



# **Atlantic Pilotage Authority**

**First Quarter 2025**

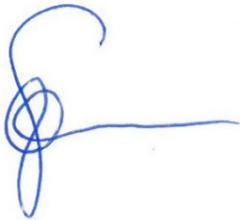
Interim Unaudited  
Condensed Financial Statements and Notes

## Management's Responsibility for Financial Reporting

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Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



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Sean Griffiths  
Chief Executive Officer



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Brian Bradley, CPA, CGA  
Chief Financial Officer

Halifax, Canada  
May 7, 2025

# ATLANTIC PILOTAGE AUTHORITY

## Statement of Financial Position

**Unaudited**

(in thousands of Canadian dollars)	<b>March 31, 2025</b>	December 31, 2024
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 3,510	\$ 4,622
Trade and other receivables	3,964	4,417
Prepaid expenses	448	426
	<u>7,922</u>	<u>9,465</u>
Non-current		
Intangible assets	28	30
Property and equipment (Note 4)	23,919	24,309
	<u>23,947</u>	<u>24,339</u>
	<u>\$ 31,869</u>	<u>\$ 33,804</u>
<b>Liabilities</b>		
Current		
Trade and other payables	\$ 3,409	\$ 4,480
Bank loans (Note 5)	2,319	10,671
Employee severance benefits	225	207
Lease liabilities	354	351
	<u>6,307</u>	<u>15,709</u>
Non-current		
Bank loans (Note 5)	8,137	-
Employee severance benefits	1,063	1,057
Lease liabilities	821	911
	<u>10,021</u>	<u>1,968</u>
	<u>16,328</u>	<u>17,677</u>
<b>Equity</b>		
Retained earnings	15,541	16,127
	<u>\$ 31,869</u>	<u>\$ 33,804</u>

*The accompanying notes are an integral part of these financial statements.*

# ATLANTIC PILOTAGE AUTHORITY

## Statement of Comprehensive Income (Loss)

Unaudited

	<b>Three Months Ended March 31</b>	
(in thousands of Canadian dollars)	<b>2025</b>	2024
<b>Revenues</b>		
Pilotage charges	\$ 8,386	\$ 7,871
Other income	173	18
	<b>8,559</b>	7,889
 <b>Expenses</b>		
Pilots' fees, salaries and benefits	3,835	3,492
Pilot boat crews' salaries and benefits	1,063	773
Contracted pilot boat services	852	753
Staff salaries and benefits	794	764
Amortization and depreciation (Note 4)	655	470
Fuel	561	512
Repairs and maintenance	348	305
Utilities, materials and supplies	312	264
Professional and special services (Note 6)	298	144
Transportation and travel	185	205
Finance costs	116	41
Rentals	53	50
Communications	42	41
Training	30	90
	<b>9,145</b>	7,904
<b>Comprehensive loss</b>	<b>\$ (586)</b>	\$ (15)

*The accompanying notes are an integral part of these financial statements.*

# ATLANTIC PILOTAGE AUTHORITY

## Statement of Changes in Equity

**Unaudited**

	<b>Three Months Ended March 31</b>	
(in thousands of Canadian dollars)	<b>2025</b>	<b>2024</b>
Retained earnings, beginning of the period	<b>\$ 16,127</b>	\$ 16,408
Loss for the period	(586)	(15)
Other comprehensive gain	-	-
Total comprehensive loss	(586)	(15)
Retained earnings, end of the period	<b>\$ 15,541</b>	\$ 16,393

