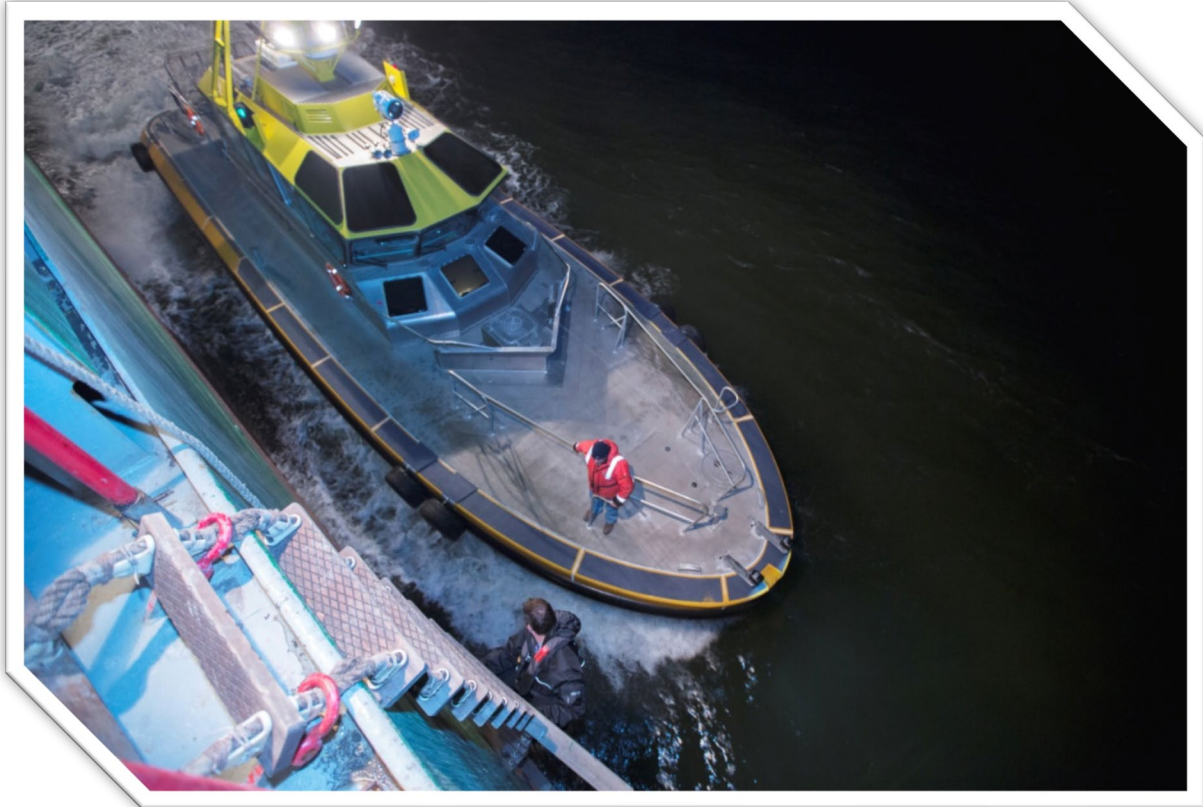




PACIFIC PILOTAGE AUTHORITY

Corporate Plan Summary (2025 – 2029)



1000 – 1130 West Pender Street
Vancouver, B.C. V6E 4A4
(604) 666-6771
www.ppa.gc.ca

**Board Approval Date
December 3, 2024**

TABLE OF CONTENTS

Page No.

Executive Summary

1.	Overview	1
	Background	1
	Mandate	1
	Public policy role	1
	Vision statement	1
	Mission statement	1
	Activities and operations	1
2.	Operating environment	3
	Internal environment	3
	External environment	5
	Alignment with Government priorities and direction	7
	Reviews and audits	8
3.	Strategic Objectives, Activities, Risks and Expected Results	9
4.	Financial overview	16
5.	Appendices	19
	Appendix 1 - Ministerial Direction	20
	Appendix 2 - Corporate Governance Structure	23
	Appendix 3 – Planned Results	27
	Appendix 4 - Chief Financial Officer Attestation	30
	Appendix 5 - Financial Annex	31
	Appendix 6 - Borrowing Plan	37
	Appendix 7 - Risk and Risk Responses	40
	Appendix 8 - Compliance with Legislative and Policy Requirements	45
	Appendix 9 - Government Priorities and Direction	48

Executive Summary

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

With a new CEO at the helm, the Authority is well positioned to move forward with its strategic plan for 2024 to 2029. Activities to support achieving the strategic objectives launched in 2024 and we have a clear roadmap for the next five years. Operationally we have continued to provide uninterrupted pilotage services whilst maintaining the safety of pilots, staff and the environment. Financially, after twenty-four months of solid results post-pandemic, we have rebuilt our reserves and are in a position to continue to invest in opportunities that will deliver efficiencies or improvements in service.

Strategic Objectives:

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

In working towards achieving our longer-term strategic objectives, the Authority is currently focused on several immediate fronts:

- **National Pilotage System**
 - Consistency - recent changes in the *Pilotage Act* have signaled the need for more consistency in pilotage between Canada’s four pilotage authorities. We are taking an active role in the harmonization of pilotage services, where appropriate, whilst respecting regional delivery models.
- **Pilotage NextGen**
 - Technology and cybersecurity – the Authority successfully transitioned to a new Pilot Dispatch and Accounting Management System (PDAMS) in 2023 and we are building on this platform by adding increased functionality and integration with stakeholders’ systems within the supply chain, including the Vancouver Fraser Port Authority. With the growing risk of cybersecurity breaches, the Authority is working to bolster security protocols and procedures, as well as increased staff training and awareness with respect to potential threats. A tabletop exercise planned for late 2024 will focus on business continuity after a cyber incident.
- **Workforce of the Future**
 - Pilot recruitment and training – there is an industry-wide shortage of marine personnel from which the Authority can recruit and train qualified pilots to replace retiring pilots. Despite recent recruitment successes, this is an on-going area of concern and focus. We are actively engaged in outreaching to students to promote career opportunities in pilotage.
- **Operational and Service Excellence**
 - Helicopter operations – helicopter operations have launched successfully on the South Coast with the transfer of pilots to/from tankers departing Trans Mountain’s expanded Westridge Terminal. We continue to explore opportunities to expand the service to North Coast operations as the new LNG Canada (“LNG”) terminal in Kitimat begins exporting LNG in early 2025. Improved safety and more efficient use of pilots’ time are key benefits of the helicopter service.

- Waivers – meeting the sea time requirements for a waiver to be issued for pilotage services has presented a challenge for industry and this was highlighted as a significant deficiency by the Office of the Auditor General in its recent Special Examination of the Authority. The Authority is working with Transport Canada departmental officials to resolve the deficiency.
- Economic uncertainty – although inflation is returning close to central banks' long-term targets, elevated interest rates are still curtailing growth, and the banks are taking a cautious approach to reducing rates too quickly to avoid triggering higher inflation. Global political changes from recent and upcoming elections may lead to policies that favour protecting domestic businesses over global trade.
- Variability in traffic volumes – the economic uncertainty is likely to lead to greater variability in traffic volumes. Additionally, climate change is resulting in more extreme weather patterns, which can impact grain harvests and supply chains. On a positive note, we have seen increased tanker traffic with the expanded Trans Mountain pipeline opening in May 2024 and volumes to date have been as projected. There are more energy projects planned on the West Coast, including LNG in Kitimat, but uncertainty over the timing of these projects and level of demand adds to variability in traffic volumes. We are assuming growth of 1% in assignments in 2025 over 2024.

Financially, we are expecting a small surplus of \$0.4 million in 2025 and modest surpluses in future years. Planned capital expenditures for 2025 of \$27 million principally comprise a contract for helicopter services on the North Coast (Prince Rupert to support LNG), which would be accounted for as “right-of-use” asset funded by a lease. Originally anticipated in 2024, if discussions with LNG are successful, helicopter transfers would be operational in 2025. We also expect to begin a procurement process to replace one of our Prince Rupert launches with a new build. A newer launch would be more fuel efficient and with a lower environmental footprint, as well as being able to support LNG tanker movements from the new LNG facility in Kitimat. With some initial expenditures planned for 2025, the majority of construction costs, which have been estimated to be \$15 million, would be incurred in 2026/27 and funded from new bank financing and cash reserves. The balance of planned capital expenditures relates to recurring items such as the continued cyclical replacement of portable pilotage units and an overhaul of launch engines, and is expected to be funded from operating cashflow or cash balances on hand.

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

1. Overview

Background

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

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

Mandate

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

Public policy role

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

Vision statement

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

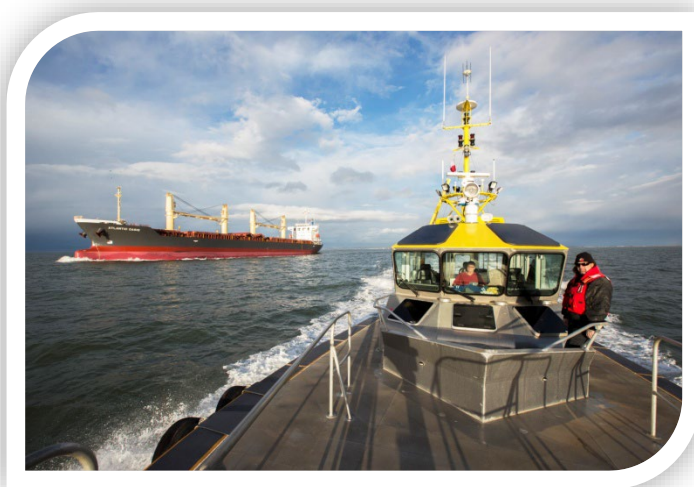
Mission statement

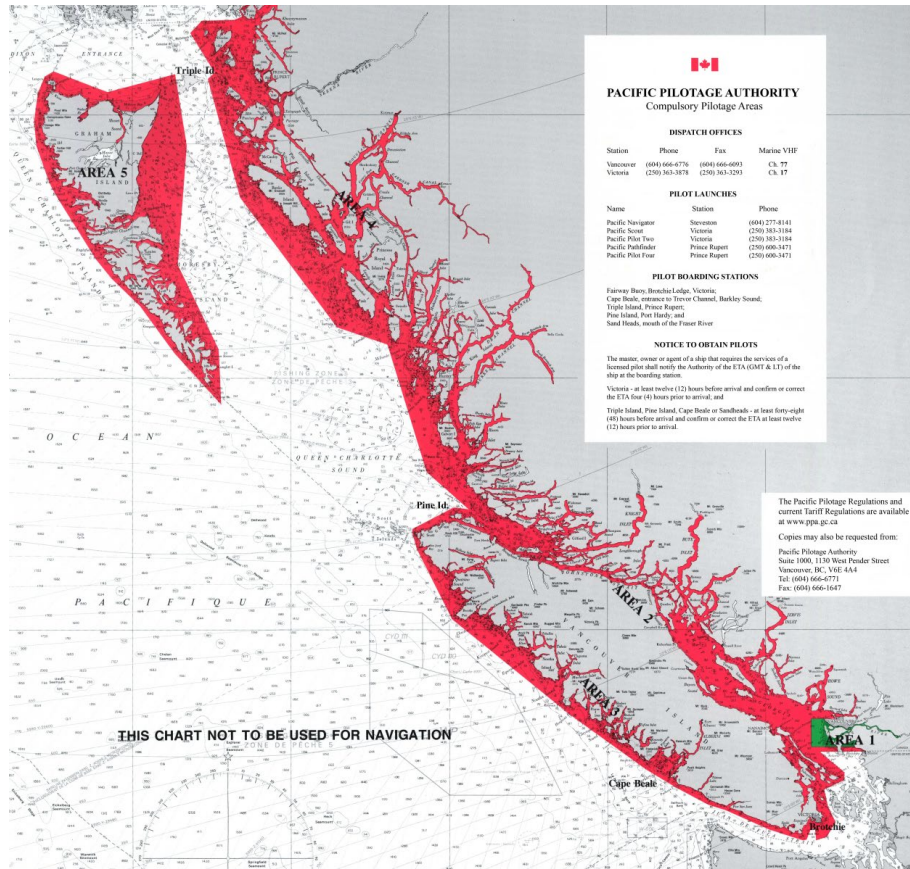
The Authority is dedicated to providing safe, efficient, and cost-effective marine pilotage. We will do this by working in partnership with the pilots, the shipping industry and the communities in which we operate, to protect the environment and advance the interests of Canada and its people.

