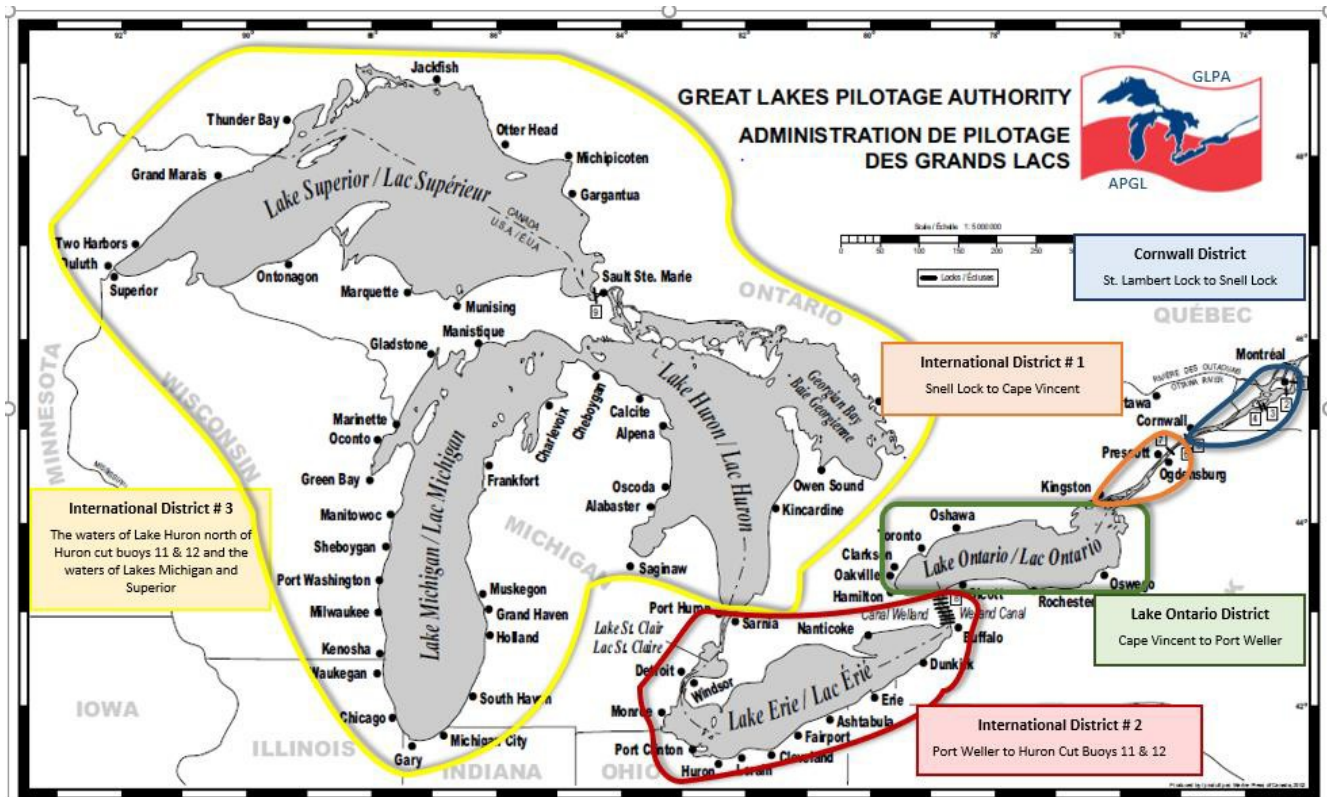
<https://www.glpa-apgl.com/reports-and-documents/financial-reports/>



### 3. Operating environment

The GLPA has 5 compulsory pilotage areas (referred to as districts) within the Great Lakes region and a sixth within the limits of the Port of Churchill, Manitoba. The following map shows the 5 districts within the Great Lakes region.

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



Given that pilotage services in the Great Lakes region are shared between Canada and the United States, and that the GLPA must operate within the confines of the St. Lawrence Seaway, the GLPA must collaborate and coordinate with other organizations to provide reliable, effective and efficient pilotage services to its customers. These include:

- the St. Lawrence Seaway Management Corporation and the United States St. Lawrence Seaway Development Corporation, which operate lock facilities and maintain traffic control systems within the region
- the Canadian Coast Guard, which provides navigation aids
- the United States Coast Guard, which oversees United States pilotage matters in international waters

Because Canada shares much of the St. Lawrence Seaway and Great Lakes region with the United States, ships that travel through these waters 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 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, 2024 is shown in the following table.

Bargaining unit	Expiry date of collective agreement	Number of employees
<b>Pilots</b>		
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>• 65 full-time pilots</li> <li>• 5 apprentice pilots</li> <li>• 6 part-time pilots</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, 2027	
<b>Dispatchers and clerical staff</b>		
Dispatchers and clerical staff Public Service Alliance of Canada (PSAC)	June 30, 2024	<ul style="list-style-type: none"> <li>• 8 full-time dispatchers</li> <li>• 2 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>• 13 employees</li> </ul>
<b>TOTAL</b>		<b>105 employees</b>

In March 2022, all 4 pilot collective agreements with the GLPA expired. In response, the GLPA initiated negotiations in fall 2022 with the Canadian Merchant Service Guild, the union representing the pilots.

In June 2022, the GLPA and guild entered into a *Resolution of Contract Renewal Disputes Agreement*. This agreement aims to ensure uninterrupted pilotage services by establishing an agreed-upon mechanism to resolve disputes during the collective bargaining process, should the parties not achieve a settlement. One of the 4 collective agreements was ratified by June 2023. The GLPA is committed to continuing negotiations with the remaining groups. In September 2023, the GLPA ratified the collective agreements for dispatchers and clerical staff, which had lapsed in June 2022.

Regarding executive leadership, the GLPA is currently looking to recruit a new CEO. In the interim, the Chairperson of the Board is fulfilling the CEO's responsibilities.

The GLPA must carefully balance cost containment efforts with reasonable and competitive compensation to attract and retain skilled employees, particularly marine pilots. Pilot succession continues to be a challenge for the GLPA. Like other stakeholders in the maritime industry, the GLPA is facing workforce shortages due to an aging workforce, a scarcity of resources, and a growing demand for its services. In the last 10 years, the GLPA has experienced a high level of pilot retirements, and a similar level is anticipated during the planning period. Despite this trend, there is a need to increase pilot numbers to more effectively service traffic demands and reduce delays. As a result, the GLPA is planning to recruit and license a significant number of apprentice pilots over the planning period. From 2015 to 2023, 32 pilots retired, and the GLPA hired 45 apprentice pilots. Over the planning period, 17 more pilots are expected to retire, representing approximately 22% of the GLPA pilot workforce (refer to Appendix L).

Starting in 2019, GLPA went through an organizational optimization exercise focused on office staff. An independent consulting firm determined that the GLPA's existing organizational structure, combined with its limited resources, might hinder its ability to fulfill its mandate and achieve both current and future strategic and operational objectives. In response, using a phased-in strategy, the GLPA integrated 3 full-time equivalent positions into its structure in the 2020 to 2021 fiscal year: a Director of Human Resources, a Dispatch Supervisor and a Finance Manager. One more role was added in 2023 (a Quality, Health, Safety and Environment Manager), and a replacement was hired for the Director of Operations, who is expected to retire in the next few years. The GLPA also has plans to onboard an information technology (IT) specialist in early 2024.

Leaving aside retirements, the GLPA boasts a low turnover rate. In the past 25 years, only a small number of employees have chosen to leave the organization.

#### *Financial self-sufficiency*

Since 2003, the GLPA has worked diligently to eliminate its accumulated deficit, and achieved a surplus for the first time in 2021. At the end of fiscal year 2022, the GLPA reported an accumulated surplus of \$7.2 million. Looking ahead, the GLPA's primary financial objective is to consistently generate an adequate annual surplus to ensure a reasonable reserve that could support the organization's continued operation through unpredictable situations and/or significant reductions in traffic. To achieve this objective, the GLPA formulates annual pilotage charge strategies designed to cover operational expenditures while containing pilotage costs.

Furthermore, the GLPA continues to invest in pilot and apprentice pilot training programs, adapting to evolving business needs and requirements. It remains steadfast in its commitment to upholding a high standard of service, targeting 99.9% incident-free assignments.

#### *Pilot numbers and capacity*

The GLPA must carefully balance the forecasted demand for pilotage services with making sure a sufficient number of trained, qualified and licensed pilots are available to ensure financial self-sufficiency and minimize delays.

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 pilotage waters of the Great Lakes region. The requirement for financial self-sufficiency precludes the GLPA from bolstering its permanent piloting staff to cover sudden and temporary surges in traffic.

The GLPA projects an 11% decrease in assignments in 2023 versus 2022, with the number of assignments expected to remain the same throughout the planning period. The GLPA will continue to hire pilots to replace those planning to retire and to increase the total overall, ensuring an adequate number available to service the traffic.

<b>Number of pilots hired</b>	2021: 5
	2022: 5
	2023: 5

The GLPA estimates that it will need to hire 25 apprentice pilots over the planning period. Refer to Appendix L for more information on the proposed pilot head count.

#### *Technology*

Over the planning period, the GLPA will continue to seek technologies to enhance its capabilities. It will recruit an IT expert to oversee the review of its legacy systems and develop a plan to update these. In addition to this new in-house expert, the GLPA will continue working with a third-party IT consultancy to update cybersecurity measures, including monitoring for potential threats, preventing phishing, providing security awareness training, simulating phishing attacks, and reporting on the dark web. Improvements in cybersecurity will continue over the course of the planning period.

## 3.2 External business environment

The GLPA’s main traffic source originates from the movement of bulk commodities, such as grain, oil, steel and general cargo. Traffic volumes and patterns are 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 it can strive to minimize ship delays, contain costs, and respond to changes in traffic flows.

This section discusses the business and environmental factors that affect the GLPA’s work.

### *Employee safety and business continuity in the context of COVID-19*

While the initial disruptions that arose from the COVID-19 pandemic have diminished, the GLPA continues to work with federal government entities, partner agencies and industry stakeholders to ensure operational efficiency and safeguard the health of employees and crew members to minimize the risk of virus transmissions. Through ongoing collaborations with the Canada Border Services Agency, Transport Canada, and other logistics partners, the GLPA provides streamlined pilotage processes, reflecting the lessons and adaptations developed throughout the pandemic.

The GLPA's dispatchers—who are the backbone of its day-to-day coordination—operate seamlessly from the office. As for other office personnel, a balanced, hybrid work model is now in place, reflecting both operational demands and personal preferences. The organization continually monitors the global and local health landscape and is ready to adapt as needed to ensure the ongoing safety and efficacy of its operations.

### *Economy and traffic*

The Great Lakes region is vast, containing some 250,000 km<sup>2</sup> of navigable waters. Marine traffic consists mainly of ships carrying grains, iron ore, oil and gas, dry bulk goods, liquid bulk goods, and general cargo. There are also passenger cruises. The GLPA’s ability to forecast traffic accurately is highly dependent upon the feedback it receives from industry stakeholders.

