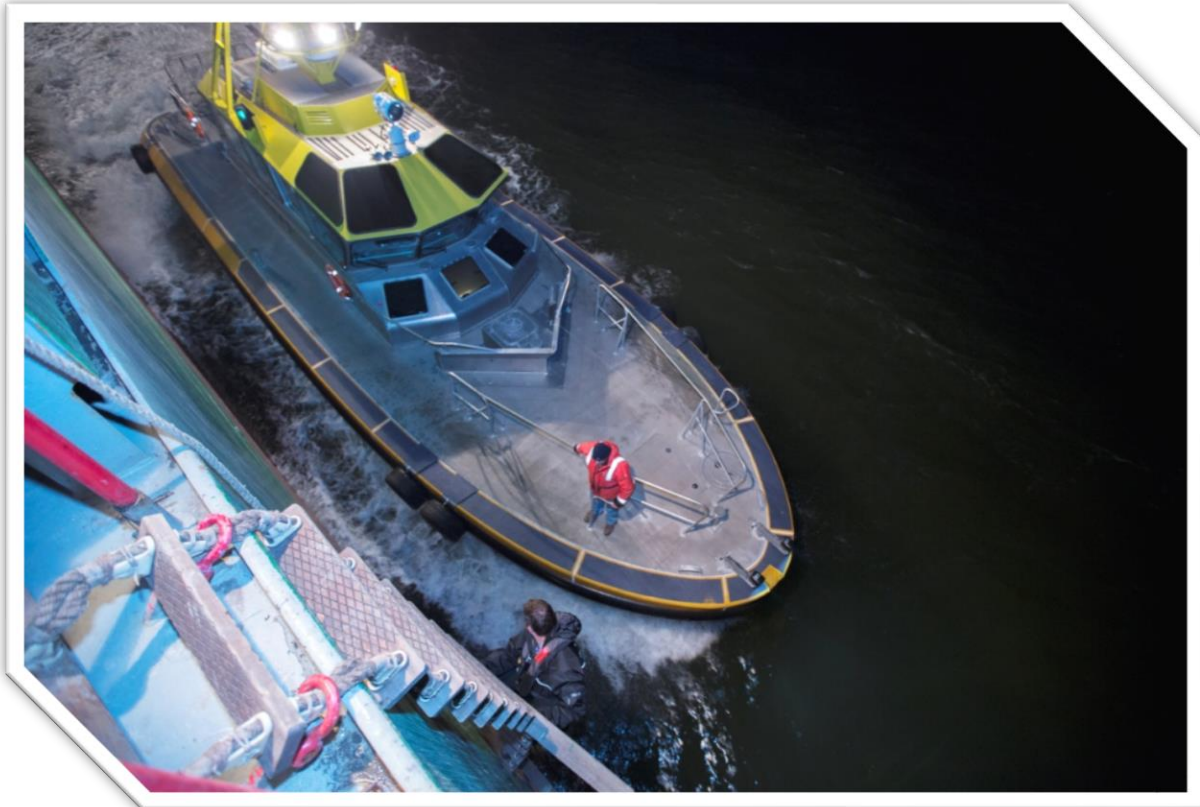




PACIFIC PILOTAGE AUTHORITY

Corporate Plan Summary (2024 – 2028)



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Board Approval Date
October 23, 2023

Executive Summary

The Pacific Pilotage Authority (“PPA” or “the Authority”) provides pilotage services on the west coast of Canada, as mandated under the *Pilotage Act*.

The Authority has transitioned from responding to the challenges of the recent global pandemic to positioning itself for the future with a new strategic plan focused on consistency in pilotage across the country; technology and people to support operations; and continuous improvement in the service we provide. Operationally we have continued to provide uninterrupted pilotage services throughout, whilst maintaining the safety of pilots and staff. Financially, we have recovered from the losses incurred during the pandemic thanks to a temporary surcharge and a recovery in the number of pilotage assignments in 2023.

Strategic Objectives:

1. National Pilotage System
2. Pilotage NextGen
3. Workforce of the Future
4. Operational and Service Excellence

In addition to its newly developed longer-term strategic objectives, the Authority is also currently focused on several immediate fronts:

- **Economic uncertainty** – although inflation peaked at the end of 2022, several interest rate increases have yet to yield the desired effect of reducing inflation to central banks’ long-term targets. The prospect of further rate increases raises the likelihood of a global economic recession. Political factors, including the on-going conflict in Russia/Ukraine and tension with China, add to the uncertainty for business.
- **Variability in traffic volumes** – the economic uncertainty is likely to lead to greater variability in traffic volumes. Additionally, climate change is resulting in more extreme weather patterns, which can impact grain harvests. Positively we are expecting increased tanker traffic associated with energy projects, but timing of the projects and level of demand add to the variability.
- **National Pilotage System** – recent changes in the Pilotage Act are signalling more consistency in pilotage across the country between the four pilotage authorities. We plan to take an active role in the harmonization of pilotage services, where appropriate, whilst respecting regional delivery models.
- **Helicopter operations** – two major energy projects on the West Coast are expected to be operational in 2024 with the completion of Trans Mountain's expanded pipeline and the start of LNG Canada's operations in Kitimat. Helicoptering of pilots is expected to be used to service laden tankers transiting our coastline from these new terminals. The Authority is currently in the initial stages of negotiating contracts with a provider for the required helicopter services.
- **Pilot recruitment and training** – there is an industry-wide shortage of marine personnel from which the Authority can recruit and train qualified pilots to replace retiring pilots. Although we have been successful in recruiting sufficient

apprentices to offset retirements in recent years, this continues to be an on-going area of concern and focus.

- **Technology and cybersecurity** – the Authority successfully transitioned to a new Pilot Dispatch and Accounting Management System (“PDAMS”) in 2023 and is looking to build on that platform by adding increased functionality and finding opportunities to integrate with other stakeholders’ systems within the supply chain. Within the technology area there is an ongoing concern about the growing risk of cybersecurity breaches. The Authority is consistently working to bolster security protocols and procedures, as well as increased training and awareness of staff to potential threats.
- **Continued engagement of stakeholders and Indigenous communities**, as marine practices and regulations continue to evolve.

Capital expenditures planned in 2024 of \$49 million principally comprise two helicopter services contracts - one for the “south” and one for the “north” (see below), which are expected to be accounted for as “right-of-use” assets funded by leases. The balance of planned capital expenditures relates to recurring items, including the replacement of portable pilotage units and an overhaul of launch engines, and is expected to be funded from operating cashflow or cash balances on hand.

A significant decision will involve concluding contract negotiations with the leading proponent for the helicopter service contracts. The contracts will be multi-year and cover services in both the south (Vancouver/Victoria to support TM) and the north (Prince Rupert to support LNG). We are also currently negotiating with the terminal operators in both the south and the north to ensure that all costs will be recovered from vessels using the service and/or the terminal operators.

In conclusion, the Authority will continue to deliver on its mandate of providing a safe, efficient, and cost-effective pilotage operation on the west coast of Canada by meeting its strategic objectives and remaining committed to its vision of leading a world-class marine pilotage service on the west coast of Canada. Our success is largely attributed to the excellent relationship that we enjoy with our shareholder, the industry we serve and the pilots moving the vessels safely on our coast.

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1. Overview

Background

The Pacific Pilotage Authority ("PPA" or "the Authority") is a Crown corporation listed in Schedule III, Part 1 of the *Financial Administration Act*. It reports to the Parliament of Canada through the Minister of Transport. The Authority is responsible for Canadian federal interests in pilotage and is headquartered in Vancouver, British Columbia.

The Authority's responsibilities and relationships are varied and reflect the unique nature of the west coast of Canada. Our area of jurisdiction encompasses the entire British Columbia coast, extending approximately two nautical miles from every major point of land. This jurisdiction includes the Fraser River and stretches from Alaska in the north to Washington State in the south and at approximately 15,000 kilometres, is one of the largest pilotage areas in the world.

Mandate

The Authority's mandate, enabled under the *Pilotage Act*, is to establish, operate, maintain and administer in the interests of safety of navigation, an efficient pilotage service.

Public policy role

The Authority's role is to facilitate international trade by providing a safe and efficient pilotage service on the west coast of Canada.



Vision statement

To lead a world-class marine pilotage service on the west coast of Canada.

Mission statement

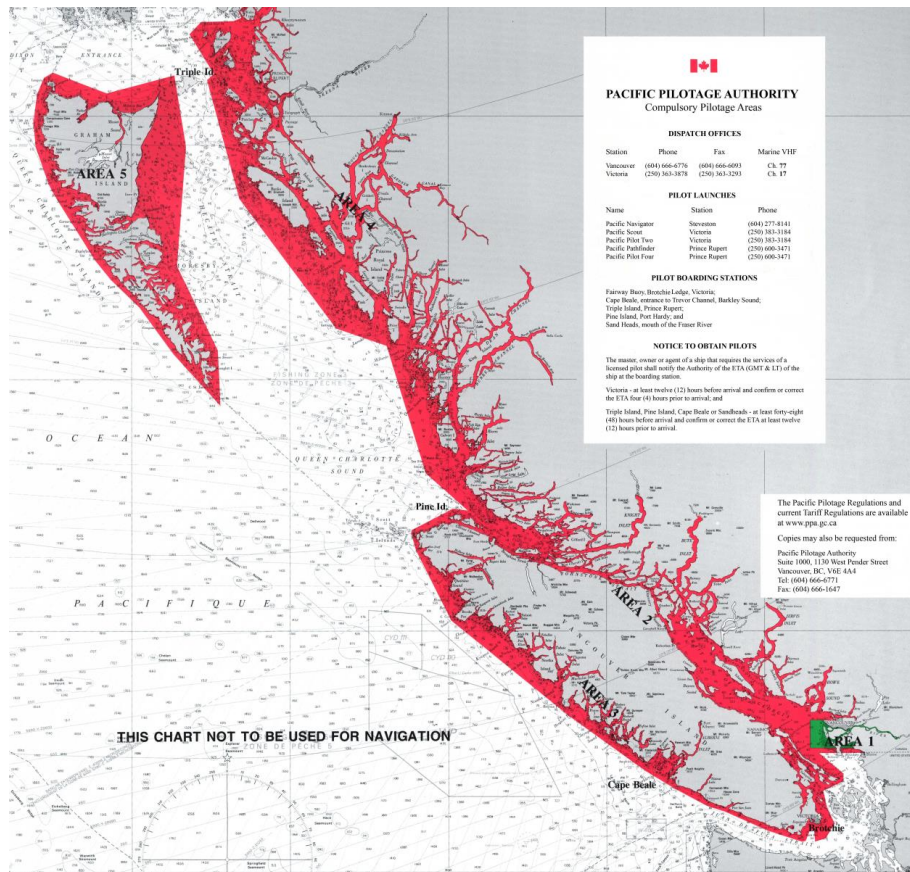
The Authority is dedicated to providing safe, efficient, and cost-effective marine pilotage. We will do this by working in partnership with the pilots, the shipping industry and the communities in which we operate, to protect the environment and advance the interests of Canada and its people.

Activities and operations

The Authority is one of four federally regulated pilotage authorities in Canada. The other three (Atlantic, Laurentian and Great Lakes) operate in central and eastern Canada.

The Authority is responsible for providing safe, reliable and efficient marine pilotage in the coastal waters of British Columbia, including the Fraser River. We service all major ports on the coast, as compared to other jurisdictions that may service only one port,

and include Vancouver, Fraser River, Nanaimo, Deltaport, Victoria, Prince Rupert, and Stewart.



When a vessel intends to enter compulsory pilotage waters on the British Columbia coast, it will initiate an order for a pilot at a specified time, date, and boarding station. A pilot either contracted to or employed by the Authority will carry out this assignment. Pilots are boarded on vessels from a dock or by pilot launch and are disembarked by pilot launch when a vessel leaves pilotage waters.

The head office of the Authority is in Vancouver, British Columbia. Pilots are dispatched to their assignments through a central dispatch office in Vancouver and a traffic coordination centre in Victoria.

To provide pilots with water transportation to/from ships, the Authority operates pilot launches at three permanent boarding stations. These stations are at Victoria, Prince Rupert and Steveston, all of which have employee-crewed launches. The Authority also contracts launch operations from third parties at smaller, less active locations at Pine Island (northern tip of Vancouver Island) and Snake Island for the Nanaimo area.

Please refer to the Authority's 2022 Annual Report for further corporate information.

<https://www.ppa.gc.ca/annual-reports>

2. Operating environment

Internal environment

To fulfil its defined objectives and achieve its mandate, the following is a brief listing of the key internal factors that influence the operations of the Authority as well as some of the strengths used to support success:

- **Human Resources overview**

The following table summarizes the Authority's current staffing, based on full-time and part-time staff:

Function	Full Time Equivalents
Executive Management	4
Management	7
Fraser River Employee Pilots	9
Administration & Accounting	6
Dispatch	14
Launch	29
Total	69

The Authority is anticipating some changes to staffing with two new management positions planned in 2024 - a Quality and Safety Manager, and a Director of Operations.

