Pacific Pilotage Authority Canada

Administration de pilotage du Pacifique Canada

Pacific Pilotage Authority

UNAUDITED FINANCIAL STATEMENTS

Quarterly Results

Nine months to September 30, 2016

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

PACIFIC PILOTAGE AUTHORITY

1000 – 1130 West Pender Street

Vancouver, BC V6E 4A4

UNAUDITED FINANCIAL STATEMENTS

Quarterly Results

Nine months to September 30, 2016

Statement of Management Responsibility:

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

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

Originally signed by:

Kevin Obermeyer
Chief Executive Officer

Originally signed by:

Stefan Woloszyn
Director of Finance & Administration

Vancouver, BC
December 20, 2016

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of Financial Position
(in thousands)

ASSETS

	As at September 30, 2016	As at December 31, 2015
Current		
Cash and cash equivalents	$ 2,734	$ 3,840
Accounts receivable, trade	6,140	5,217
Prepaid expenses and other receivables	1,981	1,203
	10,855	10,260
Non-current		
Long-term investments	2,753	4,237
Property and equipment	12,240	12,331
Intangible asset	9	32
	15,002	16,600
	$ 25,857	**$ 26,860**

LIABILITIES

	September 30, 2016	December 31, 2015
Current		
Accounts payable and accrued liabilities	$ 10,776	$ 9,048
Borrowings	372	365
Other employee benefits	256	247
	11,404	9,660
Non-current		
Borrowings	2,291	2,574
Other employee benefits	707	896
	2,998	3,470
	14,402	13,130

EQUITY

	September 30, 2016	December 31, 2015
Retained earnings	11,456	13,730
	$ 25,857	**$ 26,860**

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of comprehensive income
(in thousands)

	Three months to September 30, 2016	Three months to September 30, 2015	Nine months to September 30, 2016	Nine months to September 30, 2015
Revenues				
Pilotage charges	$ 22,196	$ 21,140	$ 57,940	$ 57,482
Interest and other revenues	8	11	41	133
	22,204	21,151	57,980	57,615
Expenses				
Contract pilots' fees	15,148	14,904	39,368	40,428
Operating costs of pilot boats	2,851	2,532	7,725	6,925
Transportation and travel	1,832	1,867	4,754	4,712
Salaries and benefits	1,600	1,546	4,874	4,585
Depreciation – property and equipment	414	292	1,105	875
Pilots' training	263	580	1,437	1,362
Professional and special services	89	244	214	949
Computer services	94	65	196	192
Rentals	92	90	275	260
Utilities, materials and supplies	44	46	176	168
Communications	16	16	56	63
Repairs and maintenance	21	18	61	51
Amortization – intangible asset	6	10	23	32
	22,469	22,210	60,265	60,602
Loss for the period	(266)	(1,059)	(2,284)	(2,987)
Other comprehensive income				
Comprehensive income	-	-	-	-
Total comprehensive loss	$ (266)	$ (1,059)	$ (2,284)	$ (2,987)

Unaudited

PACIFIC PILOTAGE AUTHORITY

Statement of changes in equity
(in thousands)

	As at September 30 2016		2015
Retained earnings, beginning of year	$ 13,730		$ 18,325
Profit for the year	(2,284)		(4,395)
Other comprehensive income	-		(200)
Total comprehensive income	(2,284)		(4,595)
Retained earnings, end of period	$ 11,456		$ 13,730

PACIFIC PILOTAGE AUTHORITY

Unaudited

Statement of Cash Flows
(in thousands)

	Three months to September 30, 2016	Three months to September 30, 2015	Nine months to September 30, 2016	Nine months to September 30, 2015
Cash flows from operating activities				
Cash receipts from customers	$ 22,250	$ 21,938	57,016	56,108
Cash paid to employees and suppliers	(22,057)	(23,459)	(58,331)	(59,334)
Other income received	-	11	-	132
Interest paid	-	-	-	-
Adjustments & Other	-	(0)	-	-
Net cash provided by operations	**193**	**(1,510)**	(1,314)	(3,094)
Cash flows from investing activities				
Net Purchase of long-term investments	(1)	(2)	1,291	(69)
Acquisition of property and equipment	(158)	(123)	(808)	(466)
Acquisition of intangible asset	-	-	-	-
Net cash used in investing activities	**(159)**	**(121)**	484	(535)
Cash flows from financing activities				
Re-payment of bank indebtedness	(91)	-	(276)	-
Cash used in financing activities	**(91)**	**-**	**(276)**	**-**
Net (decrease) increase in cash and cash equivalents	**(58)**	**(1,631)**	**(1,106)**	**(3,629)**
Cash and cash equivalents, beginning of period	2,791	5,220	3,840	7,218
Cash and cash equivalents, end of period	**2,734**	**3,589**	**2,733**	**3,589**

