

Special Examination

Report of the Auditor General of Canada to the Board
of Directors of the Atlantic Pilotage Authority



**Independent Auditor's
Report | 2025**



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Special examination reports

Special examinations are a form of performance audit that is conducted within Crown corporations. The Office of the Auditor General of Canada audits most, but not all, Crown corporations.

The scope of special examinations is set out in the [Financial Administration Act](#). A special examination considers whether a Crown corporation's systems and practices provide reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

More details about the audit objective, scope, approach, and sources of criteria are in About the Audit at the end of this report.

Cette publication est également offerte en français.

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The digital version of this audit report contains hyperlinks to external content referenced in the report. The content of these links is out of the scope of the audit—it does not pertain to the audit findings and the audit conclusion.

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Audit Summary

We examined how the Atlantic Pilotage Authority implemented its corporate management practices and managed its pilotage services during the period covered by the audit.

In examining the management of pilotage services, we found a significant deficiency in the systems and practices related to pilot boarding. We also found good systems and practices related to the planning of and the performance measurement, monitoring, and reporting of pilotage services and to pilotage certificate holders and pilot dispatching. However, we found that improvements were needed in the training of some pilots and in assessing the performance of pilots and casual pilot boat crew employees.

In examining corporate management practices, we found good systems and practices related to providing strategic direction, to strategic planning, to risk identification and assessment, and to risk monitoring and reporting. However, we found that some improvements were needed in systems and practices related to corporate governance, performance measurement, and risk mitigation.

Introduction

Background

Role and mandate

1. The Atlantic Pilotage Authority is a federal Crown corporation established in 1972. It reports to Parliament through the Minister of Transport and is 1 of 4 pilotage authorities established under the [Pilotage Act](#). This act sets out the corporation's mandate, which is to establish, operate, maintain, and administer, in the interests of navigation safety, an efficient pilotage service for all Canadian waters in and around the 4 Atlantic provinces, including the waters of the Chaleur Bay in the province of Quebec.

2. Following the amendments to the Pilotage Act that came into force in 2021, the corporation no longer has the power to make regulations concerning the provision of pilotage services. That responsibility now belongs to the **Governor in Council**.¹ In particular, the Governor in Council may make regulations on

- compulsory pilotage areas
- ships or classes of ships that are subject to compulsory pilotage
- the classes of licences and pilotage certificates
- the qualifications (including physical and mental fitness, degree of general and local knowledge, skill, training, and experience) required of applicants for a licence or pilotage certificate
- the examinations required to determine whether the licence or pilotage certificate qualifications have been met
- the conditions of a licence or pilotage certificate

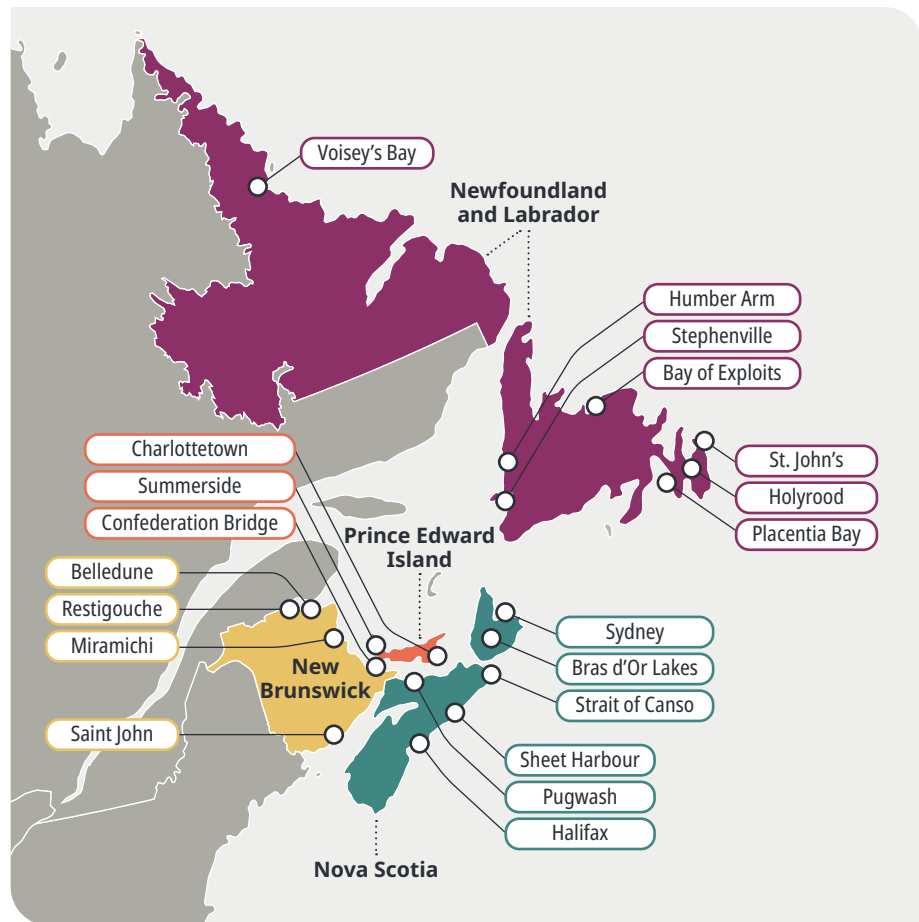
3. Under the Pilotage Act, the corporation is required to set pilotage charges that are fair and reasonable and that allow it to be financially self-sufficient.

**Nature of business and
operating environment**

4. The [General Pilotage Regulations](#) establish the compulsory pilotage areas within the corporation's region. The corporation organizes its operations according to geographic location, and 20 areas have been designated as requiring compulsory pilotage ([Exhibit 1](#)).

¹ **Governor in Council**—The Governor General, who acts on the advice of Cabinet and, as the formal executive body, gives legal effect to those decisions of Cabinet that are to have the force of law.