After successfully negotiating a series of collective agreements in 2023 without service disruption, the Authority currently has collective agreements covering all of the above employee groups, with the exception of Executive Management and Management. These collective agreements are summarized below:

- the Canadian Merchant Service Guild, representing all employee pilots, expires January 31, 2027;
- the Canadian Merchant Service Guild, representing all launch masters and engineers, expires March 31, 2028;
- the International Longshore & Warehouse Union, Local 520, representing all deckhands, dispatchers and administrative staff, expires March 31, 2027.

The Authority also contracts with the British Columbia Coast Pilots Ltd. ("BCCP") for coastal pilotage services. Currently a workforce of approximately 125 contract pilots provides coastal pilotage services to the Authority. The present agreement with BCCP expires on December 31, 2025.

- **Pilot transportation for energy projects**

Shipping volumes on the west coast of Canada are expected to grow over the next five years with the addition of two major projects, namely the Trans Mountain (TM) pipeline expansion project and the LNG Canada (LNG) project both likely starting in 2024. Both projects require two pilots to be on the bridge in

a number of areas along the transit route. Based on the duration of the transit and the need for a pilot change partway through, each transit will require up to four pilots. The Trans Mountain Expansion Project Technical Review Process of Marine Terminal Systems and Transshipment Sites (TERMPOL) recommended that the Authority have two pilots retain the conduct of each vessel and tethered tugs until the vessel is past and clear Race Rocks and the rotary (located in the southern end of Juan the Fuca Strait off Sooke). This means a pilot exchange off Sand Heads in the Salish Sea and disembarking the pilots in the vicinity of Sooke as opposed to the present pilot station off Victoria, BC to alleviate safety concerns of residents regarding the increased number of tankers near shore. The PPA acquiesced to this change on the understanding that we would use a helicopter largely because the additional time spent by pilots on board the ship and the pilot launch would significantly reduce the efficient use of the pilot work force. Worldwide, the practice of changing pilots on tankers offshore, away from communities, using helicopter support (weather permitting) is common and both safe and efficient. Helicopters support a safe, efficient, and rapid exchange of pilots on these vessels loaded with petroleum products. The Authority is currently in the initial stages of negotiating contracts with a provider for the required helicopter services.

- **Pilot recruitment and training**

The available supply of new apprentice pilots is challenging with a small labour pool of prospective applicants, competition from other marine service organizations. Hence, the impact of the proposed new projects brings a risk to the Authority in meeting demand with sufficient pilot supply, without sacrificing safety. Coast pilots also take six years to reach a level of proficiency for which no restrictions are placed on the class of ships they can pilot, and these unrestricted pilots will be needed for the TM and LNG projects. To mitigate the risk, the Authority runs a familiarization program for potential apprentice applicants and is expanding its simulator capacity for pilot training. Recently, the Authority has also funded scholarships in a marine program to support newcomers in the field.

- **Strong operations team**

The Authority is comprised of a highly effective management team with a strong understanding of the operation of the business. The Authority successfully transitioned to a new CEO, Captain Julie Gascon, who started in October 2022. Captain Gascon is a Master Mariner, and has an in-depth knowledge of the maritime sector, including government regulation of the sector. The Authority is also focused on retaining and promoting key management talent internally.

- **Systems and technology**

The Authority is committed to investing in technology to ensure the safety and efficiency of its operations, including:

- In-house simulator: The Authority has invested in an advanced in-house simulator, in partnership with BCCP, which is being extensively used for:
 1. Pilot training
 2. Proof of concept for new projects

3. Navigational risk assessments

The Authority, in partnership with the BCCP, expanded the simulator in 2022, adding two bridges. These expanded capabilities facilitated the in-house training of pilots for the new shipping terminal connected to the TM pipeline.

- Portable Pilotage Units (PPUs): The Authority continues to invest in PPUs, which are highly accurate portable navigation devices used to assist pilots in making timely decisions with reference to navigational safety. These PPUs are completely independent of a ship's navigation system and have become a standard tool used in piloting. The current PPUs have reached the end of their useful lives. A Request for Proposal was posted on the government tendering website in June 2023 and the Authority plans to replace the PPUs in 2024 and 2025.
- Pilot Dispatch and Accounting Management System ("PDAMS"): The Authority implemented Phase 1 of a new system in Q1 of 2023 and has been working through transitional issues. The new system provides additional valuable data and a new platform from which to meet potential new requirements, such as integration with other third-party systems within the supply chain. The Authority is planning for Phase 2 which will add new functionalities to the system and include elements such as a detailed module for pilot sea time calculation and training (currently paper based) to be submitted to Transport Canada; a module for Pilotage Waiver Applicants and the ability for Transport Canada to utilize the waiver information and integration with Port systems such as the Vancouver Fraser Port Authority Active Vessel Traffic Management System.

The Authority is a mature organization with well-developed policies and procedures to deal with recurring and new challenges. The Authority is also ISO and ISM compliant and certified.

External environment

Under the *Pilotage Act*, the Authority operates as a regulated monopoly. While this means there is no direct competition, there is nevertheless indirect competition in that there are options for shippers south of the border. Therefore, the Authority regularly conducts cost comparisons with the US ports on the West Coast.

The West Coast ports predominantly import products from and export products to Asia. The Port of Vancouver is the largest port in Canada by tonnage moved and has a diversified mix of products being shipped which ensures that even in a downturn in one area there are usually some products that continue to do well.

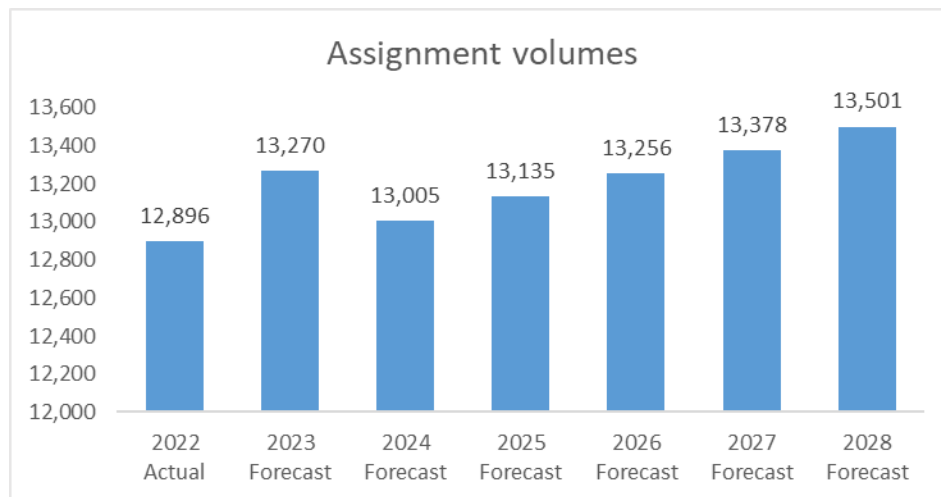
The following is a brief listing of the key external issues currently faced by the Authority:

- **Global economic uncertainty**

Initial efforts to address rising inflation by increasing interest rates have had moderate effect and the core inflation is still above most central banks' targets around the globe. Further interest rate increases are expected and a tightening of government's fiscal policies to bring inflation back within the targeted range. These measures are intended to dampen consumer enthusiasm and will impact business activity and trade. What is uncertain is the severity and duration of any economic downturn.

- **Traffic trends**

Although the Authority's traffic volumes have increased in 2023 largely due to a bumper grain harvest in 2022, the outlook for 2024 is less optimistic due to general economic uncertainty and a weaker grain harvest in 2023 due to drought conditions in some areas. Assignments are forecast to decline in 2024 by 2% compared with 2023. Growth after 2024 is expected to come from the TM and LNG energy projects.



- **Impact of trade barriers or disruption in trade**

The imposition of any international trade barriers and tariffs on imports/exports (particularly with China and the U.S.), labour disruption or inefficiencies in the supply chain in western Canada could have a significant effect on shipping volumes in western Canada as users and corporations adjust their trade to new operational markets based on new realities.

- **Anti-shipping and anti-fossil fuel activism**

Anti-shipping and anti-fossil fuel activism can affect both the safety of our business and our traffic assumptions. We have experienced instances where anti-energy activists have attempted to impede the movement of energy vessels in transit. This introduces new safety risks to our business practices.

- **Increasing size of vessels with delayed increase in supporting infrastructure**
Vessels continue to grow in size on the west coast of Canada. We have noted that investment into terminal growth and related infrastructure is slow in keeping pace with the growth in ship sizes. The result is an increasing risk of incidents. The Authority mitigates this risk through pilot training and the use of supporting technology and additional tugs to prevent incidents.
- **Increases in Parks, Marine Protected Areas, and Indigenous Protected Areas**
The Authority remains involved in the Enhancing Cetacean Habitat and Observation (ECHO) Program, led by the Vancouver Fraser Port Authority (VFPA) since its inception in 2014. The program instituted a voluntary slowdown through Haro Strait and Boundary Pass during the months that the Southern Resident Killer Whales (SRKW) forage. The additional pilotage cost to shipowners from the slowdown has been reimbursed through funding provided by Transport Canada. The reimbursement will continue through the 2023 season.

Kitasu Bay on the central BC coast was recently declared a marine protected area under Indigenous law and the jurisdiction and authority of the Kitasoo/Xai'xais First Nation. This new area is patrolled by Parks Canada appointed Guardians. The Authority needs to be aware of any restrictions impacting vessel navigation in such areas.

Alignment with Government priorities and direction

Please refer to Appendix 9 for a more detailed discussion on the Authority's alignment with Government priorities and direction.

- **Directives under Section 89 of the *Financial Administration Act* (FAA)**
The Authority is fully compliant with the directive issued under Section 89 of the FAA with respect to travel, hospitality, and conference expenses.
- **Pilotage Act modernization**
The implementation of the amended *Pilotage Act* is geared toward supporting the delivery of safe, efficient and environmentally responsible marine pilotage services into the future. To date Orders in Council (OIC) #1 (Definitions and Purpose and Principles among others), #2 (Offences and Punishments amongst others), #3 (Charges) and, in June 2021, #4 (Regulations) have been issued. OIC #4 was the final piece of the renewal and entails the movement of the regulation-making powers from the Authority to the Minister of Transport. The General Pilotage Regulations, which now encompasses the Pacific Pilotage Regulations, received GIC approval in June 2022. We continue to work with Transport Canada on implementing changes in the regulations.
- **Auditor General Special Examination**
The Authority is currently undergoing a regularly scheduled Special Examination. The results of that are expected to be published in 2024. The last Special Examination was conducted in 2016 and found no significant deficiencies. Areas

for improvement have been addressed. The link to the full Special Examination report from 2016 can be found here: <https://www.ppa.gc.ca/other-reports>.

Reviews and audits

The following reviews and audits were recently conducted:

- ISO 9001 and ISM certification issued in December 2022. This was the seventh consecutive year with no significant deficiencies identified.
- The Authority continues to mitigate the risk of disruption from a cybersecurity incident and has been strengthening policies and procedures following a cybersecurity audit in 2021 and a simulation exercise in 2022.
- A review of the Authority's enterprise risk register was conducted in 2023 by an external consultant specializing in enterprise risk management.

3. Strategic Objectives, Activities, Risks and Expected Results

In 2019 the Authority established a set of strategic objectives to be achieved over a five-year horizon from 2019-2023. The objectives were as follows:

- Provide safe, reliable and efficient marine pilotage
- Ensure financial self-sufficiency
- Promote organizational and environmental sustainability
- Demonstrate leadership
- Manage risk
- Focus on the future

As 2023 was the final year of the previous five-year plan, the Authority embarked on a process to establish a new set of strategic objectives for the period from 2024-2029. After several months of discussion and consultation with internal and external stakeholders, the Authority's senior management developed a new set of strategic objectives, which were approved by the Board, as follows:

- Work with Transport Canada, other Pilotage Authorities and key partners towards developing a **"National Pilotage System"** that is aligned with Transport Canada's objectives, as set out in the Pilotage Act, for a coast-to-coast-to-coast Pilotage Program, while respecting regional models and expertise.
- Establish a future vision for **"Pilotage NextGen"** that leverages technologies both for the Pilotage Authority and the piloting community taking into consideration input from key partners.
- Define, implement and embrace a new model for human capital as the **"Workforce of the Future"** for the Authority and pilotage on Canada's West Coast.
- Commit to **continuous improvement** and enhancement of the Authority's services to our customers, whilst remaining financially responsible and sustainable.

As the timing of this Corporate Plan coincides with the end of one strategic plan and the beginning of another, we have identified below key activities and expected results of the 2024-2029 Strategic Plan, followed by recent and expected results of objectives from the final year of the 2019-2023 Strategic Plan.