Unfortunately, container contracts with many Canadian and United States ports are not negotiated far enough in advance to allow 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 of which are highly critical elements if the GLPA is to be financially self-sufficient, given that pilot compensation is primarily fixed. As shown in the chart below, there have been significant deviations from planned assignments in the last 10 years.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actual pilot assignments*	9,315	8,179	9,061	9,928	8,798	7,636	7,020	7,166	7,462	6,403
Planned pilot assignments*	9,616	9,105	8,084	8,076	7,700	7,067	6,700	6,531	6,100	6,100
<b>Deviation from plan</b>	<b>3.1%</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>

\*Number of assignments during the navigation season (excludes winter work assignments)

In July 2023, an 18% decrease in assignments was observed versus the same period in 2022 due to a reduction in traffic. While assignments for domestic vessels have increased by 3%, those for foreign vessels have decreased by 23%. By the end of July 2023, the distribution of pilotage assignments by vessel type was as follows:

- bulk carriers: 37%
- oil/tankers: 31%
- general cargo: 19%
- passenger cruises: 8%
- other: 5%

Considering the decreased traffic observed this year and the prevailing uncertainties in the global economy that may affect the organization, the GLPA forecasts 8,331 assignments (excluding winter work) for 2023. This number represents an 11% decrease compared to the previous year. The GLPA projects the same number of assignments (8,331) for 2024, still excluding winter work.

#### *Relationships with industry stakeholders*

The GLPA prioritizes and values its relationships with customers and industry stakeholders. The organization's commitment to understanding and addressing their needs is reflected in its consistent interactions with them. In 2021, the GLPA undertook a customer satisfaction survey, and, while overall satisfaction remained favourable, there was a slight decline compared to the 2015 survey results. These findings were shared with the industry. According to the results, customers particularly appreciated the GLPA's billing and invoicing processes, user-friendly website, and interactions with GLPA pilots and dispatchers. However, they raised concerns about pilot availability and the fairness and reasonableness of pilotage charges. In response to these concerns, the GLPA has formulated action plans and is working toward implementing these.

To foster open dialogue and nurture relationships, the GLPA has also instituted regular customer relations meetings. Notably, before finalizing pilotage charges, the organization uses these meetings to actively seek customer feedback. Recognizing the importance of continual feedback, the GLPA is set to conduct another customer satisfaction survey in 2023. This will provide an invaluable opportunity for the organization to gauge its performance and identify areas for improvement. The GLPA plans to carry out such surveys every 3 years to stay aligned with the evolving needs and expectations of its stakeholders.

#### *Pilotage Act reform*

Amendments to the *Pilotage Act* received Royal Assent in June 2019. The provisions of the amended act came into force in 4 phases:

- restructuring the *Pilotage Act* and introducing labour and governance provisions (Order in Council #1, dated August 2019)
- oversight and enforcement (Order in Council #2, dated March 2020)
- pilotage charges (Order in Council #3, dated June 2020)
- regulation and operations (Order in Council #4, dated June 2021)

The GLPA continues to collaborate with Transport Canada during its transition to working under

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 experience for stakeholders.

On June 9, 2022, the 4 existing regional marine pilotage regulations were consolidated under the *General Pilotage Regulations* with administrative amendments to align the Minister's authority under the amended *Pilotage Act*. As such, the *Great Lakes Pilotage Regulations* were repealed, and all provisions are now under Division 3 of the *General Pilotage Regulations*.

The GLPA, in collaboration with stakeholders and customers, is now working with Transport Canada to develop a national certification program. The GLPA's highly successful certification program plays a significant role in upholding the highest safety standards within the Great Lakes region.

Transport Canada is proceeding with the requirement for pilotage authorities to implement quality management systems in their organizations. The GLPA has hired a Quality Manager who, in collaboration with Transport Canada, will oversee the development and management of this system. The final parameters of the program are expected to be released in 2024.

#### *Climate challenges*

The changing climate has led to more frequent and severe environmental conditions, such as high winds, extreme ice conditions, and fluctuating water levels. These events create significant operational challenges as the GLPA works to provide safe, efficient and cost-effective pilotage services. For example, extreme ice conditions can lead to the decommissioning of the boats used to transport pilots to their assignments. Pilots are then required to embark or disembark further down the river, which reduces pilot availability and increases costs. In the spring, melting ice combined with high precipitation volumes can lead to higher-than-normal water levels, as seen in 2019 on Lake Ontario. In other years, weather conditions can lead to reduced water levels as seen in 2021. To manage these water levels and keep them near expected levels, the Canada–United States bilateral governing body (the International Joint Commission) monitors the situation and imposes increased or decreased water outflow strategies in the St. Lawrence River. This can force a slowdown of all vessels, which means longer trip times, reduced pilot availability, and higher pilotage costs.

The GLPA and its pilots provide valuable expertise to the St. Lawrence Seaway and the International Joint Commission in its monitoring of the water level situation.

#### *Putting technology to work for more vessels*

Foreign customers have increased their use of the Draft Information System (DIS) tool. The DIS provides real-time information about the draft of vessels transiting through the Great Lakes and St. Lawrence Seaway. The draft of a vessel refers to the depth of water it needs to safely navigate. It provides mariners with accurate and timely information about under-keel clearance, enabling them to make the most efficient use of the available water column. This system leverages high-resolution bathymetry (detailed underwater topography of the seabed), current water level measurements, and data on ship dynamics to predict under-keel conditions ahead of a vessel in motion. Its development aimed to address the need for precise information that could help in maximizing the cargo load while ensuring safety by maintaining adequate clearance from the seabed. The GLPA pilots were closely involved in the trials that facilitated the adoption of this technology.

Throughout the planning period, the GLPA will collaborate with stakeholders and customers to explore and develop new technology-driven approaches to coordinating pilotage services, aiming to achieve a more efficient and effective operation.

### 3.3 Compliance with federal directives and alignment with government priorities

The GLPA complies with all federal directives by following both the spirit and intent of these. The GLPA supports open and transparent governance by consulting regularly with stakeholders and using its website to proactively disclose information to the public.

The efficient and safe transport of marine vessels through the Great Lakes delivers economic growth and prosperity for all Canadians. The industries 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 the local infrastructure.

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

*Federal Office of the Auditor General special examinations, government/industry reviews, and other audits*

In a 2018 special examination report, the Office of the Auditor General of Canada noted significant deficiencies related to the GLPA's Board oversight and appointments, as well as its process for monitoring the transit of Canadian ships. The report contained 10 recommendations. The Board and management have addressed all but 1: namely the need to conduct a review of compulsory pilotage areas. Given that 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 review is being deferred.

The Office of the Auditor General of Canada also conducts an annual audit of the GLPA's financial statements. It verifies that they fairly reflect the organization's operating results and position, and ensures that transactions have been carried out according to International Financial Reporting Standards and Part X (Crown Corporations) of the *Financial Administration Act*. The GLPA received an unqualified opinion and its 2022 audited financial statements are available online.

In compliance with the *Financial Administration Act*, the GLPA conducts periodic internal audits to strengthen accountability, risk management strategies, resource stewardship, and good governance. As part of its risk-based audit plan, it conducted a review of its human resources planning procedures and activities as they relate to managing marine pilot capacity. The focus of the review was workforce planning, recruitment activities, procedures, and the onboarding process. The results were presented to the Board in August 2023, including recommendations to create a human resources plan for marine pilots, with measures to be implemented by December 2023. An immediate outcome of this initiative is an increase in recruitment events conducted by the GLPA.



## 4. Objectives, activities, risks, expected results and performance indicators

### 4.1 Corporate strategic objectives

The GLPA's corporate strategic objectives for the 5-year planning period are:

- to establish, operate, maintain and administer, in the interests of safe 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
- 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

According to its strategic plan, the GLPA has identified 4 primary objectives and corresponding activities to direct the organization during the current planning phase.

*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. To achieve this, it will continue to build partnerships with training institutions and industry stakeholders to attract new talent. Through this effort, it will build a more enduring pipeline of talent for essential roles, including pilots, dispatchers and other key administrative and leadership personnel.

This objective will also involve striving for an engaged workforce and a positive organizational culture. The GLPA intends to reach this goal through more regular and deliberate staff and pilot engagement communications. Further, to ensure it can reliably deliver on its strategic and operational priorities, the GLPA will also build its capacity to ensure talent and succession planning is in place.

During the planning period, the GLPA will also:

- implement the various phases of its plan to manage future-state information systems and reduce ever-increasing cybersecurity risks
- explore the repatriation of the dispatching functions in International District 3 from the United States pilot association
- recruit additional staff (including for key, senior management roles) as part of its optimization initiative
- continue to develop succession plans for senior management
- continue to partner with the pilot unions to address operational issues
- leverage lessons learned during the COVID-19 pandemic to enhance employee safety going forward

Having conducted the 2020 employee engagement survey and implementing action plans to

address identified gaps, the GLPA is set to carry out another round of employee engagement surveys in 2024 to further assess progress and continue to foster a positive work environment.

*Deliver safe, reliable and innovative service*

The GLPA aims to be proactive and agile in delivering safe, reliable and effective marine pilotage services. The GLPA will continue delivering customer service improvements and working with stakeholders to minimize avoidable delays to pilotage services. This includes maintaining a strong marine-safety record by ensuring a 99.9% incident-free rate. This will also involve working with United States counterparts to harmonize practices and deliver a more seamless service to stakeholders. Over the planning period, the GLPA is also committed to working with other pilotage authorities and Transport Canada to ensure the sector can transition seamlessly into the new regulatory and certification environment.

During the planning period, the GLPA will also:

- 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 fewer than 5,000 delay hours
- ensure sufficient audits of Canadian ship transits to demonstrate that Canadian ships are under the conduct of a valid certificate holder
- develop pilotage charge strategies that will generate sufficient revenues to record annual surpluses and thereby maintain a reasonable financial reserve

*Create value for stakeholders*

This strategic objective is focused on creating organizational and stakeholder value through an effective, efficient and responsive operational set-up.

During the planning period, this will involve several key activities, including:

- updating the GLPA's reserve policy and strategy to ensure resources are appropriately managed in order to support financial self-sufficiency and ensure financial resilience
- developing and implementing an IT and digital service enablement master plan that supports the organization's development of best-in-class pilotage services and business operations
- growing the GLPA's business intelligence functions, systems and processes to help fill gaps and increase the organization's ability to manage sector trends and needs in the Great Lakes region

### *Deepen industry relations and engagement*

In alignment with its continuing collaborations within the marine sector, the GLPA is committed to deepening and sustaining relationships with stakeholders that continuously strengthen both service excellence and its organizational reputation.

In the planning period, the GLPA will also:

- support the *Pilotage Act* transformation framework and the national marine pilotage regulatory framework
  - comply with the transition of regulatory functions to Transport Canada
  - develop the GLPA's integrated management system
- continue implementing customer relationship tools, including a customer satisfaction survey in 2023 to 2024 (refer to Appendix C for a full list of performance indicators and expected results)

### 4.3 Risks

The GLPA is dedicated to identifying, assessing and mitigating risks as appropriate. It employs an enterprise risk management (ERM) approach within its strategic planning process, and continually monitors identified risks. After the latest review of these risks and the corresponding mitigation measures, the GLPA is confident that its risks are well-managed overall.

During this planning period, the GLPA will monitor the following main risk areas.