Exhibit 1—Compulsory pilotage areas for the Atlantic Pilotage Authority



Source: Adapted from an Atlantic Pilotage Authority map

[Read the Exhibit 1 text description](#)

5. The corporation is responsible for providing marine pilotage services. The regulations establish ships and classes of ships (including ships registered in Canada of more than 1,500 gross tonnage and ships not registered in Canada) subject to compulsory pilotage. Those ships must use the services of a Canadian marine pilot (that is, a person who does not belong to a ship and who has the conduct of it) or be under the conduct of a valid pilotage certificate holder.
6. The regulations establish the classes of licences and pilotage certificates that can be issued and the qualifications that applicants and licence and certificate holders must meet for the Atlantic Pilotage Authority's region.

7. In 2024, the corporation had 94 employees, including 47 pilots and 29 full-time **pilot boat**² crew and maintenance employees. The corporation also employed about 25 **casual pilot boat crew employees**³ to assist with maintaining pilot boarding operations in the absence of full-time pilot boat crew employees.

8. The corporation's expenses are funded by pilotage revenues, which come primarily from what the corporation charges its clients for pilotage services ([Exhibit 2](#)). Most of the corporation's expenses are related to salaries and pilot boat services. The corporation is also authorized to borrow up to \$20 million to finance long-term capital projects and address short-term operational cash management issues.

Exhibit 2—Financial results for the Atlantic Pilotage Authority (in thousands of dollars)

Fiscal year (ended December 31)	Revenues	Expenses	Profit (loss)	Accumulated surplus at the end of the year	Borrowing (bank loans)
2024	38,036	38,285	(249)	16,127	10,671
2023	35,165	33,236	1,929	16,408	9,943
2022	32,868	31,411	1,457	14,518	8,633

Source: Annual reports, Atlantic Pilotage Authority, 2022 to 2024

Focus of the audit

9. Our objective for this audit was to determine whether the systems and practices we selected for examination at the Atlantic Pilotage Authority were providing the corporation with reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively, as required by subsection 138(1) of the [Financial Administration Act](#).

10. Also, section 139 of the Financial Administration Act requires that we state an opinion, with respect to the criteria established in subsection 138(3), on whether there was reasonable assurance that there were no significant deficiencies in the systems and practices we examined. We report significant deficiencies when, in our opinion, the corporation could be prevented from having reasonable assurance

² **Pilot boat**—The vessel used to transport pilots to and from the ships to which they have been assigned.

³ **Casual pilot boat crew employees**—Non-unionized employees working on an as-needed basis without guaranteed hours or a long-term commitment from the corporation.

that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

11. On the basis of our risk assessment, we selected systems and practices in the following areas:

- Corporate management practices
- Management of pilotage services

The selected systems and practices, and the criteria used to assess them, are listed in the exhibits throughout the report.

12. More details about the audit objective, scope, approach, and sources of criteria are in [About the Audit](#) at the end of this report.

Previous audit

13. Our [2016 special examination report](#) found significant deficiencies in the following areas:

- **Strategic direction.** The corporation had not reviewed its strategic objectives since 2003, strategic objectives could not be easily measured, and expected results for strategic objectives were not established or linked to management's performance objectives.
- **Recruitment and staffing of pilots and pilot boat crews.** The corporation had used the services of entrepreneurial pilots—that is, pilots who are not employed by the corporation—without documented contracts specifying terms and conditions, and it was unable to demonstrate the fulfillment of ongoing health and competency requirements of all pilots and pilot boat crews.
- **Performance management of pilots and pilot boat crews.** In some instances, the corporation failed to carry out performance reviews of employee pilots or lacked complete documentation of them. There was also no mechanism in place for pilot boat crews and entrepreneurial pilots to have performance reviews.

14. During the period covered by the current audit, we found that the corporation made improvements in all 3 areas. However, we made recommendations in relation to the performance assessments of casual pilot boat crew employees ([paragraph 48](#)) and pilots ([paragraph 52](#)).

Findings, Recommendations, and Responses

Corporate management practices

Some improvements were needed in corporate governance, in performance measurement, and in risk mitigation

Context

15. **Corporate governance.** The Board of Directors is accountable for the overall stewardship of the corporation and for ensuring that the corporation's business activities contribute to achieving its mandate. In accordance with the [Pilotage Act](#), the corporation's Board of Directors consists of the Chair and a maximum of 6 other members. All members are appointed from outside the corporation. The act prohibits from board membership anyone who provides pilotage services or is employed by a person providing or using such services. Board members, other than the Chair, are each appointed for a term not exceeding 4 years, which can be renewed. They may continue to serve until a successor is appointed or their term is renewed. The Minister of Transport, with the approval of the Governor in Council, is responsible for appointing board members except for the Chair, who is appointed by the Governor in Council.

16. The board was supported by 4 committees: the Audit Committee, the Governance Committee, the Human Resources Committee, and the Pilot Boat and Capital Infrastructure Committee.

17. **Strategic planning.** The corporation is subject to Part X of the [Financial Administration Act](#), which requires the corporation to prepare an annual corporate plan. The corporate plan sets out a Crown corporation's strategic objectives, activities, and operational and financial performance indicators and targets. It also includes operating and capital budgets. The plan is submitted to the responsible minister for approval by the Government of Canada.

18. The corporation's Corporate Plan Summary (2024–2028) lists the following strategic priorities:

- Operational excellence, efficiency and sustainability with priority and focus on the protection of people, property and the environment
- Organizational readiness for industry transformation and development; with a special focus on innovation, technology, environmental stewardship and new competencies

- A positive workplace culture that achieves business goals and prioritizes learning, psychological health and safety, trust, diversity and inclusion, engagement and connection
- Leadership in employee mental health and overall wellbeing through workplace support, access, education, reducing stigma, and support for stress management and emotional wellbeing

19. In accordance with Part X of the Financial Administration Act, within 3 months after the end of each fiscal year, the corporation is required to report on its operations, including the achievement of its objectives for the financial year.