Planned key activities and expected results from the Authority's recently developed Strategic Plan for 2024-2029 are as follows:

Strategic Objective	Planned Activities	Expected Results
<p>Work with Transport Canada, other Pilotage Authorities and key partners towards developing a – National Pilotage System - that is aligned with Transport Canada's objectives as set out in the Pilotage Act for a coast-to-coast-to-coast Pilotage Program, while respecting regional models and expertise.</p> <p>Risks mitigated: - PPA will not be able to provide enough input and gain influence prior to the review of the <i>Pilotage Act</i> in 2029, or an inability to implement and comply with any resulting regulatory changes.</p>	<ul style="list-style-type: none"> • Conduct regular meetings with Chairs and CEOs of all four pilotage authorities and be an active member of the National Pilotage Advisory Committee • Work with Transport Canada to review compulsory areas in support of the new Trans Mountain and LNG Canada projects • Work with Canadian Marine Pilots Association to strengthen relationship with pilotage authorities • Implement a “Just Culture” related to reporting near misses, accidents and incidents • Hire a Quality, Health, Safety, Environmental and Regulatory manager 	<ul style="list-style-type: none"> • Harmonization of pilotage services across the pilotage authorities • Compulsory pilotage areas that support safe and efficient transit of vessels on the West Coast • Stronger partnership between piloting community and pilotage authorities in support of world-class national pilotage system • Information available on near misses, accidents and incidents to adjust procedures and improve safety • Successful implementation and adoption of new QSMS regulations
<p>Establish a future vision for – Pilotage NextGen – that leverages technologies both for the Pilotage Authority and the piloting community taking into consideration input from key partners (e.g., Transport Canada, PAs, pilots, First Nations, OGD's, Industry, Partners & Coastal Communities).</p> <p>Risks mitigated: - Failure of IT and telecommunication assets to be accurate and complete, and reliably accessible to authorized parties when needed by the business.</p>	<ul style="list-style-type: none"> • Engage with key partners to advance smart port initiatives (e.g. Active Vessel Traffic Management) • Work closely with Transport Canada on the small Maritime Autonomous Surface Ships (“MASS”) initiative • Leverage the simulator joint venture, PSTAR, in support of major marine projects on the West Coast 	<ul style="list-style-type: none"> • Integration of the Authority's systems with port systems to improve efficiency • Development of the Authority's position on MASS and roadmap for the future • Development of a business model for the simulator that ensures financial self-sufficiency of the joint venture at a minimum

Strategic Objective	Planned Activities	Expected Results
<p>Define, implement and embrace a new model for human capital - Workforce of the Future - for the Authority and Pilotage on Canada's West Coast.</p> <p>Risks mitigated: - Inability to source and train sufficient qualified pilot candidates - BCCP fails to meet its service agreement requirements</p>	<ul style="list-style-type: none"> • Identify and document leading human capital practices relevant to marine pilotage • Identify new/different approaches to address systemic barriers in hiring and testing of knowledge, skills and abilities (e.g. hiring of women, indigenous peoples) • Compile inventory of new/emerging human capital processes, technologies and practices relevant to marine pilotage and the Authority • Recruit students from various disciplines to complete a work term with the Authority 	<ul style="list-style-type: none"> • Understanding of leading practices and creation of potential initiatives for development and implementation • Enhance the Authority's ability to meet Equity, Diversity and Inclusion goals • Prioritized list of new processes, technologies and practices to be implemented • Cost-effective support for managers with significant projects and development of future talent for the Authority
<p>Operational and Service Excellence – Commit to continuous improvement and enhancement of PPA's services to our customers while remaining financially responsible and sustainable with consideration of pilots, First Nations, OGDs, Industry, Partners, and Coastal Communities.</p> <p>Risks mitigated: - Unable to cover committed obligations and overhead because of a decrease in assignment volumes - Inadequate response to a disaster or emergency</p>	<ul style="list-style-type: none"> • Review Authority's Waiver Standard of Care to respond to TSB recommendations on accident involving the tug Ingenika • Conduct Phase 2 of transportation study to optimize pilot transportation to/from assignments • Implement helicopter program in the South (Trans Mountain) and the North (LNG Canada) • Complete Phase 2 of recently implemented Pilot Dispatch and Management System ("PDAMS"), including digitalization of pilot data • Investigate costs and benefits of implementing a Human Resources Information System ("HRIS") 	<ul style="list-style-type: none"> • Updated waiver procedures to address TSB recommendations • Reduced transportation costs, pilot travel time, and/or pilot fatigue • Safe and financially sustainable operation to transport pilots via helicopter to/from tankers departing Trans Mountain and LNG Canada terminals • Tracking of pilot training and currency in new module within PDAMS • Recommendation for new HRIS, integrated with existing payroll system

Recent and expected results of objectives from the final year of the 2019-2023 Strategic Plan are as follows:

Objective #1: Provide safe, reliable and efficient marine pilotage

To provide safe, reliable and efficient marine pilotage and related services in the coastal waters of British Columbia, including the Fraser River, by embracing a culture of continuous improvement.

a) **Safe**

Risk mitigated:

- Failure to ensure the safety and wellbeing of pilots while on assignments (including transiting to and from and on the job)

Activities	Expected Results	Performance Measures	Recent Results
Upgrade PSTAR visual, tidal current and bathymetry databases in partnership with the BCCP and the guidance of PTEC (On-going)	Increased level of realism with simulations	Completion of simulator databases as below: - Port Alberni (2023) - Gold River (2024) Maintain visual database of the specified areas to a minimum standard of LOD-2 and develop dynamic tidal current models for the specified areas	Simulators used to provide training to pilots on new Westridge terminal to be used by Trans Mountain.

b) **Reliable**

Risk mitigated:

- A vessel's journey is delayed / extended, beyond the KPI threshold, resulting from actions by the PPA or the pilots

Activities	Expected Results	Performance Measures	Recent Results
Upgrade the existing dispatch and accounting system and introduce e-source cards (On-going)	Completion of new dispatch and accounting system, including e-source cards, by Q1 2023	Rollout of new system which fully meets scope requirements, including use of e-source cards by pilots	New system went live February 1, 2023. Use of e-source cards has significantly reduced lag between completion of pilot's assignment and issuing invoice to customer.

c) **Efficient**

Risk mitigated:

- An objection to the PPA's service charges is submitted to the Canadian Transportation Agency (CTA) because pilots are not used efficiently

Activities	Expected Results	Performance Measures	Recent Results
Implementation of heli-hoisting operation in the south and the north to accommodate TM and LNG Canada (On-going)	A fully operational and sustainable heli-hoisting program to support both TM and LNG Canada projects	Implementation of program which results in an overall higher efficiency of pilot utilization - if implemented: a) 10% increase in pilot efficiency for the area served b) costs acceptable to industry as measured through no objections	RFP completed and lead proponent identified. Discussions on an implementation plan and contract terms have commenced. Terms of a services agreement have been negotiated with TM.
A complete review of the pilot transportation network coast wide, including launches, taxis and aircraft (On-going)	Recommendations from the analysis to be implemented during the term of this plan – resulting in the highest productivity of the Authority's resources	Reduction of pilot travel time and pilot travel costs per assignment - Reduce travel time and travel costs by 5% in 2025	Following an independent report issued by a transportation consultant early in 2023, a more efficient air charter agreement was negotiated and implemented to transport pilots during the cruise ship season.

Objective #2: Ensure financial self-sufficiency

To provide the services within a commercially oriented framework, by maintaining financial self-sufficiency, through a combination of cost management and fees that are fair and reasonable.

a) Cost management

Risk mitigated:

- An objection to the PPA's service charges is upheld by the Canadian Transportation Agency (CTA)

Activities	Expected Results	Performance Measures	Recent Results
Implement new Accounts Payable system to automate expenditure approval workflow and eliminate manual processes. (NEW)	To improve quality and efficiency of approving expenditures within the Procure-to-Pay process. Eliminate paper-based system of record-keeping.	Implementation of new system that fully meet functional requirements	Project to start in Q4 2023.

Objective #3: Promote organizational and environmental sustainability

To implement sustainable practices within the Authority with a focus on quality assurance, and to contribute to the federal government's environmental, social and economic policies as they apply to the marine industry on the Pacific coast of Canada.

a) **Promote organizational and environmental sustainability**

Risks mitigated:

- Selection and transition to a new CEO creates uncertainty and disrupts operations
- The anticipated shortfalls in human resources within the maritime sector, or other barriers to entry, may make it challenging to source sufficient qualified pilot candidates in the years ahead.
- Failure to ensure the safety and well-being of launch crew while working for the PPA
- Failure to adequately prepare for the expected impacts from climate change.

Activities	Expected Results	Performance Measures	Recent Results
Establish a Pay Equity Committee (On-going)	Compensation practices at PPA provide men and women with equal pay for work of equal value	Job classes identified together with value of work and related compensation. Adjustments made to ensure no gender bias in compensation.	Consultant engaged to assist with development and implementation of pay equity plan.
Support physical and psychological health and safety (On-going)	Development of healthy, resilient workplaces	Updated policies on harassment, and work-life balance	Approved new harassment and violence prevention policy. Published harassment and violence prevention procedures to streamline complaint process for employees.
Advance anti-racism, diversity and equity in pilot and launch operation (On-going)	Increased diversity and inclusion amongst launch crew and pilots	Create scholarship program focused on diverse students, notably women and members of indigenous communities, to assist them with their marine studies and ultimately employment as launch crew or pilots	Six scholarships created and funded by the Authority at BC Institute of Technology
Conduct a baseline audit of the Authority's current carbon footprint (On-going)	Data on GHG emissions collected to support climate-related financial disclosures	Completion of baseline audit and process established to monitor and measure GHG emissions. Set emission reduction targets.	Activities to commence in Q4 of 2023

b) **Quality assurance**

Risk mitigated:

- Compromise of confidential information through technological weaknesses and/or cyber threats

Activities	Expected Results	Performance Measures	Recent Results
Develop and implement procedures to address cybersecurity and privacy issues (On-going)	Documentation and implementation of procedures to address cybersecurity and privacy risks	Completion of a crisis management procedures document and a privacy policy Completion of third-party cyber risk review of a key provider of business applications to the Authority. Completion of a second tabletop exercise in 2024.	New privacy policy approved by the Board. Ongoing training of staff in identifying potential phishing attacks.

Objective #4: Demonstrate leadership

To assume a leadership role in the marine industry we serve, by demonstrating national influence and engaging the community in order to facilitate decisions that result in improvements to navigational safety and the efficiency of marine operations.

a) Demonstrate Leadership

Risk mitigated:

- A marine incident involving a piloted or waived vessel results in negative impacts to the general public and/or communities' structures, food sources, cultural and spiritual heritage that damages the PPA's reputation

Activities	Expected Results	Performance Measures	Recent Results
To actively engage with First Nations communities on the west coast of Canada (On-going)	Ensures that the Authority is meeting the requirement to engage Indigenous communities affected by pilotage operations	To meet with 4 communities per annum	Met with leaders of Kitasoo/Xai'xais community in Klemtu.

b) Facilitate decision-making

Risk mitigated:

- The implementation activities associated with amendments to the *Pilotage Act* do not work practically

Activities	Expected Results	Performance Measures	Recent Results
Work with TC marine pilotage program officials and pilotage Authority CEOs regarding the takeover of the enforcement of Regulations (On-going)	A seamless handover of the regulations to TC	Two meetings per year	Authority has provided comments to TC on next iteration of Marine Pilotage Regulations related to pilot licensing and certification.

Objective #5: Manage risk

To ensure that risk management tools are used in all safety related decisions for both the organization and its operations and that evolving technologies are taken into consideration.

a) Manage operational risk

Risk mitigated:

- A marine incident involving a piloted or waived vessel results in negative impacts to the general public and/or communities' structures, food sources, cultural and spiritual heritage that damages the PPA's reputation

Activities	Expected Results	Performance Measures	Recent Results
Develop a Safety and Operational Procedures manual for all ports not located within a port authority and publish the information on the PPA website (On-going)	Once the manual has been completed the expectation is that the safety and efficiency of the coast wide system will be enhanced by ensuring that the pilot and master have all the necessary available information	Completion of a safety and operational manual for all outports by 2024	Visits to several outports conducted in 2023 for data gathering.