*The accompanying notes are an integral part of these financial statements.*

# ATLANTIC PILOTAGE AUTHORITY

## Statement of Cash Flows

Unaudited

	<b>Three Months Ended</b>	
	<b>March 31</b>	
(in thousands of Canadian dollars)	<b>2025</b>	<b>2024</b>
<b>Operating Activities</b>		
Receipts from customers	\$ 8,744	\$ 7,609
Payments to and on behalf of employees	(5,464)	(5,155)
Payments to suppliers	(3,819)	(3,414)
Finance costs paid	(116)	(42)
Other income received	173	17
Net cash from (used in) operating activities	(482)	(985)
<b>Investing Activities</b>		
Proceeds of sold assets	-	124
Purchases of intangible assets	-	(1)
Purchases of property and equipment	(327)	(1,573)
Net cash from (used in) investing activities	(327)	(1,450)
<b>Financing Activities</b>		
Repayment of bank loans	(216)	(183)
Repayment of lease liabilities	(87)	(71)
Net cash from (used in) financing activities	(303)	(254)
Effect of exchange rate changes	-	9
Increase (decrease) in cash and cash equivalents	(1,112)	(2,680)
Cash and cash equivalents, beginning of the period	4,622	6,999
Cash and cash equivalents, end of the period	\$ 3,510	\$ 4,319

*The accompanying notes are an integral part of these financial statements.*

# ATLANTIC PILOTAGE AUTHORITY

## Notes to the Unaudited Financial Statements

March 31, 2025

(in thousands of Canadian dollars)

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### 1. OBJECTIVES AND ACTIVITIES

The Atlantic Pilotage Authority (the “Authority”) was established in 1972 pursuant to the *Pilotage Act*. The principal registered address of the Authority is 1791 Barrington Street, Halifax, Nova Scotia. The objects of the Authority are to establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service within designated Canadian waters. The *Pilotage Act* provides that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable. Under the *Pilotage Act*, no payment to the Authority may be made under an appropriation by Parliament to discharge an obligation or liability.

The Authority is a Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

In July 2015, the Authority was issued a directive (PC 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference, and event expenditure policies, guidelines, and practices with the Treasury Board policies, directives, and related instruments on travel, hospitality, conference, and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Authority’s next corporate plan. The Authority finalized its implementation of this directive in July 2017. The Authority confirms that the requirements of the directive have been met.

### 2. ESTABLISHING OR REVISING PILOTAGE CHARGES

The approval process for establishing or revising pilotage charges is set out in the *Pilotage Act*. The Authority may, by resolution, determine the charges to be paid to the Authority for the provision of services in relation to compulsory pilotage.

To establish or revise pilotage charges, the Authority must publish a notice of the proposed charges on its website and allow any party at least 30 days to make representations about the proposal to the Authority. After considering all written representations, the Authority shall publish an announcement that sets out its decision in respect of the proposal, including the date on which it will take effect, which is not to be earlier than 60 days after the date the announcement is published.

Within 90 days of the announcement, a person who has reason to believe that the pilotage charges are not in accordance with the charging principles specified in the *Pilotage Act*, or that the Authority did not follow the proper process to establish or revise the charges, may file a notice of objection with the Canadian Transportation

Agency (CTA).

If the CTA determines that an objection is well founded, it may order the Authority to cancel the establishment or revision of the pilotage charge and to refund, with interest, each user of compulsory pilotage services the amount paid in excess of the charge in previously in effect. The CTA shall also provide the person who filed the notice of objection and the Authority with written reasons for any decision that is made and, if applicable, any decision to fix the period within which the Authority is to make a refund to a user of compulsory pilotage services.

### 3. ACCOUNTING POLICY INFORMATION

#### *(a) Basis of presentation*

These financial statements have been prepared by management in accordance with IAS 34 *Interim financial reporting* of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The interim financial statements do not include all the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Authority for the year ended December 31, 2024.

The interim financial statements as of March 31, 2025 were authorized for issue by the Authority's Audit Committee on May 7, 2025.

#### *(b) Material accounting policies and managements estimates and judgements*

The interim financial statements as of March 31, 2025 been prepared in accordance with accounting policies and managements estimates and judgements outlined in Notes 3 and 4 of its audited annual financial statements as of December 31, 2024.