Activities and operations

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

The Authority is responsible for providing safe, reliable and efficient marine pilotage in the coastal waters of British Columbia, including the Fraser River. We administer the largest area of compulsory pilotage waters in Canada, and the world, providing service in all major ports on the coast including Vancouver, Nanaimo, Victoria, Prince Rupert, Kitimat and Stewart.





When a vessel intends to enter compulsory pilotage waters on the British Columbia coast, it will initiate an order for a pilot at a specified time, date, and boarding station. A pilot who is contracted to or employed by the Authority will carry out this assignment. Pilots board vessels from a dock, pilot launch or helicopter and disembark in one of the same ways when the vessel leaves pilotage waters.

The Authority's head office is in Vancouver, British Columbia, along with our central pilot dispatch office. A coordination centre in Victoria provides additional dispatch support. The Authority operates pilot launches at three permanent boarding stations to transport pilots to and from ships. The stations are located at Victoria, Prince Rupert and Steveston and each have employee-crewed launches. The Authority also contracts launch operations from third parties at smaller, less active locations at Pine Island, at the northern tip of Vancouver Island, and Snake Island in the Nanaimo area.

Please refer to the Authority's 2023 Annual Report for further corporate information.

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

2. Operating environment

Internal environment

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

- **Human Resources overview**

The following table summarizes the Authority's current staffing levels, (full time equivalents are provided for full-time and part-time staff):

Function	Employees	Full Time Equivalents
Executive Management	5	5
Management	8	8
Fraser River Employee Pilots	13	11
Administration & Accounting	6	5
Dispatch	14	14
Launch	27	27
Administration & Accounting - casual	3	-
Dispatch - casual	7	-
Launch - casual	38	-
Total	121	70

The Authority does not anticipate significant changes to staffing in 2025.

With the exception of the Executive Management and Management groups, the Authority has collective agreements in place covering the employee groups indicated above, as follows:

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

The Authority also contracts with the British Columbia Coast Pilots Ltd. (BCCP) for coastwide pilotage services with a workforce of approximately 126 contract pilots. The present agreement with BCCP expires on December 31, 2025.

- **Pilot transportation for energy projects**

West Coast shipping volumes are expected to grow over the next five years with the addition of two major projects: the Trans Mountain (TM) pipeline expansion project, which began operations in May 2024, and the LNG Canada project, anticipated to start exporting LNG in 2025. These projects require two pilots on the bridge in several areas along the transit route and, owing to the length of transit, up to four pilots to allow for mid-transit pilot

exchanges. To further enhance safety on the loaded outbound tankers, pilots will remain onboard beyond the current pilot boarding stations.

To address the projects' impacts to workforce efficiency, the Authority negotiated a contract with a helicopter service provider in early 2024 to transport pilots to/from outbound tankers departing from Trans Mountain's Westridge terminal in Burnaby, BC. Helicopter hoisting operations began for tankers outbound from Westridge Terminal in May 2024 and since then have averaged 15-20 tankers per month. The Authority is also working with LNG Canada on a proposal for similar pilot transfers when LNG carriers begin departing from the new terminal in Kitimat, BC.

- **Pilot recruitment and training**

The supply of new apprentice pilots is limited due to a small labour pool and competition from other marine service organizations. This shortage poses a risk to the Authority's ability to meet demand for the new TM and LNG Canada projects without compromising safety. Once hired as a marine pilot, it takes six years to reach a level of proficiency required to pilot all classes of ship, and these unrestricted pilots are essential for these large projects. To mitigate this risk, the Authority runs a familiarization program for potential apprentice applicants and is expanding its simulator capacity for pilot training. Additionally, the Authority has recently launched funding for scholarships in marine training programs to support newcomers in the field.

- **Strong operations team**

The Authority has a highly effective management team in place with a strong understanding of business operations. The Authority successfully transitioned to a new CEO, John Wilson, who started in April 2024. Having served in the Canadian Navy, including command appointments, and most recently working at Transport Canada as Regional Director for Marine Safety and Security, John has an in-depth knowledge of the maritime sector, including government regulation.

- **Systems and technology**

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

- In-house Pilotage Simulator for Training and Research (PSTAR) facility: The Authority has invested in an advanced in-house simulator, in partnership with BCCP, which is being extensively used for:
 1. Pilot training
 2. Proof of concept for new projects
 3. Navigational risk assessments

The Authority, in partnership with the BCCP, expanded the simulator with two additional bridges in 2022. The expanded capabilities facilitated the training of pilots for operations at Trans Mountain's expanded Westridge Terminal.

- Portable Pilotage Units (PPUs): The Authority continues to invest in PPUs, which are highly accurate portable navigation devices used to assist pilots in making timely and informed decisions with reference to navigational safety. PPUs are completely

independent of a ship's navigation system and have become an industry standard. The current PPUs have reached the end of their useful lives and the Authority initiated a procurement process to replace the units.

- Pilot Dispatch and Accounting Management System (PDAMS): The new system was implemented in 2023 to provide additional data collection and a modernised platform from which to meet potential new requirements, such as integration with other third-party systems within the supply chain. An online application module for pilotage waivers was also added. Additional functionality during the next phase of implementation will include the digitization of pilot sea time and training logs for submission to Transport Canada, access by Transport Canada to pilotage waiver information, and integration with port systems, such as the Vancouver Fraser Port Authority's Active Vessel Traffic Management System. In the summer of 2024, the Authority began soliciting feedback from clients and stakeholders to help identify and prioritize features to be added.
- In the spring of 2024, the Authority entered a one-year agreement with MarineLabs to obtain more accurate information on environmental conditions at key locations in the compulsory pilotage area. This includes weather data at the Triple Island pilot boarding station to inform launch operations, in the Strait of Juan de Fuca to support helicopter transfers, and at Deltaport to assist with berthing operations for large container ships. Cameras installed at these locations will also help to identify visibility which is a key factor as fog is frequently present during summer months.

The Authority is a mature organization with well-developed policies and procedures to address with recurring and new challenges. The Authority is also ISO 9001:2015 and ISM Code compliant and certified.

External environment

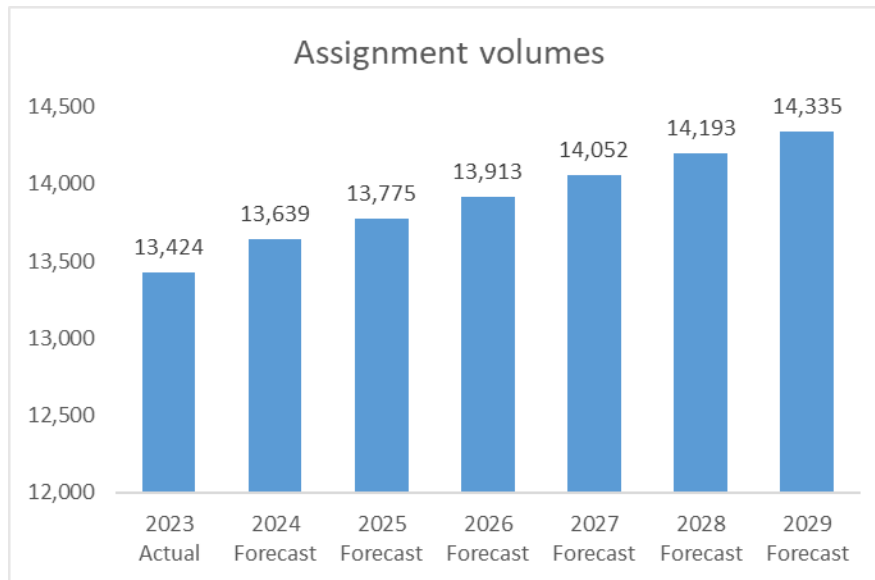
Under the *Pilotage Act*, the Authority operates as a regulated monopoly. Although there is no direct competition, indirect competition exists due to shipping options south of the border. For this reason, the Authority regularly conducts cost comparisons between Canadian and American West Coast ports. These ports mainly handle imports from and exports to Asia. The Port of Vancouver, Canada's largest port by tonnage, ships a diverse mix of products, ensuring resilience during downturns in specific sectors.

The following is a brief listing of the key external issues the Authority faces:

- **Global economic uncertainty**
High rates of inflation and resulting increases in interest rates have adversely affected global business and consumer confidence. Recent and impending elections in several key economies have created political uncertainty, adding to that of the continued conflicts in Ukraine and the Middle East. These factors make it difficult for businesses to plan investments and for consumers to continue spending with confidence, both of which stimulate economic growth. As a result, we expect limited growth in marine facilitated international trade on the Canadian west coast over the next few years.

- **Traffic trends**

Although lower traffic volumes are forecast in 2024 due to a weaker grain harvest in 2023, we expect moderate growth in pilot assignments after 2024 as a result of the TM and LNG Canada energy projects. Additional growth beyond 2025 is expected from other energy projects in various stages of development on the BC Coast, including the Cedar, Ksi Lisims and Woodfibre LNG projects and the Ridley Island Energy Export Facility for Liquid Propane Gas in Prince Rupert.



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

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

- **Increasing size of vessels with delayed increase in supporting infrastructure**

Vessel size continue to grow in size on the west coast of Canada. We have noted that investment into terminal growth and related infrastructure is slow in keeping pace with the growth in ship sizes. The result is an increasing risk of incidents. The Authority mitigates this risk through pilot training and the use of supporting technology and additional tugs to prevent incidents.

- **Marine Protected Areas and Conservation**

The Authority has been an active participant in the Enhancing Cetacean Habitat and Observation (ECHO) Program, led by the Vancouver Fraser Port Authority (VFPA) since its inception in 2014. The program has instituted voluntary slowdowns through Haro Strait and Boundary Pass, along with other restrictions, during the months that the Southern Resident Killer Whales (SRKW) are present in the Salish Sea. The Authority administers a reimbursement program to cover additional pilotage costs to shipowners from the

slowdown with funding provided by Transport Canada. The reimbursement will continue through the 2024 season.

With international commitments to protect 30% of Canada's oceans by 2030, the Government of Canada continues to establish marine protected areas (MPAs) on the West Coast. BC coastal First Nations have also begun declaring Indigenous Protected and Conserved Areas (IPCAs) under Indigenous laws. New federally established MPAs have minimum protection standards regarding discharges from vessels that may affect navigation routes. Marine IPCAs bring other considerations around respecting the rights and interests of Indigenous Nations with respect to shipping. The Authority continues to track potential restrictions impacting vessel navigation these areas.

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

Anti-shipping and anti-fossil fuel activism can affect both the safety of our business and our traffic assumptions. Anti-energy activists have attempted to impede the movement of energy vessels in transit in the past. While there has been little activity in recent years, this remains a safety consideration in our business practices.

Alignment with Government priorities and direction

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

- **Directives under Section 89 of the *Financial Administration Act* (FAA)**

The Authority is fully compliant with the directive issued under Section 89 of the FAA with respect to travel, hospitality, and conference expenses.