20. **Corporate risk management.** Corporations must manage risks, which may threaten the achievement of their objectives. Risks identified are to be assessed on the basis of their likelihood of occurrence and impact should they occur so that appropriate attention is devoted to their mitigation. Accordingly, putting in place well-defined mitigation measures, risk tolerance and appetite statements, and time-bound, detailed action plans and then monitoring their effectiveness provide the basis for the board and management to ensure that the corporation has effective practices to mitigate such risks.

Corporate governance

21. **Findings.** We found that the corporation had good corporate management practices related to providing strategic direction. However, certain aspects of board appointments and competencies, independence, and oversight needed improvement ([Exhibit 3](#)).

Exhibit 3—Corporate governance—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Board appointments and competencies	The board collectively had the capacity and competencies to fulfill its responsibilities.	The board determined the skills and expertise it needed to be effective and fulfill its responsibilities. The board solicited independent advice to help it fulfill its responsibilities. The board discussed regularly its vacancies, the gaps in its skills and competencies, and the required training for board members. The corporation communicated regularly with the responsible department about renewals for board members and vacancies on the board. Board members received training. Weakness As at the end of the period covered by the audit, there were 2 vacant positions on the board, and 1 director's term was to expire in May 2025.	
Board independence	The board functioned independently.	The board made decisions independently of management and regularly held private meetings without management in attendance. The corporation had a code of conduct for board members and a conflict-of-interest code that applied to board members. The board and its 4 committees sought verbal declarations of conflicts of interest from board members at the beginning of their meetings. Weaknesses There was no process in place for board members to declare their adherence to the code of conduct. The annual process in place for board members to declare conflicts of interest did not cover all situations that could lead to real, apparent, or potential conflicts of interest.	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Providing strategic direction	The board provided strategic direction.	The board participated in an annual strategic planning meeting and approved the corporate plan that included the corporation's strategic priorities. The board participated in setting annual performance objectives for the Chief Executive Officer, which were aligned with the corporation's strategic priorities. The board assessed the performance of the Chief Executive Officer against set objectives.	
Board oversight	The board carried out its oversight role over the corporation.	The roles and responsibilities of the board and its committees were clearly defined and formed the basis for the preparation of annual workplans. The board and its committees covered the topics set out in their respective workplans. The board and its committees received information on financial performance, pilotage charges, risks, progress against strategic priorities, the corporation's compliance with applicable laws and regulations, and operational activities. The board evaluated its performance and the performance of its committees annually. Internal audits were performed regularly, and the results were presented to the board's Audit Committee. Weakness The board did not receive complete information on the corporation's ethical performance.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

22. **Weakness—Board appointments and competencies.** There were 7 positions on the board. During the period covered by the audit, a new Chair was appointed and the terms of 2 board members were renewed. At the end of November 2024, 2 other positions remained vacant: One had been vacant since June 2021, and the Vice-Chair position had been vacant since May 2024. In addition, the term of

another member was to expire in May 2025, after the period covered by the audit. As at the date of the report, the member with the expired term was still serving on the board until replaced or reappointed.

23. The corporation regularly communicated with the responsible department about renewals for board members and vacancies on the board. However, the corporation's actions did not result in timely appointments to the board. Because appointments of board members are the responsibility of the Minister of Transport and the Governor in Council, filling the positions was beyond the corporation's control. This situation puts at risk the board's ability to exercise effective oversight. Also, achieving quorum can be more difficult when the number of board members in office decreases.

24. **Recommendation.** The corporation should continue to engage with the responsible department on the need for sufficient and timely appointments to its board and reinforce the need for staggered terms of office.

The corporation's response. Agreed. The corporation will continue to engage with the responsible department on the need for sufficient and timely appointments to its board and reinforce the need for staggered terms of office.

25. **Weaknesses—Board independence.** The corporation had a code of conduct that covered the values, ethical principles, and behaviours to which all board members were required to adhere. We found that there was no process in place for board members to declare their adherence to this code upon appointment and annually thereafter. Establishing such a process would help provide assurance that members carry out their duties as expected.

26. The corporation also had a conflict-of-interest code that applied to board members. Board members annually declared the names of associations or companies with which the member or a family member maintained employment or business links, if these associations or companies were likely to have trade relations with the corporation. We found that those declarations did not cover all situations that could lead to real, apparent, or potential conflicts of interest. For example, gifts and hospitality, external activities, and assets were not included in those declarations. Declaring all situations that could lead to conflicts of interest is important for establishing the corporation's credibility and fostering sound governance and accountability.

27. **Recommendation.** The corporation should establish a process for board members to declare their adherence with the code of conduct upon appointment and annually thereafter.

The corporation's response. Agreed. The corporation will put in place a process for board members to declare their adherence with the code of conduct upon appointment and annually thereafter by September 2025.

28. **Recommendation.** The corporation should ensure that board members declare all situations that could lead to real, apparent, or potential conflicts of interest.

The corporation's response. Agreed. The corporation will review its declarations and expand them to include additional types of conflict of interest by September 2025.

29. **Weakness—Board oversight.** We found that management had not provided the board with information on the corporation's ethical performance related to employees' compliance with the code of conduct and had provided limited information in relation to conflicts of interest. While the corporation had a code of conduct for values and ethics covering expected behaviours for all employees, we found that there was no process in place for employees to regularly attest to their commitment to comply with the code. We also found that there was no conflict-of-interest declaration and reporting process for the corporation's employees, except for management. In addition, declarations made by management did not cover all situations that could lead to real, apparent, or potential conflicts of interest. Hence, the board received limited information on the corporation's ethical performance. This weakness matters because without comprehensive ethical measures in place and complete information on ethical performance, the board was unable to fully perform its oversight role.