Objective #6: Focus on the future

By using early warning indicators, ensure that the Authority is prepared, both financially and operationally, to deal effectively with changes to the marine industry, the changing regulatory landscape and the complex environment within which we operate.

a) Positive positioning

Risks mitigated:

- A marine incident involving a piloted or waived vessel results in negative impacts to the general public and/or communities' structures, food sources, cultural and spiritual heritage that damages the PPA's reputation
- The PPA is unable to cover committed obligations and overhead because of a decrease in assignment volumes

Activities	Expected Results	Performance Measures	Recent Results
<p>Work closely with:</p> <ul style="list-style-type: none"> - BCCP through a strategic partnership - National Pilotage Advisory Committee ("NPAC") to address any concerns over efficiency - the public "at large" and indigenous communities to communicate the Authority's value in protecting the marine environment (On-going) 	<p>Ensure the Authority's continuing ability to deliver safe, reliable and affordable solutions in the future</p> <p>Promotion of pilotage as a key program for Canada amongst the Head of Federal Agency Group</p>	<ul style="list-style-type: none"> - Quarterly meetings with BCCP - 100% attendance at NPAC meetings. 	<p>PPA's CEO elected as a Board member of the Head of Federal Agency group.</p>
<p>Work closely with National Pilotage Advisory Committee ("NPAC") to address concerns over financial reserves</p>	<p>Common set of principles in determining appropriate level of financial reserves</p>	<ul style="list-style-type: none"> - Accepted set of principles for financial reserves. 	<p>The Authority led the development and presentation at NPAC of common principles amongst pilotage authorities for establishing an appropriate level of financial reserves.</p>

Key Performance Indicators

Performance of the Authority is regularly reviewed by the Board of Directors. Key performance indicators are incorporated as part of this review and results for the current year-to-date (to June 2023) and for next year (2024) are as follows:

Safety		2023 (Actual)	2024 (Goal)
1.	Incidents on vessels under pilotage	0 (100% incident free)	99.9% incident free
2.	Incidents on pilot launches	0 (100% free)	99.9% incident free
Reliability			
3.	Number of delays (hours) caused by pilots	0 (100% delay free)	99.9% delay free
4.	Number of delays (hours) caused by dispatch errors	3 (99.9% free)	99.9% delay free
5.	Number of delays (hours) caused by launches	1 (99.9% free)	99.9% delay free
6.	Total number of delays (total hours delayed)	4 (99.9% free)	99.9% delay free
Efficiency: General			
7.	Pollution incidents on pilot launches	0	0
8.	Maintain an average of 5 working days to resolve all complaints	7 days	≤ 5 days
9.	Maintain an average of 5 working days to resolve all invoice disputes	5.8 days	≤ 5 days
Efficiency: Pilots			
10.	Complaints regarding pilot service level (no. of complaints/number of assignments)	0.1%	0%
11.	Callbacks as percentage of assignments	1.7%	≤ 2.5%
12.	Annual assignments per pilot		
	a) Coastal	111	> 101
	b) Fraser River	134	> 129
13.	Average revenue/cost per assignment		
	a) Revenue	\$8,922	\$9,438
	b) Cost	\$8,317	\$9,620
	c) Income (Loss)	\$ 605	\$(182)
14.	Annual utilization of pilots – terminal delays (hours delayed at terminal/total hours on assignment)	1%	≤ 5%
15.	Annual utilization of pilots – cancellations (number of cancellations/number of assignments)	9%	< 8%
Financial			
16.	Maintain adequate reserves (cash and investments)	\$14.7M	\$18 M
17.	Accounts receivable - % of invoices under 30 days	97%	95%
18.	Working capital ratio – current assets/current liabilities	1.31	1.0

4. Financial overview

In accordance with our mandate, the Authority aims to be financially self-sufficient. We provide our services within a commercial framework through a combination of cost management and fees that are fair and reasonable.

2023 represents a turnaround and recovery from the financial consequences of the pandemic. With the benefit of a bumper grain harvest in 2022, which resulted on greater grain shipments in the first half of 2023, together with a temporary surcharge in our service fees, our cash balance recovered from near zero during the pandemic to slightly above pre-pandemic levels. We are expecting a surplus of approximately \$7 million for 2023. However, both positive factors are temporary in nature. A weaker 2023 harvest is expected to result in a decrease in grain shipments over the prior year, and we expect to eliminate the temporary surcharge at the end of 2023, as it has served its purpose of restoring our cash balances.

The outlook for 2024 is uncertain as inflation rates continue to exceed the Bank of Canada's longer-term target and the impact of increased interest rates has yet to fully trickle through the global economy.

The financial outlook for the planning period of 2024-2028 is impacted by the following key factors and assumptions:

- **Traffic assignment volumes** – volumes for 2023 are up over 2022 largely due to a strong harvest and resulting increase in grain shipments. We have assumed that such a bumper harvest is unlikely to be repeated and with a recessionary impact from increased interest rates, we have assumed a decrease in assignments in 2024 over 2023 of 2%. Thereafter we have assumed some recovery in 2025, including an increase in tanker traffic from the TM project, which should have a limited start in 2024.
- **Inflation** – inflation is an important variable in our forecasts as most of the Authority's costs are governed by contracts or collective agreements which include increases linked to changes in the Consumer Price Index for Vancouver. We have assumed the annual inflation rate will end 2023 at 4.0%, which will be the basis for increases in some contracts and collective agreements in 2024, and then decline to 3.0% by the end of 2024.
- **Changes to service charges** – to maintain financial sustainability, we have assumed that we will be able to increase our service charges in line with any increases in our operating costs. As noted, most of our costs will increase directly with changes in inflation and any inflationary increase in costs has been mirrored in forecast service charge increases.
- **Helicopter contracts** – we have identified a lead proponent through a Request for Proposals process to provide the Authority with a helicopter service for pilot transportation to/from vessels. This is primarily to service tanker vessels for the Trans Mountain and LNG terminals. The expanded Trans Mountain terminal is scheduled to start operation in early 2024 and we have assumed a start of April 2024 in our financial projections. LNG is expected to start operations in late 2024 and we have assumed a start date of September 2024. Contract discussions are

currently underway with the lead helicopter proponent. The projected cost of the service for both terminals has been assumed in the plan to be fully recoverable from tankers using the related terminals, including start-up costs which will be amortized over the first three years.

A summary of the forecast surplus/deficit for 2024-2028 is provided in the table below:

STATEMENT OF COMPREHENSIVE INCOME							
(in thousands of dollars)	Actual	Forecast	Plan		Plan		
For the year ended December 31	2022	2023	2024	2025	2026	2027	2028
Total revenue	105,732	119,906	122,743	133,736	138,627	143,085	146,811
Total expenses	104,702	113,144	125,098	133,844	138,174	142,298	145,545
Comprehensive income (loss)	1,030	6,762	(2,355)	(108)	453	787	1,266

The projected deficit in 2024 reflects the absence of the temporary surcharge and start-up costs for both helicopter programs in the north and south, which will be recovered over the following three years. Thereafter small surpluses are expected as assignment volumes recover to historical levels.

The Authority's capital budget for 2024 includes the following significant items:

- **Helicopter leases** – the contracts for helicopter services are expected to be treated as leases for accounting purposes under International Financial Reporting Standards (IFRS) 16 and therefore corresponding “right-of-use” assets would be recorded. This has been estimated at \$23 million in 2024 for the service to support Trans Mountain, based on a minimum annual commitment of approximately \$3 million in the first year of operation (12 hours per day) and approximately \$4 million in the remaining years (24 hours per day) of an expected seven-year term. A similar amount is forecast later in 2024 for a separate service to support the LNG terminal.
- **Replacement of portable pilotage units** – a phased replacement of the portable pilotage units used by pilots, which began in 2023 is expected to continue through to 2026 at a total cost of approximately \$4 million.
- **Pilot launch engine refurbishment** – the engines in the Pacific Pathfinder are due to be completely refurbished at a planned cost of approximately \$1 million and the work is scheduled for 2024. This will extend their expected useful lives by another ten to fifteen years.

The Authority's projected financial liquidity at fiscal year-end during 2024-2028 with respect to cash, investments, bank debt and lease liabilities is summarized as follows:

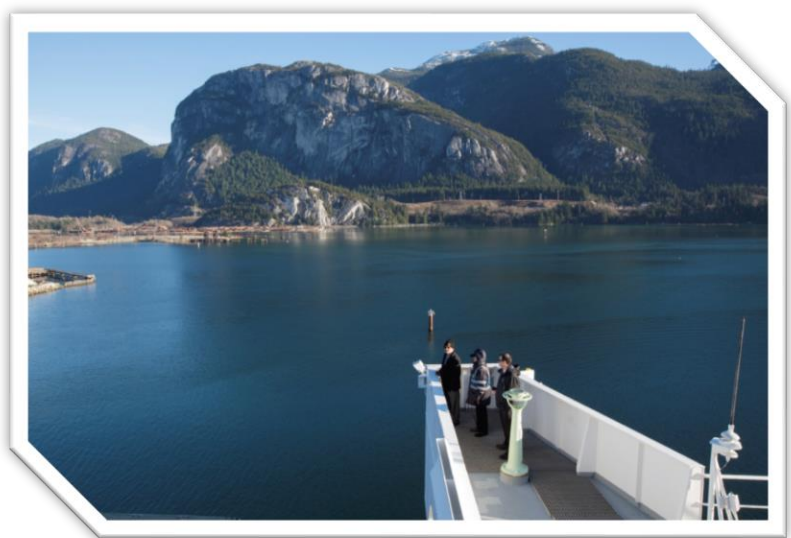
CASH, INVESTMENTS AND LOANS SUMMARY							
(In thousands of dollars)	Actual	Forecast	Plan				
Statement balance as at	31/Dec/22	31/Dec/23	31/Dec/24	31/Dec/25	31/Dec/26	31/Dec/27	31/Dec/28
Cash	6,944	12,925	9,104	9,015	11,433	12,564	14,375
Investments							
Current portion	1,248	1,564	1,864	2,164	2,464	2,764	3,064
Non-current portion	1,129	1,564	1,864	2,164	2,464	2,764	3,064
Long-term loans							
Due within one year	(472)	(310)	(319)	(328)	(337)	(347)	(357)
Due after one year	(4,805)	(4,496)	(4,178)	(3,850)	(3,513)	(3,166)	(2,808)
Lease liabilities							
Due within one year	(182)	(227)	(4,813)	(5,907)	(6,495)	(7,115)	(7,770)
Due after one year	(2,359)	(2,086)	(39,917)	(34,010)	(27,515)	(20,400)	(12,630)

The Authority's investment balance is planned to increase by \$0.6 million annually and together with cash balances is forecast to create a combined balance by 2028 of approximately \$20 million to meet current liabilities, capital commitments and contingencies should there be an unforeseen disruption of operating cashflows.

Lease liabilities, although significant, are expected to be funded from operations. Office lease payments are the equivalent of rent and already factored into our operating budget. Helicopter lease payments are expected to be fully recovered from the tanker industry or terminal operator.

5. Appendices

1. Ministerial Direction / Mandate Letter
2. Corporate Governance Structure
3. Planned Results
4. Chief Financial Officer Attestation
5. Financial Annex
6. Borrowing Plan
7. Risk and Risk Responses
8. Compliance with Legislative and Policy Requirements
9. Government Priorities and Direction



Appendix 1 - Ministerial Direction

The Pacific Pilotage Authority is presently operating in accordance with the guidance expressed in the following letter from the Minister of Transport, received in September 2022.

September 6, 2022

Lorraine Cunningham
Chair of the Board of Directors
Pacific Pilotage Authority
lcunningham@ppa.gc.ca

Dear Lorraine Cunningham:

As you know, following the 2021 general election, I had the honour of being reappointed as 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 Pacific Pilotage Authority (PPA) will help advance these priorities.

As the Minister accountable to Parliament for the PPA, 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 pandemic mitigation measures such as restrictions on cruise ships in Canadian ports dramatically reduced PPA's operations, and thus revenue. I appreciate PPA'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 PPA 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 PPA continues to be prepared to proactively mitigate and respond to emerging incidents and hazards, including cyber security threats.

Fighting climate change is a cornerstone of the government's plan to rebuild the economy, create middle-class jobs, and ensure Canadian industry remains competitive. The *Canadian Net-Zero Emissions Accountability Act* has legislated Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050. I expect the PPA 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 PPA 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 PPA 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 PPA's workforce will improve its ability to deliver on all its objectives and I expect that as the PPA embarks on any hiring, it implements outreach and recruitment strategies that uphold the principles of equity, diversity, and inclusion. I trust that the PPA 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 PPA'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 PPA.

Sincerely,

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

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

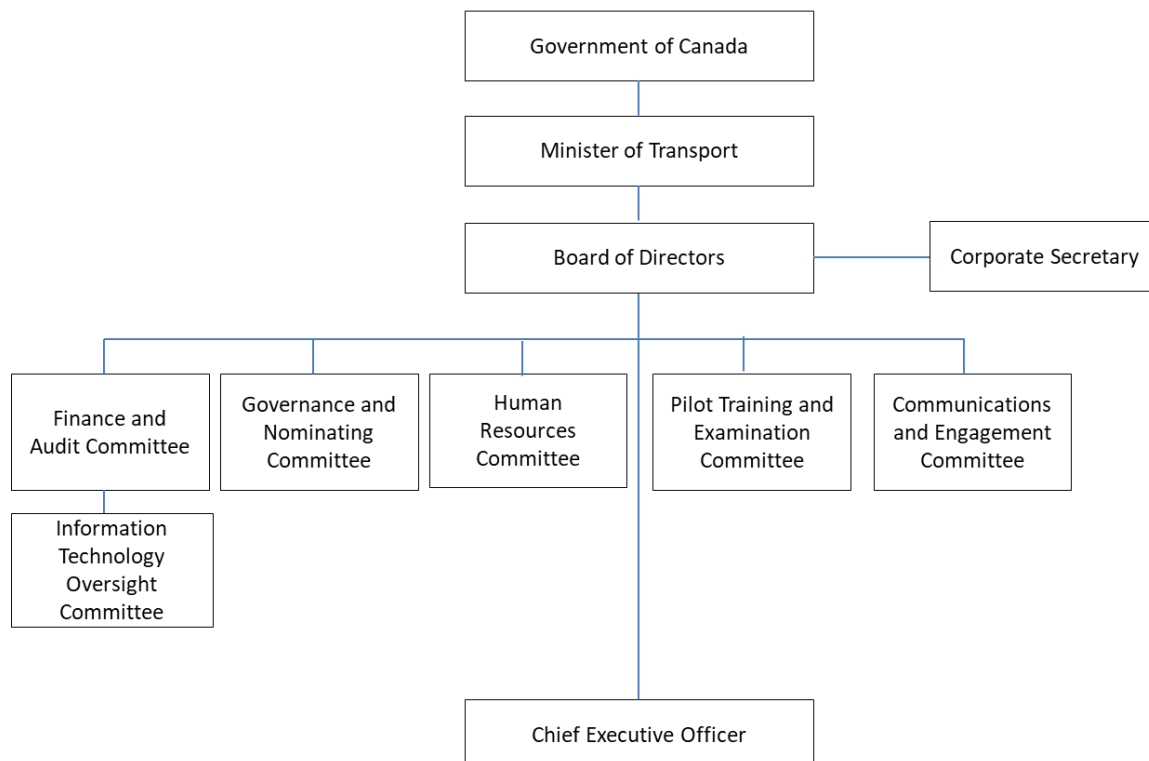
Appendix 2 - Corporate Governance Structure

The Authority complies with the Treasury Board guidelines on corporate governance practices (guidelines on Board responsibilities, public policy objectives, communications, Board and management relations, Board independence, the position of the Chief Executive Officer (“CEO”), renewal of the Board, education of directors, compensation, and the responsibility for corporate governance). The Board has developed a skills framework to assess the skills of Directors that are currently on the Board as well as those skills that are required for the future. The Board assesses its performance as well as the performance of committees and individual Board members annually.