- **Pilotage Act modernization**

The implementation of the amended *Pilotage Act* was geared toward supporting the delivery of safe, efficient and environmentally responsible marine pilotage services into the future. The *General Pilotage Regulations*, which encompass the Pacific Pilotage Regulations, received GIC approval in 2022. We continue to work with Transport Canada to implement any operational changes required to comply with the regulations.

- **Auditor General Special Examination**

The Office of the Auditor General completed a regularly scheduled Special Examination of the Authority in 2023-24. The results were published in August 2024. A significant deficiency was noted with respect to pilotage waivers along with recommendations for improvement in a few other areas.

The Authority has taken action to address the deficiency and recommendations, including:

- Requiring operators to demonstrate that their officers meet all regulatory sea-time requirements, without exception.

- Providing expert advice and input into the development of Transport Canada’s Interim Order Respecting Waivers of Compulsory Pilotage Granted by the Pacific Pilotage Authority, issued on 4 November 2024. The [Interim Order Respecting Waivers](#) replaces the sea time experience requirements in the current regulations with requirements more aligned with the specialised knowledge and navigation experience mariners need to safely operate in BC’s waterways .

Actions to address the remaining recommendations will be completed by the end of 2025. These include enhancements to Board oversight, risk management, adherence to required pilot training, and vessel safety inspections. The full 2024 Special Examination report, along with the Authority’s responses to each recommendation, is available here: <https://www.ppa.gc.ca/other-reports>.

Reviews and audits

The following reviews and audits were recently conducted:

- ISO 9001:2015 and ISM Code certification issued in December 2023. This was the eighth consecutive year with no significant deficiencies identified.
- The Authority continues to mitigate the risk of disruption from a cybersecurity incident and has been strengthening policies and procedures following cybersecurity audits in 2021 and 2023, and a simulation exercise in 2022. The Authority is planning a further simulation in late 2024.
- Our new dispatch and accounting management system, PDAMS, was the focus of recent audits both from a cyber security perspective and from a financial integrity perspective. We have been working on implementing recommendations from those audits.

3. Strategic Objectives, Activities, Risks and Expected Results

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

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

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

Strategic Objective

Work with Transport Canada, other Pilotage Authorities and key partners towards developing a – **National Pilotage System** - that is aligned with Transport Canada's objectives as set out in the *Pilotage Act* for a coast-to-coast-to-coast Pilotage Program, while respecting regional models and expertise.

Risks mitigated by planned activities:

- PPA will not be able to provide enough input and gain influence prior to the review of the *Pilotage Act* in 2029, or will be unable to implement and comply with any resulting regulatory changes.

<i>Planned Activities</i>	<i>Expected results</i>	<i>Performance measures</i>	<i>Recent results</i>
Conduct regular meetings with Chairs and CEOs of all four pilotage authorities and be an active member of the National Pilotage Advisory Committee (NPAC) (On-going)	Harmonization of pilotage services across the pilotage authorities	Meetings take place as scheduled and action items are executed.	Board Chairs and CEOs met in June. Action items ongoing from last NPAC
Work with Transport Canada to review compulsory areas in support of the new Trans Mountain and LNG Canada projects (On-going)	Compulsory pilotage areas that support safe and efficient transit of vessels on the West Coast	Interim Orders are in place as needed.	Interim order approved for Compulsory Pilotage Area for Outbound Tankers from Westridge Terminal
Work with Canadian Marine Pilots Association to strengthen relationship with pilotage authorities (On-going)	Stronger partnership between piloting community and pilotage authorities in support of world-class national pilotage system	Terms of Reference are developed for the biannual meetings between PAs and the CMPA supported by a framework that clearly articulates the relationship goals and objectives.	PPA Chair and CEO attended recent International Marine Pilots Association (IMPA) conference. Commenced first recurring meetings with CMPA.

Planned Activities	Expected results	Performance measures	Recent results
Work with Transport Canada, other pilotage authorities and the piloting community on the development of the Quality and Safety Management System (QSMS) regulations (On-going)	Successful implementation and adoption of new QSMS regulations	Development of a QSMS that integrates the existing ISM/ISO system.	New manager responsible for QSMS has established notification system. QSMS implementation process underway.

Strategic Objective
<p>Establish a future vision for – Pilotage NextGen – that leverages technologies both for the Pilotage Authority and the piloting community taking into consideration input from key partners (e.g., Transport Canada, PAs, pilots, First Nations, OGDs, Industry, Partners & Coastal Communities).</p> <p>Risks mitigated by planned activities:</p> <ul style="list-style-type: none"> - Failure of IT and telecommunication assets to be accurate and complete, and reliably accessible to authorized parties when needed by the business. - Inability to source and train sufficient qualified pilot candidates.

Planned Activities	Expected results	Performance measures	Recent results
Engage with key partners to advance smart port initiatives (e.g. Active Vessel Traffic Management) (On-going)	Integration of the Authority's systems with port systems to improve efficiency.	By 2026 PDAMS is integrated with VFPA AVTM and plans are in place to continue to integrate with other port jurisdictions.	Authority participated in tabletop exercise with VFPA and AVTM Navigation Working Group
Leverage the simulator joint venture, PSTAR, in support of major marine projects on the West Coast (On-going)	Development of a business model for the simulator that ensures financial self-sufficiency of the joint venture at a minimum	PSTAR is run as a self-funded business in accordance with the business plan.	76% utilization of simulator and operating surplus before depreciation for first half of 2024

<i>Planned Activities</i>	<i>Expected results</i>	<i>Performance measures</i>	<i>Recent results</i>
Work closely with Transport Canada on the small Maritime Autonomous Surface Ships (“MASS”) initiative (New)	Development of the Authority’s position on MASS and roadmap for the future	An articulated position on MASS and a roadmap for future.	Scheduled to commence in 2025

Strategic Objective
<p>Define, implement and embrace a new model for human capital - Workforce of the Future - for the Authority and Pilotage on Canada’s West Coast.</p> <p>Risks mitigated by planned activities:</p> <ul style="list-style-type: none"> - Inability to source and train sufficient qualified pilot candidates - BCCP fails to meet its service agreement requirements

<i>Planned Activities</i>	<i>Expected results</i>	<i>Performance measures</i>	<i>Recent results</i>
Identify and document leading human capital practices relevant to marine pilotage (On-going)	Understanding of leading practices and creation of potential initiatives for development and implementation	Leading practices are documented and reviewed within the PPA	Participated in planning for the inaugural Imagine Marine Conference, a national marine workforce development conference
Identify new/different approaches to address systemic barriers in hiring and testing of knowledge, skills and abilities (e.g. hiring of women, indigenous peoples) (On-going)	Enhance the Authority’s ability to meet Equity, Diversity and Inclusion goals	Enrollment of diverse candidates in the scholarship and mentorship program; recruitment materials encourage applicants from historically under-represented groups	First scholarship recipient identified from the BCIT bridge watch rating program
Recruit students from various disciplines to complete a work term with the Authority (On-going)	Cost-effective support for managers with significant projects and development of future talent for the Authority	Recruitment and onboarding procedure established with procedures for students	Recruited student for work term through High School Students with Intellectual Disabilities Integration Project (HSSIDIP) led by the Department of Justice.

<i>Planned Activities</i>	<i>Expected results</i>	<i>Performance measures</i>	<i>Recent results</i>
Compile inventory of new/emerging human capital processes, technologies and practices relevant to marine pilotage and the Authority <i>(New)</i>	Prioritized list of new processes, technologies and practices to be implemented	Recommendation shortlist developed and reviewed with PPA executive	Scheduled to commence in 2025

Strategic Objective
<p>Operational and Service Excellence – Commit to continuous improvement and enhancement of PPA’s services to our customers while remaining financially responsible and sustainable with consideration of pilots, First Nations, government departments, Industry, Partners, and Coastal Communities.</p> <p>Risks mitigated by planned activities:</p> <ul style="list-style-type: none"> - Unable to cover committed obligations and overhead because of a decrease in assignment volumes - Inadequate response to a disaster or emergency - An objection to the PPA's service charges is lodged with the Canadian Transportation Agency - Incidents involving vessels that have been granted pilotage waivers or vessels operating without a valid pilotage waiver

<i>Planned Activities</i>	<i>Expected results</i>	<i>Performance measures</i>	<i>Recent results</i>
Develop Pilotage Waiver Module in PDAMS <i>(On-going)</i>	Realtime access to waiver lists for vessels and officers	All relevant stakeholders have access to waiver information	Waiver module implemented in Q1 2024
Work with Transport Canada to incorporate tailored changes in the <i>General Pilotage Regulations</i> to onboard the revised Pilotage Waiver Standard of Care <i>(New)</i>	A revised Pilotage Waiver Standard of Care that informs and is reflected in regulatory changes by Transport Canada.	Revised regulations support the spirit and intent of the Pilotage Waiver Standard of Care	The Interim Order Respecting Waivers of Compulsory Pilotage Granted by the Pacific Pilotage Authority issued by Transport Canada on November 4, 2024, to replace the sea time experience requirements in the current regulations with requirements more aligned with the

<i>Planned Activities</i>	<i>Expected results</i>	<i>Performance measures</i>	<i>Recent results</i>
			specialised knowledge and navigation experience mariners need to safely operate in BC's waterways.
Conduct Phase 2 of transportation study to optimize pilot transportation to/from assignments <i>(On-going)</i>	Reduced transportation costs, pilot travel time, and/or pilot fatigue	A complete study that will provide concise recommendations on transportation optimization and reduce travel time for pilots with a goal to reduce pilot transportation fatigue and yield efficiencies.	Initial review of needs to optimize pilot travel identified travel to/from the north (e.g. Prince Rupert) as a priority
Implement helicopter program in the South (Trans Mountain) and the North (LNG Canada) <i>(On-going)</i>	Safe and financially sustainable operation to transport pilots via helicopter to/from tankers departing Trans Mountain and LNG Canada terminals	A contract is in place for 7 years with an option to extend by 3 years	Contract for the helicopter program in the South executed in Q2 2024
Complete Phase 2 of recently implemented Pilot Dispatch and Management System ("PDAMS"), including digitalization of pilot data <i>(New)</i>	Tracking of pilot training and currency in new module within PDAMS	Cost benefit analysis completed. New module is in service and all pilots have their own access to their training portfolios.	Authority has engaged with Wartsila to commence a scoping exercise during summer/fall 2024.
Investigate costs and benefits of implementing a Human Resources Information System ("HRIS") <i>(New)</i>	Recommendation for new HRIS, integrated with existing payroll system	Report supporting the Management recommendation	Scheduled to commence in 2025

Key Performance Indicators

Performance of the Authority is regularly reviewed by the Board of Directors. Key performance indicators are incorporated as part of this review and results for the current year-to-date (to June 2024) and for next year (2025) are as follows:

Safety		2024 (Actual)	2025 (Goal)
1.	Incidents on vessels under pilotage	0 (100% incident free)	99.9% incident free
2.	Incidents on pilot launches	0 (100% free)	99.9% incident free
3.	Pollution incidents on pilot launches	0	0
Reliability			
4.	Number of delays (hours) caused by pilots	5 (99.9% delay free)	99.9% delay free
5.	Number of delays (hours) caused by dispatch errors	0 (100% delay free)	99.9% delay free
6.	Number of delays (hours) caused by launches	1 (99.9% delay free)	99.9% delay free
7.	Total number of delays (total hours delayed)	6 (99.9% delay free)	99.9% delay free
Efficiency: General			
8.	Maintain an average of 5 working days to resolve all complaints	0 days	≤ 5 days
9.	Maintain an average of 5 working days to resolve all invoice disputes	7.5 days	≤ 5 days
Efficiency: Pilots			
10.	Complaints regarding pilot service level (no. of complaints/number of assignments)	0%	0%
11.	Callbacks as percentage of assignments	1.4%	≤ 2.5%
12.	Annual assignments per pilot		
	a) Coastal	106	> 107
	b) Fraser River	144	> 120
13.	Annual utilization of pilots – terminal delays (hours delayed at terminal/total hours on assignment)	2%	≤ 5%
14.	Annual utilization of pilots – cancellations (number of cancellations/number of assignments)	8%	< 8%
Financial			
15.	Average revenue/cost per assignment		
	a) Revenue	\$9,269	\$10,264
	b) Cost	\$9,007	\$10,238
	c) Income (Loss)	\$ 262	\$ 26
16.	Maintain adequate reserves (cash and investments)	\$15.1M	\$16 M
17.	Accounts receivable - % of invoices under 30 days	99%	95%
18.	Working capital ratio – current assets/current liabilities	1.2	1.0

4. Financial overview

In accordance with our mandate, the Authority is required to be financially self-sufficient. We provide our services within a commercial framework through a combination of cost management and fees that are fair and reasonable, without the benefit of government appropriations.