#### *Leadership succession planning*

The GLPA has undergone—and will continue to experience—changes at the senior leadership level. This presents inherent organizational risks. The recruitment of a CEO is a key, required change. Until a permanent CEO is onboarded, the Chairperson will act as interim CEO. Moreover, given the Director of Operations' impending retirement (after more than 2 decades with the GLPA), a replacement has been recruited as part of the GLPA's succession planning.

To mitigate these risks and ensure continuity and efficacy in its business operations, the GLPA is deeply committed to strategic recruitment, effective onboarding and comprehensive training for these critical leadership roles.

#### *Pilot travel expenses*

Given its thorough analysis of pilot travel allowances paid under the collective agreements and advice from its tax consultant, the GLPA has determined that these allowances fall under taxable income according to tax rules retroactive to 2019, per Canadian and Quebec tax regulations. In response, the organization is realigning its processes to adhere to these tax stipulations and is rectifying T4 and Relevé slips retroactively to 2019.

In 2023, the GLPA distributed revised tax slips, specifically Relevé 1 and T4 slips, to its pilots for the years spanning 2019 to 2022. Following this, it is anticipated that Revenu Québec and the Canada Revenue Agency (CRA) will disseminate reassessment notices to the affected pilots. Pilots will then shoulder the

responsibility of settling their reassessed tax amounts with the respective agencies. As compensation, the GLPA intends to reimburse the pilots for this liability.

Tax advisors have projected the required amount to be around \$4 million, inclusive of anticipated taxes and interest. The GLPA's aim with this gesture is to uphold positive labour relations and ensure uninterrupted service levels. However, the compensatory amount will be recognized as a taxable benefit in 2023, with the consequential tax being borne by the pilots. This financial obligation will necessitate a draw from the GLPA's financial reserves, further demonstrating the risk magnitude.

#### *Labour negotiations*

The GLPA's 4 collective agreements with its pilot groups expired in March 2022. To address this, the GLPA entered into a *Resolution of Contract Renewal Disputes Agreement* with the Canadian Merchant Service Guild (the union representing the pilots) in June 2022. This proactive measure was designed to ensure uninterrupted pilotage services by establishing a well-defined framework for dispute resolution during the collective bargaining process. Negotiations between the GLPA and guild began in fall 2022. As of June 2023, a collective agreement had been ratified for 1 of the 4 districts. The GLPA remains actively involved in negotiations for the remaining districts. A potential risk moving forward is the possibility of arbitration if negotiations with any of the remaining groups fail to yield an agreement.

## 5. Financial overview

### 5.1 Financial results for 2022

For 2022:

- The GLPA recorded revenues of \$46.0 million, an increase of \$1.0 million over 2021. This increase was attributed primarily to the 14% increase in traffic.
- The GLPA recorded expenses of \$43.8 million, an increase of \$6.7 million compared to 2021. Most of these expenses were connected to pilot wages and benefits as well as pilot travel and pilot boat services, as usual. All were directly associated with servicing vessels and subject to increases with a higher assignment demand.

After accounting for changes in both revenues and expenses, the GLPA recorded a 2022 operating surplus of \$2.2 million, bringing the accumulated surplus to \$7.2 million.

The GLPA's financial objective is to generate sufficient annual surpluses during the planning period to build a reasonable reserve of \$10 million by the end of fiscal year 2028.

This reserve will be used to invest in new assets to replace those nearing the end of their useful lives, ensuring continued operational efficiency. Additionally, the reserve will provide a buffer to manage potential economic fluctuations, both within Canada and globally, that could impact maritime operations. It will also help mitigate risks associated with volatility in maritime traffic, allowing the GLPA to maintain its high standards of service. Finally, part of the reserve will be allocated to finance initiatives aimed at addressing labour shortages, securing the GLPA's ability to meet its operational commitments. This financial planning positions the GLPA to navigate future challenges while sustaining its critical services.

### 5.2 Major assumptions for 2023 to 2028

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

#### *Pilotage assignments*

Based on discussions with industry stakeholders and the observed decline in traffic to date, the GLPA anticipates 8,331 pilot assignments for the 2023 navigation season (excluding winter work). This signifies an 11% reduction in traffic compared to 2022. For 2024, the GLPA projects the same number of pilotage assignments (8,331) and envisions consistent traffic patterns for the subsequent planning period. However, due to the inherent challenges in traffic forecasting (mentioned earlier), making projections beyond 1 year is challenging.

#### *Pilotage charges*

The GLPA's primary revenue source is pilotage charges. For 2024, the GLPA anticipates a 4.5% increase in these charges, followed by 2.5% annual increases from 2025 to 2028.

Given that the GLPA plans to maintain its current level of apprentice pilot recruitment and training, it will also sustain its apprentice pilot training surcharge at 5% throughout the entire planning period.

*Pilot travel expenses*

Following its consultations with tax advisors, the GLPA determined that pilot travel allowances provided by collective agreements are taxable benefits. Both the CRA and Revenu Québec categorize commutes between a residence and a regular place of employment as personal. Given that ships are considered the employer's place of business by the CRA, commutes between a pilot's residence and the ship or its docking port are deemed personal.

Starting in 2023, all allowances specified in the collective agreement, including travel allowances, will be subject to source deductions.

In 2023, the GLPA issued revised tax slips for the years 2019 to 2022. Following this distribution, pilots may receive reassessment notices from tax agencies. To address this, the GLPA plans to cover the reassessed amounts (a total of around \$4 million, including anticipated taxes and interest). However, this compensation will be considered a taxable benefit for 2023, with pilots responsible for any subsequent tax liabilities.

*Head count and wage increases*

Pilot retirement forecasts and corresponding new hires are referenced in Appendix L: Statement of pilot numbers. The current head count for dispatchers and unionized office staff will increase by 1 position over the planning period.

Wage assumptions for the upcoming negotiations with unions for the unionized employees are as follows:

<b>Employee group</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Pilots	41.0%	0.0%	1.5%	1.5%	1.5%	2.0%	2.0%
PSAC	7.5%	7.6%	4.0%	3.0%	2.0%	2.0%	2.0%
Non-unionized	2.5%	2.5%	4.0%	3.0%	2.0%	2.0%	2.0%

To align pilot wages with market conditions and maintain the GLPA competitiveness, there has been an increase in pilot compensation. This adjustment not only ensures that the GLPA remains attractive to current and prospective pilots but also addresses the complexities surrounding variable compensation, which includes components like productivity and overtime remuneration. According to the collective agreement, productivity payments are initiated for assignments that exceed predefined thresholds. Additionally, the GLPA has implemented a slight reduction in the overtime rate while concurrently raising the productivity benchmarks, fostering a more efficient operational framework. Over the span of the five-year term of the collective agreement, these adjustments are anticipated to result in a cumulative compensation increase of approximately 17.7%.

### 5.3 Sensitivity of projections to change

The GLPA's major expenditures are in the form of wages and benefits, pilot boat costs, and other contracted commitments. Therefore, major fluctuations in pilotage assignments will have a significant impact on the organization's financial results.

Applying this earnings/cost model to the assignment levels noted below means that pilotage revenue, operating expenses and the surplus or deficit of the GLPA could vary over the planning period as shown in the following table.

Variation in pilotage assignments	Variation in pilotage revenues	Variation in operating expenses	Resulting change to surplus or deficit
15% reduction in traffic	(\$6.2) million	(\$0.4) million	(\$5.8) million
15% increase in traffic	\$6.2 million	\$2.4 million	\$3.8 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 about its ability to service these debts.

## Appendices

### Appendix A: Federal mandate letter

*The GLPA operates in accordance with its mandate under the Pilotage Act and according to the guidance expressed by the Honourable Omar Alghabra, Minister of Transport, in a 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](mailto: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.

Canada



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 Alhabra', written in a cursive style.

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

## Appendix B: Corporate governance structure

### *Board of Directors*

The Board, which reports to the Minister of Transport, consists of the Chair and 5 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 10 Board meetings in 2022, along with 1 priority session and 8 committee meetings with overall attendance rate of 92%. In 2023, there will be a total of 8 Board meetings, 1 strategic planning session and 8 committee meetings.

The following table represents the Board's composition as of October 9, 2023:

Board member	Term expiration	Length of service	Location	Committee member
James Pound, Chairperson	2025-12	8 years	St. Catharines, Ontario	Ex officio – AC, GC
Julie Mills, Vice-Chairperson	2026-06	5 years	Ottawa, Ontario	AC
Vered Kaminker	2026-06	5 years	Toronto, Ontario	AC
David Souliere	2024-07	2 years	Peterborough, Ontario	GC
John St-Marseille	2025-06	1 year	Cornwall, Ontario	AC
Oksana Exell	2025-06	1 year	Hudson, Quebec	GC

GC = Governance and Human Resources Committee; AC = Audit Committee.

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 safety and efficiency standards in operating a cost-effective pilotage service.

The Board's 2023 total compensation, including benefits, 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 the Governance and Human Resources Committee. The Board has established a charter for each committee. The Board may establish other committees, as required, to fulfill its responsibilities.

### ***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 3 members of the Board and meets at least 4 times a year. The committee met 4 times in 2022, with an 88% attendance rate, and is expected to meet 4 times in 2023.

The committee has the power to investigate any activity of the GLPA. The committee ensures 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. These include succession planning, CEO performance management, the Board member skills matrix for appointment renewals 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 3 Board members and meets at least 4 times a year. The Governance and Human Resources Committee met 4 times in 2022, with an 88% attendance rate, and is expected to meet 4 times in 2023.

### ***Reporting***

The officers of the GLPA are the CEO and the Chief Financial Officer (CFO). At each directors' meeting, the officers report to the Board, through the Chair, on their various areas of responsibility. Ongoing and new policy matters are discussed, and corporate direction is provided.

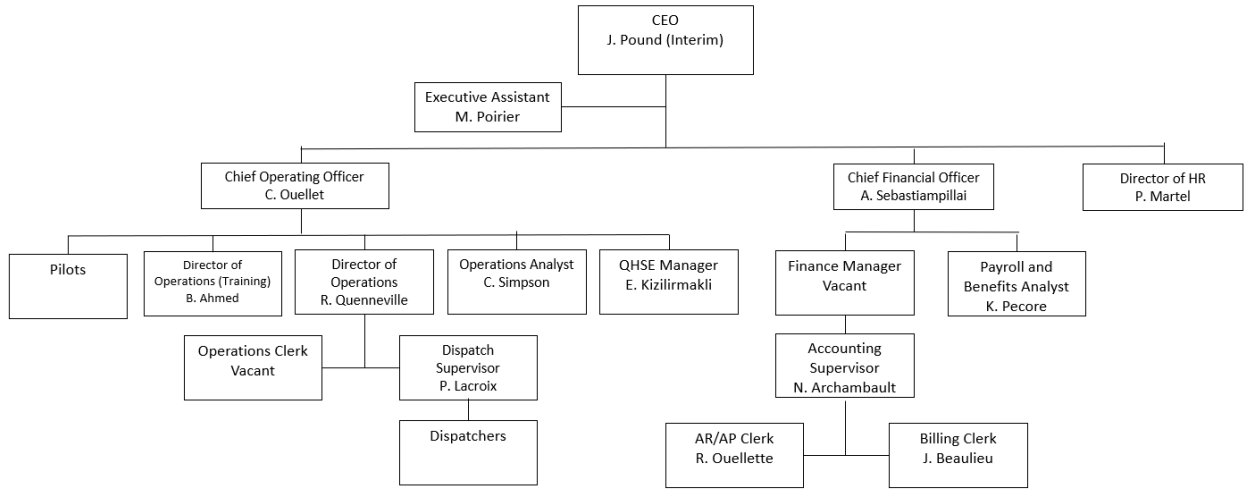
The GLPA reports to the Minister of Transport through its annual report, which includes the Office of the Auditor General's report as required under section 150 (1) of the *Financial Administration Act*.