1. Basis of Presentation

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

In accordance with the Treasury Board of Canada Standard, these financial statements do not include all of the financial statement disclosure required for annual financial statements and should be read in conjunction with the Authority's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2015. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim period presented.

2. Authority and objectives

The Pacific Pilotage Authority (the Authority) was established in 1972 pursuant to the *Pilotage Act*. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act further provides that the tariffs of pilotage charges shall be fixed at a level that permits the Authority to operate on a self-sustaining financial basis and shall be fair and reasonable.

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

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

The principal registered address and records office of the Authority are located at 1000 - 1130 West Pender Street, Vancouver, BC, V6E 4A4.

3. Significant accounting policies

The significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and Canadian dollar deposits held at Canadian chartered banks, together with short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Financial assets

Financial assets are recognized when the Authority becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. The Authority's financial assets include cash and cash equivalents, accounts receivable-trade, certain other receivables and investments.

(i) Classification

The Authority classifies its financial assets into the following categories: at fair value through profit or loss and loans and receivable. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are classified as held for trading or that have been designated as financial assets at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

The Authority has elected to designate all its investments at fair value through profit or loss. The investments are initially recognized at fair value and subsequently measured at fair value at each reporting date. Fair value is based on the quoted price of the securities at the reporting date. Purchases and sales of investments are recognized on a settlement date basis.

Gains and losses arising from changes in fair values or sales of investments are included in interest and other revenues on the statement of comprehensive income. Interest and other revenues are presented net of investment expenses.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Authority's accounts receivable - trade and certain other receivables that are financial instruments are classified as loans and receivables.

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

(c) Property and equipment

Property and equipment are initially recorded at cost, and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of assets constructed by the Authority includes design, project management, legal, materials, interest on directly attributable construction loans, and construction costs. Spare engines are carried at cost and will be depreciated when put in service. Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings and floats	10 - 20 years
Pilot boats	25 years
Pilot boat engines	10,000 - 10,500 running hours
Pilot boat generators	10 years
Equipment	
- communication and other	4 - 10 years
- computers	3 years
- simulators	5 years
Leasehold improvements	shorter of 10 years or remaining term of lease

The assets' residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

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

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

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

(d) Intangible asset

Acquired computer software is recorded at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(e) Financial liabilities

Financial liabilities are recognized when the Authority becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. The Authority's financial liabilities include accounts payable and accrued liabilities and they are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

(f) Employee benefits

(i) Pension benefits

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

(ii) Other employee benefits

Employees are entitled to severance and sick leave benefits as provided for under collective agreements or employment contracts. The liability for these benefits is estimated and recorded in the financial statements as the benefits accrue to the employees.

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

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

(g) Revenue recognition

Revenues from pilotage charges are recognized on an accrual basis, at their fair value, when pilotage services are provided. Interest income is recognized on an accrual basis using the effective interest method.

(h) Changes in accounting policies and disclosures

(i) New and amended standards and interpretations

The Authority has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 Financial Instruments [1]
International Financial Reporting Standard (IFRS) 9, Financial Instruments, will replace International Accounting Standard (IAS) 39. Financial Instruments. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

IFRS 15 Revenue from Contracts with Customers [1]
IFRS 15 will replace IAS 18, Revenue. IFRS 15 specifies when and how an organization should recognize revenue derived from contracts with customers, including how to provide users of financial statements with more informative, relevant disclosures.

IFRS 16 Leases[2]
IFRS 16 will replace the previous leases standard IAS 17, Leases, and related interpretations. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The Authority intends to adopt this provision in fiscal 2018.

[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted. The Authority intends to adopt this provision in fiscal 2019.

The initial impacts of the changes are not known at this time. The Authority will perform a review of the effects of these IFRSs on the Authority's financial statements and related notes in fiscal 2016.