The Authority’s Board of Directors has representation from Vancouver, Vancouver Island and northern BC, with backgrounds in marine services, accounting, education, indigenous governance and technology.

The Board has constituted several committees to focus on the major areas of the Authority. These committees are chaired by a Board member, have terms of reference and mandates and report directly to the Board on a regular basis. We have a strong and committed governance body which provides effective oversight. Board members are very engaged and have attended most Board and committee meetings during 2022 and 2023 to date.

Pacific Pilotage Authority Governance chart



Committees

1. **Finance and Audit Committee (FAC)** - the Chair and at least two additional Board members are designated as members of this Committee. This Committee meets six times per annum and additionally, as required. Members are expected to be financially literate. Its mandate includes oversight of financial matters, financial reporting, external audit, internal audit, compliance with the *Financial Administration Act* and the Authority's enterprise risk management framework.
2. **Governance and Nominating Committee (GNC)** – this Committee meets on an as needed basis, at the call of the Committee Chair. Its mandate is to ensure the Authority follows good corporate governance practices. The GNC also identifies and encourages suitable candidates to apply for the merit-based selection criteria for appointment to the Board. The GNC is comprised of Board members appointed by the Board and is chaired by the Board Vice-Chair. The Corporate Secretary serves on the GNC as a non-voting member.
3. **Human Resources Committee (HRC)** – this Committee meets on an as needed basis, at the call of the Committee Chair. Its mandate includes ensuring the Chief Executive Officer (CEO) evaluation and executive development planning is in place at the Authority. The HRC is also mandated to review the compensation of the CEO, including the annual performance management plan and to oversee the establishment of safety standards and safe operation of the Authority's Vancouver office. The HRC is comprised of the Board Chair and Vice-Chair. The CEO and the Director for People and Organizational Development serve on the HRC as non-voting members.
4. **Pilot Training and Examination Committee (PTEC)** – this Committee meets four times per annum and additionally, as required, to conduct pilot examinations. Its mandate is to conduct pilot examinations and review ongoing training programs for pilots. It is chaired by a Board member and includes members of the Authority's management and BC Coast Pilots. A Committee of Examiners is established for the purpose of conducting pilot examinations.
5. **Communications and Engagement Committee (CEC)** – this is a new Committee and once convened it is expected to meet four times per year with a mandate to strengthen the Authority's communications with internal and external audiences, and to build relationships with Indigenous communities. It will be chaired by a Board member and comprised of a second Board member and members of Authority management.
6. **Information Technology Oversight Committee (ITOC)** – this sub-Committee of the Finance and Audit Committee meets four times per annum, or more frequently as required. The Committee is responsible for overseeing the identification and mitigation of risks arising from the implementation and use of information technology. It is chaired by a Board member and includes a second Board member and members of Authority management.

Directors

The following individuals currently hold the position of directors on the Board of the Authority:

Name	Location	Appointment Date	Term
Lorraine Cunningham (Chair)	Vancouver	June 4, 2020	4.3 years
Katherine Bright	Vancouver	April 21, 2023	4 years
Captain Allan Ranger	Vancouver Island	April 21, 2023	3 years
Billie V. Raptis	Vancouver	April 21, 2023	3 years
Guangbin Yan	Vancouver	April 21, 2023	4 years
Joely Viveiros	Vancouver	April 28, 2023	3 years
Marilyn Slett	Bella Bella	June 22, 2023	4 years

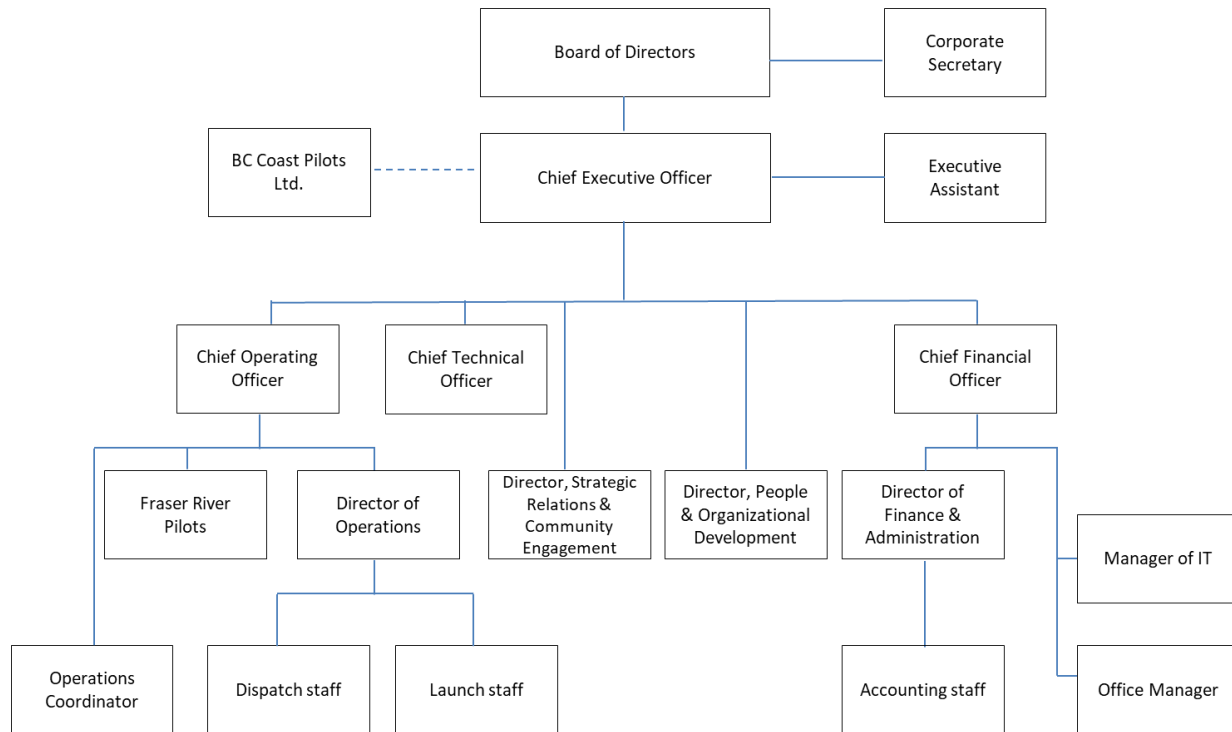
Total Board expenses for fiscal 2022 amounted to \$243,000 (including compensation, travel and training).

The Authority:

- has an ongoing identification process through the Governance and Nominating Committee to reach out to potential candidates that are interested and fit the Authority's skills matrix;
- has a very robust new Board member orientation program to assist new Board members become familiarized with the organization as quickly as possible;
- ensures that the Board members are rotated through committee positions to maximize exposure and ensure that the oversight knowledge is more widely shared.

The Authority's organization chart below illustrates its reporting structure.

Pacific Pilotage Authority Organizational chart



Senior Executives

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

Name	Position
Julie Gascon	Chief Executive Officer
Brian Young	Chief Operating Officer
Paulo Ekkebus	Chief Technical Officer
Stuart Mackenzie	Chief Financial Officer

Total Senior Executive compensation for fiscal 2022 amounted to \$1,291,000.

Annual Public Meeting

The Authority held its Annual Public Meeting for 2023 on-line on June 21, 2023.

Appendix 3 – Planned Results

The following provides an overview of the Authority's key outcomes for the planning period and the Chief Executive Officer's results commitment.

Objective: Meet the mandate of providing a safe and efficient pilotage operation on the west coast of Canada	
Expected Results	Performance Measures
Deliver 99.9% of pilotage assignments and pilot dispatches free of incident <i>(Short-term)</i>	Incident-free pilotage assignments and pilot launch operations of at least 99.9%
All apprentice & licensed pilots trained in accordance with Quality Assurance Program <i>(Short-term)</i>	Compare annual training required with training taken by pilots - 100% of the required training must be done
Pilots use the simulator for area familiarization or to practice ship handling <i>(Medium-term)</i>	Comparison of pilots' 5-year area currency statistics to their simulator usage - Every pilot will use the simulator at least once every five years
Pilot Training and Exam Committee must provide recommendations and lessons learned after Class A and B incident investigations <i>(Short-term)</i>	Recommendations provided to pilots within one month of completing an incident investigation for all Class A and B incidents
Increased level of realism with simulations through upgrade to PSTAR visual and current tidal databases <i>(Medium-term)</i>	Completion of simulator databases as below: - Gold River (2024) Maintain visual database of the specified areas to a minimum standard of LOD-2 and develop dynamic tidal current models for the specified areas
Pilots dispatched to, and arrive at an assignment on time <i>(Short-term)</i>	99.9% delay free pilotage and launch operations
Reduced reliance on outside establishments to meet the training goals of the PPA and BCCP <i>(Medium-term)</i>	Year-over-year comparison of usage and training costs - External training costs reduced by 5% in 2024 - Utilization goal is 35% in 2024 moving to 40% in 2025
Implementation of heli-hoisting operation in the south and north to accommodate TM and LNG Canada <i>(Medium-term)</i>	Implementation of fully-tested and financially sustainable heli-hoisting operation for commencement of TM and LNG operations (TM expected in Q2 2024, LNG Canada in Q3 2024)
Work with Transport Canada to review compulsory areas in support of the new Trans Mountain and LNG Canada projects <i>(Short-term)</i>	Compulsory pilotage areas that support safe and efficient transit of vessels on the West Coast
Implement a "Just Culture" related to reporting near misses, accidents and incidents <i>(Medium-term)</i>	Information available on near misses, accidents and incidents to adjust procedures and improve safety

Hire a Quality, Health, Safety, Environmental and Regulatory manager (<i>Short-term</i>)	Successful implementation and adoption of new QSMS regulations
Review Authority's Waiver Standard of Care to respond to TSB recommendations on accident involving the tug Ingenika (<i>Short-term</i>)	Updated waiver procedures to address TSB recommendations
Objective: Plan, organize, direct and control financial, administrative, and operational activities of the Authority	
Expected Results	Performance Measures
Develop and maintain a Safety and Operational Procedures manual for all ports not located within a port authority and publish the information on the PPA website (<i>Medium-term</i>)	Completion of a safety and operational manual for all out-ports by 2024
Company will continue to operate as a going concern and maintain its financial self-sufficiency mandate (<i>Short-term</i>)	Build cash and investment reserves in accordance with agreed upon methodology-. Maintaining a ratio of current assets to current liabilities (excluding helicopter lease liabilities) of at least 1.0
Recommendations from the analysis on pilot transportation to be implemented during the term of this plan – resulting in the highest productivity of the Authority's resources (<i>Medium-term</i>)	Reduction of pilot travel time and pilot travel costs per assignment - Reduce travel time and travel costs by 5% by 2024
Complete Phase 2 of recently implemented Pilot Dispatch and Management System ("PDAMS"), including digitalization of pilot data (<i>Medium-term</i>)	Tracking of pilot training and currency in new module within PDAMS
Investigate costs and benefits of implementing a Human Resources Information System ("HRIS") (<i>Medium-term</i>)	Recommendation for new HRIS, integrated with existing payroll system
Objective: Continue to develop the capacity within PPA to identify and take action on emerging issues and opportunities	
Expected Results	Performance Measures
Allow the Authority to identify emerging issues and opportunities through ERMS committee (<i>Medium-term</i>)	<ul style="list-style-type: none"> • 2 ERMS meetings • Risk register kept up to date as per ERMS procedures