The GLPA held its [annual public meeting](#) virtually on June 20, 2023.

### ***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 2023 is shown below.



The following individuals hold key, senior executive positions with the GLPA:

Name	Title
James Pound	CEO (interim)
Antony Sebastiampillai	Chief Financial Officer
Captain Christian Ouellet	Chief Operating Officer

The 2023 total compensation, including benefits, for the senior executive positions is budgeted at \$0.7 million.

## Appendix C: Performance and CEO commitment to results

The following table provides supplemental information for section 4 of this plan (Objectives, activities, risks, expected results and performance indicators).

STRATEGIC PERFORMANCE INDICATORS		2022 Actuals		2023 Forecast		2024 Target	
<b>1 - NAVIGATION SAFETY</b>							
1	% of assignments that are incident-free	99.9%		99.9%		99.9%	
<b>2 - PILOTAGE RELIABILITY</b>							
2	Number of vessel delays hours due to shortage of pilots	3,802		3,800		5,000	
<b>3 - FINANCIAL SELF-SUFFICIENCY</b>							
3-1	Net income (in millions)	\$2.2		(\$6.4)		\$1.2	
3-2	Surplus or accumulated deficit (in millions)	\$7.2		\$0.8		\$2.5	
OPERATIONAL PERFORMANCE INDICATORS		2022 Actual		2023 Forecast		2024 Target	
<b>1 - NAVIGATION SAFETY</b>							
1-1	Number of pilots not compliant with 5 years mandatory training	3*		0		0	
1-2	Number of audited Canadian vessel transits	1,467		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		5	
2-2	Number of new pilots trained and retained	3		5		5	
<b>3 - FINANCIAL SELF-SUFFICIENCY</b>							
3-1	Cost per assignment	\$4,662		\$5,870		\$5,115	
3-2	Containing administrative costs, as a % of total cost	6.6%		7.7%		8.1%	
<b>4 - GOOD LABOUR RELATIONS</b>							
4-1	Number of grievances	0		3		0	
4-2	Average number of sick days	5.1		5.1		5.1	
<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>	0		0		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	

\* Due to COVID-19.

 Target Met

 Target Not Met

## *Navigation safety*

### ***Incident reporting***

The GLPA classifies incidents and accidents into two distinct categories: major and minor. Major incidents encompass marine situations leading to loss of life, serious injuries, environmental spills, significant damage to vessels or property, or interruptions to operations extending beyond 1 month. Conversely, a minor incident encompasses all other occurrences monitored by the GLPA that do not meet the criteria for a major incident.

### ***Strategies to achieve this objective***

In addition to the previously noted strategies, the GLPA's pilot training objectives include a module on bridge resource management (BRM). This module gives pilots an opportunity to refresh their BRM knowledge—facilitating communications with masters—and enables them to work more effectively with the bridge team.

With each pilot evaluation, the GLPA continues to assess pilots' competencies and quality of service. The assessments are completed at least once every 5 years. Pilot evaluations assure both the industry and the GLPA that only qualified personnel are performing pilotage duties. They also allow the GLPA to identify areas for development and potential improvements to the service delivery.

*Performance assessments*

The following table contains an overview of the GLPA’s performance to date and anticipated results.

<b>Short-term performance assessments</b>			
<b>Output and/or outcome</b>	<b>Performance indicator</b>	<b>Target</b>	<b>Data source and/or methodology</b>
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
Provide quality pilotage services	Comply with the GLPA’s pilot quality assurance policy by ensuring all pilots keep their proficiency requirements updated and complete required evaluations over every 5-year cycle	100% completion of quality assurance evaluations	Comparisons of pilots’ annual training evaluations to previous assessments (to ensure they are within the 5-year cycle)
Reduce delays caused by a shortage of pilots	Recruit, train and retain pilots to increase pilot availability	Reduce vessel delay time to fewer than 5,000 hours	Data are available monthly
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	5 apprentice pilots licensed in 2022 and plans to license 4 in 2023	Data are available daily
Achieve financial self-sufficiency	Maintain surplus in 2023 and generate modest surplus in 2024 to meet reserve targets over planning period	Surplus of \$0.8 million	Monthly internal financial statements and annual audited financial statements



Short-term performance assessments			
Output and/or outcome	Performance indicator	Target	Data source and/or methodology
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	Transport Canada feedback
Assess IT requirements and finalize the remaining system security recommendations identified in the 2019 audit conducted by the independent internal auditors	Complete the assessment of IT requirements and implement action plans to address system security gaps	Completed assessment and implementation of internal audit recommendations	Various IT systems and third-party system providers
Improve customer relations following the 2021 customer satisfaction survey	Continue implementing the 2021 survey action plans Conduct customer satisfaction survey in 2023 to 2024 fiscal year	Action plans implemented Survey completed with a 10% increase on favourable experience  Action plans developed and shared with customers	Customer feedback
Be viewed as an employer of choice	Conduct employee engagement satisfaction survey in 2024	Achieve a 10% improvement from 2020 results	Employee satisfaction survey conducted by a third party

Medium-term performance assessments			
Outputs/outcomes	Performance indicators	Targets	Data source and methodology
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
Provide quality pilotage services	Comply with the GLPA's Pilot Quality Assurance policy by ensuring all pilots keep their proficiency requirements updated and complete required evaluations over every 5-year cycle	100% completion of quality assurance evaluations	Comparisons of pilots' annual training evaluations (to previous assessments to ensure they are within the 5-year cycle)
Further reduce delays caused by a shortage of pilots	Recruit, train and retain pilots to increase pilot availability	Reduce the amount of vessel delay time by 10% annually	Data are available monthly
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	4–8 apprentice pilots recruited and trained, and 4–8 pilots licensed, annually	Data are available daily
Achieve financial self-sufficiency	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
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 Integrated Management System implemented per established timelines	Data are available quarterly

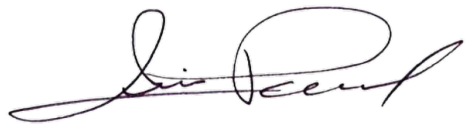
Medium-term performance assessments			
Outputs/outcomes	Performance indicators	Targets	Data source and methodology
Achieve the GLPA's IT future state	Full transition to future state recommended	Systems updated to maintain quality, timely and efficient pilotage services	System security internal audit
Be viewed as a valued maritime partner by customers	Roll out customer satisfaction surveys and improve on previous results	15% increase on favourable customer experience result	Customer satisfaction survey conducted by a third party
Be viewed as an employer of choice	Roll out employee engagement surveys and improve on previous results	15% improvement over previous results	Employee satisfaction survey conducted by a third party
Reduce the organization's environmental footprint	Identify areas where the organization can effectively mitigate its environmental impact	Resources used in an environmentally efficient way while conducting pilotage services	Comparison of year-over-year environmental footprint data
Identify and integrate advanced technologies to upgrade or substitute existing systems, aiming to bolster efficiency and streamline the organization's operations	Increase operational efficiency following technology update	Systems updated to ensure quality, timely and efficient pilotage services	Third-party and internal audits of available technologies

Long-term performance assessments			
Outputs/outcomes	Performance indicators	Target	Data source and methodology
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

Long-term performance assessments			
Outputs/outcomes	Performance indicators	Target	Data source and methodology
Provide quality pilotage services	Comply with the GLPA's Pilot Quality Assurance policy by ensuring all pilots keep their proficiency requirements updated and complete required evaluations over every 5-year cycle	100% completion of quality assurance evaluations	Compare the pilots' annual training evaluations to previous assessments to ensure they are within the 5-year cycle
Maintain a reasonable amount of delay hours caused by pilot shortages	Recruit, train and retain pilots to increase pilot availability	Return number of vessel delay hours to pre-2014 levels (fewer than 500)	Data are available monthly
Maintain a sufficient level of marine pilots on staff to provide safe and reliable pilotage services	Average number of assignments per pilot	110–120 assignments per pilot	Data are available daily
Achieve financial self-sufficiency	Maintain a reasonable financial reserve to allow for unforeseen events	Achieve and maintain a \$10.0 million financial reserve	Monthly internal financial statements and annual audited financial statements
Maintain a safe and dependable information infrastructure that meets future business needs	Security programs and emergency preparedness	Recover information systems within the timelines stated in the GLPA's Business Continuity Plan to avoid service interruptions	Various IT systems and third-party system service providers
Partner with key stakeholders to develop an integrated voyage information system	Develop a pilotage service that is more efficient, effective and environmentally sustainable	Reduce delays and identify voyage inefficiencies	Working with key stakeholders, and third-party and internal resources

*CEO statement*

I, James Pound, as Interim CEO of the Great Lakes Pilotage Authority, am accountable to the Board of Directors of the Great Lakes Pilotage Authority for the implementation of the steps 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.

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

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James Pound, Interim CEO, and Chairperson  
Great Lakes Pilotage Authority

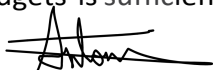
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October 25, 2023

## Appendix D: CFO attestation

In my capacity as CFO of the Great Lakes Pilotage Authority, I have reviewed the 2024–2028 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. Assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks with 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. Options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan.
5. The corporate plan and 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 proposed activities and ongoing operation of the Great Lakes Pilotage Authority.
7. In my opinion, the financial information contained in this corporate plan and the budgets is sufficient overall to support decision making.