30. **Recommendation.** The corporation should put in place a process for all employees to regularly declare conflicts of interest, including a declaration of their compliance with the code of conduct, and should report on this to the Board of Directors.

The corporation's response. Agreed. The corporation will put in place a process for all employees to annually complete conflict-of-interest declarations, including compliance with the code of conduct, starting in September 2025. In addition, starting in 2026, the corporation will report annually to the Board of Directors on the result of this process.

Strategic planning

31. **Findings.** We found that the corporation had good systems and practices related to strategic planning. However, performance measurement, monitoring, and reporting needed improvement ([Exhibit 4](#)).

Exhibit 4—Strategic planning—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Strategic planning	The corporation established a strategic plan and strategic objectives that were aligned with its mandate.	The corporation had a strategic planning process that included consultations and an analysis of the internal and external environment, including strengths, weaknesses, opportunities, and threats. The corporation established strategic priorities that were aligned with its mandate and communicated them in its corporate plan. The corporation set associated objectives, identified activities in support of the strategic priorities, and set goals for senior management, including references to related risks. Considerations related to the environment and sustainable development, information technology, and human resources, including equity, diversity, and inclusion, were included in strategic priorities.	
Performance measurement, monitoring, and reporting	The corporation established performance indicators in support of achieving its strategic objectives and monitored and reported on its progress against those indicators.	The corporation established performance indicators with associated targets in support of its strategic priorities related to operational excellence, efficiency and sustainability, and organizational readiness for industry transformation and development. The corporation monitored progress against those performance indicators and targets, and results were reported quarterly to senior management and the Board of Directors. The corporation also reported results in its published quarterly financial statements and annual report. Weakness The corporation did not establish performance indicators and targets for 2 of its 4 strategic priorities.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

32. **Weakness—Performance measurement, monitoring, and reporting.** The corporation set objectives and identified activities in support of all its strategic priorities. While the corporation reported on some activities for strategic priorities related to workplace culture and to mental health and wellbeing in its 2024 Annual Report, it did

not establish performance indicators and associated targets for those strategic priorities. That would have allowed the corporation and the board to fully assess progress in achieving those strategic priorities and determine whether corrective action was needed.

33. **Recommendation.** The corporation should establish performance indicators with associated targets for all its strategic priorities and regularly monitor and report on progress to the Board of Directors.

The corporation's response. Agreed. The corporation will establish performance indicators with associated targets for the remainder of the strategic priorities by December 2025 and will regularly monitor and report on progress to the Board of Directors.

Corporate risk management

34. **Findings.** We found that the corporation had good systems and practices related to risk identification and assessment and to risk monitoring and reporting. However, improvements were needed in risk mitigation ([Exhibit 5](#)).

Exhibit 5—Corporate risk management—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk identification and assessment	The corporation identified and assessed the risks to achieving its strategic objectives.	The corporation had a risk management process, supported by a policy and guidance, which defined roles and responsibilities and risk management activities. The corporation identified its strategic and operational risks, which it assessed according to their likelihood of occurrence and potential impact.	
Risk mitigation	The corporation defined and implemented risk mitigation measures.	The corporation set its risk appetite for each category of risk, and for each risk identified, it assigned owners, defined mitigation measures, and set tolerance levels. The corporation had measures in place to mitigate cybersecurity risks, including phishing tests and training for its employees. The corporation had plans and procedures covering business continuity and disaster recovery. Weakness Some risk mitigation measures were not fully in place.	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Risk monitoring and reporting	The corporation monitored and reported on the implementation of risk mitigation measures.	The board delegated oversight of all risks to its committees, and the corporation provided them with a status update on risks at each of their meetings, along with selected mitigation measures for some risks. The corporation provided the board with a report on all risks with their assessment and selected mitigation measures at each board meeting.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

35. **Weakness—Risk mitigation.** The corporation identified and assessed its strategic and operational risks and defined mitigation measures. We found that some mitigation measures were not fully in place for risks related to pilotage services (see weaknesses in [paragraph 47](#), [paragraph 49](#), and [paragraph 50](#), and a significant deficiency in [paragraph 54](#)). Mitigation measures are important to address identified risks that need to be managed.

36. **Recommendation.** The corporation should ensure that risk mitigation measures are implemented as intended, take the necessary actions should such measures not be in place, and report on progress to the Board of Directors.

The corporation's response. Agreed. In March 2025, the corporation added resources and updated its processes to improve on its monitoring and oversight of the implementation of risk mitigation measures and to take the necessary actions should specific measures not be satisfactorily in place. Starting in November 2025, the corporation will report on progress to the Board of Directors on actions taken related to risk mitigation measures that are not fully in place.

Management of pilotage services

There was a significant deficiency in systems and practices related to pilot boarding

Context

37. In 2024, 47 employee pilots provided pilotage services, but for some of the compulsory pilotage areas with lower levels of activity, these services were provided by 9 entrepreneurial pilots.

38. **Planning of and performance measurement, monitoring, and reporting of pilotage services.** The planning of pilotage services must ensure that day-to-day activities support the corporation's mandate and strategic priorities by outlining specific goals, resource allocation, and performance metrics. It should provide a clear roadmap for executing plans, tracking progress, and making informed decisions.

39. **Pilotage licences and certificates.** The [General Pilotage Regulations](#) establish the requirements that an applicant must meet to obtain and maintain a pilotage licence issued by Transport Canada. To support these requirements, the corporation had a pilot training and licence progression policy. This policy requires the assignment of licensed pilots to categories of ships (defined by gross tonnage) based on pilot progression. It takes approximately 2 years for licensed pilots to reach an "unlimited" status, at which point they can be assigned to any category of ship. The policy includes training courses and training on ships.