#### 4. PROPERTY AND EQUIPMENT

As at 31 March 2025

	Pilot boat		Pilot boat	Pilot boat	Pilot boat	Pilot boat	Wharves	Furniture	Leasehold	Right-of-use	Total
	hulls and	Pilot boat	generators	engines	inspections	and	and	improvements	assets		
	structures	equipment				structures	equipment				
Cost, beginning of the quarter	\$ 20,944	\$ 6,576	\$ 705	\$ 5,290	\$ 389	\$ 1,829	\$ 1,006	\$ 854	\$ 2,845	\$	40,438
Additions within the quarter	9	56	-	169	-	6	11	11	-	-	262
Disposals within the quarter	-	-	-	(84)	-	(5)	(11)	-	-	-	(100)
<b>Cost, end of the quarter</b>	<b>20,953</b>	<b>6,632</b>	<b>705</b>	<b>5,375</b>	<b>389</b>	<b>1,830</b>	<b>1,006</b>	<b>865</b>	<b>2,845</b>		<b>40,600</b>
Accumulated depreciation, beginning of the quarter	(6,267)	(3,928)	(282)	(2,101)	(183)	(536)	(750)	(367)	(1,715)		(16,129)
Depreciation of disposals during the quarter	-	-	-	84	-	5	11	-	-		100
Depreciation for the quarter	(230)	(99)	(12)	(138)	(21)	(19)	(19)	(34)	(80)		(652)
<b>Accumulated depreciation, end of the quarter</b>	<b>\$ (6,497)</b>	<b>\$ (4,027)</b>	<b>\$ (294)</b>	<b>\$ (2,155)</b>	<b>\$ (204)</b>	<b>\$ (550)</b>	<b>\$ (758)</b>	<b>\$ (401)</b>	<b>\$ (1,795)</b>		<b>\$ (16,681)</b>
<b>Carrying amount, end of the quarter</b>	<b>\$ 14,456</b>	<b>\$ 2,605</b>	<b>\$ 411</b>	<b>\$ 3,220</b>	<b>\$ 185</b>	<b>\$ 1,280</b>	<b>\$ 248</b>	<b>\$ 464</b>	<b>\$ 1,050</b>		<b>\$ 23,919</b>

As at 31 December 2024

	Pilot boat		Pilot boat	Pilot boat	Pilot boat	Pilot boats	Wharves	Furniture	Leasehold	Right-of-use	Total
	hulls and	Pilot boat	generators	engines	inspections	under	and	and	improvements	assets	
	structures	equipment				construction	structures	equipment			
Cost, beginning of the year	\$ 15,395	\$ 6,426	\$ 664	\$ 4,083	\$ 516	\$ 6,734	\$ 1,641	\$ 996	\$ 758	\$ 2,791	\$ 40,004
Additions	3,895	636	82	1,004	33	-	302	82	110	95	6,239
Transfer from pilot boats under construction	4,751	885	130	968	-	(6,734)	-	-	-	-	-
Disposals	(3,097)	(1,371)	(171)	(765)	(160)	-	(114)	(72)	(14)	(41)	(5,805)
<b>Cost, end of the year</b>	<b>20,944</b>	<b>6,576</b>	<b>705</b>	<b>5,290</b>	<b>389</b>	<b>-</b>	<b>1,829</b>	<b>1,006</b>	<b>854</b>	<b>2,845</b>	<b>40,438</b>
Accumulated depreciation, beginning of the year	(6,824)	(4,500)	(389)	(2,246)	(256)	-	(551)	(735)	(237)	(1,435)	(17,173)
Depreciation of disposals during the year	1,388	965	149	610	153	-	82	72	5	41	3,465
Depreciation for the year	(831)	(393)	(42)	(465)	(80)	-	(67)	(87)	(135)	(321)	(2,421)
<b>Accumulated depreciation, end of the year</b>	<b>(6,267)</b>	<b>(3,928)</b>	<b>(282)</b>	<b>(2,101)</b>	<b>(183)</b>	<b>-</b>	<b>(536)</b>	<b>(750)</b>	<b>(367)</b>	<b>(1,715)</b>	<b>(16,129)</b>
<b>Carrying amount, end of the year</b>	<b>\$ 14,677</b>	<b>\$ 2,648</b>	<b>\$ 423</b>	<b>\$ 3,189</b>	<b>\$ 206</b>	<b>\$ -</b>	<b>\$ 1,293</b>	<b>\$ 256</b>	<b>\$ 487</b>	<b>\$ 1,130</b>	<b>\$ 24,309</b>

There is no impairment of property and equipment at quarter end (2024 – nil).