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Antony Sebastiampillai, CFO  
Great Lakes Pilotage Authority

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October 25, 2023

## Appendix E: Financial statements and budgets

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

### Statement of operations and comprehensive income

(000'S)	2022	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
<b>Revenue</b>							
Pilotage charges	45,538	42,039	43,911	45,007	46,134	47,287	48,469
Pilot boat income	217	202	210	217	224	231	238
Interest and other Income	213	869	908	931	954	978	1,002
<b>Total revenue</b>	<b>45,968</b>	<b>43,111</b>	<b>45,029</b>	<b>46,154</b>	<b>47,311</b>	<b>48,496</b>	<b>49,710</b>
<b>Expenses</b>							
Pilots' salaries and benefits	31,544	31,241	29,593	29,771	30,190	31,411	33,119
Transportation and travel	3,548	8,037	3,829	3,922	4,018	4,117	4,218
Pilot boat services	2,441	2,683	2,785	2,897	3,013	3,133	3,258
Operation staff salaries and benefits	1,868	2,267	2,427	2,500	2,550	2,601	2,653
Administration staff salaries and benefits	1,562	1,703	1,827	1,882	1,919	1,958	1,997
Professional fees	686	1,584	1,086	737	739	741	743
Pilot training and recruiting costs	433	297	303	309	316	322	328
Pilot transfer services	329	317	330	336	343	350	357
Transport Canada administration fees	317	158	161	164	168	171	175
Amortization and depreciation	300	285	363	413	464	612	628
Utilities, material and supplies	220	273	278	284	289	295	301
Purchased dispatching services	183	212	220	229	238	248	257
Communications	126	161	164	167	171	174	177
Pilot laptop and navigation software	116	112	114	116	118	121	123
Repairs and maintenance	70	137	140	143	146	149	152
Depreciation of right of use asset	64	64	60	60	60	60	60
Interest on lease liability	25	24	29	27	25	23	23
Interest and bank charges	19	44	43	43	44	44	45
Rentals	17	15	16	16	16	17	17
<b>Total expenses</b>	<b>43,869</b>	<b>49,616</b>	<b>43,768</b>	<b>44,017</b>	<b>44,827</b>	<b>46,546</b>	<b>48,632</b>
<b>Profit (Loss) for the year</b>	<b>2,099</b>	<b>(6,505)</b>	<b>1,261</b>	<b>2,137</b>	<b>2,484</b>	<b>1,950</b>	<b>1,078</b>
Actuarial (Loss) gain	106	110	0	0	0	0	0
<b>Comprehensive income (Loss) for the year</b>	<b>2,204</b>	<b>(6,395)</b>	<b>1,261</b>	<b>2,137</b>	<b>2,484</b>	<b>1,950</b>	<b>1,078</b>

## Statement of change in equity

(000'S)	2022	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
Accumulated surplus (deficit) - beginning of the year	5,025	7,229	834	2,095	4,232	6,716	8,666
Profit (Loss) for the year	2,099	(6,505)	1,261	2,137	2,484	1,950	1,078
Other comprehensive Income	106	110	0	0	0	0	0
<b>Accumulated surplus - end of the year</b>	<b>7,229</b>	<b>834</b>	<b>2,095</b>	<b>4,232</b>	<b>6,716</b>	<b>8,666</b>	<b>9,744</b>

## Statement of financial position

(000'S)	2022	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
<b>ASSETS</b>							
Cash and cash equivalents	19,130	16,245	9,923	11,643	13,660	15,042	17,169
Investment	0	0	5,000	5,000	5,000	5,000	5,000
Trade and other receivable	6,545	6,306	6,587	6,751	6,920	7,093	7,270
Prepays	71	71	71	71	71	71	71
<b>Current</b>	<b>25,746</b>	<b>22,622</b>	<b>21,581</b>	<b>23,465</b>	<b>25,651</b>	<b>27,206</b>	<b>29,511</b>
Property and equipment	885	633	925	803	542	813	425
Intangible assets	54	20	6	275	908	1,505	1,400
Right-of-use asset	70	5	540	480	420	360	300
<b>Non Current</b>	<b>1,009</b>	<b>659</b>	<b>1,471</b>	<b>1,559</b>	<b>1,870</b>	<b>2,678</b>	<b>2,125</b>
<b>Total</b>	<b>26,755</b>	<b>23,281</b>	<b>23,052</b>	<b>25,023</b>	<b>27,521</b>	<b>29,884</b>	<b>31,636</b>
<b>LIABILITIES</b>							
Accrued salaries and benefits	15,982	17,606	16,924	17,076	17,330	17,985	18,884
Other accounts payable and accrued charges	1,675	3,419	2,277	2,250	2,311	2,375	2,441
Employee benefits	220	221	181	145	108	70	35
Lease liability	85	0	52	54	56	58	61
Pilotage under objections							
<b>Current</b>	<b>17,962</b>	<b>21,246</b>	<b>19,434</b>	<b>19,525</b>	<b>19,805</b>	<b>20,489</b>	<b>21,422</b>
Employee benefits	1,564	1,201	1,025	822	611	399	201
Lease liability	0	0	498	444	388	330	269
<b>Non Current</b>	<b>1,564</b>	<b>1,201</b>	<b>1,523</b>	<b>1,266</b>	<b>1,000</b>	<b>729</b>	<b>470</b>
<b>Total</b>	<b>19,526</b>	<b>22,447</b>	<b>20,957</b>	<b>20,791</b>	<b>20,805</b>	<b>21,218</b>	<b>21,892</b>
<b>EQUITY</b>							
<b>Accumulated Surplus</b>	<b>7,229</b>	<b>834</b>	<b>2,095</b>	<b>4,232</b>	<b>6,716</b>	<b>8,666</b>	<b>9,744</b>
<b>Total Liabilities &amp; Equity</b>	<b>26,755</b>	<b>23,281</b>	<b>23,052</b>	<b>25,023</b>	<b>27,521</b>	<b>29,884</b>	<b>31,636</b>



## Statement of cash flow

(000'S)	2022	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan
<b>OPERATING ACTIVITIES</b>							
Profit for the year (loss)	2,099	(6,505)	1,261	2,137	2,484	1,950	1,078
Adjustments to determine net cash (used in) provided by operating activities:							
Employee benefits	(291)	(252)	(217)	(238)	(248)	(250)	(233)
Amortization and depreciation	300	285	363	413	464	612	628
Depreciation of right of use assets	64	64	60	60	60	60	60
Changes in non-cash working capital items:							
Decrease (increase) in trade and other receivables	(633)	239	(281)	(164)	(169)	(173)	(177)
Increase in prepaids	(11)	0	0	0	0	0	0
Increase (decrease) in accrued salaries and benefits	1,364	1,624	(682)	153	254	655	900
Increase (decrease) in other accounts payable and accrued charges	(352)	1,745	(1,137)	(28)	62	64	66
<b>Net cash provided by operating activities</b>	<b>2,540</b>	<b>(2,799)</b>	<b>(633)</b>	<b>2,332</b>	<b>2,906</b>	<b>2,918</b>	<b>2,321</b>
<b>INVESTING ACTIVITIES</b>							
Disposal (Purchase) of investments	0	0	(5,000)	0	0	0	0
Right-of-use asset	(4)	0	(600)	0	0	0	0
Acquisition of property and equipment and intangible assets	(735)	0	(640)	(560)	(835)	(1,480)	(135)
<b>Net cash (used in) provided by investing activities</b>	<b>(739)</b>	<b>0</b>	<b>(6,240)</b>	<b>(560)</b>	<b>(835)</b>	<b>(1,480)</b>	<b>(135)</b>
<b>FINANCING ACTIVITIES</b>							
Payment of the lease liability	(51)	(85)	550	(52)	(54)	(56)	(58)
<b>Net cash (used in) by financing activities</b>	<b>(51)</b>	<b>(85)</b>	<b>550</b>	<b>(52)</b>	<b>(54)</b>	<b>(56)</b>	<b>(58)</b>
<b>CASH AND CASH EQUIVALENTS</b>							
Net increase (decrease) in cash during the year	1,750	(2,884)	(6,323)	1,720	2,017	1,382	2,128
Balance, beginning of year	17,380	19,130	16,245	9,923	11,643	13,660	15,042
<b>Balance, end of year</b>	<b>19,130</b>	<b>16,246</b>	<b>9,923</b>	<b>11,643</b>	<b>13,660</b>	<b>15,042</b>	<b>17,169</b>

## Capital budget

(000'S)	2022	2023	2024	2025	2026	2027	2028	Total
	Actual	Forecast	Budget	Plan	Plan	Plan	Plan	2024-2028
<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	7,128	0	20,000	20,000	20,000	20,000	20,000	100,000
<b>Total</b>	<b>7,128</b>	<b>0</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	0	0	20,000	20,000	20,000	20,000	20,000	100,000
Head Office	0	0	380,000	0	0	0	0	380,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>400,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>480,000</b>
<b>Communication &amp; Computer Equipments</b>								
Computer, server, telecommunication & Security	715,024	0	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	0	0	0	0	645,000	0	645,000
<b>Total</b>	<b>715,024</b>	<b>0</b>	<b>200,000</b>	<b>200,000</b>	<b>75,000</b>	<b>720,000</b>	<b>75,000</b>	<b>1,270,000</b>
<b>Softwares</b>								
Update and maintenance	13,275	0	20,000	20,000	20,000	20,000	20,000	100,000
Dispatching, billing and financial systems	0	0	0	300,000	700,000	700,000	0	1,700,000
<b>Total</b>	<b>13,275</b>	<b>0</b>	<b>20,000</b>	<b>320,000</b>	<b>720,000</b>	<b>720,000</b>	<b>20,000</b>	<b>1,800,000</b>
<b>GRAND TOTAL</b>	<b>735,427</b>	<b>0</b>	<b>640,000</b>	<b>560,000</b>	<b>835,000</b>	<b>1,480,000</b>	<b>135,000</b>	<b>3,650,000</b>

## Overview of significant capital expenditure plan

### **Leasehold improvements**

The current corporate office lease is set to expire on January 31, 2024 and includes an automatic renewal option for 3 years. The GLPA is exploring its options and, if no alternative is identified, will exercise the renewal option. The estimated cost of \$380,000 covers real estate assessment, broker fees and potential leasehold improvements.

### **Communication and computer equipment**

A portable pilotage unit is a valuable tool that helps pilots make navigation decisions. The GLPA considers these units essential to achieving an economically sound, safe and reliable pilotage service. The organization's portable pilotage units were replaced for the beginning of the 2022 navigation season, and the GLPA estimates that they will need to be replaced again in 2027.

This year, the GLPA worked with a third-party IT consultancy to introduce updated cybersecurity measures, such as monitoring for potential threats, preventing phishing, providing security awareness training, simulating phishing attacks, and reporting on the dark web. Cybersecurity improvements will continue over the planning period and the GLPA will need to renew and upgrade computer equipment, and it estimates that \$250,000 will be required.

### **Software**

The GLPA recognizes the need to update and/or replace its billing, dispatching, and financial systems, estimating the cost at approximately \$1.7 million. However, the GLPA plans to conduct a preliminary analysis of its needs in 2024 to ensure that any updates or replacements are accurately aligned with operational requirements.

## Appendix 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 any particular transaction to borrow money. The Minister must approve timelines and other terms and conditions of any such proposed agreements. The borrowing limit for the GLPA is set at \$5 million by the Governor General in Council. The following statement outlines the GLPA's borrowing plan:

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

The short-term borrowing may be needed to ensure business continuity.

Section 36 of the *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 assistance 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 and maintain continuous pilotage services.

### *Overview of borrowing plans*

#### Line of credit

For 2024, 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, pursuant to section 127 (3) of the *Financial Administration Act*. Given the nature of the GLPA's business, the line of credit is an important part of its business strategy: it ensures funds are available to even out cash flow when traffic levels fluctuate 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 predicts the peak usage of the line of credit toward the start of each navigation season (i.e., April 1):

<b>Short-term borrowings available and usage at peak during the year</b>						
<b>(millions of dollars)</b>						
	<b>2023 Forecasted</b>	<b>2024 Projected</b>	<b>2025 Projected</b>	<b>2026 Projected</b>	<b>2027 Projected</b>	<b>2028 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 phase, the GLPA expects to negotiate new leases that will require approval from the Minister of Finance. The existing office lease will expire on January 31, 2024. Therefore, the GLPA will pursue the necessary approval for a new lease agreement in 2024.