4. Significant accounting judgments and estimates

The preparation of financial statements requires management to make judgments that affect the application of accounting policies, and estimates and assumptions that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from the estimates and assumptions made by management.

The significant judgments made by management in applying the Authority's accounting policies include determining the components and the method to be used to depreciate property and equipment.

The estimates and underlying assumptions made by management that may have a significant effect on the financial statements include determining the present value of the defined benefit obligation of the other employee benefits on an actuarial basis using management's best estimates and assumptions. Any changes in these estimates and assumptions, which include the discount rate, will impact the carrying amount of the defined benefit obligation. The discount rate used to determine the present value of the defined benefit obligation is based on the interest rates of high-quality corporate bonds of the same currency and with similar terms to maturity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Pacific Pilotage Authority

Management's Discussion and Analysis

Unaudited quarterly financial results to September 30, 2016

Traffic review 2016

Year to date traffic levels were below the budget by 5% and were below prior year by 5%. Compared to budget, the Authority's 2016 coastal traffic is down by 387 assignments while river traffic was down by 81 assignments. Compared to the prior year for the same 9 month period the 2016 coastal traffic is down by 424 assignments while river traffic is down by 56 assignments.

Traffic analysis for the nine months to September 30, 2016

	Actual	Budget	Variance Fav (Unfav)	Variance %	Prior Year
Number of Coastal Assignments (excl. 2nd pilot assignments)	8,717	9,104	- 387	-4%	9,141
Number of Fraser River Assignments	753	834	- 81	-10%	809

Forest products and the grain sector were the largest sectors showing declines for the nine months ended September 30, 2016. It is expected that grains volumes will surge in Q4 and into fiscal 2017.

Financial review and comparison to Corporate Plan (Budget)

For the nine months ended September 30, 2016 the Authority has recorded a loss of $2.3 million as compared to a budgeted loss of $4.1 million in the same period.

The YTD revenue variances are reflected below.

For the year to date ended	**September 30, 2016**				
(thousands of Canadian dollars)					
			Variance	**Variance**	
REVENUES	**Actual**	**Budget**	**Fav (Unfav)**	**%**	**Prior Year**
Coastal Pilotage	42,132	43,967	(1,835)	-4%	42,424
River Pilotage	2,191	2,322	(131)	-6%	2,247
Travel - Coastal	5,612	5,773	(161)	-3%	5,479
Travel - River	116	133	(17)	-13%	126
Launch Revenue	6,318	6,218	101	2%	6,037
Launch Replacement	394	286	108	38%	
Launch Fuel	1,177	1,413	(236)	-17%	1,169
Bridging Fee	0				
Short Term Interest and Other Income	100	46	53	115%	115
Gain (Loss) on Investments	(59)	0	(59)		17
Other Comprehensive Income	0	0	0		0
TOTAL INCOME	57,980	60,158	(2,178)	-4%	57,614

For the year to date ended	September 30, 2016				
(thousands of Canadian dollars)					
			Variance	Variance	
EXPENSES	**Actual**	**Budget**	**Fav (Unfav)**	**%**	**Prior Year**
Coastal Contract	38,892	41,738	(2,846)	-7%	39,497
Coastal Callback	470	1,182	(713)	-60%	926
Coastal Apprentice & Training	1,027	817	210	26%	1,232
Coastal Senior Pilot Training - Contract	377	587	(210)	-36%	65
Coastal Senior Pilot Training - Azipod & Other	0	0	0		0
Coastal Pilot Software - Annual subscription fee	(47)	126	(172)	-137%	68
Coastal Pilot PPU Support	0	0	0		0
Helicopter Project	821	788	33	4%	379
Operating projects	0	19	(19)	-100%	27
River Wages & Benefits	1,867	1,791	77	4%	1,772
Coastal Transportation & Travel	4,501	4,325	176	4%	4,368
River Transportation & Travel	122	149	(27)	-18%	137
Launch Wages & Benefits	3,946	4,147	(202)	-5%	3,822
Launch Operating Costs	1,898	1,809	88	5%	1,840
Launch Fuel Costs	946	1,076	(130)	-12%	1,028
Launch Repairs	174	317	(143)	-45%	231
Amortization	1,127	992	135	14%	907
Salaries & Benefits	3,005	2,816	189	7%	2,812
Transport Canada Service Fee	0	75	(75)	-100%	0
All Other Costs	1,137	1,456	(319)	-22%	1,490
TOTAL EXPENSES	60,263	64,211	(3,948)	-6%	60,601
NET INCOME (LOSS)	(2,283)	(4,053)	1,770	-44%	(2,988)