40. The General Pilotage Regulations also establish specific qualifications that applicants must meet to obtain and maintain a pilotage certificate issued by Transport Canada. These certificates allow holders to pilot their ships. At the end of 2024, there were 61 pilotage certificates, and ship movements performed by pilotage certificate holders in 2024 represented approximately 20% of all ship movements within the corporation's compulsory pilotage areas.

41. **Pilot dispatching and boarding.** The pilots are assigned to ships by the corporation through its dispatch office in Halifax. In 2024, the corporation reported that 8,695 pilot assignments were completed. The main categories of ships requiring pilotage included tankers, container ships, cruise ships, and bulk carriers.

42. The corporation provides water transportation for pilots to and from the ships to which they are assigned ([Exhibit 6](#)). Pilot boats operated by crews are used for this transportation. The corporation has 3 models for pilot boat operations:

- In 3 of the major ports—Halifax and the Strait of Canso, Nova Scotia, and Saint John, New Brunswick—the corporation owns and operates 9 pilot boats, with the crew being employees of the corporation.
- In Placentia Bay, Humber Arm, and St. John's, Newfoundland and Labrador, and in Sydney, Nova Scotia, the corporation owns 4 pilot boats, with the crewing contracted out.
- In other smaller ports, contractors provide both pilot boats and crews.

43. The corporation requires pilot boat crew employees to perform emergency drills, and certain inspections and routine maintenance of the pilot boats. The corporation informed us that its emergency drill program also covers regulatory requirements and that inspections and primary maintenance are performed by qualified third parties according to manufacturer and regulatory requirements.

Exhibit 6—A pilot boat boarding operation



Photo: Atlantic Pilotage Authority

44. In 2024, the corporation reported no **accidents**⁴ and 3 **incidents**⁵ involving a ship under the conduct of a pilot, and no injuries or environmental contamination associated with any of these incidents. The corporation informed us that there were 5 incidents involving pilot boats in 2024. None of them caused significant injuries or damages, and there was no damage to or pollution of the surrounding environment.

Planning of and
performance
measurement,
monitoring, and
reporting of pilotage
services

45. **Findings.** We found that the corporation had good systems and practices related to the planning of and the performance measurement, monitoring, and reporting of pilotage services ([Exhibit 7](#)).

Exhibit 7—Planning of and performance measurement, monitoring, and reporting of pilotage services—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Planning of pilotage services	The planning of pilotage services was aligned with strategic objectives.	Performance objectives for senior management considered operational risks and were aligned with the corporation's strategic priorities. The corporation's planning of pilotage services included establishing budgets that considered traffic forecasts and a reserve that aimed to ensure the corporation's financial self-sufficiency. The corporation set pilotage charges for 2025 based on the established budget.	

⁴ **Accident**—A serious event involving a ship or a pilot boat that results in consequences such as death, serious injury, collision, sinking, or major damage affecting the ship.

Source: Adapted from the definition from the Atlantic Pilotage Authority's Occurrence Investigation Program

⁵ **Incident**—A less severe event than an accident whereby a ship or a pilot boat is damaged, stranded, lost, or abandoned; causes damage to another vessel or property; or is involved in a situation that may directly or indirectly cause damage to or pollution of the surrounding environment.

Source: Adapted from the definition from the Atlantic Pilotage Authority's Occurrence Investigation Program

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Performance measurement, monitoring, and reporting of pilotage services	The corporation established performance indicators to measure the performance of its pilotage services and monitored and reported on progress.	The corporation established performance indicators with associated targets for its pilotage services and monitored and reported on progress regularly. The corporation followed up on complaints, documented the actions taken, and reported quarterly to the board.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

Qualifications, skills, competencies, and monitoring

46. **Findings.** We found that the corporation had good systems and practices related to pilotage certificate holders' qualifications and monitoring. However, we found that improvements were needed in the training of some pilots and in assessing the performance of pilots and casual pilot boat crew employees ([Exhibit 8](#)).

Exhibit 8—Qualifications, skills, competencies, and monitoring—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Pilot boat crew skills and competencies	The corporation ensured that pilot boat crews had the skills and competencies needed to carry out their duties.	The corporation required new pilot boat crew employees to undergo training. The corporation had a process for monitoring whether pilot boat crew employees had valid competency, medical, and training certificates. The corporation conducted performance assessments of its full-time pilot boat crew employees at the frequency set in its performance assessment program. Weakness The corporation did not conduct performance assessments of its casual pilot boat crew employees.	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Pilot qualifications, skills, and competencies	The corporation ensured that pilots had the required qualifications, skills, and competencies needed to carry out their duties.	The corporation had a process in place for ensuring that pilotage licence applications submitted to the Minister of Transport for approval met the requirements of the General Pilotage Regulations. The corporation ensured that employee and entrepreneurial pilots received the required training for their licence progression in accordance with the corporation's training and licence progression policy. The corporation concluded annual agreements with entrepreneurial pilots specifying the terms and conditions for pilotage service delivery. The corporation ensured that employee and entrepreneurial pilots had valid medical and competency certificates as well as the ongoing sea experience required by the General Pilotage Regulations. Weaknesses For some of its pilots with an "unlimited" status, the corporation did not ensure that a mandatory training course was retaken in accordance with the general guideline set in the corporation's policy. The corporation did not conduct performance assessments of some pilots in accordance with the set frequency.	
Pilotage certificate holders' qualifications and monitoring	The corporation ensured that applicants met the required qualifications and monitored pilotage certificate holders.	The corporation had a process in place for ensuring that pilotage certificate applications submitted to the Minister of Transport for approval met the requirements of the General Pilotage Regulations. The corporation tracked the sea experience of certificate holders and provided this information to Transport Canada in support of certificate holders' ongoing compliance with the navigation experience requirement of the pilotage certificates. The corporation performed monitoring to ensure that certificate holders had valid certificates when navigating in the compulsory pilotage areas.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

47. **Weakness—Pilot boat crew skills and competencies.** The corporation required performance assessments to be performed every 2 years for its full-time pilot boat crew employees. We found that the corporation conducted those performance assessments at the set frequency. However, we found that the corporation did not conduct performance assessments of its 25 casual pilot boat crew employees. Performance assessments would enable the corporation to ensure the continuous proficiency in skills and technical competencies of those employees, whose hours represented about 30% of total hours worked by all pilot boat crew employees in 2024.