## 5. BANK LOANS

The Authority's outstanding bank loans at quarter end are:

	Q1 2025	2024
Non-revolving term facility, payable in monthly instalments including interest at 4.90%, amortized over 15 years, term ending on May 10, 2026, unsecured.	1,828	1,853
Non-revolving term facility, payable in monthly instalments including interest at 3.71%, amortized over 15 years, term ending on April 21, 2027, unsecured.	5,080	5,164
Non-revolving term facility, payable in monthly instalments including interest at 3.68%, amortized over 15 years, term ending on April 21, 2027, unsecured.	1,491	1,537
Non-revolving term demand facility, payable in monthly instalments of principle plus interest at 4.14%, amortized over 15 years, term ending on September 30, 2027, unsecured.	1,442	1,466
Non-revolving term facility, payable in monthly instalments including interest at 4.87%, amortized over 5 years, term ending on January 14, 2029, unsecured.	615	651
	<b>\$ 10,456</b>	<b>\$ 10,671</b>
Current portion	<b>\$ 2,319</b>	<b>\$ 10,671</b>
Non-current portion	<b>8,137</b>	<b>-</b>
	<b>\$ 10,456</b>	<b>\$ 10,671</b>

During the first quarter of 2025 and 2024, all the Authority's bank loans are subject to covenants. The nature of the covenants requires the Authority, among other things, to maintain operations under current mandate while complying with legislative authorities. Any material change to operations must be disclosed to the lender. During the first quarter, no breaches occurred. In 2024, one breached occurred and a waiver was obtained from a lender after the financial reporting period but before the financial statements were authorized for issue. Loan maturity analysis is disclosed in Note 7.

## 6. RELATED PARTY TRANSACTIONS

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Authority enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. The majority of these transactions are not of significance and do not have a material effect on these financial statements.

The Authority entered into an arrangement with Transport Canada beginning April 1, 2020 for the provision of regulatory services and expertise. This is an on-going arrangement subject to review every 10 years. The costs incurred are included in the

statement of comprehensive income (loss) for the quarter ended with \$116 (2024 – \$57) under professional and special services.

7. COMMITMENTS

No new contracts were entered into during the first quarter of 2025. In the past, the Authority has entered into contracts for bank loans, leased office space, pilot boat services, software development and maintenance, and support for weather buoy operations requiring the following minimum payments:

As at March 31, 2025	<b>Operational commitments</b>	<b>Loan commitments</b>	<b>Lease commitments</b>
Remaining of 2025	\$ 2,335	\$ 963	\$ 289
2026-2029	336	10,253	836
2030-2035	227	-	126
	\$ 2,898	\$ 11,216	\$ 1,251

# **First Quarter 2025**

Management's Discussion and Analysis

**May 7, 2025**

## TRAFFIC REVIEW AND ANALYSIS

### Assignments

Pilotage Area	Actual Traffic through 1st Qtr 2024	Budget Traffic through 1st Qtr 2025	Actual Traffic through 1st Qtr 2025	Variance from 2024	Percentage Variance from 2024	Variance from Budget	Percentage Variance from Budget
Halifax	588	589	602	14	2%	13	2%
Saint John	505	505	412	-93	-18%	-93	-18%
Placentia Bay	217	241	290	73	34%	49	20%
Canso	118	118	105	-13	-11%	-13	-11%
St. John's	98	63	61	-37	-38%	-2	-3%
Sydney	43	32	32	-11	-26%	0	0%
Other Newfoundland	61	47	49	-12	-20%	2	4%
Other Compulsory	45	45	64	19	42%	19	42%
Total	1,675	1,640	1,615	-60	-3.6%	-25	-2%