The favourable coastal pilotage revenue variance of $1.9 million was directly attributable to the successful negotiation with the BCCP for relief in the pilot unit fee increase in fiscal 2016. Coastal pilotage revenues were $1.8 million below budget and were driven by lower assignment volumes. However, coastal pilotage contract costs were $3.6 million below budget and were driven by a combination of the lower volumes and the negotiation as referenced above. This was the largest driven for the positive variance to budget. Additionally the payout ratio for contract pilotage services ended the 3rd quarter at 93.4%, below budget and driven by the

The River pilotage is performed by employee pilots and the unfavourable variance of $208 was driven by lower river volumes versus budget.

Travel revenues and costs are variable and fluctuate with trip volumes and location of assignments. Travel revenues were 3% below budget and were driven by lower volumes. Travel expenses were 3% above budget.

Favourable launch revenues of $326 were driven by higher launch assignment volumes in the north and offset by lower launch operating and fuel costs.

The administration overhead ratio finished the period at 6.9% versus a budget of 6.8%.

Looking ahead to December 31, 2016, the Authority is forecasting a loss of $4 million.

<u>Appropriations</u>

The Authority is prohibited from receiving Parliamentary appropriations as per section 36.01of the Pilotage Act. The Authority has been financially self-sufficient since inception in 1972 and regularly endorses strategy that will ensure this strategic goal remains among the highest priority.

Enterprise Risk Management

An Enterprise Risk Management (ERM) program has been incorporated as part of the Authority's strategy and is well advanced in 'cultivating a culture of risk awareness' throughout the organization. All areas of the Authority's operations have been incorporated into this program, including contract and employee pilots, launches, dispatch and administration, along with the Board and management.

The ERM Committee is chaired by a Board member and includes representation from each of the areas mentioned above. The Committee reports to the Board, oversees scenario planning/ emergency preparedness exercises, and reviews the risk registry to make sure it is accurate and up to date. The committee assigns relevant risks to specific committees and managers to review on an ongoing basis. The committees' staff and chair sit on the ERM oversight committee and report on risks to that committee as well as directly to the board in their board reports. In addition, the whole board actively scans for new and emerging risks at the Authority's annual strategic planning exercise as well as throughout the year at regular scheduled meetings.

The Authority remains committed to ensuring all risks have appropriate mitigation measures in place that are reviewed on a regular basis. Detailed risk descriptions and mitigation measures are kept current by the risk owners and are part of a comprehensive risk document. They are not all included in this report due to their length (except for the first three to show examples of the mitigation strategies and controls). As a general rule, the risks rated high are reviewed at least once every three months, risks rated medium are reviewed at least once every six months and risks rated low are reviewed at least once every year. Additionally, risk owners, who are members of the management group, are required to make annual presentations of their risk(s) to their assigned committees and the board reviews the full risk registry on an annual basis.

Risk Categories

The Authority has categorized its risks in order to assist in identification and management of the risk.

- Strategic risk: risks emanating from the Authority's strategy and decision making.
- Financial risk: risks pertaining to liquidity, capital availability, capital structure.
- Organizational risk: risks emanating from the Authority's management of its human resources including leadership depth and quality, management and labour availability and cost, cultural, etc.
- Operational risk: risks emanating from the Authority's day-to-day operating processes and activities.
- External risk: risks emanating from external sources over which the Authority (although impacted) has little control (e.g. macro-economic volatility; industry structural change; political, etc.)
- Legal and regulatory risk: risks associated with the Authority's compliance with applicable laws and regulations.
- Incident risk: risks emanating from incidents (accidents, near misses, etc.) within the Authority's jurisdiction where a pilot is present on board ship.

  Emerging risks: un-rated risks that the Authority will keep reviewing from time to time in order to be proactive.

Risk Ranking Methodology

The Authority categorizes risks on the basis of the following chart. Similar to the risks themselves, these limits are reviewed on a regular basis.