Early warning of global economic changes by monitoring multiple indexes, publications and economic indicators (<i>Short-term</i>)	Publication of economic forecasts in the CEO quarterly report
Objective: Embrace a culture of continuous improvement including the implementation of sustainable practices	
Expected Results	Performance Measures
Meet the requirements of the ISO/ISM codes (<i>Short-term</i>)	Non-conformances (NC) raised at routine audits - zero NCs
Documentation and implementation of procedures to address cybersecurity risks (<i>Short-term</i>)	Completion of a tabletop exercise in 2024 and an updated crisis management procedures document from lessons learned.
Baseline of PPA's carbon footprint and plan for reduction (<i>Medium-term</i>)	Analysis of PPA's existing carbon footprint conducted in 2023
Engage with key partners to advance smart port initiatives (e.g. Active Vessel Traffic Management) (<i>Medium-term</i>)	Integration of the Authority's systems with port systems to improve efficiency
Work closely with Transport Canada on the small Maritime Autonomous Surface Ships ("MASS") initiative (<i>Medium-term</i>)	Development of the Authority's position on MASS and roadmap for the future
Leverage the simulator joint venture, PSTAR, in support of major marine projects on the West Coast (<i>Medium-term</i>)	Development of a business model for the simulator that ensures financial self-sufficiency of the joint venture at a minimum
Objective: Ensure the continuity of PPA's people and knowledge capital	
Expected Results	Performance Measures
A sustainable workforce is achieved within the Authority and meets the government's social policies (<i>Medium-term</i>)	New hires are brought on with verifiable consideration of diversity - Implementation of a hiring program that recognizes diversity
Identify and document leading human capital practices relevant to marine pilotage (<i>Short-term</i>)	Understanding of leading practices and creation of potential initiatives for development and implementation
Recruit students from various disciplines to complete a work term with the Authority (<i>Short-term</i>)	Cost-effective support for managers with significant projects and development of future talent for the Authority

Objective: Establish and maintain clear and effective relationships with PPA's key stakeholders	
Expected Results	Performance Measures
Open and transparent communication providing an understanding of the PPA's role (<i>Short-term</i>)	Host/attend eight monthly industry association meetings during the year. Participate in 80% of the National Advisory meetings with industry
Objective: Demonstrate effective leadership and direction	
Expected Results	Performance Measures
Active participation in support of improvements to navigational safety and efficiency of marine operations (<i>Medium-term</i>)	Participation in 80% of all public Oceans Protection Plan (OPP) 2.0 meetings
Active engagement with Indigenous communities affected by pilotage operations (<i>Medium-term</i>)	Meet with four communities per annum
A healthy, respectful, and supportive work environment (<i>Medium-term</i>)	Publish information from Health Canada on mental health in newsletters for employees
Conduct regular meetings with Chairs and CEOs of all four pilotage authorities and be an active member of the National Pilotage Advisory Committee (<i>Medium-term</i>)	Harmonization of pilotage services across the pilotage authorities
Work with Canadian Marine Pilots Association to strengthen relationship with pilotage authorities (<i>Medium-term</i>)	Stronger partnership between piloting community and pilotage authorities in support of world-class national pilotage system
Objective: Support the government's environmental, social and economic initiatives	
Expected Results	Performance Measures
Open and honest communication with stakeholders regarding financial position of the Authority (<i>Short-term</i>)	Meeting with all the industry associations on the West Coast regarding pilotage charges at least once during the 30-day consultation process
Increased diversity, equity and inclusion within the organization (<i>Medium-term</i>)	Implementation of two initiatives in 2024. Publish information during Black History month in the office and share publications with staff.

Chief Executive Officer Results Commitment

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



Julie Gascon, Chief Executive Officer

October 19, 2023

Date

Appendix 4 - Chief Financial Officer Attestation

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

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

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



Stuart Mackenzie, Chief Financial Officer

October 19, 2023
Date

Appendix 5 - Financial Annex

The financial statements in this appendix reflect accounting under International Financial Reporting Standards (IFRS), which are used in preparing the Authority's Annual Report.

STATEMENT OF FINANCIAL POSITION							
(In thousands of dollars)	Actual	Forecast	Plan				
Statement balance as at	31/Dec/22	31/Dec/23	31/Dec/24	31/Dec/25	31/Dec/26	31/Dec/27	31/Dec/28
Assets							
Current							
Cash and cash equivalents	6,944	12,925	9,104	9,015	11,433	12,564	14,375
Trade accounts receivable	5,476	5,175	6,192	6,747	6,993	7,218	7,406
Other receivables	728	538	644	702	728	751	771
Prepaid expenses	268	309	370	403	418	431	442
Investments	1,248	1,564	1,864	2,164	2,464	2,764	3,064
	14,664	20,511	18,174	19,031	22,036	23,728	26,058
Non-current							
Long-term investments	1,129	1,564	1,864	2,164	2,464	2,764	3,064
Other receivables	149	123	147	160	166	171	175
Property and equipment							
Buildings & floats	695	995	1,195	2,445	2,445	2,445	2,445
Pilot boats	22,475	23,274	25,424	25,744	25,944	27,794	28,894
Equipment	4,072	4,846	5,946	7,871	8,276	8,681	9,086
Leasehold improvements	779	1,778	1,778	1,778	1,778	1,778	1,778
Right-of-use assets	3,435	2,935	47,445	47,445	47,445	47,445	47,445
Accumulated depreciation	31,456	33,828	81,788	85,283	85,888	88,143	89,648
Total property and equipment	14,199	16,335	22,430	31,478	40,717	50,060	59,525
	17,257	17,493	59,358	53,805	45,171	38,083	30,123
Intangibles	995	920	2,021	2,195	2,289	1,839	1,380
	34,194	40,611	81,564	77,355	72,126	66,585	60,800
Liabilities							
Current							
Accounts payable and accrued liabilities	12,686	13,073	14,145	15,142	15,669	16,149	16,542
Other employee benefits	130	129	155	162	167	172	175
Lease Liabilities	182	227	4,813	5,907	6,495	7,115	7,770
Bank Debt	472	310	319	328	337	347	357
	13,470	13,739	19,432	21,539	22,668	23,783	24,845
Non-current							
Lease Liabilities	2,359	2,086	39,917	34,010	27,515	20,400	12,630
Bank Debt	4,805	4,496	4,178	3,850	3,513	3,166	2,808
Other employee benefits	549	517	619	646	667	686	701
	7,713	7,099	44,714	38,506	31,695	24,252	16,139
	21,183	20,838	64,146	60,045	54,363	48,035	40,984
Equity							
Retained earnings	13,011	19,773	17,418	17,310	17,763	18,550	19,816
	34,194	40,611	81,564	77,355	72,126	66,585	60,800

STATEMENT OF COMPREHENSIVE INCOME							
(in thousands of dollars)	Actual	Forecast			Plan		
For the year ended December 31	2022	2023	2024	2025	2026	2027	2028
Revenue							
Pilotage charges							
Coastal Pilotage	72,234	82,182	84,566	87,942	91,008	93,757	96,588
River Pilotage	3,532	4,213	4,343	4,517	4,630	4,723	4,816
Travel revenue	9,633	11,198	11,365	11,766	12,111	12,467	12,834
Launch/helicopter revenue	13,595	14,717	19,091	25,997	27,243	28,394	28,715
Surcharge revenue	6,348	6,927	2,664	2,770	2,866	2,950	3,037
Other revenues							
Other income	390	669	714	744	769	794	821
Total revenue	105,732	119,906	122,743	133,736	138,627	143,085	146,811
Expenses							
Contract pilots' fees	66,282	72,631	74,521	77,547	80,254	82,655	85,128
Salaries and benefits	15,602	17,098	18,148	18,942	19,552	20,108	20,547
Pilots' transportation	10,707	11,769	13,713	14,730	15,502	16,351	16,867
Pilots' training	2,711	2,170	2,925	2,408	2,405	2,624	2,480
Depreciation	1,976	2,040	6,338	9,434	9,705	9,853	9,984
Fuel	2,918	2,663	2,699	2,914	3,001	3,090	3,183
Repairs and maintenance	1,357	1,350	1,383	1,433	1,476	1,519	1,564
Transport Canada administration fee	496	678	915	947	975	1,004	1,033
Interest	236	322	1,780	2,637	2,283	1,901	1,490
Professional and special services	967	970	997	1,031	1,062	1,093	1,125
Other expenses	1,450	1,453	1,679	1,821	1,959	2,100	2,144
Total expenses	104,702	113,144	125,098	133,844	138,174	142,298	145,545
Comprehensive income (loss)	1,030	6,762	(2,355)	(108)	453	787	1,266

STATEMENT OF CHANGES IN EQUITY							
(in thousands of dollars)	Actual	Forecast			Budget		
For the year ended December 31	2022	2023	2024	2025	2026	2027	2028
Retained earnings, beginning of year	11,981	13,011	19,773	17,418	17,310	17,763	18,550
Comprehensive income(loss) for the year	1,030	6,762	(2,355)	(108)	453	787	1,266
Retained earnings, end of year	13,011	19,773	17,418	17,310	17,763	18,550	19,816

STATEMENT OF CASH FLOWS							
(in thousands of dollars)							
For the year ended December 31							
	Actual 2022	Forecast 2023	2024	2025	Plan 2026	2027	2028
Cash flows from operating activities							
Cash receipts from customers	104,852	119,538	121,012	132,437	137,611	142,066	145,802
Cash paid to employees	(15,739)	(16,305)	(18,304)	(18,651)	(19,328)	(19,904)	(20,386)
Cash paid to suppliers and others	(86,168)	(94,050)	(99,441)	(104,833)	(108,635)	(112,078)	(114,798)
Other income received	316	669	714	744	769	794	821
Net cash provided by operations	3,261	9,852	3,981	9,698	10,417	10,878	11,439
Cash flows from investing activities							
Purchases of investments	(1,692)	(751)	(600)	(600)	(600)	(600)	(600)
Proceeds on disposal of investments	1,650	-	-	-	-	-	-
Acquisition of property and equipment	(1,379)	(2,371)	(3,450)	(3,495)	(605)	(2,255)	(1,505)
Acquisition of intangible assets	(467)	(50)	(1,350)	(560)	(560)	(60)	(60)
Net cash used in investing activities	(1,888)	(3,172)	(5,400)	(4,655)	(1,765)	(2,915)	(2,165)
Cash flows from financing activities							
Proceeds from borrowings	0	-	-	-	-	-	-
Repayment of borrowings	(718)	(471)	(309)	(319)	(328)	(337)	(348)
Repayment of lease liabilities	(305)	(228)	(2,093)	(4,813)	(5,907)	(6,495)	(7,115)
Cash provided by (used in) financing activities	(1,023)	(699)	(2,402)	(5,132)	(6,235)	(6,832)	(7,463)
Net increase (decrease) in cash and cash equivalents	350	5,981	(3,821)	(89)	2,417	1,131	1,811
Cash and cash equivalents, beginning of period	6,594	6,944	12,925	9,104	9,015	11,433	12,564
Cash and cash equivalents, end of period	6,944	12,925	9,104	9,015	11,433	12,564	14,375

Operating Budget

The following table identifies the major activities that generate revenues and incur expenses for the Authority:

OPERATING SEGMENT ANALYSIS								
(in thousands of dollars)	Actual	Forecast						
For the year ended December 31	2022	2023	2024	2025	Plan	2026	2027	2028
Coastal Pilotage	72,234	82,182	84,566	87,942	91,008	93,757	96,588	
Coastal Contract	66,282	72,631	74,521	77,547	80,254	82,655	85,128	
Coastal Margin (note 1 below)	5,952	9,551	10,045	10,395	10,754	11,102	11,460	
River Pilotage	3,532	4,213	4,343	4,517	4,630	4,723	4,816	
River Wages & Benefits	3,438	4,165	4,308	4,531	4,622	4,714	4,809	
River Margin	94	48	35	(14)	8	9	7	
Launch/helicopter Revenue (note 2)	13,595	14,717	19,091	25,997	27,243	28,394	28,715	
Launch/helicopter Expenses (note 2)	13,151	13,528	15,613	16,818	17,655	18,534	19,081	
Launch/Helicopter Margin	444	1,189	3,478	9,179	9,588	9,860	9,634	
Travel Revenue (note 3)	9,633	11,198	11,365	11,766	12,111	12,467	12,834	
Travel Expenses (note 3)	8,678	9,140	9,263	9,589	9,871	10,161	10,460	
Travel Margin	955	2,058	2,102	2,177	2,240	2,306	2,374	
Other Revenue								
Surcharges (note 4)	6,348	6,927	2,664	2,770	2,866	2,950	3,037	
Other Income (note 5)	390	669	714	744	769	794	821	
	6,738	7,596	3,378	3,514	3,635	3,744	3,858	
Other Expenses								
Salaries & Benefits - office & admin	5,569	6,144	6,840	7,165	7,469	7,748	7,903	
Training (note 6)	2,711	2,170	2,925	2,408	2,405	2,624	2,480	
Depreciation (note 5)	1,976	2,040	6,338	9,434	9,705	9,853	9,984	
Transport Canada administration fee	496	678	915	947	975	1,004	1,033	
Interest (note 7)	236	322	1,780	2,637	2,283	1,901	1,490	
All Other Costs	2,165	2,326	2,595	2,768	2,935	3,104	3,177	
	13,153	13,680	21,393	25,359	25,772	26,234	26,067	
NET INCOME (LOSS)	1,030	6,762	(2,355)	(108)	453	787	1,266	

Significant items or fluctuations from year-to-year in the table above include:

1. The increase in both coastal pilotage revenue and coastal contract expenses in 2023 is due to an increase in assignments from a strong grain harvest and from an increase in pilotage service charges. The coastal margin in 2022 was adversely impacted by a delay in the effective date for service charge rate increases, five months after coastal contract rates went up. In 2023 rate increases in both service charges and the coastal contract were effective at the same time. Service charge rate increases in future years are assumed to be in line with increases in the CPI for Vancouver, which has been assumed to be 4% at the end of 2023, 3% in 2024 and declining to 2% in 2026-28.
2. The increase in both launch revenue and expenses in 2023 is also due to the increase in assignments and rates. Starting in 2024, revenue and expenses include the helicopter operations transporting pilots to/from tankers departing

from the Westridge terminal servicing the expanded Trans Mountain pipeline and from the LNG Canada terminal in Kitimat.

