Pacific Pilotage Authority Canada

Administration de pilotage du Pacifique Canada

Pacific Pilotage Authority

UNAUDITED FINANCIAL STATEMENTS

Quarterly Results

Nine months to September 30, 2024

- Statement of Management Responsibility
- Unaudited Financial Statements and Notes
- Management’s Discussion and Analysis

PACIFIC PILOTAGE AUTHORITY

1000 – 1130 West Pender Street

Vancouver, BC V6E 4A4

UNAUDITED FINANCIAL STATEMENTS

Quarterly Results

Nine months to September 30, 2024

Statement of Management Responsibility:

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 the operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Originally signed by:

John Wilson
Chief Executive Officer

Originally signed by:

Stuart Mackenzie
Chief Financial Officer

Vancouver, BC
November 19, 2024

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of Financial Position
(in thousands of Canadian dollars)

ASSETS

	As at September 30, 2024	As at December 31, 2023
Current		
Cash	$ 12,302	$ 13,009
Trade accounts receivable	8,493	4,991
Investments	1,906	1,224
Prepaid expenses and other receivables	1,841	1,055
	24,542	20,279
Non-current		
Investments	1,281	1,918
Other receivables	116	152
Property and equipment	34,142	18,319
Intangible assets	2,114	998
	37,653	21,387
	$ 62,195	**$ 41,666**

LIABILITIES

	September 30, 2024	December 31, 2023
Current		
Accounts payable and accrued liabilities	$ 17,731	$ 15,192
Borrowings	316	307
Other employee benefits	59	130
Lease liabilities	2,048	220
	20,154	15,849
Non-current		
Borrowings	4,260	4,498
Other employee benefits	458	426
Lease liabilities	15,765	2,139
	20,483	7,063
	40,637	22,912

EQUITY

	September 30, 2024	December 31, 2023
Retained earnings	21,558	18,754
	$ 62,195	**$ 41,666**

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of comprehensive income
(in thousands of Canadian dollars)

	Three months to September 30		Nine months to September 30	
	2024	**2023**	**2024**	**2023**
Revenues				
Pilotage charges	$ 42,670	$ 36,371	$ 102,811	$ 95,733
Simulator fees and investment and other revenues	249	319	1,040	600
	42,919	36,690	103,851	96,333
Expenses				
Contract pilots' fees	27,133	22,670	64,196	58,534
Salaries and benefits	4,819	4,338	13,697	12,793
Pilots' transportation	4,918	4,238	10,754	9,865
Depreciation and amortization	1,439	516	2,862	1,520
Pilots' training	667	617	2,315	1,569
Fuel	845	867	2,076	2,088
Professional and special services	432	396	1,547	1,239
Repairs and maintenance	606	337	1,426	894
Finance costs	336	84	598	230
Utilities, materials, supplies and other	230	111	554	355
Computer services	174	47	465	400
Travel	121	52	208	144
Rentals	54	74	187	231
Insurance	63	44	162	132
	41,837	34,391	101,047	89,994
Profit for the period	**1,082**	**2,299**	**2,804**	**6,339**
Other comprehensive income, not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total comprehensive profit	**$ 1,082**	**$ 2,299**	**$ 2,804**	**$ 6,339**

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of Changes in Equity
(in thousands of Canadian dollars)

	Nine months to September 30	
	2024	**2023**
Retained earnings, beginning of period	$ 18,754	$ 13,011
Profit for the period	2,804	6,339
Other comprehensive income and adjustments	-	-
Total comprehensive profit	2,804	6,339
Retained earnings, end of period	**$ 21,558**	**$ 19,350**

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of Cash Flows
(in thousands of Canadian dollars)