48. **Recommendation.** The corporation should conduct regular performance assessments of its casual pilot boat crew employees.

The corporation's response. Agreed. Starting in August 2025, the corporation will conduct performance assessments of its casual pilot boat crew employees on the same 2-year cycle as used for employees.

49. **Weaknesses—Pilot qualifications, skills, and competencies.** The corporation had a policy for its employee pilots that outlined required training, including courses for pilot progression in relation to pilotage licences. We found that pilots received the required training for their licence progression. However, for employee pilots with an "unlimited" status, we found that 3 out of 18 pilots selected for examination had not retaken a mandatory training course in accordance with the corporation's general guideline, which was set at 7 years after the course was initially taken. As of 30 November 2024, that general guideline had been exceeded by about 18 months, 8 months, and 6 months for those 3 pilots, respectively. This course aimed at enhancing pilots' ship handling techniques.

50. The corporation required performance assessments to be conducted for employee pilots with an "unlimited" status and entrepreneurial pilots at least once every 3 years. These aimed at fostering quality performance by pilots. We selected 15 employee pilots and 7 entrepreneurial pilots, and we found that performance assessments had not been completed within the 3-year period for 2 of them and 5 of them, respectively. As of 30 November 2024, the performance assessments were overdue in a range from 15 months to more than 3 years.

51. **Recommendation.** The corporation should ensure that employee pilots with "unlimited" status retake their mandatory training course within the general guideline of 7 years set in its policy.

The corporation's response. Agreed. For the 3 pilots that had exceeded the general guideline for retaking a mandatory course, the corporation will ensure that required training will be taken by June 2026. Starting

in June 2026, the corporation will ensure that employee pilots with “unlimited” status retake the mandatory training course in accordance with the general guideline set in its policy.

52. **Recommendation.** The corporation should ensure that performance assessments of employee pilots with an “unlimited” status and entrepreneurial pilots are conducted in accordance with the set frequency.

The corporation’s response. Agreed. As of 31 July 2025, the performance assessments of the 7 pilots that had been overdue were completed. Starting in August 2025, the corporation will ensure that employee pilots with an “unlimited” status and entrepreneurial pilots are assessed in accordance with the set frequency.

Pilotage operations

53. **Findings.** We found that there was a significant deficiency in the systems and practices related to pilot boarding ([Exhibit 9](#)).

Exhibit 9—Pilotage operations—Key findings and assessment

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Pilot dispatching	The corporation dispatched pilots effectively.	The corporation had a process in place for dispatching pilots effectively, in accordance with its requirements and those of the General Pilotage Regulations. The process included a software program and dispatch manuals. The corporation monitored the causes of delays and reported on them in its annual report.	

Systems and practices	Criteria used	Key findings	Assessment against the criteria
Pilot boarding	The corporation provided safe and effective pilot boarding services.	The corporation established measures in relation to pilot boarding operations, including emergency drills, the inspection and maintenance of pilot boats, and pilot transfer procedures. The corporation developed a procedure for investigating accidents and incidents involving pilot boats. This included identifying the underlying causes and implementing corrective actions. The corporation received monthly reports on the maintenance performed on its pilot boats by the independent organization that provided boarding services. The corporation performed annual inspections of pilot boats, identified corrective actions, and reported on the completion of those inspections to the board. Significant deficiency The corporation did not implement emergency drills, monthly inspections, and daily routine maintenance of its pilot boats as intended. The corporation did not perform monitoring to ensure that all emergency drills were performed by the contracted crew members of the independent organization that provided pilot boarding operations using the corporation's pilot boats.	

Legend—Assessment against the criteria

-  Met the criteria
-  Met the criteria, with improvement needed
-  Did not meet the criteria

54. **Significant deficiency—Pilot boarding.** The corporation required emergency drills, inspections, and maintenance of its pilot boats to be performed by pilot boat crews. These measures are important, as they contribute to mitigating the risks associated with the safety of pilots and pilot boat crew members. We found that the following measures were not implemented as intended:

- **Emergency drills.** Seven types of emergency drills were required to be performed by pilot boat crew members, including contracted pilot boat crews who provided pilot boarding operations using the corporation's pilot boats. Five types were required monthly (person overboard drills, fire drills, abandonment drills, medical emergency drills, and loss-of-control and emergency steering drills), and 2 types were required semi-annually (heavy-weather person overboard drills and restricted-vision person overboard drills).

For the 26 full-time pilot boat crew employees, we found that none of them had completed the 5 monthly types of drills for all months included in the period covered by the audit. We also found that there was no monitoring in place for the corporation to ensure that those employees completed the other 2 types semi-annually.

For the 25 casual pilot boat crew employees, we found that there was no monitoring in place for the corporation to ensure that they participated in all 7 types of drills.

For the 18 contracted pilot boat crew members who provided pilot boarding operations using the corporation's pilot boats, we found that the corporation received monthly reports from the contracted company on the completion of only 2 out of the 5 types of drills (fire drills and person overboard drills).

The drills are a means for the corporation to ensure that pilot boat crews can safely and efficiently respond in the event of a marine emergency.