3. For travel operations, revenue is forecast to increase in 2023 largely from an increase of 12% in cruise assignments. Costs, however, are not forecast to increase in line with revenue as the first quarter of 2022 included some more expensive charter flights for pilot transportation during the final phases of the global pandemic.
4. The temporary surcharge of \$175 per assignment, which was instituted in 2021 to offset the impact of the pandemic, was increased to \$400 in June 2022 and then reduced to \$250 in April 2023. It is expected to be eliminated at the end of 2023. Hence the decrease in surcharge revenue in 2024.
5. Depreciation increases significantly in 2024 because of the depreciation of the right-of-use assets created from accounting for helicopter contracts. The expense in 2024 is for a partial year, as the helicopter contracts are expected to start during the year, with a full year's depreciation expense in 2025.
6. The backlog of training for pilots which built up during the pandemic will largely be caught up by the end of 2023. There will be an increase in 2024 as an above average recruitment of new pilots in recent years complete their initial training, and will then resume at a more consistent annual average of approximately \$2.5 million.
7. The increase in interest costs in 2024 and 2025 reflect the accounting treatment of the helicopter contracts as leases to be capitalized with a related interest cost. 2024 is a partial year, with assumed start dates in 2024, and 2025 a full year. The interest component declines over the term of the lease.

In comparing the forecast above for 2023 to the corresponding year in the Corporate Plan for 2023-2027, the key variances are that revenue and expenses are forecast to be \$14 million and \$8 million, respectively, more than planned. The increase in revenue is largely due to estimates for assignments being higher than expected, mainly from an unexpected bumper grain harvest in 2022, but also from the effects of an anticipated economic recession being less, and probably later, than expected. The increase in expenses reflects the increase in revenue, as our largest expense, coastal contract, is directly tied to revenue. Pilot transportation costs were also higher as these costs vary directly with the number of assignments. Although it did not impact our planned surplus for 2023, we had also expected the helicopter services contract for the South to be initiated in 2023, but it is now forecast for 2024.

Capital Budget

A summary of our capital budget by asset category for 2024-2028 is as follows:

CAPITAL INVESTMENTS							
(in thousands of dollars)	Actual	Forecast	Plan				
For the year ended December 31	2022	2023	2024	2025	2026	2027	2028
Building and floats	-	300	200	1,250	-	-	-
Pilot boats, engines and generators	404	800	2,150	320	200	1,850	1,100
Equipment	430	775	1,100	1,925	405	405	405
Leasehold improvements	598	1,000	-	-	-	-	-
Right-of-use assets	1,241	-500	44,510	-	-	-	-
Intangibles	421	50	1,350	560	560	60	60
Total	3,094	2,425	49,310	4,055	1,165	2,315	1,565

Included in the above summary for 2024-2028 are:

- Pilot boats, engines and generators – engine refurbishments are planned for one launch, plus other upgrades and refurbishments to other launches
- Equipment – this includes expansion of our simulator capabilities and the cyclical replacement of existing portable pilotage units (PPUs) plus new units for apprentices
- Right-of-use assets – this category includes the assets corresponding to the leases for helicopters
- Intangibles – software upgrades for the PPUs

The commencement of heli-hoisting operations will increase our functional capacity. This will be funded through cost recoveries from industry or the terminal operators. All the remaining capital expenditure is intended to maintain our capacity by replacing or refurbishing end-of-life assets and will be funded from operating cashflow or existing cash reserves.

Sensitivity of Corporate Plan Projections

The fundamental assumption in the Authority's Corporate Plan is the number of pilotage assignments each year. This number is largely a measure of Canadian export and import business through western Canadian ports and is influenced by many external factors outside the control of the Authority. Some of these factors are:

- Number of cruises and volumes of containers, auto, grain, forest products, coal and other bulk commodities
- Foreign exchange rates
- West Coast port competition for shipping traffic
- General economic conditions in Asia and North America, and prevailing trade agreements
- Objection to increases in pilotage service charges
- Receivership or bankruptcy applications by any carriers and/or agencies

Appendix 6 - Borrowing Plan

The Authority's borrowing limit, pursuant to section 36 of the *Pilotage Act* and as set by the Governor General in Council (PC Number: 2020-1123, dated 2020-12-18), is \$18.9 million and the Authority is currently within that limit. We are seeking to maintain the statutory borrowing limit of \$18.9 million for 2024.

Borrowing in 2024 that requires Minister of Finance approval is for the expected new lease liability associated with the helicopter contract in the north (LNG project) - \$23 million (maximum balance in 2024, which will decline to \$22 million by year-end).

The lease liability approved last year for the helicopter contract in the south to support the TM project was delayed and is now expected to be effective in Q2 of 2024 when the new terminal is expected to open.

There are no new long-term bank loans expected in 2024. Existing bank loans drawn in 2022 and earlier will be repaid in accordance with existing terms.

The following table shows the Authority's projected borrowings for the plan years:

BORROWING PLAN							
(in thousands of dollars)	Actual	Forecast	Plan				
Statement balance as at	31/Dec/22	31/Dec/23	31/Dec/24	31/Dec/25	31/Dec/26	31/Dec/27	31/Dec/28
Long-term loans							
Due within one year	472	310	319	328	337	347	357
Due after one year	4,805	4,496	4,178	3,850	3,513	3,166	2,808
Lease liabilities requiring approval							
Due within one year	-	-	4,607	5,677	6,250	6,855	7,494
Due after one year	-	-	38,037	32,360	26,110	19,255	11,761
Operating line of credit	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Total	8,777	8,306	50,641	45,715	39,710	33,123	25,920

It should be noted that lease liabilities, including those requiring Minister of Finance approval, are not required to be included in the calculation of the Authority's borrowing limit pursuant to the *Pilotage Act*.

Continuity of bank loans and new lease liabilities requiring approval is as follows:

CONTINUITY OF BORROWINGS							
(in thousands of dollars)	Actual	Forecast	Plan				
For the year ended December 31	2022	2023	2024	2025	2026	2027	2028
Bank Loans							
Opening balance	5,995	5,277	4,806	4,497	4,178	3,850	3,513
Repayment	(718)	(471)	(309)	(319)	(328)	(337)	(348)
New	-	-	-	-	-	-	-
Closing balance	5,277	4,806	4,497	4,178	3,850	3,513	3,165
Lease liabilities requiring approval							
Opening balance	-	-	-	42,644	38,037	32,360	26,110
New - Helicopter (TM) - pre-approved	-	-	22,115	-	-	-	-
New - Helicopter (LNG) - requires approval	-	-	22,395	-	-	-	-
Repayment	-	-	(1,866)	(4,607)	(5,677)	(6,250)	(6,855)
Closing balance	-	-	42,644	38,037	32,360	26,110	19,255

A summary of existing leases and upcoming leases is as follows:

LEASE LIABILITIES BY ASSET CLASS							
(In thousands of dollars)	Actual	Forecast	Plan				
For the year ended December 31	2022	2023	2024	2025	2026	2027	2028
Existing leases:							
Office							
Vancouver office (to Feb 2033)	2,460	2,278	2,085	1,880	1,649	1,404	1,144
Victoria office (to Aug 2024)	63	26	-	-	-	-	-
Equipment							
Vehicle	18	9	1	-	-	-	-
New leases:							
Equipment							
Helicopter (TM project to 2030) - pre-approved	-	-	20,774	18,149	15,260	12,089	8,620
Helicopter (LNG project to 2031) - approval for 2024	-	-	21,870	19,888	17,101	14,021	10,635
Total	2,541	2,313	44,730	39,917	34,010	27,515	20,400

In addition to the fixed commitment of approximately \$8 million annually for the helicopter services leases to support TM and LNG, there will be approximately \$2 million annually in variable operating costs. As they are variable and dependent on usage, they would not be required to be recorded as part of the lease commitment.

Operating Line of Credit

Although the Authority expects to maintain sufficient liquidity to fund operations during the planning period, there can be fluctuations within a month between high and low points for cash of up to \$5 million. Accordingly, the Authority may request to borrow, on a day-to-day basis from its bank, sums of money to manage its cash flow. The Authority views the availability of an operating line of credit as a 'best business practice' and wishes to continue this facility. These borrowings would be charged at market rates levied by a Canadian bank and repaid prior to December 31.

Currently, the Authority has an operating line of credit facility up to \$3.5 million provided by its bank. The Authority does not expect to draw on this facility in 2023.

Investment Policy

The Authority requests the Minister of Finance's continued approval for the Authority to invest any monies not immediately required for the purposes of the Authority in any of:

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

Appendix 7 - Risk and Risk Responses

Under the Authority's risk management policy, the Authority is committed to:

- behaving as a responsible corporate citizen; protecting employees, visitors, customers, and their property, as well as the community and the broader environment from unnecessary injury, loss or damage.
- encouraging the British Columbia Coast Pilots (BCCP) in particular, as well as other third parties that the Authority relies upon, to adopt sound risk management practices for their own organizations.
- achieving its business objectives by seeking opportunities to improve the business and optimize risk management; and
- finding the right balance between the cost of control and the benefits that control would bring.

The Authority has adopted the following methodology to assess a risk's profile:

Risk Impact Ranking Methodology

	Indigenous		Financial	Operational				Strategic	
	Cultural	Disruption of Community		Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputation
Most severe	Incident causes long term harm for more than one month to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for more than one month	Above \$10 million cash impact on the Authority	Multiple deaths and multiple people with serious long-term injury requiring intensive care.	Incident results in damage to infrastructure such that it becomes inoperable for greater than one month or results in financial loss exceeding \$50 million	Incident results in sinking of vessel or in the vessel sustaining sufficient damage to result in it being a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than six months)	Operational cessation or major operational issues (e.g. delays) lasting more than one month	Sustained front page adverse national and international media coverage. Adverse social media commentary sustained for greater than one month.
Severe	Incident causes medium-term harm for up to one month to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses, or employment disrupted for up to one month	Impact on the Authority between \$5 and \$10 million	Single death and multiple people with serious long-term injury requiring intensive care	Incident results in damage to infrastructure such that it becomes inoperable for up to one month or results in financial loss of \$25 - \$50 million.	Incident results in vessel sustaining damage significant enough to require towing to dry dock with loss of operations for more than one month	Incident causes sustained medium term harm to environment (i.e. damage lasts more than one month)	Operational cessation or major operational issues (e.g. delays) lasting up to one month	Front page adverse national media coverage and intermittent international coverage Adverse social media commentary sustained for greater than two weeks.

	Indigenous		Financial	Operational				Strategic	
	Cultural	Disruption of Community		Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputation
Less severe	Incident causes medium-term harm for up to three weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to three weeks	\$1 million-\$5million cash impact	Some people with serious long-term injury and multiple minor injuries	Incident results in damage to infrastructure such that it becomes inoperable for up to one month or results in financial loss of \$10 - \$25 million.	Incident results in vessel grounding or sustaining damage significant enough to require towing to dry dock with loss of operations of not more than 1 month	Incident causes medium term harm to environment (i.e. damage lasts up to One month)	Operational cessation or major operational issues (e.g. delays) lasting up to two weeks	Intermittent adverse national media coverage Adverse social media commentary sustained for greater up to 2 weeks.
Moderate	Incident causes short-term harm for up to two weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to two weeks	Between \$500,000 to \$1million cash impact	One person with serious long-term injury or illness contracted through work Some minor injuries Multiple PPA staff with minor illness contracted through work. Significant effect on stress levels / morale of multiple PPA staff.	Incident results in damage to infrastructure such that it becomes inoperable for up to one week or results in financial impact of \$500,000 - \$10 million	Incident results in vessel sustaining damage significant enough to result in loss of operations for not more than 2 weeks	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Operational issues (e.g. delays) lasting up to one week but no cessation of business	Sustained front page adverse local media coverage Board and Ottawa receive complaints from industry associations and major clients Adverse social media commentary sustained for greater up to a week.
Minor	Incident causes short term harm for up to one week to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to one week	Up to \$500,000 cash impact	Single or multiple minor injuries requiring on site First Aid and/or off-site treatment Significant effect on morale of a PPA staff member.	Damage to facilities cause operations to cease for up to 72 hours or a financial impact up to \$500,000	Incident results in vessel sustaining 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 environment over a period of time (i.e. damage lasts no greater than a day)	Operational issues (e.g. delays) lasting up to 72 hours	Intermittent adverse local media coverage Complaints received from industry and/or clients Some adverse social media commentary but not sustained

Risk Likelihood Ranking Criteria

Likelihood	Risks that are ongoing	Risks that are one-time
Frequent	We expect that the risk will occur many times a month. The risk is happening.	We fully expect the risk to occur. The risk is already occurring (i.e. it is an issue).
Probable	We expect that the risk will occur at least once a year.	We expect the risk will most probably occur.
Occasional	We expect that the risk will occur once in 3 years.	We expect that the risk may occur at some time and we think it more likely than not.
Improbable	We expect that the risk will occur once in 10 years.	We expect that the risk may occur at some time and we think it less likely than not.
Remote	We expect that the risk will occur once in 50 years.	We expect that the risk may occur only in exceptional circumstances but that it is highly doubtful that it will.