	Three months to September 30, 2024	Three months to September 30, 2023	Nine months to September 30, 2024	Nine months to September 30, 2023
Cash flows from operating activities				
Cash receipts from customers	$ 42,180	$ 35,740	$ 99,310	$ 94,274
Cash paid to suppliers and others	(34,684)	(28,403)	(82,150)	(71,753)
Cash paid to employees	(4,758)	(4,400)	(13,686)	(12,806)
Finance costs paid	(336)	(84)	(598)	(230)
Other income received	249	319	1,040	600
Net cash provided by operating activities	2,651	3,172	3,916	10,085
Cash flows from investing activities				
Purchase of investments	(3)	(243)	(45)	(497)
Acquisition of property and equipment	(330)	(655)	(2,148)	(1,582)
Acquisition of intangible assets	(1,383)	(40)	(1,383)	(274)
Net cash used in investing activities	(1,716)	(938)	(3,576)	(2,353)
Cash flows from financing activities				
Principal repayment of borrowings	(77)	(121)	(232)	(363)
Principal repayment of leases	(470)	(50)	(815)	(132)
Net cash used in financing activities	(547)	(171)	(1,047)	(495)
Net increase (decrease) in cash	**388**	**2,063**	**(707)**	**7,237**
Cash, beginning of period	11,914	12,118	13,009	6,944
Cash, end of period	$ **12,302**	$ **14,181**	$ **12,302**	$ **14,181**

Basis of Presentation

In accordance with the Treasury Board of Canada Standard, these financial statements do not include all of the financial statement disclosure required for annual financial statements and should be read in conjunction with the Authority's audited financial statements for the year ended December 31, 2023. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim period presented.

1. Authority and objectives

The Pacific Pilotage Authority (the Authority) was established in 1972 pursuant to the *Pilotage Act*. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not subject to income taxes.

The pilotage charges set by the Authority for compulsory pilotage services are governed by the *Pilotage Act* and must be established in accordance with the charging principles within the *Pilotage Act*. The *Pilotage Act* provides that pilotage charges shall be set at levels that are fair and reasonable and that allow the Authority to be financially self-sufficient.

Coastal pilotage services are provided by British Columbia Coast Pilots Ltd. under an agreement for services. Pilotage services on the Fraser River are provided by employee pilots.

In July 2015, the Authority was issued a directive (P.C. 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 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 effective January 2019 and confirms the requirements of the directive have been met throughout 2023.

The principal registered address and records office of the Authority are located at 1000–1130 West Pender Street, Vancouver, British Columbia.

2. Material accounting policy information

2.1 Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

The quarterly financial statements were authorized for issue by the Finance and Audit Committee on November 19, 2024.

2.2 Joint operation

The Authority has classified its interest in a joint arrangement as a joint operation where the Authority has both the rights to assets and obligations for the liabilities of the joint arrangement. In its assessment of the classification of its interest in the joint arrangement, the Authority considered the structure, the legal form and the contractual terms.

The Authority accounts for its interest in the joint operation by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

2.3 Cash and cash equivalents

Cash comprises cash on hand and Canadian dollar deposits held at Canadian chartered banks. Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. The Authority had no cash equivalents as at September 30, 2024.

2.4 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit and loss) are added to or deducted from the fair value of the assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Authority's financial assets include cash, trade accounts receivable, certain other receivables and investments.

On initial recognition, the Authority classifies its financial assets as measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Financial assets are reclassified subsequent to their initial recognition when the Authority changes its business model for managing those financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets that are not designated as being measured at FVTPL are recorded at amortized cost or FVOCI as appropriate.

Financial assets are measured at amortized cost when both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVOCI when both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Authority's cash is initially recognized at fair value and subsequently measured at amortized cost.

Trade accounts receivable are initially recognized at the transaction price; certain other receivables are initially recognized at fair value; and both are subsequently measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Receivables are considered individually for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Since the objective of the Authority's investment policy is to hold investments and collect contractual cash flows on specified dates that are solely principal and interest on amounts outstanding, the Authority's investments are measured at amortized cost. Investments classified as measured at amortized cost are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. When required, the Authority recognizes a loss allowance for expected credit losses. Such losses are included in other comprehensive income and reduce the carrying value of the related investments. Interest income and any gain or loss on de-recognition is included in other comprehensive income.

Financial liabilities

Financial liabilities are recognized when the Authority becomes a party to the contractual provisions of the financial instrument and are classified as measured at amortized cost, except for financial liabilities measured at fair value through profit or loss.

The Authority's financial liabilities include accounts payable and accrued liabilities, lease liabilities and borrowings, and are all classified as measured at amortized cost using the effective interest method. Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is either discharged, cancelled or expires.

2.5 Property and equipment

Property and equipment are initially recorded at cost, and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of assets constructed by the Authority includes design, project management, legal, materials, interest on directly attributable construction loans, and construction costs. Spare engines are carried at cost and will be depreciated when put in service.