2024 represents a return to more historically typical financial results. After pilotage assignment volumes and inflationary impacts on operating costs returned to pre-pandemic levels, we removed the temporary surcharge at the end of 2023, which had been introduced to generate revenue to offset the financial impacts of the pandemic. Although a weaker grain harvest in 2023 reduced grain shipments during the first half of 2024, the outlook for the 2024 harvest is more optimistic because of better weather. Helicopter operations servicing tankers from Trans Mountain's expanded terminal have also started well, with the number of tanker assignments slightly above plan.

The outlook for 2025 is cautiously optimistic as we should benefit from additional assignments from the new energy projects on the BC coast. We are hopeful that declining interest rates will reduce uncertainty for businesses and consumers and that a recession will be averted. However, there are growing political risks for global trade as countries and leaders look to protect their own economies.

The financial outlook for the planning period of 2025-2029 is impacted by the following key factors and assumptions:

- **Traffic assignment volumes** – volumes for 2024 are slightly up over 2023 largely due to a rebound in container traffic and additional tankers from Trans Mountain's expanded terminal. Current estimates for the 2024 grain harvest are better than 2023 and with additional assignments from energy projects, we have assumed an increase in assignments in 2025 over 2024 of 1%. Thereafter, we have assumed continued steady growth in assignments of 1% annually for the planning period.
- **Inflation** – inflation is an important variable in our forecasts as most of the Authority's costs are governed by contracts or collective agreements which include increases linked to changes in the Consumer Price Index for Vancouver. We have assumed the annual inflation rate will end 2024 at 2.0%, which will be the basis for increases in some contracts and collective agreements in 2025, and then remain at 2.0% for 2025.
- **Changes to service charges** – to maintain financial sustainability, we have assumed that we will be able to increase our service charges in line with any increases in our operating costs. As noted, most of our costs will increase directly with changes in inflation and any inflationary increase in costs has been mirrored in forecast service charge increases.
- **Helicopter contracts** – the helicopter contract in support of Trans Mountain's expanded terminal became operational in May 2024. As there is a significant fixed cost element to the helicopter contract, its financial success is dependent on the number of tankers departing the terminal. We have assumed a similar number of tankers departing throughout 2025 compared to numbers we have currently experienced to date in 2024. The new LNG terminal in Kitimat is expected to start operations in early 2025 and we have assumed that we will be able to use a helicopter for pilot transfers to/from tankers with a start date of April 2025. The projected cost of the helicopter service for each terminal has been assumed

in the plan to be fully recoverable from tankers using the related terminals, including start-up costs which will be amortized over the first three years.

A summary of the forecast surplus/deficit for 2025-2029 is provided in the table below:

STATEMENT OF COMPREHENSIVE INCOME							
(in thousands of dollars)	Actual	Forecast	Plan				
For the year ended December 31	2023	2024	2025	2026	2027	2028	2029
Total revenue	123,331	132,070	139,990	146,236	150,927	155,836	160,513
Total expenses	117,588	129,522	139,640	145,191	149,805	154,292	157,959
Comprehensive income (loss)	5,743	2,548	350	1,045	1,122	1,544	2,554

The Authority's capital budget for 2025 includes the following significant items:

- **Helicopter leases** – the contracts for helicopter services are treated as leases for accounting purposes under International Financial Reporting Standards (IFRS) 16 and therefore corresponding “right-of-use” assets are recorded. The contract for the service to support LNG has been estimated at \$23 million in 2025, based on a minimum annual commitment of approximately \$3 million in the first year of operation (12 hours per day) and approximately \$4 million in the remaining years (24 hours per day) of an expected seven-year term.
- **New pilot launch** – the project to scope, tender and build a replacement for the existing pilot launch in Prince Rupert is expected to start in 2025. The projected cost is estimated in this plan to be \$15 million. Most of the costs are expected to be incurred in 2026 and 2027, but some initial costs are expected to be incurred in late 2025.
- **Replacement of portable pilotage units** – a phased replacement of the portable pilotage units used by pilots, which began in 2023 is expected to continue through to 2026 at a total cost of approximately \$4 million.
- **Pilot launch engine refurbishment** – the engines in the Pacific Pathfinder are due to be completely refurbished at a planned cost of approximately \$1 million. The work is expected to start late 2024 and continue into 2025. This will extend their expected useful lives by another ten to fifteen years.

The Authority's projected financial liquidity at fiscal year-end during 2025-2029 with respect to cash, investments, bank debt and lease liabilities is summarized as follows:

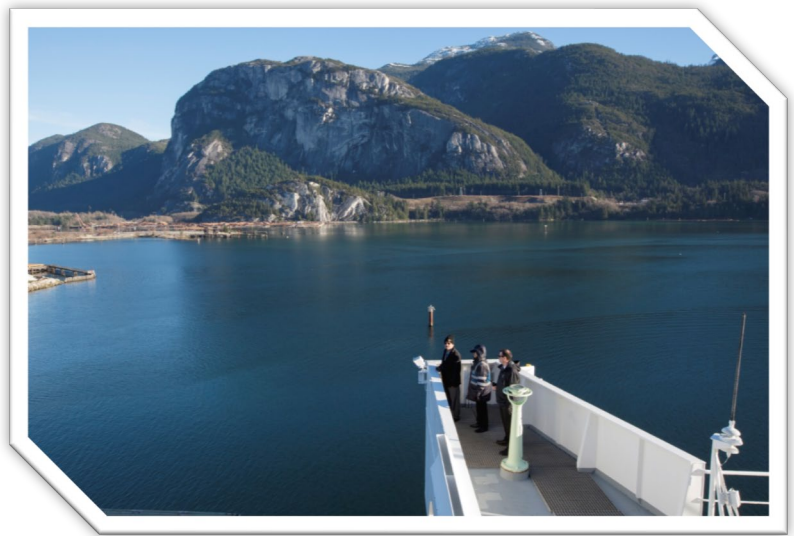
CASH, INVESTMENTS AND LOANS SUMMARY							
(in thousands of dollars)	Actual	Forecast	Plan				
Statement balance as at	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
Cash	13,009	12,061	11,893	9,243	12,128	15,632	17,129
Investments							
Current portion	1,224	1,946	2,246	2,546	2,846	3,146	3,446
Non-current portion	1,918	1,946	2,246	2,546	2,846	3,146	3,446
Long-term loans							
Due within one year	(307)	(319)	(328)	(337)	(821)	(856)	(891)
Due after one year	(4,501)	(4,178)	(3,850)	(6,031)	(13,012)	(12,156)	(11,265)
Lease liabilities							
Due within one year	(220)	(2,829)	(5,593)	(6,265)	(6,835)	(7,419)	(8,595)
Due after one year	(2,138)	(19,957)	(35,413)	(29,148)	(22,313)	(14,894)	(6,299)

The Authority's investment balance is planned to increase by \$0.6 million annually and together with cash balances is forecast to create a combined balance by 2029 of approximately \$24 million to meet current liabilities, capital commitments and contingencies should there be an unforeseen disruption of operating cashflows.

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

5. Appendices

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



Appendix 1 - Ministerial Direction

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

September 6, 2022

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

Dear Lorraine Cunningham:

As you know, following the 2021 general election, I had the honour of being reappointed as the Minister of Transport. My priorities have been outlined in the mandate letter the Prime Minister shared with me in December 2021, and today I write to you to set out my expectations as to how the Pacific Pilotage Authority (PPA) will help advance these priorities.

As the Minister accountable to Parliament for the PPA, I am committed to continuing our productive relationship to ensure that Canada's transportation system is safe, secure, efficient, and environmentally responsible. I recognise that the pandemic mitigation measures such as restrictions on cruise ships in Canadian ports dramatically reduced PPA's operations, and thus revenue. I appreciate PPA's efforts to pivot operations and continue to operate safely during this unprecedented time.

My priority upon my reappointment as the Minister of Transport was to enforce vaccination requirements across the federally regulated transportation sector. Thank you for the commitment you have demonstrated in developing and implementing your corporation's vaccination policy. Together, we mitigated the full impact of infection and severity of illness for travellers and workers in the transportation sector, and increased vaccine uptake, providing broader societal protection. As the COVID situation unfolds, we continue to adjust our measures accordingly, as we did in June of this year. I appreciate the corporation's ongoing collaboration as our response to COVID-19 continues to evolve as we learn more about this virus.

Ensuring goods and people can move efficiently throughout our country with robust and reliable supply chains and transportation systems is another key priority further reiterated in Budget 2022. The PPA is an important link in Canada's supply chain, and I trust that the corporation will strive to reduce and prevent bottlenecks in Canada's transportation network. I encourage you to work with my officials to ensure the PPA continues to be prepared to proactively mitigate and respond to emerging incidents and hazards, including cyber security threats.

Fighting climate change is a cornerstone of the government's plan to rebuild the economy, create middle-class jobs, and ensure Canadian industry remains competitive. The *Canadian Net-Zero Emissions Accountability Act* has legislated Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050. I expect the PPA to seek opportunities to advance measures that

support Canada's transition to net-zero, including accelerating the transition to zero-emission vehicles and considering targets related to this cause throughout your operations.

As part of the government's strategy to combat climate change, Budget 2021 announced that Canada's Crown corporations would demonstrate climate leadership by adopting the *Task Force on Climate-related Financial Disclosures* standards, or more rigorous and acceptable standards. I encourage the PPA to start reporting its climate-related financial risks by 2024.

Another pillar of the government's plan is to continue to address the profound systemic inequities and disparities that remain present in the core fabric of our society. I expect that the PPA will join us as we walk faster and farther along the road to reconciliation, particularly through meaningful partnership and collaboration with local Indigenous communities. This should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

Diversity and equity within the PPA's workforce will improve its ability to deliver on all its objectives and I expect that as the PPA embarks on any hiring, it implements outreach and recruitment strategies that uphold the principles of equity, diversity, and inclusion. I trust that the PPA will also continue to ensure that it is doing its part, per the *Accessible Canada Act*, to help make the transportation system more accessible for persons with disabilities.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chairperson, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council.

I expect that your short-, medium-, and long-term objectives as they relate to the government's priorities in this letter are clearly presented in your upcoming corporate plans and progress to achieving those objectives is reported in your subsequent annual reports. I also ask for your support in ensuring that, to the extent that it is within the PPA's control, future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.

It is critical that the performance objectives of the corporation, Board and CEO flow within a consistent storyline. I ask that the measures you develop to assess your CEO's performance conform to best practices concerning the development of specific, measurable objectives, based on the observable behaviours in areas where your CEO can exercise sufficient influence to achieve the desired outcomes. The rationale included for the overall rating of your CEO should clearly identify why your Board is providing the rating and which performance objectives were weighed most heavily when arriving at the determination.