Impacts	Financial	Operational				Strategic	
		Human	**Property**	**Vessel(s)**	**Environmental**	**Reputation**	**Disruption of Business**
Extreme **5**	Above $10 million cash impact on the Authority	Multiple deaths And multiple people with serious long-term injury Intensive care	Damage to property is such that it ceases operations for a period of time exceeding one month or financial loss exceeds $10 million	Vessel sinks or sustains so much damage that it is a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)	Sustained front page adverse national media coverage International media coverage	Threatens long-term viability of Authority (Operational cessation or major operational issues lasting more than one month)
Very High **4**	Impact on the Authority between $5 and $10 million	Single death And multiple people with serious long-term injury Intensive care	Damage to facilities is such that operations cease for up to one month or financial loss of $5 - $10 million	Vessel sustains damage significant enough to result in towing to dry dock and loss of operations of up to one month	Incident causes sustained medium term harm to environment (i.e. damage lasts up to one month)	Front page adverse national media coverage and intermittent international coverage	Threatens viability of Authority in the medium term (Operational cessation or major operational issues lasting up to one month)
High **3**	$1 -$5 million cash impact	Some people with serious long-term injury and multiple minor injuries	Damage to facilities is such that the operations cease for up to two weeks or financial loss of $1 - $5 million	Vessel sustains significant damage with dry docking and loss of operations for two weeks	Incident causes medium term harm to environment (i.e. damage lasts up to two weeks)	Intermittent adverse national media coverage	Threatens viability of Authority in the short term (Operational cessation or major operational issues lasting up to two weeks)
Medium **2**	Between $500,000 to $1 million cash impact	One person with serious long-term injury Some minor injuries	Damage to facilities cause operations to cease for up to one week or financial impact of $500,000 - $1 million	Vessel sustains damage resulting in loss of operations for one week	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Sustained front page adverse local media coverage Board and Ottawa receive complaints from Chamber of Shipping and major clients	Operational issues lasting up to one week but no cessation of business
Low **1**	Up to $500,000 cash impact	Single or multiple minor injuries requiring on site first aid and/or off-site treatment	Damage to facilities cause operations to cease for up to 72 hours or a financial impact up to $500,000	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)	Intermittent adverse local media coverage Complaints received from Chamber of Shipping and/or clients	No operational issues or operational issues lasting up to 72 hours

Risk Table

Priority	Title	Org Level	Risk Category	Impact	Likelihood	Score
1	Ports and or Terminals Significantly Changing the Way they do Business	Operations	Financial Risk	High	Possible	Medium
2	Hazardous, Dangerous or Toxic Cargo	Operations	Marine Incident Risk	Very High	Unlikely	Medium
3	Delay of Vessel due to the PPA	Operations	Stakeholder Risk	Medium	Probable	Medium
4	Failure of Key IT Applications	Operations	IT Risk	High	Unlikely	Medium
5	Dispatch department knowledge loss and succession planning	Operations	HR Risk	High	Unlikely	Medium
6	Telecommunications Failure (Voice and Data systems)	Operations	IT Risk	High	Unlikely	Medium
7	Management Succession	Strategic	HR Risk	High	Unlikely	Medium
8	Recruiting and Training of Launch Crew	Operations	HR Risk	High	Unlikely	Medium
9	Internal and External Fraud	Operations	Financial Risk	High	Unlikely	Medium
10	Recruiting and Training of River Pilots	Strategic	HR Risk	High	Unlikely	Medium
11	Human Resource Management for the PPA	Operations	HR Risk	High	Unlikely	Medium
12	Disaster and Emergency Planning	Operations	Emergency Risk	High	Unlikely	Medium
13	Conflict of Interest	Strategic	Reputation Risk	High	Unlikely	Medium
14	Risks associated with HOLDCO	Strategic	Financial Risk	High	Unlikely	Medium