Depreciation is recognized so as to allocate the cost or valuation of the assets less their residual values over their useful lives, on a straight-line basis. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the Authority's assets are as follows:

- Buildings and floats — 10 - 20 years
- Pilot boats — 25 years
- Pilot boat engines — 10,250 running hours
- Pilot boat generators — 10 years
- Equipment
  - communication and other — 4 - 10 years
  - computers — 3 years
  - simulators — 5 - 7 years
- Leasehold improvements — lesser of 10 years or term of lease
- Right-of-use assets — term of lease

With regard to simulators, the Authority's proportion of the cost of software purchased for its own use and which is integral to the hardware (because without that software the equipment cannot operate) is treated as part of the cost of the computer hardware and capitalized to property and equipment.

In addition, the Authority reviews the carrying amount of its non-financial assets, which include property and equipment, at each financial year end to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (the cash generating unit or CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income.

Impairment losses recognized in prior periods are assessed at each financial year end for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

2.6 Intangible assets

Acquired computer software is recorded at cost and amortized on a straight-line basis over its estimated useful life of up to10 years.

2.7 Leases

A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

i. Determining whether an arrangement contains a lease

At the inception of an arrangement, the Authority assesses whether the arrangement is, or contains, a lease. An arrangement is, or contains, a lease if the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether an arrangement conveys the right to control the use of an identified asset, the Authority assesses whether:

- the arrangement involves the use of an identified asset;
- the Authority has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Authority has the right to direct the use of the asset.

For practical expediency, the Authority has elected to:

- Account for leases with a remaining term of less than 12 months as short-term leases and expense on a straight-line basis over the lease term; and
- Account for lease payments as an expense and not recognize a right-of-use ("ROU") asset if the underlying asset is of low dollar value.

ii. Recognition and measurement of the right-of-use asset

For arrangements that contain a lease, the Authority recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to its originally condition, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

iii. Lease term

The lease term includes periods covered by an option to extend if the Authority is reasonably certain to exercise that option as well as periods covered by an option to terminate the lease if the Authority is reasonably certain not to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

iv. Recognition and measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Authority's incremental borrowing rate will be used. All extension options have been included in the measurement of lease obligations where applicable. Payments for optional renewals or purchase options are included if they are reasonably certain to be made. Variable lease payments that depend on sales or usage are excluded from the lease liability and recognize in income as incurred. Variable payments that depend on an index or rate are included in the lease liability based on the index or rate existing at each balance sheet date.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, when there is a change in future lease payments arising from a change in a rate used to determine those payments, or if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.8 Employee benefits

i. Pension benefits

All eligible employees of the Authority participate in the Public Service Pension Plan (the Plan), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Authority to cover current service cost. Pursuant to legislation currently in place, the Authority has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Authority.

ii. Other employee benefits

Management, unionized employees and the Fraser River pilots are entitled to sick leave benefits as provided for under collective agreements or employment contracts. Unionized employees are entitled to severance benefits accumulated up to March 31, 2018. The liability for these benefits is estimated and recorded in the financial statements as the benefits accrue to the employees.

The costs and the defined benefit obligation are actuarially determined using the projected unit credit method prorated on service that incorporates management's best estimate assumptions.

Actuarial gains and losses are recognized immediately in other comprehensive income.

2.9 Revenue recognition

The Authority recognizes revenue upon the transfer of control of promised services to customers at an amount that reflects the consideration to which the Authority expects to collect in exchange for the pilotage services it provides. The Authority has determined that control for pilotage services has passed when the pilot assigned to a vessel has completed the pilotage assignment, or the assignment is cancelled.

3. Significant accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying accounting policies and in making critical accounting estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

(a) Significant accounting judgments

Leases

The application of IFRS 16, "Leases", requires the Authority to make judgments that affect the valuation of lease liabilities and right-of-use assets. These include determining contracts in scope of IFRS 16 and determining the contract term.

The lease term determined by the Authority comprises the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Authority is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Authority is reasonably certain not to exercise that option. This same term is applied to determine the depreciation rate of right-of-use assets.

(b) Significant accounting estimates

Depreciation – property and equipment

Significant components of property and equipment are depreciated over their estimated useful lives. Useful lives are determined based on current facts and past experience. While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated.