<b>Information and approval for upcoming leases</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 (in millions of dollars)	0.6	0.5	0.4	0.4
Maximum expected number of years remaining	9	8	7	6

## Appendix 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 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 investing in short-term, guaranteed investments within the new scope of investment options.

Because an important portion of cash inflow is received between September and December, and given that the GLPA’s significant cash outflows occur in the following January, the organization cannot invest aggressively in instruments that mature beyond February. Its investment experts recommend instruments that maximize returns with no financial risk.

As a result, the GLPA requests the Minister of Finance’s approval to invest any moneys not immediately required for the GLPA in any of the following:

- bonds or other obligations of (or guaranteed by) Her Majesty the Queen in right of Canada or any province or municipality in Canada
- fixed-income instruments with a credit rating of at least BBB (Standard & Poor’s or Fitch) or Baa3 (Moody’s)
- funds with diversified holdings that fall within the scope of the above, including exchange-traded funds, but excluding leveraged funds
- guaranteed investment certificates (GICs) that are eligible for Canada Deposit Insurance Corporation insurance

## Appendix H: Risk and risk responses

The GLPA is committed to identifying, assessing and mitigating, when deemed appropriate, all risks. It applies an ERM approach to its strategic planning process. In 2018, the GLPA introduced an ERM policy that formalized the development of an ERM framework that will support decision making at all levels. This will hold Board members, senior executives, staff and pilots accountable for managing risk within their areas of responsibility.

The GLPA manages risk based on an inventory of risk categories that aligns with external, financial, operational, environmental/health and safety, human capital, technological and regulatory risks.

The GLPA's management team reviews and updates the ERM dashboard and provides a status update on mitigating actions throughout the year. On a quarterly basis, the team presents the results 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 inherent and residual risks through its risk matrix (focused on impacts and likelihoods)
- assessing the risk tolerance for all risks identified
- reviewing the current mitigating controls and proposing further mitigating actions
- prioritizing key risks, accounting for both 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>	Greater than \$6 million cash impact on the GLPA	Multiple deaths and multiple people with serious, long-term injuries  Intensive care required	Operations cease for more than 1 month due to property damage	Vessel sinks or sustains so much damage that it is a total constructive loss	Incident causes sustained, long-term harm to the environment (i.e. impact period exceeds 1 month)	Sustained, front-page, adverse national and international media coverage	Threatens long-term viability of the GLPA (operational cessation or major operational issues lasting more than 1 month)

Risk rating	Financial	Human	Property	Vessels	Environmental	Reputation	Disruption of business
Very high	\$3 to \$6 million impact on the GLPA	Single death and multiple people with serious, long-term injuries  Intensive care required	Operations cease for up to 1 month due to property damage	Vessel sustains damage significant enough to result in towing to dry dock, and loss of operations for up to 1 month	Incident causes sustained, medium-term harm to environment (i.e. impact period lasts up to 1 month)	Front-page, adverse national media coverage and intermittent international media coverage	Threatens medium-term viability of the GLPA (operational cessation or major operational issues lasting up to 1 month)
High	\$1 to \$3 million impact on the GLPA	Some people with serious, long-term injuries and multiple minor injuries	Operations cease for up to 2 weeks due to property damage	Vessel sustains significant damage (requiring dry dock) and loss of operations for up to 2 weeks	Incident causes medium-term harm to environment (i.e. impact period lasts up to 2 weeks)	Intermittent, front-page, adverse national media coverage	Threatens short-term viability of the GLPA (operational cessation or major operational issues lasting up to 2 weeks)
Medium	\$0.5 to \$1 million impact on the GLPA	1 person with serious, long-term injuries and some minor injuries	Operations cease for up to 1 week due to property damage	Vessel sustains damage resulting in loss of operations for up to 1 week	Incident causes short-term harm to environment (i.e., impact period lasts no longer than 1 week)	Sustained, front-page, adverse local media coverage  Board and Government of Canada receive complaints from Chamber of Marine Commerce and the Shipping Federation of Canada	Operational issues lasting up to 1 week, but no cessation 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	Operations cease for up to 72 hours due to property damage	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 (i.e., impact period lasts no longer than a day)	Intermittent, front-page, adverse local media coverage  Complaints from Chamber of Marine Commerce and the 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 DEFINITIONS	
Rare	< 5% chance that this event will occur (exceptional basis)
Unlikely	5% to 25% chance that this event will occur at some time
Possible	25% to 50% chance that this event will occur at some time
Likely	50% to 75% chance that this event will occur in most circumstances
Frequent	> 75% chance that this event will occur in most circumstances



The GLPA's key risks (from the ERM dashboard) are as follows:

Number	ERM risk categories	Strategic alignment*	Key risk	Inherent risk	Residual risk	Target residual risk
1	Operational Human capital	S, R, L, F	Risk of having an insufficient number of pilots to service pilotage demand effectively	Orange	Yellow	Green
2	Financial Regulatory	F	Risk of exposure and liabilities due to taxability issues related to pilot travel allowances	Red	Orange	Green
3	Human capital Financial	L, F	Risk that labour negotiation strategies (with pilots and PSAC) fail to support the GLPA in fulfilling its mandate of providing safe and reliable pilotage services while being financially self-sufficient	Orange	Yellow	Green
4	Financial Strategy	F	Risk of ineffective pilotage charge strategies (including budget assumptions) that fail to recover operating costs	Yellow	Green	Green
5	Human capital	L	Risk of business interruptions because the GLPA does not have the right leadership in place, does not have an appropriate organizational structure to deliver on its objectives, or does not have management succession plans	Orange	Yellow	Green
6	Operational Regulatory	E	Risk of poor management in the pilot certification program (leading to unqualified certificate holders providing pilotage services or creating a shortage of certificate holders)	Orange	Green	Green
7	Technological	E	Risk that outside threats overcome the GLPA's physical and/or cyber security (includes possible ransomware attack)	Orange	Yellow	Green

\*Categories shown with these codes: S for navigational safety, R for pilotage reliability, F for financial self-sufficiency, E for organizational efficiency, and L for good labour relations

Note: The ordering of the above risks does not necessarily reflect their prioritization.

The tables below provide additional information on the potential impact of (and planned responses to) the top risks identified in the table above.

Risk title and description
<p>1. Insufficient number of pilots to service pilotage demand effectively</p> <ul style="list-style-type: none"> <li>• Categories: Operational, Human capital</li> <li>• Probability: Likely</li> <li>• Inherent risk level: Medium</li> <li>• Residual risk level: Low</li> </ul>
Impact and response
<p><b>Impact:</b> Ripple effect through the supply chain, affecting stakeholder assessments of the GLPA’s credibility</p> <p><b>Response:</b> Given that the GLPA’s ability to provide safe and reliable pilotage services is directly related to maintaining an appropriate roster of qualified pilots, the risks in pilot succession planning are significant. There is no legislated mandatory retirement age in the marine sector, so uncertainty in retirement prediction makes it challenging to plan for the onboarding of enough apprentice pilots to maintain that roster. To mitigate this uncertainty, the GLPA surveys its pilots annually to ask about their retirement plans. This exercise has proven beneficial: the average notification period has increased to approximately 6 months, facilitating recruitment plans.</p> <p>The GLPA will continue to leverage the approximately 250 Canadian officers who have pilotage certificates for the Great Lakes region as a pool of potential candidates. The GLPA offers part-time employment contracts to retired pilots to provide additional resources when apprentice pilots are being trained. Most 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 reviewing and improving the program, hosting progression debriefs with apprentice pilots, and involving its fully qualified pilots in the program to support apprentices.</p> <p>In 2023, the GLPA undertook an advisory audit of its pilot recruitment and retention initiatives. Based on the audit’s findings, the organization formulated a plan to improve the recruitment process by providing more opportunities for candidates to apply. Additionally, the plan explores potential approaches to attract candidates who hold certifications recognized by Transport Canada and who fulfill regulatory requirements.</p> <p>Finally, the GLPA will monitor economic trends, such as potential recessions, to gauge their impact on pilotage demand levels.</p>

### Risk title and description

#### 2. Potential exposure and liabilities due to taxability issues related to pilot travel allowances

- Category: Financial
- Probability: High
- Inherent risk level: Very high
- Residual risk level: Medium

### Impact and response

**Impact:** In 2023, the GLPA collaborated with tax advisors to obtain clarity on the taxability of various allowances paid to pilots per their collective agreement. Historically, the GLPA did not treat these allowances as taxable. However, the expert review identified these allowances as taxable benefits under Canadian and Quebec tax regulations. This presents potential financial liabilities for the GLPA.

**Response:** The GLPA updated its tax procedures and made retroactive corrections to pilots' T4 and Relevé 1 slips from 2019 to 2022. In Q4 2023, the GLPA distributed revised tax slips to pilots for those years. These proactive measures aim to mitigate both financial and reputational risks for the GLPA and potential financial liabilities for its pilots.

### Risk title and description

3. Labour negotiation strategies (with pilots and PSAC) fail to support the GLPA in fulfilling its mandate of providing safe and reliable pilotage services while being financially self-sufficient

- Categories: Human capital, Financial
- Probability: Moderate
- Inherent risk level: high
- Residual risk level: medium

### Impact and response

**Impact:** A negotiation strategy that aligns with the long-term goals of the organization and addresses economic realities is vital for securing employee buy-in while upholding financial responsibility and self-sufficiency.

**Response:** The GLPA's Board and management approach negotiations with a focus on understanding employees' concerns. The GLPA's objective is to address these issues, but also to maintain its mandate of self-sufficiency. In 2023, successful negotiations led to agreements with the District 2 and 3 pilot groups and PSAC office employees. Moving forward, the GLPA will engage with the remaining groups, aiming to collaboratively establish agreements that satisfy both employees' requirements and the GLPA's mandate.

#### Risk title and description

4. Ineffective pilotage charge strategies (including budget assumptions) that fail to recover operating costs

- Categories: Financial, Strategy, Operational
- Probability: Medium
- Inherent risk level: Medium
- Residual risk level: Low

#### Impact and response

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

**Response:** The GLPA has enhanced its operational analysis to gain a deeper understanding of pilotage demands and schedules, aiming to manage costs and identify opportunities for greater efficiency (e.g., analyzing demand surges in relation to pilot availability).

Given the expiration of the pilot groups' collective agreements and the ongoing negotiations, pilot compensation has undergone a review as part of the labor negotiation strategy. Considering that pilot compensation represents approximately 90% of the GLPA costs, ensuring cost containment is imperative. Furthermore, by transitioning some variable costs to fixed costs, the GLPA can enhance its forecasting accuracy and establish more targeted pilotage charges.

#### Risk title and description

5. Business interruptions because the GLPA does not have the right leadership in place, does not have an appropriate organizational structure to deliver on its objectives, or does not have management succession plans

- Categories: Human capital
- Probability: Low
- Inherent risk level: Medium
- Residual risk level: Low

#### Impact and response

**Impact:** Poor leadership sets a negative tone and creates an unhealthy work environment. An inappropriate organizational structure prevents an organization from meeting its mandate or strategic objectives.