### Revenue (in thousands of Canadian dollars)

Pilotage Area	Actual Revenues through 1st Qtr 2024	Budget Revenues through 1st Qtr 2025	Actual Revenues through 1st Qtr 2025	Variance from 2024	Percentage Variance 2024	Variance from Budget	Percentage Variance from Budget
Halifax	2,056	2,238	2,249	193	9%	10	0%
Saint John	1,999	2,166	1,848	-151	-8%	-319	-15%
Placentia Bay	1,908	2,285	2,626	718	38%	341	15%
Canso	652	752	640	-12	-2%	-112	-15%
St. John's	353	250	242	-111	-31%	-8	-3%
Sydney	241	207	179	-62	-26%	-28	-14%
Other Newfoundland	448	389	379	-69	-15%	-10	-3%
Other Compulsory	147	116	209	62	42%	93	81%
Total	7,804	8,404	8,372	568	7.3%	-32	0%

The following discussion regarding the amount of activity in individual ports refers to pilotage assignments only, and not the level of cargo or vessel traffic experienced by a port. There are several factors that may result in a difference between the activity reported by the Authority and that reported by another body such as a port authority. These factors include ships not subject to compulsory pilotage, ships utilizing mariners who have pilotage certificates, and the amount of cargo carried on a ship. The Authority reports on pilotage assignments performed by its pilots but does not track the amount of cargo being carried on a vessel.

Overall, pilotage revenue has increased by 7.3% when compared to the same period in 2024 while pilotage assignment traffic levels are below 2024's pace by 3.6% for the first three months of 2025.

Traffic in Halifax, NS has increased by 2% from the previous year. A decline in piloted container movements and tanker traffic has been mostly offset by increased piloted assignments on general cargo vessels.

In Saint John, NB, pilotage activity has decreased by 18% from 2024 with pilotage revenues for the port decreasing by 7.6%. Container traffic declined as new cranes were being installed at the pier

and Bulk Carrier traffic declined as maintenance was being completed at a potash facility.

Pilotage traffic in Placentia Bay, NL has increased by 33% and revenues have increased 38% from 2024 levels. Tanker traffic has increased by 28% at Whiffen Head due to the increased need for transfers via ship-to-ship. Tanker traffic has decreased by 21% at Come-by-Chance due to a shutdown at the refinery that is expected to be temporary. Also, dredging activity taking place in preparation to float the base of a drilling rig to Grand Banks, NL has increased the traffic in Argentia by 44%.

In the Strait of Canso, NS, tanker traffic has decreased when compared to the same period of 2024 and bulk carrier movements have decreased compared to the previous year. Overall, the piloted activity in the port has decreased by 11% with the related revenue decreasing 2% through March 2025.

#### FINANCIAL AND STATISTICAL REVIEW

Overall, traffic has decreased by 3.6% from 2024 levels through March 2025, with total revenues increasing by 7.3%. Revenues have increased due to rate increases, and higher levels of activity, specifically in Placentia Bay, NL.

Salaries, fees, and benefits through March 2025 increased from the same period in 2024 due to the additional hiring of FTEs, the third crew manning requirement on certain boats and the related employment costs. Pilot salary and benefits have grown with increase in salaries and overtime costs. Other costs that have increased include the cost of fuel and unexpected repairs to the fleet.

The Authority had a loss at the end of the first quarter of \$586,000 (loss of \$15,000 in 2024). A loss of \$756,000 was expected to this point in the year.

#### CUSTOMER COMPLAINTS AND LEVEL OF SERVICE

The Authority has a structured methodology for handling complaints. The mechanism is designed to be as user friendly as possible, and the goal of the Authority is to ensure that timely feedback is provided to the complainant. The most common reason for a complaint to be submitted is due to a delay in an assignment. In some cases, the delay is caused by factors beyond the control of the Authority, such as weather or delays caused by the non-availability of port services such as tugs.

The Authority received 5 complaints out of a total of 1,615 assignments through March 31, 2025. For the same period of 2024, there were no complaints received out of 1,675 assignments. Most of the complaints were for the Placentia Bay area due to the increase in traffic in this port putting a strain on resources. The other complaints were registered in Halifax due to pilot availability. The Authority has been actively trying to increase resources and mitigate these constraints.