As always, the legal, fiduciary, and ethical obligations of public office holders remain. All appointees should abide by the principles found in the Prime Minister's statement on Open and Accountable Government. All boards should ensure ongoing compliance, both for their

organization and for themselves, with relevant legislation, Treasury Board policies, Governor in Council and ministerial directives.

It is an honour to serve Canadians as Minister of Transport and a privilege to be able to work with key partners such as the PPA.

Sincerely,

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

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

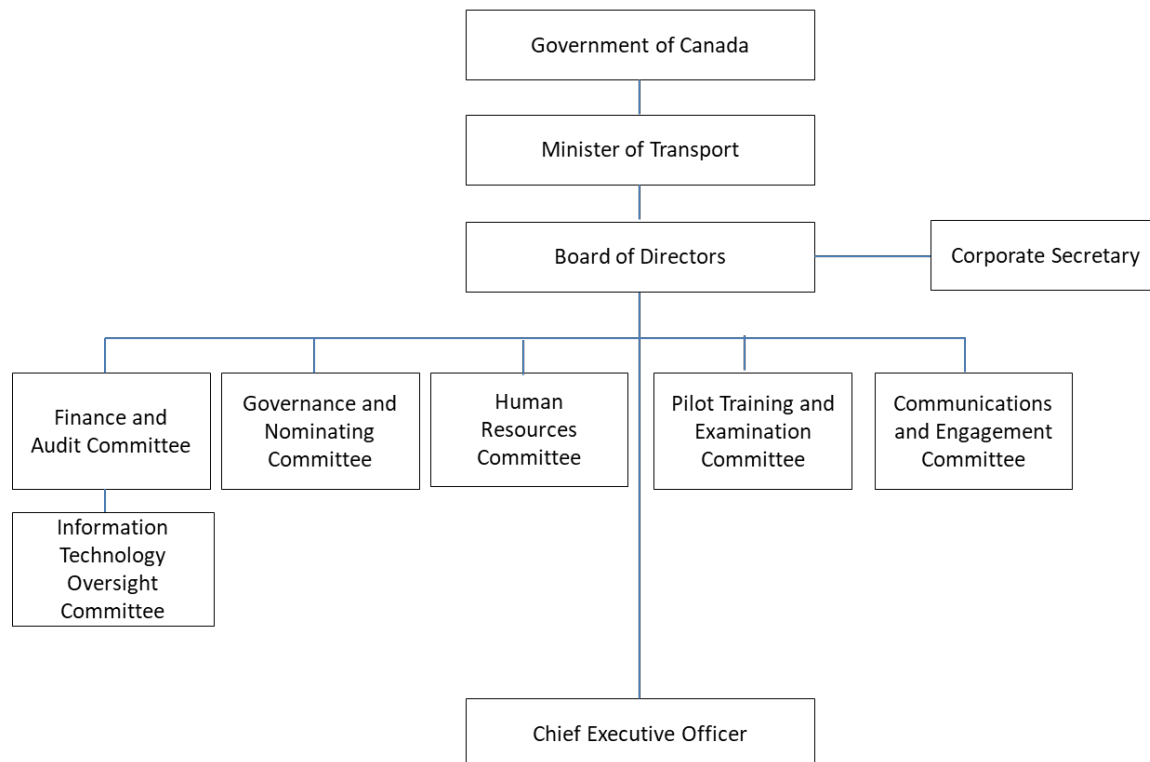
Appendix 2 - Corporate Governance Structure

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

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

The Board has constituted several committees to focus on the major areas of the Authority. These committees are chaired by a Board member, have terms of reference and mandates and report directly to the Board on a regular basis. We have a strong and committed governance body which provides effective oversight. Board members are very engaged and have attended most Board and committee meetings during 2023 and 2024 to date.

Pacific Pilotage Authority Governance chart



Committees

1. **Finance and Audit Committee (FAC)** - the committee Chair and at least three additional Board members are designated as members of this committee. This committee meets six times per annum and additionally, as required. Members are expected to be financially literate. Its mandate includes oversight of financial matters, financial reporting, external audit, internal audit, compliance with the Financial Administration Act and the Authority's enterprise risk management framework.
2. **Governance and Nominating Committee (GNC)** – this committee meets on an as needed basis, at the call of the committee Chair. Its mandate is to ensure the Authority follows good corporate governance practices. The GNC also identifies and encourages suitable candidates to apply for the merit-based selection criteria for appointment to the Board. The GNC comprises three Board members and is chaired by the Board Vice-Chair.
3. **Human Resources Committee (HRC)** – this committee meets on an as needed basis, at the call of the committee Chair. Its mandate includes ensuring the Chief Executive Officer (CEO) evaluation (Performance Management Program, PMP) and executive development planning is in place at the Authority. The HRC is also mandated to review CEO compensation and performance and to oversee the delivery of a robust and effective human resource management function that is aligned with best practices and compliant with relevant legislation and regulations. The HRC comprises three Board members. The CEO and the Chief Human Resources Officer serve on the HRC as non-voting members.
4. **Pilot Training and Examination Committee (PTEC)** – this committee meets four times per annum and additionally, as required, to conduct pilot examinations. Its mandate is to conduct pilot examinations and review ongoing training programs for pilots. It is chaired by a Board member and includes members of the Authority's management and representatives of both pilot groups. A Committee of Examiners is established for the purpose of conducting pilot examinations.
5. **Communications and Engagement Committee (CEC)** – this is a new committee and is expected to meet four times per year with a mandate to strengthen the Authority's communications with internal and external groups, and to build relationships with Indigenous and coastal communities. It is chaired by a Board member and comprises two other Board members and members of management team.
6. **Information Technology Oversight Committee (ITOC)** – this sub-committee of the Finance and Audit Committee meets four times per annum, or more frequently as required. The committee is responsible for overseeing the identification and mitigation of risks, including IT project and system risks and cybersecurity risks, arising from the implementation and use of information technology. Its mandate includes overseeing the development of a five-year IT plan/strategy and annual IT action plans. It is chaired by a Board member and comprises a second Board member and members of Authority management.

Directors

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

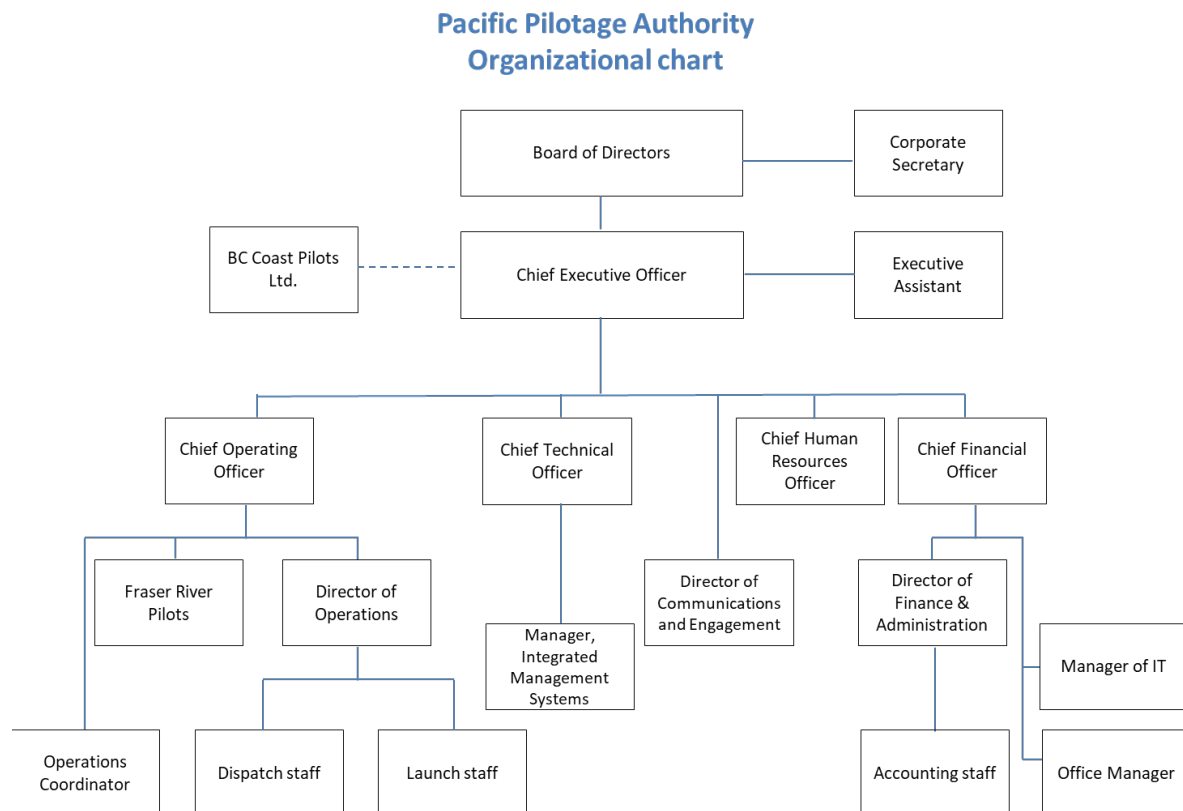
Name	Location	Appointment	Term	Expiry
Lorraine Cunningham (Chair)	Vancouver	November 8, 2024	5 years	Nov 8, 2029
Katherine Bright	Vancouver	April 21, 2023	4 years	April 20, 2027
Captain Allan Ranger	Vancouver Island	April 21, 2023	3 years	April 20, 2026
Billie V. Raptis	Vancouver	April 21, 2023	3 years	April 20, 2026
Guangbin Yan	Vancouver	April 21, 2023	4 years	April 20, 2027
Joely Viveiros	Vancouver	April 28, 2023	3 years	April 27, 2026
Marilyn Slett	Bella Bella	June 22, 2023	4 years	June 21, 2027

Total Board expenses for fiscal 2023 amounted to \$259,000 (including compensation, travel and training).

The Authority:

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

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



Senior Executives

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

Name	Position
John Wilson	Chief Executive Officer
Brian Young	Chief Operating Officer
Paulo Ekkebus	Chief Technical Officer
Stuart Mackenzie	Chief Financial Officer
Danielle Lewis	Chief Human Resources Officer

Total Senior Executive compensation for fiscal 2023 amounted to \$1,378,000.

Annual Public Meeting

The Authority held its Annual Public Meeting for 2024 in person on June 25, 2024.

Appendix 3 – Planned Results

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

Objective: Work with Transport Canada, other Pilotage Authorities and key partners towards developing a National Pilotage System that is aligned with Transport Canada's objectives, as set out in the *Pilotage Act* for a coast-to-coast-to-coast Pilotage Program, while respecting regional models and expertise

Expected Results	Performance Measures
Development and implementation of a national pilotage incident response plan by PPA taking an active role in developing, executing and leading multi-lateral national pilotage meetings. (<i>Short-term</i>)	Attendance at all meetings of pilotage authorities' Chairs and CEO's; shape conversation on pilotage; gather and execute action items; communicate back to PPA's Management team and Board of Directors.
The Authority's Compulsory Pilotage Areas are adequate to support the safe and efficient transit of vessels on the West Coast of Canada (<i>Short-term</i>)	Interim Orders are in place as needed.
A revised and comprehensive Pilotage Risk Management Methodology that considers all existing risk mitigation strategies to improve navigation (e.g. pilotage, additional navigational aids, size of ships, weather, etc.) (<i>Medium Term</i>)	The revised methodology encompasses all risk mitigation strategies.
A stronger partnership between PAs and the piloting community (CMPA) to support the full implementation of the <i>Pilotage Act</i> review including the establishment of a world class National Pilotage System (<i>Medium Term</i>)	Terms or Reference are developed for the bi-annual meetings between Pilotage Authorities and the CMPA, and supported by a framework that clearly articulates the relationship goals and objectives.
The Authority complies with TC's matrix of Administration of Pilotage by Functions and supports the development of regulations that provide a common look and feel to the Pilotage System in Canada (<i>Medium Term</i>)	1) Capabilities to comply with the Administration of Pilotage by Functions matrix are in place at the Authority; 2) The Authority supports regulations that have a common look and feel.
The Authority has a revised Pilotage Waiver Standard of Care that will inform regulatory changes and buy in from all task force participants. Regulatory changes are onboarded by Transport Canada (<i>Medium Term</i>)	The PPA is responsible for work to support Transport Canada's accountabilities and authorities under the <i>General Pilotage Regulations</i> particularly in addressing sea time (vs geographic knowledge) in assessing applications for pilotage waivers.
A dedicated resource will assist the Authority in the development of a program that integrates ISM/ISO and QSMS regulations that is aligned with the Authority's existing Quality Culture and the Quality system employed by the BCCP and FRP (<i>Medium Term</i>)	1) Hiring a dedicated resource for the position of Manager, Integrated Management Systems; 2) new manager hired and onboarded.