15	Pilots Transfers Via Helicopter Hoisting	Strategic	Marine Incident Risk	High	Unlikely	Medium
16	IT Vendor Issues	Operations	IT Risk	Medium	Possible	Medium
17	Maintaining Good Stakeholder Relationships with the Marine Industry	Strategic	Stakeholder Risk	Medium	Possible	Medium
18	Delay of Vessel due to External Issues	Operations	External Risk	Low	Highly Probable	Medium
19	Future Recruitment of Suitable Qualified Pilots	Strategic	HR Risk	Very High	Improbable	Low
20	Economic Health of BC Coast Pilots Ltd	Strategic	Financial Risk	Very High	Improbable	Low
21	Training of BC Coast Pilots	Strategic	Marine Incident Risk	Very High	Improbable	Low
22	General Safety of Pilots	Operations	Safety/Well Being Risk	Very High	Improbable	Low
23	Labour Management - FRP	Operations	HR Risk	Very High	Improbable	Low
24	General Safety of PPA Launch Crew	Operations	Safety/Well Being Risk	Medium	Unlikely	Low
25	Changing Economic and Financial Conditions and Political Issues Affecting Traffic Volume	Strategic	Financial Risk	Medium	Unlikely	Low
26	New Technology and Subsequent Training - Pilots	Strategic	Marine Incident Risk	Medium	Unlikely	Low
27	Main Office Security	Operations	Safety/Well Being Risk	Medium	Unlikely	Low
28	New Technology and Subsequent Training - Non-pilot	Operations	IT Risk	Medium	Unlikely	Low
29	Accounts Receivable	Operations	Financial Risk	Medium	Unlikely	Low

30	Labour Management - ILWU	Operations	HR Risk	High	Improbable	Low
31	Pilot Protocols and Participation in an Incident	Strategic	Marine Incident Risk	High	Improbable	Low
32	Drugs and Alcohol	Operations	Safety/Well Being Risk	High	Improbable	Low
33	Communication During an Incident (Media)	Operations	Communication Risk	High	Improbable	Low
34	Labour Management - Launch Crews	Operations	HR Risk	High	Improbable	Low
35	Communication During an Incident (Government)	Strategic	Communication Risk	High	Improbable	Low
36	Incident Management Coordination Across Borders	Strategic	Communication Risk	High	Improbable	Low
37	Pandemic	Operations	Emergency Risk	High	Improbable	Low
38	Security of Physical Assets	Operations	Financial Risk	High	Improbable	Low
39	Financial Reserve -Tariff	Strategic	Financial Risk	Low	Possible	Low
40	Maintaining Good Stakeholder Relationships with Pilots	Strategic	Communication Risk	Medium	Improbable	Low
41	Maintaining Good Stakeholder Relationships with the Shareholder	Strategic	Stake Holder Risk	Medium	Improbable	Low
42	Financial Control Systems	Operations	Financial Risk	Medium	Improbable	Low
43	Compliance with Regulations and Legislation	Strategic	Compliance Risk	Medium	Improbable	Low
44	Incident Management Coordination within Canada	Strategic	Marine Incident Risk	Medium	Improbable	Low
45	Coordinating Multiple Investigations as a Result of a Cross-Border Incident	Strategic	Communication Risk	Medium	Improbable	Low

46	Risks associated with a single-contractor relationship	Strategic	HR Risk	Medium	Improbable	Low
47	General Health & Safety of PPA Head Office	Operations	Safety/Well Being Risk	Low	Unlikely	Low
48	Recruiting and Training of Administration Staff	Operations	HR Risk	Low	Unlikely	Low
49	Special Events Planning	Operations	Financial Risk	Low	Unlikely	Low
50	Accounts Payable	Operations	Financial Risk	Low	Improbable	Low

Key Performance Indicators

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

To September 30, 2016

	ISSUE	GOAL	TO DATE
1	Number of delays caused by pilots	0	0
2	Number of dispatch errors causing delays	0	0
3	Incidents on vessels under pilotage		
	a) Class A Incidents	0	0
	b) Class B Incidents	0	0
	c) Class C Incidents	0	2
4	Incidents on pilot launches		
	a) Class A Incidents	0	0
	b) Class B and C Incidents	0	2
	c) Lost time incidents	0	0
5	Unscheduled launch downtime		
	a) Causing operational delays (Total downtime days causing delays/total days)	0%	0
	b) Not causing operational delays (Total downtime days not causing delays/total days)	0%	1.28%
6	Helicopter usage for pilot transfers (North)	40%	31.4%
7	Environment: pollution reports from pilot launches	0	0
8	Combined computer runtime (Vancouver and Victoria)	100%	100%
9	Maintain an overhead cost of less than 8.5%	8.5%	7.1%
10	Maintain an adequate contingency fund (2016 – 5% total annual revenue)	5%	3.7%
11	Accounts receivable (Percentage of invoices under 30 calendar days)	90%	90%
12	Maintain average of 8 working days to resolve all complaints	8 days	4.6 days
13	Maintain average of 8 working days to resolve all invoice disputes	8 days	4.1 days