- **Monthly inspections.** In accordance with the corporation's program, pilot boat crew employees are required to perform and document monthly inspections of pilot boats to which they were assigned. These cover various items including the pilothouse, engine room, the hull, and life-saving appliances. Out of 20 required monthly inspections selected for examination, we found that 6 of them were partially completed and that there was no evidence that another 6 were performed. We also found that the corporation documented the corrective actions that were required to be taken following completed inspections. These inspections are a means for the corporation to identify unsafe conditions and to assess hazards.
- **Daily routine maintenance.** In accordance with the corporation's program, the captain of the pilot boat is responsible for completing and documenting daily routine maintenance of the corporation's pilot boats in use. These include checking various items including the navigation equipment, cables, steering gear, engine batteries, oil levels, and exhaust system. For 7 out of the 25 required daily routine maintenance activities that we selected for examination, we found no evidence that they were performed. For the daily routine maintenance that had been performed, the corporation documented corrective actions taken. The routine maintenance of pilot boats is a means to prevent equipment from failing.

55. **Recommendation.** The corporation should ensure that all emergency drills, as well as monthly inspections and the daily routine maintenance of its pilot boats, are performed as intended by its pilot boat crew employees.

The corporation's response. Agreed. In March 2025, the corporation added a resource to ensure adequate capacity for monitoring whether emergency drills, monthly inspections, and daily routine maintenance are performed by its pilot boat crew members as intended. The corporation will also conduct regular reviews of its drill program to ensure that emergency risks are mitigated.

56. **Recommendation.** The corporation should ensure that contracted pilot boat crew members who provided pilot boarding operations using the corporation's pilot boats perform all emergency drills.

The corporation's response. Agreed. Starting in August 2025, the corporation will expand its reporting requirement from external contractors who provide crewing services to ensure that all emergency drills are performed by contracted pilot boat crew members.

Conclusion

57. In our opinion, on the basis of the criteria established, there was a significant deficiency in the corporation's systems and practices related to pilot boarding, but there was reasonable assurance that there were no significant deficiencies in the other systems and practices we examined. We concluded that except for this significant deficiency, the Atlantic Pilotage Authority maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under subsection 138(1) of the [Financial Administration Act](#).

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on the Atlantic Pilotage Authority. Our responsibility was to express

- an opinion on whether there was reasonable assurance that during the period covered by the audit, there were no significant deficiencies in the corporation's systems and practices we selected for examination
- a conclusion on whether the corporation complied in all significant respects with the applicable criteria

Under section 131 of the [Financial Administration Act](#), the corporation is required to maintain financial and management control and information systems and management practices that provide reasonable assurance that

- its assets are safeguarded and controlled
- its financial, human, and physical resources are managed economically and efficiently
- its operations are carried out effectively

Also, subsection 138(2) of the act requires the corporation to have a special examination of these systems and practices carried out at least once every 10 years.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity and due care, objectivity, professional competence, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from the corporation:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objective

The objective of this audit was to determine whether the systems and practices we selected for examination at the Atlantic Pilotage Authority were providing the corporation with reasonable assurance that its assets were safeguarded and controlled, its resources were managed economically and efficiently, and its operations were carried out effectively, as required by subsection 138(1) of the Financial Administration Act.

Scope and approach

Our audit work examined the Atlantic Pilotage Authority. The scope of the special examination was based on our assessment of the risks that could affect the corporation's ability to meet the requirements set out by the Financial Administration Act.

In performing our work, we reviewed key documents related to the systems and practices selected for examination and we interviewed members of the Board of Directors, senior management, and other employees of the corporation. In addition, we observed meetings of the board and its committees.

We also tested the systems and practices in place to obtain the required level of audit assurance. Our testing included random sampling of selected activities, based on professional judgment, to determine whether measures had been put in place and whether they were working as intended. These activities included the board's coverage of the items set out in its workplans, the implementation of risk mitigation measures, training and performance assessments of pilots and pilot boat crew employees, pilot licence and pilotage certificate applications submitted in accordance with regulatory requirements, pilot dispatching assignments, and emergency drills, inspections, and maintenance of pilot boats.

The systems and practices selected for examination for each area of the audit are listed in the exhibits throughout the report.

In carrying out the special examination, we did not rely on any internal audits.

Sources of criteria

The criteria used to assess the systems and practices selected for examination are listed in the exhibits throughout the report.

Corporate governance

Practice Guide: Assessing Organizational Governance in the Public Sector, The Institute of Internal Auditors, 2014

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

Terms of reference of the committees of the Board of Directors, Atlantic Pilotage Authority, 2024

Board Profile, Atlantic Pilotage Authority, 2021

By-Laws of the Atlantic Pilotage Authority, 2024

[Pilotage Act](#)

[Conflict of Interest Act](#)

[Financial Administration Act](#)

Strategic planning

Guidance for Crown Corporations on Preparing Corporate Plans and Budgets, Treasury Board of Canada Secretariat, 2019

Recommended Practice Guideline 3, Reporting Service Performance Information, International Public Sector Accounting Standards Board, 2015

Financial Administration Act

Pilotage Act

[Crown Corporation Corporate Plan, Budget and Summaries Regulations](#)

Corporate risk management

Enterprise Risk Management—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2017

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

ISO 31000—Risk Management—Guidelines, International Organization for Standardization, 2018

Enterprise Risk Management Policy, Atlantic Pilotage Authority, 2020

Enterprise Risk Management System User Guide, Atlantic Pilotage Authority, 2024

Management of pilotage services

Internal Control—Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, 2013

Pilot Training and Licence Progression Policy, Atlantic Pilotage Authority, 2023

Pilot Boat Crew Performance Assessment Program, Atlantic Pilotage Authority, 2024

Entrepreneurial Pilot Proficiency Assessment program, Atlantic Pilotage Authority, 2024

Launchmaster Training Guide, Atlantic Pilotage Authority, 2021

Deckhand Training Guide, Atlantic Pilotage Authority, 2019

Pilotage Certificate Policy, Atlantic Pilotage Authority, 2024

Pilot Check Program, Atlantic Pilotage Authority, 2022

Inspection Program, Atlantic Pilotage Authority, 2021

Maintenance Program, Atlantic Pilotage Authority, 2024

Emergency Drill Program, Atlantic Pilotage Authority, 2023

Financial Administration Act

Pilotage Act

[General Pilotage Regulations](#)

Period covered by the audit

The special examination covered the period from 1 January 2024 to 30 November 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the significant systems and practices, we also examined certain matters that preceded the start date of this period.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 13 August 2025, in Ottawa, Canada.