Objective: Establish a future vision that leverages technologies both for the Pilotage Authority and the piloting community, taking into consideration input from key partners (e.g., Transport Canada, PAs, pilots, First Nations, OGDs, Industry, Partners & Coastal Communities)

Expected Results	Performance Measures
PPA's needs and objectives are considered and reflected in VFPA's development and implementation of its new AVTM system <i>(Short term)</i>	PPA is invited to and attends meetings hosted by VFPA on AVTM and PPA's input is reflected in the system as implemented.
A regional plan for pilotage has been developed for ports to adopt in their development of AVTM <i>(Medium term)</i>	Ports adopt the Authority's regional plan for active vessel traffic management
Integration of the Authority's systems with port systems to improve efficiency <i>(Medium term)</i>	By 2026 PDAMS is integrated with VFPA AVTM and plans are in place to continue to integrate with other port jurisdictions.
Information and knowledge gathered on Maritime Autonomous Surface Ships (MASS), as it relates to pilotage and as basis for a discussion paper <i>(Medium term)</i>	Relevant information gathered and organized.
A business model for the simulator (PSTAR) that ensures financial self-sufficiency of the joint venture at a minimum <i>(Medium term)</i>	PSTAR is run as a self-funded business in accordance with the business plan.

Objective: Define, implement, and embrace a new model for human capital for the Authority and Pilotage on Canada's West Coast

Expected Results	Performance Measures
Understanding of leading human capital practices and creation of potential initiatives for development and implementation <i>(Short term)</i>	Leading practices are documented and reviewed within the PPA
Cost-effective support from students for managers with significant projects and development of future talent for the Authority <i>(Short term)</i>	Recruitment and onboarding procedure established with procedures for students
Document describing requirements for career pathway from mariner to marine pilot <i>(Short term)</i>	Document available on PPA website and number of downloads/page visits monitored for uptake.
Collective Bargaining Framework to assist with future labour negotiations <i>(Short term)</i>	Negotiated agreements successfully completed before expiry of existing agreements.
Meet Equity, Diversity and Inclusion goals <i>(Medium term)</i>	Enrollment of diverse candidates in the scholarship and mentorship program; recruitment materials encourage applicants from historically under-represented groups
Prioritized list of new HR processes, technologies, and practices <i>(Medium term)</i>	Recommendation shortlist developed and reviewed with PPA executive

Expected Results	Performance Measures
Successful collaboration with Canadian Maritime Careers Foundation Workforce committee to address marine workforce shortages. <i>(Medium term)</i>	Participation in CMCF initiatives and promotional events.
No gender-based compensation inequities <i>(Medium term)</i>	Publication and implementation of pay equity plan.

Objective: Commit to continuous improvement and enhancement of PPA's services to our customers while remaining financially responsible and sustainable with consideration of pilots, First Nations, OGDs, Industry, Partners, and Coastal Communities

Expected Results	Performance Measures
Realtime access to waiver lists for vessels and officers <i>(Short term)</i>	All relevant stakeholders have access to waiver information
Safe and financially sustainable operation to transport pilots via helicopter to/from tankers departing Trans Mountain and LNG Canada terminals <i>(Short term)</i>	A contract for helicopter services is in place for 7 years with an option to extend by 3 years with Talon
Alignment of pilotage authorities on a national model for a Quality and Safety Management System (QSMS) supported by regulations <i>(Medium term)</i>	The Authority takes a leadership role in TC quarterly meetings to develop a collective vision for QSMS regulations.
Reduced transportation costs, pilot travel time, and/or pilot fatigue <i>(Medium term)</i>	A complete study that will provide concise recommendations on transportation optimization and reduce travel time for pilots with a goal to reduce pilot transportation fatigue and yield efficiencies.
Tracking of pilot training and currency in new module within PDAMS <i>(Medium term)</i>	Cost benefit analysis completed. New module is in service, and all pilots can access their training records
Recommendation for new Human Resources Information System ("HRIS"), integrated with existing payroll system <i>(Medium-term)</i>	Report supporting the Management recommendation

Chief Executive Officer Results Commitment

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

John Wilson, Chief Executive Officer

December 3, 2024

Date

Appendix 4 - Chief Financial Officer Attestation

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

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

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



Stuart Mackenzie, Chief Financial Officer

December 3, 2024

Date

Appendix 5 - Financial Annex

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

STATEMENT OF FINANCIAL POSITION							
(in thousands of dollars)	Actual	Forecast	Plan				
Statement balance as at	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
Assets							
Current							
Cash and cash equivalents	13,009	12,061	11,893	9,243	12,128	15,632	17,129
Trade accounts receivable	4,991	6,329	6,796	7,099	7,327	7,565	7,792
Other receivables	888	658	707	739	763	788	812
Prepaid expenses	167	378	406	424	438	452	466
Investments	1,224	1,946	2,246	2,546	2,846	3,146	3,446
	20,279	21,372	22,048	20,051	23,502	27,583	29,645
Non-current							
Long-term investments	1,918	1,946	2,246	2,546	2,846	3,146	3,446
Other receivables	152	151	162	169	174	180	185
Property and equipment							
Buildings & floats	1,130	1,181	1,381	2,631	2,631	2,631	2,631
Pilot boats	23,057	23,757	26,307	33,627	42,077	42,177	42,277
Equipment	4,776	6,555	7,655	8,060	8,465	8,870	10,275
Leasehold improvements	1,688	1,688	1,688	1,688	1,688	1,688	1,688
Right-of-use assets	2,929	24,785	47,180	47,180	47,180	47,180	47,180
	33,580	57,966	84,211	93,186	102,041	102,546	104,051
Accumulated depreciation	15,261	19,529	27,881	36,990	46,253	56,200	66,219
Total property and equipment	18,319	38,437	56,330	56,196	55,788	46,346	37,832
Intangibles	998	2,076	2,341	2,418	1,951	1,476	2,385
	41,666	63,982	83,127	81,380	84,261	78,731	73,493
Liabilities							
Current							
Accounts payable and accrued liabilities	15,190	14,606	15,441	16,028	16,557	17,108	17,569
Other employee benefits	130	158	170	175	181	187	191
Lease Liabilities	220	2,829	5,593	6,265	6,835	7,419	8,595
Bank Debt	307	319	328	337	821	856	891
	15,847	17,912	21,532	22,805	24,394	25,570	27,247
Non-current							
Lease Liabilities	2,138	19,957	35,413	29,148	22,313	14,894	6,299
Bank Debt	4,501	4,178	3,850	6,031	13,012	12,156	11,265
Other employee benefits	426	633	680	699	723	748	765
	7,065	24,768	39,943	35,878	36,048	27,798	18,329
	22,912	42,680	61,475	58,683	60,442	53,368	45,576
Equity							
Retained earnings	18,754	21,302	21,652	22,697	23,819	25,363	27,917
	41,666	63,982	83,127	81,380	84,261	78,731	73,493

STATEMENT OF COMPREHENSIVE INCOME							
(in thousands of dollars) For the year ended December 31	Actual 2023	Forecast 2024	2025	2026	Plan 2027	2028	2029
Revenue							
Pilotage charges							
Coastal Pilotage	84,278	91,609	94,184	97,029	99,958	102,977	106,087
River Pilotage	4,286	5,049	5,200	5,356	5,518	5,685	5,856
Travel revenue	11,293	11,685	11,946	12,306	12,678	13,061	13,455
Launch/helicopter revenue	15,111	19,699	24,585	27,340	28,439	29,647	30,515
Surcharge revenue	6,913	2,701	2,782	2,867	2,954	3,043	3,135
Other revenues							
Other income	1,450	1,327	1,293	1,338	1,380	1,423	1,465
Total revenue	123,331	132,070	139,990	146,236	150,927	155,836	160,513
Expenses							
Contract pilots' fees	74,536	80,550	82,763	85,250	87,812	90,451	93,169
Salaries and benefits	17,412	18,306	19,013	19,557	20,229	20,924	21,397
Pilots' transportation	13,022	13,344	14,490	15,585	16,375	17,257	17,810
Pilots' training	2,261	3,115	2,680	2,845	2,924	2,892	2,756
Depreciation	2,060	4,212	8,742	9,591	9,790	9,883	10,070
Fuel	2,697	2,750	2,826	3,032	3,125	3,220	3,318
Repairs and maintenance	1,544	2,108	2,193	2,259	2,328	2,397	2,470
Transport Canada administration fee	679	834	936	964	993	1,023	1,054
Interest	313	973	2,405	2,314	2,239	2,054	1,616
Professional and special services	1,438	1,343	1,365	1,412	1,454	1,498	1,544
Other expenses	1,626	1,987	2,227	2,382	2,536	2,693	2,755
Total expenses	117,588	129,522	139,640	145,191	149,805	154,292	157,959
Comprehensive income (loss)	5,743	2,548	350	1,045	1,122	1,544	2,554

STATEMENT OF CHANGES IN EQUITY							
(in thousands of dollars) For the year ended December 31	Actual 2023	Forecast 2024	2025	2026	Budget 2027	2028	2029
Retained earnings, beginning of year	13,011	18,754	21,302	21,652	22,697	23,819	25,363
Comprehensive income(loss) for the year	5,743	2,548	350	1,045	1,122	1,544	2,554
Retained earnings, end of year	18,754	21,302	21,652	22,697	23,819	25,363	27,917

STATEMENT OF CASH FLOWS							
(In thousands of dollars)	Actual	Forecast	Plan				
For the year ended December 31	2023	2024	2025	2026	2027	2028	2029
Cash flows from operating activities							
Cash receipts from customers	122,365	129,405	138,230	144,595	149,319	154,175	158,821
Cash paid to employees	(16,922)	(17,872)	(18,742)	(19,350)	(19,973)	(20,660)	(21,217)
Cash paid to suppliers and others	(96,063)	(107,489)	(111,345)	(115,695)	(119,525)	(122,613)	(125,632)
Other income received	1,493	1,327	1,293	1,338	1,380	1,423	1,465
Net cash provided by operations	10,873	5,371	9,436	10,888	11,200	12,325	13,437
Cash flows from investing activities							
Purchases of investments	(795)	(750)	(600)	(600)	(600)	(600)	(600)
Acquisition of property and equipment	(3,008)	(2,529)	(3,850)	(8,975)	(8,855)	(505)	(1,505)
Acquisition of intangible assets	(351)	(1,300)	(660)	(560)	(60)	(60)	(1,560)
Net cash used in investing activities	(4,154)	(4,579)	(5,110)	(10,135)	(9,515)	(1,165)	(3,665)
Cash flows from financing activities							
Proceeds from borrowings	-	-	-	2,517	7,764	-	-
Repayment of borrowings	(472)	(311)	(319)	(327)	(299)	(821)	(856)
Repayment of lease liabilities	(182)	(1,429)	(4,175)	(5,593)	(6,265)	(6,835)	(7,419)
Cash provided by (used in) financing activities	(654)	(1,740)	(4,494)	(3,403)	1,200	(7,656)	(8,275)
Net increase (decrease) in cash and cash equivalents	6,065	(948)	(168)	(2,650)	2,885	3,504	1,497
Cash and cash equivalents, beginning of period	6,944	13,009	12,061	11,893	9,243	12,128	15,632
Cash and cash equivalents, end of period	13,009	12,061	11,893	9,243	12,128	15,632	17,129