**Response:** The GLPA commissioned a third-party assessment to evaluate its management structure. This independent review revealed that the current organizational set-up and resource constraints could prevent the GLPA from meeting its mandate and executing its present and envisioned strategic and operational goals. In response, the Board endorsed the introduction of several roles, including a Director of Human Resources, Finance Manager, Dispatch Supervisor, and Quality, Health, Safety and Environment Manager. These additions were made to fortify the organizational structure and streamline succession planning.

Further, the GLPA is actively recruiting for a CEO. In anticipation of the retirement of the Director of Operations, a new Director of Operations was also onboarded in fall 2023. Finally, the GLPA plans to recruit an in-house IT specialist in 2024 to spearhead the modernization of its information systems.

#### Risk title and description

##### 6. Poor management in the pilot certification program

- Categories: Operational, Regulatory
- Probability: Low
- Inherent risk level: Low
- Residual risk level: Low

#### Impact and response

**Impact:** Unqualified certificate holders provide pilotage services and/or there is a shortage of certificate holders.

**Response:** Since spring 2021, the GLPA has been collaborating with Transport Canada on transitioning the certification program, following the transfer of responsibilities for issuance, suspension and cancellation from the GLPA to the Minister of Transport. The GLPA remains engaged with the industry, overseeing vessel transits and verifying training programs and personnel. This partnership with the industry reinforces the certification system's effectiveness, contributing to an outstanding safety record.

#### Risk title and description

##### 7. Outside threats overcome the GLPA's physical and/or cyber security systems (includes possible ransomware attack)

- Categories: Technology
- Probability: Medium
- Inherent risk level: Medium
- Residual risk level: Low

#### Impact and response

**Impact:** The GLPA faces potential disruptions and losses due to cybersecurity threats, such as cyber-attacks, data breaches, ransomware, phishing and malware. Vulnerabilities can arise from third-party interactions, internal risks or compliance failures.

**Response:** Since August 2022, the GLPA has implemented the SecurePlus platform to bolster its cybersecurity defences. This platform continuously monitors for potential threats, works to prevent phishing, provides security awareness training, simulates phishing attacks, and reports on the dark web. The GLPA is committed to continuously monitoring and updating its software and hardware to ensure maximum security. A subsequent security audit is scheduled as part of the GLPA's risk-based audit plan.

## Appendix I: Compliance with legislative and policy requirements

The GLPA is governed by the *Pilotage Act* and subject to other federal legislation. The following explanations provide insights 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 about hours of work provisions. Given that the pilot groups are solely responsible for the conduct of a ship during transit, the GLPA completed a detailed impact assessment of these new requirements. Subsequently, the organization requested some exemptions and modifications to the *Canada Labour Code* requirements for an 8-hour rest period between work periods or shifts (subsection 169.2 (1)) and for a 30-minute break within every 5 hours of work (subsection 169.1 (1)). The amended regulations were published on February 1, 2022. The GLPA's requested modification to the 30-minute break within every 5 hours of work was accepted. For the rest periods between shifts, pilots are to be granted a rest period of at least 8 hours (of which 6 must be consecutive) during each 24-hour period. As part of the upcoming collective bargaining with the pilot groups, the GLPA will ensure these requirements are adhered to.

### **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. Year-to-date, the GLPA has received 1 request. There are no 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 the [Open Government](#) website. Additionally, the GLPA reports annually to the Information Commissioner of Canada.

### **Conflict of Interest Act**

The GLPA's policy on conflict of interest complies with the *Conflict of Interest Act*. Year-to-date, 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 2023, as well as its supporting programs. This work was done to ensure continued compliance with the *Canada Labour Code* and the recent Bill C-65 Safe Workplaces requirement for comprehensive policies to address workplace harassment, violence and sexual harassment. In 2021, the GLPA provided harassment and violence



prevention training to all its employees, and this is a requirement for all new hires.

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

The GLPA is committed to attracting, hiring and retaining talent that reflects the diverse Canadian workforce. All its 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 against it under the *Employment Equity Act*.

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

The *Pay Equity Act* was amended in August 2021, and employers have 3 years to comply with the changes. Currently, the GLPA's management is 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 is essential at the GLPA's head office in Cornwall, Ontario, where staff need to communicate with employees, customers and government agencies in both French and English. As required, the GLPA reports annually to the Treasury Board Secretariat's Official Languages Centre of Excellence. Year-to-date, the GLPA has not received any complaints. Given that Bill C13—an act to amend the *Official Languages Act*—received Royal Assent in June 2023, the GLPA will soon change its policies and programs to reflect the alterations in the legislation.

### ***Privacy Act***

The GLPA reports annually to the Privacy Commissioner. In 2019, the GLPA revamped its privacy program to ensure compliance with this act. Year-to-date, the GLPA has not received any requests.

### ***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, 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 provides for 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.

To help ensure transparent communications with the public, GLPA publishes its [policy on travel and hospitality](#) online. In addition, it voluntarily publishes the travel and hospitality expenditures for the Chair of the Board, the directors, the CEO and other senior officers, thus complying with proactive disclosure requirements. The GLPA's [quarterly reports](#) can also be found on its website. In addition, the GLPA discloses its total annual expenditures for travel, hospitality and conference fees and includes this information in its annual reports, as required by the Treasury Board's *Directive on Travel, Hospitality, 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*, which mandates 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 the GLPA indicates those that fall under various trade agreements.

## Other

The GLPA supports and complies with the legislation listed below.

### 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*, SC 1998, c. 10
- *Canada Shipping Act, 2001*, SC 2001, c. 26
- *Collision Regulations*, CRC, 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

## Appendix J: Government priorities and direction

The GLPA has embraced, and aligns itself with, the Government of Canada priorities set out in the Honourable Omar Alghabra's mandate letter sent to the GLPA's Board Chairperson in September 2022 and is taking the actions and measures discussed in this section.

### **Openness and transparency**

The GLPA is fully committed to, and takes pride in, being fully open and transparent with stakeholders and the Canadian public. It uses several communication tools to deliver on this commitment. It ensures timely responses to all information requests and concerns, when feasible. The GLPA provides all passage plans to its customers so they have a general overview of transits and publishes its pilot-master exchange of information checklist online to ensure consistent and effective services for all ships (largely by sharing crucial safety information for transits through the Great Lakes region).

### **Supporting the economic response/recovery efforts after the pandemic, building back a better Canada, and strengthening the middle class**

As an important partner in marine commerce, the GLPA helps Canadian companies access foreign markets, which supports economic growth and helps middle-class Canadians access foreign goods at a lower cost. Approximately 80% to 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 that facilitate the ability of these companies to seek out new commerce opportunities.

To support job creation and economic growth and ensure Canadian companies have access to safe, reliable and efficient pilotage services for the movement of their goods to market, the GLPA will continue to collaborate effectively with other marine stakeholders in the Great Lakes region.

### **Indigenous relations and the road to reconciliation**

The GLPA is committed to gaining a better appreciation of Indigenous cultures. Given that many Indigenous communities are located along the St. Lawrence River and around the Great Lakes, the GLPA carefully considers navigation impacts on these communities. In 2022, the GLPA met with the Chiefs of the Mohawk Council of Kahnawake to promote the GLPA as an employer of choice for their community, gain their perspectives, and listen to their concerns. At the meeting, navigation safety, the preservation of Mohawk culture and customs, human life and property, and the protection of the marine environment were discussed. Over the planning period, the GLPA intends to meet with other Indigenous groups to build respectful relationships with these communities.

### **Fighting climate change**

The GLPA operates and administers safe and efficient pilotage services to keep Canadian waterways free of environmental spills and damages. It continues to collaborate with the government, contractors and other marine industry stakeholders to minimize the effects of

navigation on climate change.

In accordance with the government's initiatives in the *Canadian Net-Zero Emissions Accountability Act*, the GLPA will explore green procurement requirements for all contractors, including those working in land transportation, 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 people, members of visible minorities, and persons with disabilities are free from discrimination and equitably represented. The GLPA is committed to developing an inclusive and barrier-free work environment in which all persons have equal access to opportunities. The GLPA's recruitment and selection process, conditions of employment, training, career development policies, and performance management practices reflect this commitment. All are focused on equity and valuing diversity. Furthermore, in 2022, managerial staff received training about diversity in the workplace and Indigenous cultural awareness. These training initiatives align with the GLPA's commitment to building a skilled and diverse workforce that 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 that the GLPA must recruit pilots from a pool of candidates that meet the physical and qualification restrictions included in the *Pilotage Act* and the *General Pilotage Regulations*, the current pool of pilot candidates is predominately male. Thus, women represent only 3% of the pilot workforce. Although the GLPA initiated self-declaration forms in 2021, it does not have further statistical analysis at this time.

### **Safe workspaces and accessibility**

The GLPA has implemented policies and practices to ensure a healthy workplace. Employees can expect to feel secure, respected and recognized for their work. The work environment has been designed to ensure physical and emotional safety so employees feel a sense of belonging and purpose. Based on the GLPA's employee engagement results from the 2020 survey, the organization is 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 its findings. Finally, the GLPA established safety programs to comply with the Canada Labour Code and had implemented these 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. While marine incidents are an inherent risk in every action taken by GLPA employees, training for all apprentice pilots, active pilots and pilotage certificate holders is designed to ensure that these employees are aware of the risks and have experience managing them. The GLPA continues to communicate with all employees about the importance of embracing a safety-minded culture to limit environmental risks.

The GLPA also sends each of its pilots to complete simulator training at least once in every 5-year

cycle. This practice will continue because 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. The organization participates in the biennial International Marine Pilots' Association conference, at which it interacts with other pilotage service providers from around the world. Through discussions about professional standards that promote pilot safety, this conference encourages both consultation among its members and the exchange of technical information among industry partners and regulators across the globe. Similarly, at a national level, the GLPA benefits from its interactions with the Canadian Marine Pilots' Association.

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

In alignment with the federal Greening Government Strategy, the GLPA is forging a path toward sustainability. The organization has engaged a local specialist with expertise in aiding businesses to reduce their carbon footprint. In support of the federal goal to achieve net-zero emissions by 2050, the GLPA is currently developing its inaugural greenhouse gas inventory. This inventory will establish a baseline to guide emission reduction initiatives in line with the government's net-zero target. The GLPA has initiated measurement of its operational emissions by demarcating boundaries for its scope 1, 2 and 3 greenhouse gas profiles (based on relevance, data accessibility and calculation feasibility). Furthermore, in alignment with the Task Force on Climate-Related Financial Disclosures, the GLPA will make its first disclosure in 2024.

### ***Budget 2023***

Budget 2023 announced government-wide spending reductions, including spending by certain Crown corporations. The Government committed to:

- reduce spending on consulting, other professional services, and travel by roughly 15 percent of planned 2023-24 discretionary spending in these areas; and
- phase in a roughly 3 percent reduction of eligible spending by 2026-27.

While the Authority is not directly scoped into these spending reductions, it aligns with the spirit of the reductions, which is to bring the pace and scale of the growth of government spending back to a pre-pandemic path, in order to ensure that Canadians' tax dollars are being used efficiently and being invested in the priorities that matter most to them.