Risk Ranking Key

A risk's ranking is a combination of its likelihood and impact, as illustrated on the heat map below:

		<u>Likelihood</u>				
		Remote	Improbable	Occasional	Probable	Frequent
<u>Impact</u>	Most Severe					
	Severe					
	Less Severe					
	Moderate					
	Minor					

Extreme (score 25)	<ul style="list-style-type: none"> Exposure to this level of risk would normally be immediately reduced (e.g. by improving controls or discontinuing activity etc.) except only in extreme circumstances The CEO must be informed and take control of the management of this risk exposure
Very High (score 15-20)	<ul style="list-style-type: none"> Exposure to this level of risk would normally be immediately reduced unless strategic imperatives dictate otherwise Demonstrably improving the risk control is required and at least one senior management team member should manage that process The CEO must be informed of progress

High (score 5-12)	<ul style="list-style-type: none"> • Exposure to this level of risk should be reduced as soon as practicable • Improving the risk control is recommended and the relevant management should manage that process • Relevant senior management must be informed of progress
Medium (score 4-8)	<ul style="list-style-type: none"> • Unnecessary exposure to this level of risk should be reduced if practicable • Improving the risk control is recommended if practicable and the relevant management should manage that process • Control and responsibility must be specified
Low (score 3-4)	<ul style="list-style-type: none"> • Exposure to this level of risk is acceptable without additional risk treatments and be subject to periodic review to ensure the risk does not increase • Improving the risk control is not required • Can be managed by routine controls and procedures

At present, the six highest rated key risks identified for the Authority are:

Risk	Likelihood	Impact	Causes	Consequences	Mitigating controls
Inability to source and train sufficient qualified pilot candidates (Ranking score 15)	Frequent	Less severe	<ul style="list-style-type: none"> • Shortfalls in human resources within the maritime sector • Regulatory changes • Long wait time between examination and hiring 	<ul style="list-style-type: none"> • Inability to provide timely and efficient pilotage services • Stress and fatigue of existing staff • Reputation as service provider impacted 	<ul style="list-style-type: none"> • Actively promote piloting as a career • Participation in regulatory changes • More frequent exams
Vessels that have been granted pilotage waivers incorrectly or vessels operating without a valid pilotage waiver are involved in an incident (Ranking score 15)	Occasional	Most severe	<ul style="list-style-type: none"> • Vessel operators with a waiver use officers who do not meet sea time requirements • Vessel navigators not familiar with all coastal areas • Inadequate review of waiver applications 	<ul style="list-style-type: none"> • Authority's reputation impacted and capability challenged 	<ul style="list-style-type: none"> • Waivers can be revoked for infractions • Transport Canada can impose monetary penalties on vessel operators • Vessel operators informed about regulations
Unable to cover committed obligations and overhead because of a decrease in assignment volumes (Ranking score 9)	Occasional	Less severe	<ul style="list-style-type: none"> • Economic recession • Trade barriers between Canada and China • Political activism on anti-trade or anti-fossil fuel 	<ul style="list-style-type: none"> • Loss of revenue • Inability to be financially self-sufficient 	<ul style="list-style-type: none"> • Diversified mix of products • Existing variable cost structure • Maintain cash reserves

Risk	Likelihood	Impact	Causes	Consequences	Mitigating controls
Compromise of the confidentiality, integrity or availability of information (Ranking score 9)	Occasional	Less severe	<ul style="list-style-type: none"> • Cybersecurity attack • Aging technology infrastructure • Failure of security systems 	<ul style="list-style-type: none"> • Increased costs • Damage to reputation • Delays in operations including pilot dispatch 	<ul style="list-style-type: none"> • Enhanced security protocols • Incident response plan • Back-up systems
Key members of the management team depart the organization without a robust succession plan and knowledge retention plan in place (Ranking score 9)	Occasional	Less severe	<ul style="list-style-type: none"> • Small size and age of management team • Competition for talent within marine industry • Limited opportunity for upward mobility 	<ul style="list-style-type: none"> • Unexpected turnover impacts relationship with industry • Vacancies for extended periods cause burnout of remaining staff 	<ul style="list-style-type: none"> • Succession plans reviewed annually • Market salary comparison every three years • Internal development opportunities identified
Inadequate response to a disaster or emergency (Ranking score 8)	Improbable	Severe	<ul style="list-style-type: none"> • Natural disasters are unpredictable • Poor communications • Equipment failures 	<ul style="list-style-type: none"> • Vessel delays • Impact of emergency may be exacerbated 	<ul style="list-style-type: none"> • Emergency response plans in place • Operations can be administered virtually

Appendix 8 - Compliance with Legislative and Policy Requirements

Below is a list of the legislative and policy directives with which the Authority currently complies:

Access to Information Act

As part of a commitment to clear and transparent governance, the Authority voluntarily reports, through its website, annual summaries of all requests related to the *Access to Information Act* received for itself and its subsidiaries. To date in 2021, three requests have been processed by the Authority.

Official Languages Act

The Authority has assigned a member of its management team to monitor and promote the use of official languages within the organization. The Authority ensures that all its external and public communications as well as its services to the public are available bilingually by request. Annually the Authority reports its findings related to languages to the Treasury Board Secretariat's Official Languages Centre of Excellence.

Directive on Travel, Hospitality, Conference and Event Expenditures

As part of a commitment to good governance and as directed under Section 89 of the *Financial Administration Act*, the Authority has established a policy governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences and events in accordance with Government of Canada direction.

This policy includes processes for preparation and approval of expenses for reimbursement. The Authority's compliance with this policy is audited annually by the Office of the Auditor General. The Authority reports, through its website, annual aggregate corporate expenses related to travel and business development activities as well as the travel and hospitality expenses for the Board and senior management.

Expenses are reported by month and are reflected in the period during which they were reimbursed. These disclosures include business expenses related to business travel, hospitality, conferences, and event expenses for activities directly related to the delivery of the Authority's core mandate or legal requirements, engagement with its key stakeholders, internal governance, and training.

Trade agreements

The Authority is not directly involved with any activities related to trade agreements. A stable and collaborative pro-trade economic environment directly benefits the Authority's business activities.

The Authority follows a procurement process that includes tendering in a public manner respecting the thresholds established in the various trade agreements.

Other

Additionally, the Authority supports and complies with legislation that affects various facets of its operations, including:

- *Auditor General Act, R.S.C. 1985, c. A-17*
- *Canada Business Corporations Act, R.S.C. 1985, c C-44*
- *Canada Labour Code, R.S.C. 1985, c L-2*
- *Canada Shipping Act, 2001*
- *Canada Transportation Act, S.C. 1996, c 10*
- *Canadian Environmental Assessment Act, 2012, S.C. 2012, c 19, s 52*
- *Canadian Environmental Protection Act, 1999, S.C. 1999, c 33*
- *Canadian Human Rights Act, 1985*
- *Commercial Arbitration Act, R.S.C. 1985, c 17 (2nd Supp.)*
- *Conflict of Interest Act, 2006*
- *Customs Act, R.S.C. 1985, c 1 (2nd Supp.)*
- *Employment Equity Act, 1995*
- *Financial Administration Act, R.S.C. 1985, c F-11*
- *Health of Animals Act, S.C. 1990, c 31*
- *Lobbying Act, R.S.C. 1985, c 44 (4th Supp.)*
- *Pay Equity Act, 2018*
- *Pilotage Act, R.S.C. 1985, C. P-14*
- *Privacy Act, 1985*
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act, S.C. 2000, c 1*
- *Public Servants Disclosure Protection Act, S.C. 2005, c 46*

Appendix 9 - Government Priorities and Direction

Results linked to Government priorities

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

Through its operational and policy framework, the Authority delivers on the commitment to open and transparent governance as well as effective compensation and diversity through employment opportunities.

Transparency and Open Government

With the use of monthly customer meetings, quarterly stakeholder meetings and online communications tools, the Authority is well positioned to deliver its mandate in a fully open and transparent manner.

Within all required timeframes, the Authority openly publishes its public reports such as Annual and Quarterly Reports, Summary Corporate Plans, Proactive Disclosures and *Access to Information Act* inquiries. The Authority aims to respond in a timely manner to all information requests as well as reasonably address their associated concerns when feasible.

Supply chain

We are keenly aware of the role that the Authority plays in Canada's supply chain and place great emphasis on ensuring minimum disruption or delays in the pilotage section of that chain. Ensuring a consistent and reliable service is top of mind whether it be through the provision of pilots, launch or dispatch staff. We are also dedicating more resources to cybersecurity to mitigate the risk of disruption from a cyber incident.

Gender-based analysis / diversity and employment equity

The Authority's staff volume is too low for a statistically significant analysis of any of its employment parameters. Despite its limited number of personnel, the Authority remains nimble and effective in the delivery of its mandate. While not driven by specific employment targets, the Authority benefits from a broadly diverse workforce.

From a gender diversity perspective, the Authority's Board consists of a majority of female directors (86%), and management has 55% female representation. The Authority's continued goal is to recruit female representation in the launch and pilot portions of our business and our hope is that growing interest from women in the broader marine industry will improve our chances of success.

The Authority is committed to maintaining an inclusive and diverse workforce with representation from all employment equity groups, including indigenous peoples and members of visible minorities.

Indigenous relationships

Through community engagement with regional Indigenous groups, the Authority spurs individual economic well-being and promotes an inclusive social diversity that is essential for the future of Canada. We actively engage in dialogue with local First Nations groups about our collective interests in the marine environment. This community collaboration also supports environmental protection of the lands and waterways.

Sustainable development and greening of government operations

The Authority aims to increase its green presence. Various initiatives being implemented or contemplated for deployment include the requirement for all future launches to meet best practices emissions targets. In addition, the Authority:

1. Successfully transitioning to allow some staff to work from home on an on-going basis for a portion of their scheduled hours, thereby reducing time spent commuting to work
2. Transitioned to a greater proportion of on-line meetings for staff and the Board, thereby reducing travel
3. is an associate member of the Green Marine organization
4. is ISO and ISM certified
5. has a sustainability policy in place
6. ensures that our leased offices in Vancouver are in a LEED certified building.

The Authority makes itself available to speak to community groups about the role pilotage plays in ensuring the protection of the marine environment.

Climate change

The Authority is mindful of the impact of climate change. We are working to establish a baseline for our carbon footprint from which we can start to identify steps to set reduction targets and corresponding timeframes, whilst aligning ourselves with the government's strategy of net zero emissions by 2050. We also have a view to ensuring we will be in a position to report on the Authority's climate-related financial risks by 2024 by following the standards published by the *Task Force on Climate-related Financial Disclosures*.

Safe workspaces

The Authority works hard to ensure that its workplaces are civil, respectful and free from harassment. To ensure that this occurs there are policies and procedures in place that address this and includes a "Whistle Blower Policy". The Authority has an open-door policy and holds regular meetings with staff as well as the use of anonymous surveys to glean feedback. In addition, we have worked with consultants to address any real or perceived issues to improve team cohesiveness.

Accessibility

The Authority is an inclusive work environment with no limitations with respect to the head office staff and dispatch. We have always hired the best person for the job with no limitations or exceptions. Recent office renovations have added an accessible washroom.

Government austerity measures

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, the Authority 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, to ensure that Canadians' tax dollars are being used efficiently and being invested in the priorities that matter most to them.

In the case of travel expenses, the Authority's budget for travel expenses for 2024 is \$212,000. This compares to actual travel expenses in 2019 (pre-pandemic) of \$203,000. This represents an annualized increase over the five-year period of only 0.9%, which is well below the rate of inflation for the same five-year period. Had our travel costs increased at the rate of inflation over the five-year period, our projected travel costs for 2024 would have been \$242,000, or \$30,000 more than we have planned. The modest increase planned in travel expenses is being achieved through greater use of virtual meetings of our Board and management for governance, operations, and stakeholder engagement. For example, three-quarters of our Board meetings are now on-line and all our monthly/quarterly meetings with industry groups have transitioned to being online.