Operating Budget

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

OPERATING SEGMENT ANALYSIS							
(in thousands of dollars) For the year ended December 31	Actual 2023	Forecast 2024	2025	2026	Plan 2027	2028	2029
Coastal Pilotage	84,278	91,609	94,184	97,029	99,958	102,977	106,087
Coastal Contract	74,536	80,550	82,763	85,250	87,812	90,451	93,169
Coastal Margin (note 1 below)	9,742	11,059	11,421	11,779	12,146	12,526	12,918
River Pilotage	4,286	5,049	5,200	5,356	5,518	5,685	5,856
River Wages & Benefits	4,284	4,442	4,692	4,798	5,010	5,229	5,347
River Margin	2	607	508	558	508	456	509
Launch/helicopter Revenue (note 2)	15,111	19,699	24,585	27,340	28,439	29,647	30,515
Launch/helicopter Expenses (note 2)	14,151	16,274	17,529	18,798	19,646	20,586	21,199
Launch/Helicopter Margin	960	3,425	7,056	8,542	8,793	9,061	9,316
Travel Revenue (note 3)	11,293	11,685	11,946	12,306	12,678	13,061	13,455
Travel Expenses (note 3)	10,363	9,915	10,177	10,484	10,801	11,127	11,463
Travel Margin	930	1,770	1,769	1,822	1,877	1,934	1,992
Other Revenue							
Surcharges (note 4)	6,913	2,701	2,782	2,867	2,954	3,043	3,135
Other Income	1,450	1,327	1,293	1,338	1,380	1,423	1,465
	8,363	4,028	4,075	4,205	4,334	4,466	4,600
Other Expenses							
Salaries & Benefits - office & admin	6,200	6,413	6,672	6,920	7,183	7,457	7,606
Training (note 6)	2,261	3,115	2,680	2,845	2,924	2,892	2,756
Depreciation (note 5)	2,060	4,212	8,742	9,591	9,790	9,883	10,070
Transport Canada administration fee	679	834	936	964	993	1,023	1,054
Interest (note 7)	313	973	2,405	2,314	2,239	2,054	1,616
All Other Costs	2,741	2,794	3,044	3,227	3,407	3,590	3,679
	14,254	18,341	24,479	25,861	26,536	26,899	26,781
NET INCOME (LOSS)	5,743	2,548	350	1,045	1,122	1,544	2,554

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

1. The increase in both coastal pilotage revenue and coastal contract expenses in 2024 is due to an increase in pilotage service charges, partially offset by a small decrease in assignments from a weaker grain harvest. Service charge rate increases in future years, which account for most of the revenue growth, are assumed to be in line with increases in the CPI for Vancouver, which has been assumed to be 2.0% at the end of 2024, and remaining at 2% in 2026-29. Nominal increases in assignments have been assumed of 1% in 2025 and 2026.

2. The increase in both launch/helicopter revenue and expenses in 2024 is also due to the increase in rates, and the start of helicopter operations in May to transfer pilots to/from tankers departing Trans Mountain's expanded Westridge terminal. In 2025, we expect revenue and expenses from helicopter operations to grow with a full year of tankers departing Westridge and the start of operations at the LNG Canada terminal in Kitimat, which will eventually use helicopters for pilot transfers. The increased margins do not reflect the additional costs for helicopter operations related to depreciation of the leased asset and financing costs, which are included in other expenses.
3. For travel operations, revenue is forecast to increase in 2024 from the increase in rates, offset by the drop in assignments. Costs, however, are forecast to decrease from 2023, as the prior year included one-time costs associated with the reimbursement of pilots' travel expenses.
4. The temporary surcharge, which was in effect throughout 2023, was eliminated at the end of 2023. Hence the decrease in surcharge revenue in 2024.
5. Depreciation increases significantly in 2024 because of the depreciation of the right-of-use asset created from accounting for the first helicopter contract in the south (Trans Mountain). 2025 will include a full year's depreciation for the southern contract and is assumed to include the start of a second contract for the north (LNG Canada).
6. The increase in training in 2024 is due to the cost of helicopter training for the pilots. There will continue to be some recurring helicopter training annually for pilots, but on a smaller scale than the initial training.
7. The increase in interest costs in 2024 and 2025 reflect the accounting treatment of the helicopter contracts as leases to be capitalized with a related interest cost, which has been assumed to be at a rate of 6% per annum. Based on start dates, 2024 is a partial year for the southern contract, and 2025 for the northern contract. The interest rate on the bank financing for the new pilot launch assumed to start in 2026 is 5%.
8. Salaries are assumed to increase in line with increases in CPI for the prior year, which is assumed to be 2.0% for 2024 (i.e. applies to salary increases in 2025).

In comparing the forecast above for 2024 to the corresponding year in the Corporate Plan for 2024-2028, the key variances are that revenue and expenses are forecast to be \$5 million more and \$1 million less, respectively, than planned. The increase in revenue is largely due to estimates for assignments being 5% higher than expected, mainly from an unexpected recovery in container traffic. The decrease in expenses reflects the delay in the start of helicopter services contract for the north (LNG Canada) until 2025, rather than 2024.

Capital Budget

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

CAPITAL INVESTMENTS							
(in thousands of dollars)	Actual	Forecast	Plan				
For the year ended December 31	2023	2024	2025	2026	2027	2028	2029
Building and floats	435	50	200	1,250	-	-	-
Pilot boats, engines and generators	1,026	700	2,550	7,320	8,450	100	100
Equipment	1,194	1,780	1,100	405	405	405	1,405
Leasehold improvements	910	-	-	-	-	-	-
Right-of-use assets	(507)	21,857	22,395	-	-	-	-
Intangibles	117	1,300	660	560	60	60	1,560
Total	3,175	25,687	26,905	9,535	8,915	565	3,065

Included in the above summary for 2025-2029 are:

- Pilot boats, engines and generators – a new launch planned to be built in 2026/2027 for use at the launch station in Prince Rupert and estimated to cost \$15 million (subject to an RFP process), engine refurbishments are planned for one launch, plus other upgrades and refurbishments to other launches
- Equipment – this includes expansion of our simulator capabilities and the cyclical replacement of existing portable pilotage units (PPUs) plus new units for apprentices
- Right-of-use assets – this category includes the assets corresponding to the leases for helicopters
- Intangibles – software upgrades for the PPUs and further development of PDAMS

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

Sensitivity of Corporate Plan Projections

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

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

Appendix 6 - Borrowing Plan

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

New borrowing is expected in 2026 for a bank credit facility to partially fund the construction of a new launch to replace the existing Chinook pilot launch. Construction is expected to start at the end of 2025 following a Request for Proposals process and would be completed by the end of 2027. Once construction is completed, the funds drawn under the credit facility would be converted to a term loan repayable over 15 years. The estimated cost of the new launch is \$15 million of which \$5 million is expected to be funded from the Authority's cash balances and \$10 million from new bank debt, plus interest accrued during the construction phase.

Existing bank loans drawn in 2022 and earlier are being repaid in accordance with existing terms.

The lease liability approved for 2023 for the helicopter contract in the south to support the TM project started in May 2024, when operations commenced at the expanded TM Westridge terminal.

The lease liability approved last year for the helicopter contract in the north to support the LNG project was delayed and is now expected to be effective in Q2 of 2025, when the new terminal is expected to be operational.

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

BORROWING PLAN							
(In thousands of dollars)	Actual	Forecast	Plan				
Statement balance as at	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29
Long-term loans							
Due within one year	307	319	328	337	821	856	891
Due after one year	4,501	4,178	3,850	6,031	13,012	12,156	11,265
Lease liabilities requiring approval (TM/LNG)							
Due within one year	-	2,582	5,319	5,974	6,527	7,110	7,727
Due after one year	-	17,907	33,636	27,662	21,135	14,025	6,299
Operating line of credit	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Total	8,308	28,485	46,634	43,504	44,995	37,647	29,681

Therefore, assuming re-approval is not required for borrowing that is already in place and borrowing that has previously been approved in prior Corporate Plans but not yet drawn (i.e. helicopter contract in support of LNG), the Authority is requesting approval for an additional \$10 million in long-term borrowing and \$3.5 million in short-term borrowing.

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

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

CONTINUITY OF BORROWINGS							
(In thousands of dollars) For the year ended December 31	Actual 2023	Forecast 2024	2025	2026	Plan 2027	2028	2029
Bank Loans							
Opening balance	5,995	4,808	4,497	4,178	6,368	13,833	13,012
Repayment	(1,187)	(311)	(319)	(327)	(299)	(821)	(856)
New	-	-	-	2,517	7,764	-	-
Closing balance	4,808	4,497	4,178	6,368	13,833	13,012	12,156
Lease liabilities requiring approval							
Opening balance	-	-	20,488	38,956	33,636	27,662	21,135
Helicopter (TM)	-	21,632	-	-	-	-	-
New - Helicopter (LNG) - pre-approved	-	-	22,395	-	-	-	-
Repayment	-	(1,144)	(3,928)	(5,319)	(5,974)	(6,527)	(7,110)
Closing balance	-	20,488	38,956	33,636	27,662	21,135	14,025

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

LEASE LIABILITIES BY ASSET CLASS							
(In thousands of dollars) For the year ended December 31	Actual 2023	Forecast 2024	2025	2026	Plan 2027	2028	2029
Existing leases:							
Office							
Vancouver office (to Feb 2033)	2,460	2,085	1,880	1,649	1,404	1,144	868
Victoria office (to Aug 2029)	63	212	170	127	81	33	-
Equipment							
Helicopter (TM project to 2031)	-	20,488	17,907	15,101	12,059	8,763	5,197
Vehicle	18	1	-	-	-	-	-
New leases:							
Equipment							
Helicopter (LNG project to 2032) - pre-approved	-	-	21,049	18,535	15,603	12,373	8,828
Total	2,541	22,786	41,006	35,413	29,148	22,313	14,894

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

Operating Line of Credit

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

Currently, the Authority has an operating line of credit facility up to \$3.5 million provided by its bank. The Authority does not expect to draw on this facility in 2025.

Investment Policy

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

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

Appendix 7 - Risk and Risk Responses

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

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

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

Risk Impact Ranking Methodology

	Indigenous		Financial	Operational				Strategic	
	Cultural	Disruption of Community		Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputation
Most severe (5)	Incident causes long term harm for more than one month to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for more than one month	Above \$10 million cash impact on the Authority	Multiple deaths and multiple people with serious long- term injury requiring intensive care.	Incident results in damage to infrastructure such that it becomes inoperable for greater than one month or results in financial loss exceeding \$50 million	Incident results in sinking of vessel or in the vessel sustaining sufficient damage to result in it being a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than six months)	Operational cessation or major operational issues (e.g. delays) lasting more than one month	Sustained front page adverse national and international media coverage. Adverse social media commentary sustained for greater than one month.
Severe (4)	Incident causes medium-term harm for up to one month to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses, or employment disrupted for up to one month	Impact on the Authority between \$5 and \$10 million	Single death and multiple people with serious long- term injury requiring intensive care	Incident results in damage to infrastructure such that it becomes inoperable for up to one month or results in financial loss of \$25 - \$50 million.	Incident results in vessel sustaining damage significant enough to require towing to dry dock with loss of operations for more than one month	Incident causes sustained medium term harm to environment (i.e. damage lasts more than one month)	Operational cessation or major operational issues (e.g. delays) lasting up to one month	Front page adverse national media coverage and intermittent international coverage Adverse social media commentary sustained for greater than two weeks.