Date of the presentation of the report to the Board of Directors

The report was presented to the Board of Directors on 23 September 2025.

Audit team

This special examination was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Nathalie Chartrand, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.

Recommendations and the Corporation's Responses

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Corporation's response
24. The corporation should continue to engage with the responsible department on the need for sufficient and timely appointments to its board and reinforce the need for staggered terms of office.	The corporation's response. Agreed. The corporation will continue to engage with the responsible department on the need for sufficient and timely appointments to its board and reinforce the need for staggered terms of office.
27. The corporation should establish a process for board members to declare their adherence with the code of conduct upon appointment and annually thereafter.	The corporation's response. Agreed. The corporation will put in place a process for board members to declare their adherence with the code of conduct upon appointment and annually thereafter by September 2025.
28. The corporation should ensure that board members declare all situations that could lead to real, apparent, or potential conflicts of interest.	The corporation's response. Agreed. The corporation will review its declarations and expand them to include additional types of conflict of interest by September 2025.
30. The corporation should put in place a process for all employees to regularly declare conflicts of interest, including a declaration of their compliance with the code of conduct, and should report on this to the Board of Directors.	The corporation's response. Agreed. The corporation will put in place a process for all employees to annually complete conflict-of-interest declarations, including compliance with the code of conduct, starting in September 2025. In addition, starting in 2026, the corporation will report annually to the Board of Directors on the result of this process.
33. The corporation should establish performance indicators with associated targets for all its strategic priorities and regularly monitor and report on progress to the Board of Directors.	The corporation's response. Agreed. The corporation will establish performance indicators with associated targets for the remainder of the strategic priorities by December 2025 and will regularly monitor and report on progress to the Board of Directors.
36. The corporation should ensure that risk mitigation measures are implemented as intended, take the necessary actions should such measures not be in place, and report on progress to the Board of Directors.	The corporation's response. Agreed. In March 2025, the corporation added resources and updated its processes to improve on its monitoring and oversight of the implementation of risk mitigation measures and to take the necessary actions should specific measures not be satisfactorily in place. Starting in November 2025, the corporation will report on progress to the Board of Directors on actions taken related to risk mitigation measures that are not fully in place.

Recommendation	Corporation's response
48. The corporation should conduct regular performance assessments of its casual pilot boat crew employees.	The corporation's response. Agreed. Starting in August 2025, the corporation will conduct performance assessments of its casual pilot boat crew employees on the same 2-year cycle as used for employees.
51. The corporation should ensure that employee pilots with "unlimited" status retake their mandatory training course within the general guideline of 7 years set in its policy.	The corporation's response. Agreed. For the 3 pilots that had exceeded the general guideline for retaking a mandatory course, the corporation will ensure that required training will be taken by June 2026. Starting in June 2026, the corporation will ensure that employee pilots with "unlimited" status retake the mandatory training course in accordance with the general guideline set in its policy.
52. The corporation should ensure that performance assessments of employee pilots with an "unlimited" status and entrepreneurial pilots are conducted in accordance with the set frequency.	The corporation's response. Agreed. As of 31 July 2025, the performance assessments of the 7 pilots that had been overdue were completed. Starting in August 2025, the corporation will ensure that employee pilots with an "unlimited" status and entrepreneurial pilots are assessed in accordance with the set frequency.
55. The corporation should ensure that all emergency drills, as well as monthly inspections and the daily routine maintenance of its pilot boats, are performed as intended by its pilot boat crew employees.	The corporation's response. Agreed. In March 2025, the corporation added a resource to ensure adequate capacity for monitoring whether emergency drills, monthly inspections, and daily routine maintenance are performed by its pilot boat crew members as intended. The corporation will also conduct regular reviews of its drill program to ensure that emergency risks are mitigated.
56. The corporation should ensure that contracted pilot boat crew members who provided pilot boarding operations using the corporation's pilot boats perform all emergency drills.	The corporation's response. Agreed. Starting in August 2025, the corporation will expand its reporting requirement from external contractors who provide crewing services to ensure that all emergency drills are performed by contracted pilot boat crew members.

Appendix—Text Description of Exhibit

Exhibit 1—Compulsory pilotage areas for the Atlantic Pilotage Authority—Text description

A map shows the locations of the 20 compulsory pilotage areas in Canada's Atlantic provinces.

In Newfoundland and Labrador, there are 7 compulsory pilotage areas. One is in the Labrador region: Voisey's Bay. The other 6 are on the Island of Newfoundland: from west to east, they are Stephenville, Humber Arm, Bay of Exploits, Placentia Bay, Holyrood, and St. John's.

On Prince Edward Island, there are 3 compulsory pilotage areas: Summerside and Confederation Bridge (in the west) and Charlottetown (in the east).

In New Brunswick, there are 4 compulsory pilotage areas: from north to south, they are Belledune, Restigouche, Miramichi, and Saint John.

In Nova Scotia, there are 6 compulsory pilotage areas: from north to south, they are Sydney, Bras d'Or Lakes, Strait of Canso, Pugwash, Sheet Harbour, and Halifax.

Source: Adapted from an Atlantic Pilotage Authority map

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