Through March 2025 the Authority has had 1 shipping incident. There was 1 incident reported at this point in 2024.

## RISK ANALYSIS

The major financial risk faced by the Authority is the variability of traffic in major ports. The Authority does not control or influence the activity in each port. Variations in the number of ships, or the average ship size, from the budget may result in a positive or negative result.

The Authority had an increase in tanker traffic in Placentia Bay, NL. An increase in certificated masters is having a significant impact on traffic in various ports with this effect expected to grow, leading to reduced revenues.

The negotiation of a new contractual model for the Halifax pilots is also increasing uncertainty and risk for future years.

## TRAVEL, HOSPITALITY, AND CONFERENCE EXPENSES

The Atlantic Pilotage Authority's area of operation is defined as all the Canadian waters in and around the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador, including the waters of Chaleur Bay in the Province of Quebec. Within this region, the Authority has designated 20 compulsory pilotage areas. Each one has its unique industries and are serviced by licensed pilots and the required infrastructure such as pilot boat services.

Conducting regular pilotage operations requires travel to be conducted by the Authority's pilots and boat crew. These costs are recovered directly from the customers for whom the services were delivered. Travel costs are also incurred for training of operational personnel as much of the training is done in Europe and Quebec City. These costs are included in the Authority's training budget. Included in the Pilot boats, operating costs category of the Authority's financial statements are travel costs associated with vessel maintenance personnel performing their regular duties.

Travel of pilotage authority board and management representatives is required to meet the needs of stakeholders in each area and manage the Authority's resources effectively. Periodic travel outside of the Authority's area of operation is also required to meet with Government representatives, industry associations, and the other pilotage authorities. Conferences include port specific marine business conferences and pilotage specific conferences. Board travel costs are captured with all other Board costs under Professional and special services in the Authority's financial statements.

The table below shows the travel, hospitality, and conference expenses for operations, and for administrative employees and the Board.

<b>Travel, Hospitality, and Conference Expenses</b>		
As at March 31		
(in thousands of Canadian dollars)		
	<b>2025</b>	<b>2024</b>
Operations	124	156
Training	30	40
Engineering	21	10
<b>Total Operational Travel</b>	<b>175</b>	<b>206</b>
Administration	27	49
Board	13	7
<b>Total Administration Travel</b>	<b>40</b>	<b>56</b>
Hospitality	3	2
Conference Fees	1	3
<b>Total Hospitality and Conference Expenses</b>	<b>4</b>	<b>5</b>
<b>Total Travel, Hospitality, and Conference Expenses</b>	<b>219</b>	<b>267</b>

#### KEY PERFORMANCE INDICATORS

Corporate Objective	Indicator	2025 Q1 Actual	2025 Year-end Target	2024 Annual Actual
<b><u>Operational Excellence - Operational excellence, efficiency and sustainability with priority and focus on the protection of people, property and the environment.</u></b>	% of incident-free assignments	99.94%	99.95%	99.97%
	% of assignments without complaint	99.69%	99.75%	99.71%
	% of assignments without 1+ hour pilotage delay	98.51%	99.00%	97.82%
	Number of work related injuries	2	0	2.00
	Delays caused by unplanned pilot boat maintenance issues	1	0	3
<b><u>Future Readiness - Organizational readiness for industry transformation and development; with a special focus on innovation, technology, environmental stewardship and new competencies.</u></b>	Formal Consultation Meetings	1	15	21
	Short-term borrowing (\$ 000's)	\$ -	\$ -	\$ -
	Profit Before Loss on Disposal of Assets (\$ 000's)	\$ (586)	\$ 2,200	\$ 807
	Operating Cash on Hand (\$ 000's)	\$ 3,510	\$ 4,500	\$ 4,122
	Accumulated Savings (\$ 000's) Severance	\$ -	\$ -	\$ 500
	Accumulated Savings (\$ 000's) Capital	\$ -	\$ -	\$ -
	New pilots hired	1	3	3
	Number of environmental spills or damages related to pilot boat operations	0	0	0