	Indigenous		Financial	Operational				Strategic	
	Cultural	Disruption of Community		Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputation
Less severe (3)	Incident causes medium-term harm for up to three weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to three weeks	\$1million-\$5million cash impact	Some people with serious long-term injury and multiple minor injuries	Incident results in damage to infrastructure such that it becomes inoperable for up to one month or results in financial loss of \$10 - \$25 million.	Incident results in vessel grounding or sustaining damage significant enough to require towing to dry dock with loss of operations of not more than 1 month	Incident causes medium term harm to environment (i.e. damage lasts up to One month)	Operational cessation or major operational issues (e.g. delays) lasting up to two weeks	Intermittent adverse national media coverage Adverse social media commentary sustained for greater up to two weeks.
Moderate (2)	Incident causes short-term harm for up to two weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to two weeks	Between \$500,000 to \$1million cash impact	One person with serious long-term injury or illness contracted through work Some minor injuries Multiple PPA staff with minor illness contracted through work. Significant effect on stress levels / morale of multiple PPA staff.	Incident results in damage to infrastructure such that it becomes inoperable for up to one week or results in financial impact of \$500,000 - \$10 million	Incident results in vessel sustaining damage significant enough to result in loss of operations for not more than two weeks	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Operational issues (e.g. delays) lasting up to one week but no cessation of business	Sustained front page adverse local media coverage Board and Ottawa receive complaints from industry associations and major clients Adverse social media commentary sustained for greater up to a week.
Minor (1)	Incident causes short term harm for up to one week to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to one week	Up to \$500,000 cash impact	Single or multiple minor injuries requiring on site First Aid and/or off-site treatment Significant effect on morale of a PPA staff member.	Damage to facilities cause operations to cease for up to 72 hours or a financial impact up to \$500,000	Incident results in vessel sustaining minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours	Incident causes minimal or intermittent harm to environment over a period of time (i.e. damage lasts no greater than a day)	Operational issues (e.g. delays) lasting up to 72 hours	Intermittent adverse local media coverage Complaints received from industry and/or clients Some adverse social media commentary but not sustained

Risk Likelihood Ranking Criteria

Likelihood	Risks that are ongoing	Risks that are one-time
Frequent (5)	We expect that the risk will occur many times a month. The risk is happening.	We fully expect the risk to occur. The risk is already occurring (i.e. it is an issue).
Probable (4)	We expect that the risk will occur at least once a year.	We expect the risk will most probably occur.
Occasional (3)	We expect that the risk will occur once in 3 years.	We expect that the risk may occur at some time and we think it more likely than not.
Improbable (2)	We expect that the risk will occur once in 10 years.	We expect that the risk may occur at some time and we think it less likely than not.
Remote (1)	We expect that the risk will occur once in 50 years.	We expect that the risk may occur only in exceptional circumstances but that it is highly doubtful that it will.

Risk Ranking Key

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

		Likelihood				
		Remote	Improbable	Occasional	Probable	Frequent
Impact	Most Severe					
	Severe					
	Less Severe					
	Moderate					
	Minor					

Very High (score 15-25)	<ul style="list-style-type: none"> Exposure to this level of risk would normally be immediately reduced unless strategic imperatives dictate otherwise Demonstrably improving the risk control is required and at least one senior management team member should manage that process The CEO must be informed of progress and take an active role in the management of this risk exposure
High (score 10-14)	<ul style="list-style-type: none"> Exposure to this level of risk should be reduced as soon as practicable Improving the risk control is recommended and the relevant management should manage that process Relevant senior management must be informed of progress
Medium (score 5-9)	<ul style="list-style-type: none"> Unnecessary exposure to this level of risk should be reduced if practicable Improving the risk control is recommended if practicable and the relevant management should manage that process Control and responsibility must be specified

Low (score 1-4)	<ul style="list-style-type: none"> Exposure to this level of risk is acceptable without additional risk treatments and be subject to periodic review to ensure the risk does not increase Improving the risk control is not required Can be managed by routine controls and procedures
---------------------------	---

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

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

Heli hoisting program in the South will cause financial hardship for the Authority (Ranking score 9 - Medium)	Occasional	Less severe	<ul style="list-style-type: none"> • Helicopter assignments do not meet expectations • Early cancellation of contract • Service charge objection 	<ul style="list-style-type: none"> • Inability to cover monthly costs or recover start-up costs • Early cancellation fee payable 	<ul style="list-style-type: none"> • Vessel forecasts provided by terminal operator • Reserve to be established to fund early cancellation penalty • Semi-annual review of service charges
Inadequate response to a disaster or emergency (Ranking score 8 - Medium)	Improbable	Severe	<ul style="list-style-type: none"> • Natural disasters are unpredictable • Poor communications • Equipment failures 	<ul style="list-style-type: none"> • Vessel delays • Impact of emergency may be exacerbated 	<ul style="list-style-type: none"> • Emergency response plans in place • Operations can be administered virtually

Appendix 8 - Compliance with Legislative and Policy Requirements

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

Access to Information Act

As part of a commitment to clear and transparent governance, the Authority voluntarily reports, through its website, annual summaries of all requests related to the *Access to Information Act* received for itself and its subsidiaries. To date in 2024, two formal requests have been processed by the Authority.

Accessible Canada Act

In 2023, the Authority published a multi-year accessibility plan to proactively identify, remove, and prevent barriers in the following priority areas: employment, the built environment, information and communication technologies, communication, procurement, and the design and delivery of programs and services. The plan was developed by a working group of employees who self-identified as persons with a disability and is a direct reflection of the input, views and suggestions that were provided across the organization. The Authority will be implementing the plan between 2023-2026 and a progress report will be published on December 31, 2024.

Official Languages Act

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

Directive on Travel, Hospitality, Conference and Event Expenditures

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

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

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

Pay Equity Act

In 2024 the Authority completed the process required under the Act to identify and redress any systemic gender-based discrimination in compensation practices experienced by employees who occupy predominantly female job classes. A Pay Equity Committee of employees was formed and reviewed job classes and compensation. The committee identified five female job classes that required pay equity adjustments. These adjustments will be made effective in September 2024. This process will be completed every five years.

Trade agreements and procurement

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

The Authority is committed to procuring goods and services based on best overall value. Purchasing is conducted with due regard for equal opportunity, trade agreements, social and environmental considerations, internal policies and relevant legislation, including the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and the *Accessible Canada Act*. Procurement must support the Authority's mandate as set out in the *Pilotage Act*.

Purchases of goods and services over \$500,000 are advertised on the Government Electronic Tendering Service, (GETS), Canadabuyss.canada.ca. Purchases below \$500,000 are subject to best value evaluation. Best value includes but is not limited to price, fit for purpose, lifespan, maintenance and disposal. It is the Authority's policy to solicit offers for contracts with a value greater than \$30,000 with the exception of authorized non-competitive purchases.

The Authority has also reviewed the recent report by the Office of the Auditor General on contracting of professional services and the recommendation to identify conflicts of interest in the procurement process. As part of its commitment to transparency, the Authority has a conflict of interest declaration process in place for employees, which would extend to procurement activities.

Other

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

- *Auditor General Act, R.S.C. 1985, c. A-17*
- *Canada Business Corporations Act, R.S.C. 1985, c C-44*
- *Canada Labour Code, R.S.C. 1985, c L-2*
- *Canada Shipping Act, 2001*
- *Canada Transportation Act, S.C. 1996, c 10*
- *Canadian Environmental Assessment Act, 2012, S.C. 2012, c 19, s 52*
- *Canadian Environmental Protection Act, 1999, S.C. 1999, c 33*
- *Canadian Human Rights Act, 1985*
- *Commercial Arbitration Act, R.S.C. 1985, c 17 (2nd Supp.)*
- *Conflict of Interest Act, 2006*
- *Customs Act, R.S.C. 1985, c 1 (2nd Supp.)*
- *Employment Equity Act, 1995*

- *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c 9
- *Financial Administration Act*, R.S.C. 1985, c F-11
- *Health of Animals Act*, S.C. 1990, c 31
- *Lobbying Act*, R.S.C. 1985, c 44 (4th Supp.)
- *Pay Equity Act*, 2018
- *Pilotage Act*, R.S.C. 1985, C. P-14
- *Privacy Act*, 1985
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c 1
- *Public Servants Disclosure Protection Act*, S.C. 2005, c 46

Appendix 9 - Government Priorities and Direction

Results linked to Government priorities

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

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

Transparency and Open Government

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

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

The Authority acknowledges the *Directive on Proactive Publication under the Access to Information Act*, which mandates that all proactive publications, including corporate plans, be uploaded to the Open Government portal. The Authority commits to fulfilling their obligations under it by posting their publications to the Open Government portal.

Supply chain

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

Cyber security

The Authority utilizes the Canadian Centre for Cyber Security's "My Cyber Portal" via a secure login. This provides the ability to report a cyber incident directly, anonymously submit malware samples and access a cyber threat intelligence sharing platform, Aventail, providing high-confidence Indicators of Compromise (IoCs). We also receive regular threat briefings and a weekly technical report detailing incidents encountered both across the various Government entities and reports from around the world.

Gender-based analysis / diversity and employment equity

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

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

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

Reconciliation with Indigenous Peoples

The Authority recognizes the importance of establishing and maintaining relationships with the coastal First Nations in BC in whose traditional lands and waters we operate. In 2023, two Indigenous members were appointed to the Board of Directors to better incorporate Indigenous perspectives into organizational governance and strategic planning processes. We seek opportunities to recruit and retain Indigenous employees, as well as to engage in dialogue with First Nations about our collective interests in marine safety and the marine environment. To this end, we continue to participate in the Government of Canada's Oceans Protection Plan initiatives that foster dialogue and collaboration with Indigenous Nations.

Sustainable development and greening of government operations

The Authority promotes environmentally sustainable practices in its operations through a range of initiatives being implemented or explored. These include:

1. Requiring all future launches to meet best practices for emissions targets.
2. Work from home options for employees for a portion of scheduled hours, thereby reducing emissions associated with commuting.
3. Conducting on-line meetings for staff and the Board whenever possible, thereby reducing travel.
4. Becoming an associate member of the Green Marine organization.
5. Maintaining compliance with ISO and ISM certifications
6. Implementing a sustainability policy.
7. Leasing offices in Vancouver that are in a LEED certified building.

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

Climate change

The Authority is mindful of the impact of climate change. In 2023 we measured our existing carbon footprint to inform our next steps for setting reduction targets and corresponding timeframes, and work towards alignment with the government's Greening Government Strategy of climate resilience, greener operations and net zero emissions by 2050. In 2023, we also received Climate Smart Certification under the BMO Radicle program. We plan to include details of the Authority's climate-related financial risks in our Annual Report for 2024 by following the recommendations of the Task Force on Climate-related Financial Disclosures.

Safe and respectful workspaces

The Authority works diligently to ensure that its workplaces are civil, respectful and free from harassment. Policies and procedures are now in place to support this and include a “Whistle Blower Policy”. The Authority promotes an open-door policy among managers, holds regular meetings with staff and administers anonymous surveys to obtain feedback on workplace well-being. In addition, we have worked with consultants to address any real or perceived issues that may negatively impact team cohesiveness.

Accessibility

The Authority is committed to building a diverse workforce and inclusive and equitable work environment. In keeping with this commitment, we encourage applications from persons with disabilities, as well as women, Indigenous Peoples and visible minorities. Recent office renovations have added an accessible washroom.

Government austerity measures

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

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

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

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