Management's Discussion and Analysis

Unaudited financial results to September 30, 2024

Assignments	2024 Actual	2023 Actual	Change	2024 Plan	Variance
Coastal assignments	9,552	9,494	58	9,134	418
Fraser River assignments	913	807	106	759	154
Total	10,465	10,301	164	9,893	572

For the nine months ended September 30, 2024, the Authority completed 10,465 pilotage assignments, an increase of 164 assignments, or 2%, when compared to prior year, and 6% above plan. The variance to prior year is because of a rebound in container traffic and additional tanker traffic from Trans Mountain's Westridge terminal. The favourable variance to plan is attributed largely to the recovery in container traffic that had not been planned. With these traffic levels we generated revenues of $103.8 million and earned a net profit of $2.8 million for the period.

Cash flows from operating activities resulted in inflows of $3.9 million for the nine months. Offsetting this was $3.6 million of capital expenditure using cash on hand and $1.0 million of borrowings and leases repaid. As a result, cash and cash equivalents decreased by $0.7 million from $13.0 million at December 31, 2023 to $12.3 million at September 30, 2024. Borrowings at September 30, 2024 were $4.6 million.

The capital expenditure of $3.6 million in the current year was mostly for equipment (upgraded rate-of-turn generators for portable pilotage units) and navigation software (also for the portable pilotage units). The Authority also entered a seven-year helicopter charter and services agreement in Q2, principally for pilot transfers to/from outbound tankers from Trans Mountain's expanded Westridge terminal. The agreement is being accounted for as a right-of-use asset and a corresponding lease liability of $15 million each. Planned capex for the full year is $49.3 million, of which $44.5 million was for right-of-use assets related to two helicopter service contracts. The second contract was planned for Q4 of this year, but is now not expected until 2025 or later.

Operating Segment Analysis

	Nine months to September 30				
	2024	2023		2024	
	Actual	Actual	Change	Plan	Variance
	$'000	$'000	%	$'000	%
Coastal pilotage revenue	72,254	65,596	10%	66,421	9%
Coastal contract expenses	(64,196)	(58,534)	10%	(59,079)	-9%
Coastal margin	8,058	7,062		7,342	
Launch and helicopter revenue	14,854	12,044	23%	14,246	4%
Launch and helicopter expenses	(12,243)	(10,827)	13%	(12,331)	1%
Launch and helicopter margin	2,611	1,217		1,915	
Travel revenue	9,808	9,431	4%	9,458	4%
Pilot travel expenses	(8,038)	(7,460)	8%	(7,460)	-8%
Travel margin	1,770	1,971		1,998	
River pilotage revenue	3,852	3,213	20%	3,182	21%
River pilot wages and benefits	(3,342)	(2,985)	12%	(3,231)	-3%
River margin	510	228		(49)	
Total margin	12,949	10,478		11,206	
Other revenue and expenses					
Surcharges	2,043	5,449	-63%	1,971	4%
Other income	1,040	600	73%	534	95%
Pilot training expenses	(2,315)	(1,569)	48%	(2,097)	-10%
Administrative salaries and benefits	(4,780)	(4,619)	3%	(5,130)	7%
Other expenses	(3,271)	(2,481)	32%	(3,695)	11%
Depreciation	(2,862)	(1,519)	88%	(4,088)	30%
TOTAL PROFIT (LOSS)	**$ 2,804**	**$ 6,339**		**$ (1,299)**	

The financial results for the nine months ended September 30, 2024, were below prior year by $3.5 million, but $4.1 million above plan. Significant changes from prior year and variances from plan are explained below:

- Coastal pilotage revenues were ahead of the prior year by 10%, with an increase in both service charge rates and in assignments. Revenues were also 9% above plan for the first nine months of fiscal 2024 largely due to the recovery in container traffic. Changes in assignment volumes compared to prior year for key product sectors were as follows:

    - Containers – 10%
    - Grain – (2)%
    - Coal – (4)%
    - Cruise – (3)%
    - Forest Products – (9)%
    - Auto – 9%

  The changes in coastal revenues compared to prior year are largely mirrored in the changes in coastal contract expenses, which vary directly with changes in assignment volumes.

  Overall, the margins for coastal pilotage for the first nine months of fiscal 2024 were 11% of revenue, which is the same as the same period for the prior year and for plan.