Consulting, other professional services, and travel:

The Great Lakes Pilotage Authority (GLPA) manages a wide range of operations, overseeing five compulsory pilotage districts within the Great Lakes region, along with an additional district situated in the Port of Churchill, Manitoba. All of these areas are administered from our head office located in Cornwall. Travel is essential for engaging with stakeholders, maintaining oversight,

and ensuring operational efficiency. Opting for travel to these districts is a more financially viable option compared to the establishment of satellite offices and the recruitment of additional staff in these regions. This approach allows the GLPA to maintain a centralized, streamlined administration while effectively overseeing our broad operational scope.

The GLPA operates with a team of 16 permanent administrative staff members. To efficiently handle specialized projects and short-term needs, we strategically employ consulting and professional services. This method is more cost-effective compared to expanding our permanent staff for occasional requirements. The GLPA does not maintain in-house legal counsel or IT specialists. Consequently, this leads to some variability in our costs. We often require external expertise in areas such as cyber security, collective agreement negotiations, and internal audit. Furthermore, our dedication to adhering to government directives on various initiatives occasionally necessitates the procurement of these specialized external services.

The GLPA has embraced virtual technology to minimize travel whenever possible. Looking forward, GLPA plans to further explore how virtual meetings can be utilized to reduce travel requirements.

Reduction of eligible spending:

Pre-pandemic operating expenses excluding depreciation were \$41.38 million. When adjusting the 2019 expenses for inflation (18.26% per the Bank of Canada), in 2023 dollars, this expense total would be \$48.94 million. The budget for 2024 is \$43.43 million, well below this adjusted benchmark. Thus, the Authority's budget has remained consistent with pre-pandemic spending and consequently its expenses currently follow the spirit of Budget 2023, as expenses continue to be in-line with pre-pandemic spending.

Appendix K: Business environment

### **Cornwall District**

The Cornwall District is defined as the Canadian waters of the St. Lawrence River between the northern entrance to the 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 covers the waters of the St. Lawrence River between Snell Lock and Cape Vincent, New York (at the entrance to Lake Ontario). It 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.

## Lake Ontario

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. They are specifically licensed to serve Lake Ontario and its harbours.

Per the aforementioned 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 encompasses the Welland Canal, Lake Erie and the Canadian waters connecting Lake Erie to Lake Huron. Canadian pilots working here belong to the Corporation of Professional Great Lakes Pilots and are licensed to serve the entire district.

The memorandum of understanding again dictates the dispatch allocations as shown in the table.

Location	Allocation
Welland Canal	Canadian pilots only
Port Colborne to Detroit	Canadian pilots are assigned 50% of the through transits
Detroit to Port Huron	For every 8 ships, 3 take Canadian pilots

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 St. Mary's River that connect Lake Huron and Lake Superior. This includes Lake Huron, Lake Michigan and Lake Superior. All GLPA pilots in this district are members of the same corporation as the District 2 pilots. Ships going from Port Huron to ports on Lake Michigan or Lake 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 over 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 3 manoeuvres: 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



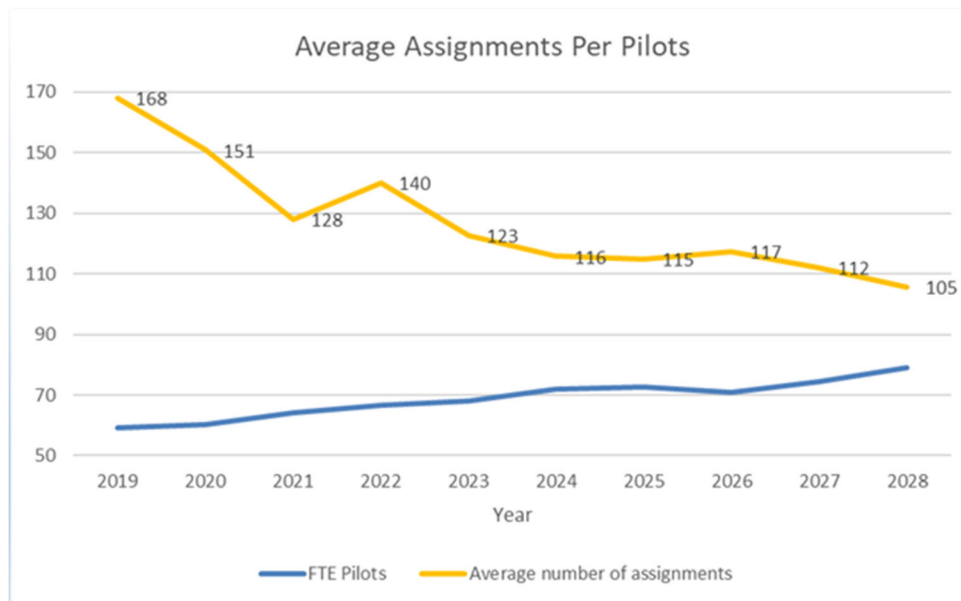
on an as-needed basis.

### Pilotage capacity

The GLPA is forecasting 8,331 assignments for 2023, an 11% decrease compared to 2022. This trend is consistent with the 18% decrease in assignments observed year-to-date through July.

Over the planning period, the GLPA anticipates 8,331 assignments per year. The ability to accurately forecast traffic volumes is crucial because the GLPA plays a significant role in the movement of goods within the Great Lakes region. Given the challenges of forecasting beyond a year, as previously mentioned, the most prudent estimate for the outgoing years of the planning period is to anticipate assignment numbers that are consistent with those of 2023.

The GLPA must ensure that the number of assignments per pilot remains within a reasonable average. Failing to do so risks pilot fatigue and related safety concerns, along with increased delays due to pilot shortages. Since 2019, pilot assignments have exceeded GLPA targets. To maintain the appropriate number of pilots to meet demand and improve efficiency, the current target is set 115 to 120 assignments per pilot (see figure below to compare with past years). Achieving this target is expected to alleviate safety concerns, reduce delays and lower pilotage costs, especially as the frequency of overtime assignments decreases.



As illustrated in the graph, the GLPA anticipates that the count of full-time equivalent pilots will rise throughout the planning period, leading to a decrease in assignments per pilot, which aligns with the target.

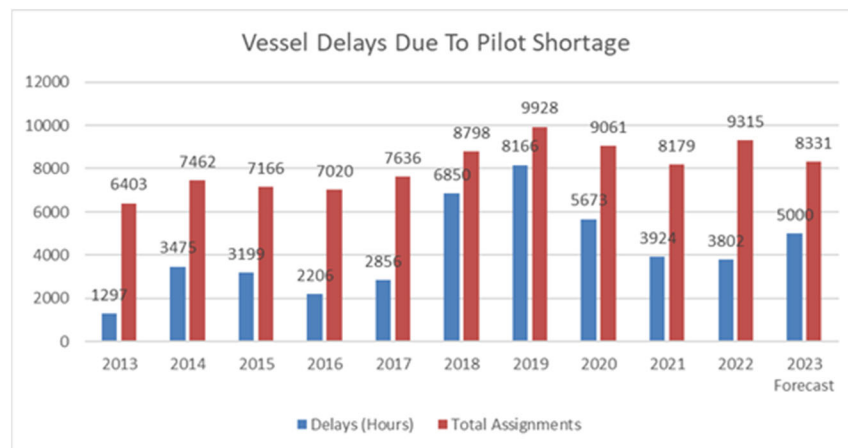
The GLPA categorizes delays in the St. Lawrence Seaway as emerging from any of the following:

- seaway infrastructure breakdown

- environmental (climate-related) issues
- vessel problems
- pilot shortages

The first 3 types are not under the control of the GLPA, nor are these its responsibility. It is also noteworthy that the GLPA does not capture delay information when delays are caused by the United States pilotage association.

Otherwise, delay hours are captured by the GLPA from the moment they start to accumulate. The following 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.



The GLPA successfully reduced delays caused by a shortage of pilots in 2021 and 2022 and has set a target of 5,000 delay hours (or fewer) for 2023. With an expanded pool of pilots throughout the planning period, the GLPA aims to consistently decrease the number of delay hours resulting from a lack of pilots.

### *Pilot training*

#### **Pilot training: Annual**

The GLPA requires all pilots to complete simulation training within a 5-year cycle. The Centre de simulation et d'expertise maritime in Quebec City currently provides this service for GLPA pilots. During the planning period, an annual average of 20 pilots and/or apprentice pilots will attend week-long training sessions. The GLPA expects this to cost approximately \$0.4 million annually, including pilot wages and travel expenses.

The GLPA also provides annual training for the portable pilotage units and other specifically identified training needs, as required.

## Pilot training: Apprenticeship

The GLPA continues to invest in training apprentice pilots. This includes theoretical studies and practical training (both aboard ships and with simulators). Associated costs include salaries and benefits, travelling expenses and mentoring and evaluating costs. The total cost to train an apprentice pilot is approximately \$35,000 per month and includes salary and benefits. Depending on the district to which the apprentice is assigned, and the apprentice's prior 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 to 12 months
International District No. 2	6 to 18 months
International District No. 3	6 to 12 months
Port of Churchill	1 month (for a Lake Ontario pilot)

### *Stakeholder relations*

The GLPA is a Crown corporation with near-monopolistic powers over pilotage services in its districts. 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 3 primary stakeholders are the federal government, the marine industry and the pilots. The government represents several stakeholders, including the Ministry of Transport and its departmental officials, the Canadian Coast Guard, the Transportation Safety Board, the Canadian Transportation Agency, and the central agencies. The marine industry, covering all shipping interests, is represented by the Shipping Federation of Canada and the Chamber of Marine Commerce. Pilot interests are handled by the 4 pilot corporations (represented by the Canadian Merchant Service Guild and the Canadian Marine Pilots' Association).

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

In addition to the 3 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, the:

- 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 proactively consult 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 ships or 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 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 customers' expectations and identify any room for improvement since the last survey in 2015. The GLPA has analyzed the results and is implementing action plans to address gaps and better serve its customers.

To interact with pilot-focused stakeholders, the GLPA holds a face-to-face meeting with the presidents of the pilot corporations at the start of each navigation season. To improve the dissemination of information and ensure timely discussions of pilot issues, monthly virtual meetings are also held. Throughout the season, communication with pilot union representatives continues in order to discuss working rules and other labour-related issues.

In keeping with its commitment to safe and efficient pilotage services, 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 pilotage associations. The GLPA has been a driving force in developing strategies to reduce ship delays at the start and end of the navigation season.

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 3 Canadian pilotage authorities to examine common topics and share best practices.

## Appendix L: Statement of pilot numbers

<b>All Districts</b>						
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>Pilots</b>						
Start of Year	66.5	68.0	72.0	72.5	71.0	74.5
Newly licensed	4.0	5.0	5.0	5.0	5.0	5.0
New contracts	1.5	0.5	1.5	0.0	0.5	0.0
Retirements/Terminations/Transfers	(4.0)	(1.5)	(6.0)	(6.5)	(2.0)	(0.5)
<b>End of Year (Required)</b>	<b>68.0</b>	<b>72.0</b>	<b>72.5</b>	<b>71.0</b>	<b>74.5</b>	<b>79.0</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>Apprentice Pilots</b>						
Start of Year	5.0	5.0	5.0	5.0	5.0	5.0
New Hires/Transfers	4.0	5.0	5.0	5.0	5.0	5.0
Licensed/Terminated	(4.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
<b>End of Year (Required)</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>