- Launch and helicopter revenues were 23% above prior year for the first nine months of fiscal 2024 because of the start of the helicopter service for tankers departing from the Westridge terminal and from increased rates. Launch and helicopter expenses were up over the prior year by 13% largely because of repair costs for the Pathfinder and helicopter operating costs. Margins improved to 21% for the period, above both the prior year of 10% and planned margin of 13%. Of note is that some helicopter-related costs are also included in depreciation and finance expenses, as they are associated with accounting for the helicopter contract as a right-of-use asset.

- Travel revenues were 4% above prior year for the first nine months of fiscal 2024, from increased rates. Travel expenses also increased by approximately 8% over prior year, with some travel expenses increasing at rates above broader measures of inflation. As a result, margins for travel declined to 18% from 21% in the prior year and as planned.

- River pilotage revenues were 20% above prior year for the first nine months of fiscal 2024 because of increased assignments from the pickup in container traffic and increased rates. Margins in this sector were 13% for the period, an improvement on the 7% margin in the prior year. An increase in assignments generally improves margins because of the fixed component of some wage costs.

- Revenue from surcharges decreased over the prior year because the temporary surcharge was eliminated at the end of 2023. It was $400 per assignment at the start of 2023 and reduced to $250 at the end of April 2023.

- Pilot training expenses for the first nine months of fiscal 2024 were above the prior year because of helicopter hoist training for the pilots, and ahead of plan due to earlier than expected timing of some pilotage training.

- Administrative salaries and benefits for the first nine months of fiscal 2024 were 3% above the prior year as a result of annual increases. Savings from turnover in some positions contributed to a favourable variance to plan.

- Other expenses were 32% above the prior year due to an increase in the charge from Transport Canada for administering the *Pilotage Act* and an increase in finance costs related to the new helicopter contract, which includes a financing component as a lease.

- Depreciation, which includes amortization of right-of-use assets, increased by $1.3 million over the prior year largely because of the new helicopter contract. Depreciation was however below plan because the plan assumed the expanded Trans Mountain terminal would commence operations earlier in 2024 and the helicopter contract would therefore start sooner.

Key Performance Indicators

Performance of the Authority is regularly reviewed by the Board of Directors. Certain key performance indicators are incorporated as part of this review and are disclosed below.

Pacific Pilotage Authority
KEY PERFORMANCE INDICATORS
Nine months to September 30

Safety		**2024**	**2023**
1.	Incidents on vessels under pilotage [0]	0	0
2.	Incidents on pilot launches [0]	0	0
3.	Pollution incidents on pilot launches [0]	0	0
Reliability			
4.	Number of delays (hours) caused by pilots [0]	8 (41)	3 (7)
5.	Number of delays (hours) caused by dispatch errors [0]	1 (3)	3 (4)
6.	Number of delays (hours) caused by launches [0]	1 (0.25)	1 (1.75)
7.	Total number of delays (total hours delayed) [0]	10 (44)	7 (12.75)
Efficiency: General			
8.	Maintain an average of 5 working days to resolve all complaints [≤ 5 days]	0 days	7 days
9.	Maintain an average of 5 working days to resolve all invoice disputes [≤ 5 days]	7.5 days	6 days
Efficiency: Pilots			
10.	Complaints regarding pilot service level [0%] [number of complaints/number of assignments]	0%	0.1%
11.	Callbacks as percentage of assignments [≤ 2.5%]	3.3%	3.1%
12.	Annual assignments per pilot a) Coastal [≥ 101] b) Fraser River [≥ 129]	 117 143	 116 127
13.	Annual utilization of pilots – terminal delays [≤ 5%] [hours delayed at terminal/total hours on assignment]	1%	2%
14.	Annual utilization of pilots – cancellations [≤ 8%] [number of cancellations/number of assignments]	7%	8%
Financial			
15.	Average revenue/cost per assignment a) Revenue [$9,438] b) Cost [$9,620] c) Profit (loss) [$(182)]	 $9,924 $9,656 $ 268	 $9,352 $8,736 $ 616
16.	Maintain adequate reserves (cash and investments) [≥ $18M]	$15.5M	$17.2M
17.	Accounts receivable - % of invoices under 30 days [≥ 95 %]	98%	99%
18.	Working capital ratio - current assets/current liabilities [1.0]	1.2	1.4

[ ]: goal