

PACIFIC PILOTAGE AUTHORITY

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

SUMMARY OF THE CORPORATE PLAN

2008 TO 2012

Includes:

OPERATING BUDGET

2008

CAPITAL BUDGET

2008

**PACIFIC PILOTAGE AUTHORITY
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Executive Summary

Increasing traffic volume and cargo variety is forecast throughout the plan period. Western Canada will continue to be an important source of raw materials for Asian manufacturers, and the West coast will be a key conduit for the importation of manufactured products for the North American market. Although pilotage assignments have decreased slightly in recent years due in large part to increased vessel sizes, this trend is expected to be reversed with the growth in cargo volumes and emergence of new trades.

The Corporate Plan reflects a number of key developments that will require the Authority's attention and response in the future.

The Vancouver, Fraser River and North Fraser Port Authorities will amalgamate in early 2008. It is anticipated that marine traffic patterns will be altered in response to more coordinated efforts to generate increased efficiencies in the use of transportation routes and facilities throughout the Lower Mainland.

The much-anticipated development of commercial shipping in the Arctic, although some years in the future, will require the Authority to strategize on the potential for this to be a positive influence in Canada's Arctic marine industry.

A number of major projects will come on stream or be well advanced during the plan period. The Authority's preparation for these events includes the designation of certain "trigger points" that will signal the need for manpower adjustments and the implementation of new training regimes. These "trigger points" will start a process of specific pilot training, recruitment and other preparatory actions well in advance of a new project coming on stream. In order to remain proactive with the industry we serve, the Authority actively monitors and participates in discussions and decisions relating to upgrading existing or developing new dock facilities.

Major projects under construction or in the planning stages include:

- A new container facility in Prince Rupert, to be operational in the 4th quarter of 2007.
- A third expansion at the Deltaport container terminal, currently under construction and forecast to be operational in late 2009.
- Stage II of the Prince Rupert container facility projected for 2010.
- An LNG terminal in Kitimat, projected to be operational in 2010.
- A crude oil pipeline terminal in Kitimat involving import of solvents in conventional tankers and export of crude oil in Very Large Crude Carriers (VLCC), projected to be operational in the 2012-2014 time period.

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The continuing need to increase efficiency, reduce costs and improve service and safety is reflected in the major capital projects of the Authority. The new launch construction program is well underway with two state-of-the-art pilot launches under construction at a Vancouver shipyard. The Pacific Navigator will enter service in the 2nd quarter of 2008 and the Pacific Leader will follow in the 4th quarter. The financing for this program is in place with a major Canadian Chartered Bank with a borrowing limit of \$7.5 million having been approved by the Minister of Finance.

The funding mechanism for this project consists of a launch replacement fee of \$180 per pilot boarding. Per the agreement with the Chamber of Shipping this fee will be discontinued once the program has been fully funded, expected to be sometime in 2012.

A major computer system upgrade program was begun in 2007 with Stage II continuing in 2008. The second stage will include AIS interface, mobile communication units for pilots, internet ordering for customers and automated pilot dispatching.

As part of the Authority's safety and security focus an Enterprise Wide Risk Management (EWRM) initiative is currently underway. The process covers every aspect of the Authority's operations and will result in the implementation of a formal risk management plan.

The Authority has implemented a plan to become financially self-sufficient within three years, independent of the launch replacement fees, and including the creation and maintenance of an adequate financial reserve. Agreement has been reached with the Chamber of Shipping to support this objective and future tariff adjustments will reflect this. The Authority's plan is to combine these tariff adjustments with close cost containment to ensure a continuing surplus upon the discontinuance of the launch replacement fee in 2012.

Mandate

The mandate of the Authority is to establish, operate, maintain, and administer in the interest of safety, an efficient pilotage service within the regions set out in respect of the Authority, on a basis of financial self-sufficiency.

Profile of the Authority

Background

The Pacific Pilotage Authority was established February 1st, 1972, pursuant to the Pilotage Act, 1970-71-72, Chapter 52. The Pacific Pilotage Authority is a Schedule III, Part I (FAA) Crown Corporation, comprising a Chairman and six Board Members appointed by Governor-in-Council.

The Authority is not an agent of the Crown.

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Powers

To carry out its responsibilities the Authority has made regulations, approved by Governor-in-Council, pursuant to the Pilotage Act for:

1. Establishing compulsory pilotage areas.
2. Prescribing the ships or classes of ships that are subject to compulsory pilotage.
3. Prescribing classes of Pilot's licences and classes of pilotage certificates that may be issued.
4. Prescribing the tariffs of pilotage charges to be paid to the Authority for pilotage services.

In addition, the Authority is empowered by the Pilotage Act to:

1. Employ such officers and employees, including licenced Pilots, as are required.
2. Contract with a body corporate for the services of licenced Pilots.
3. Make by-laws respecting the management of its internal affairs.
4. Purchase, lease, or otherwise acquire land, buildings, pilot launches and such other equipment and assets as may be required and to dispose of any such assets acquired.

Corporate Objectives

The Authority's Corporate Objectives are:

1. To provide **safe, reliable and efficient marine pilotage** and related services in the coastal waters of British Columbia, including the Fraser River.
2. To provide the services within a commercially-oriented framework to maintain **financial self-sufficiency**, through tariffs which are fair and reasonable.
3. To promote the effective utilization of the Authority's facilities, equipment and expertise, through the productive application of these resources in the interest of safe navigation.
4. To promote sustainable practices within the Authority and contribute to Government's environmental, social and economic policies as they apply to the marine Industry on the Pacific Coast of Canada.

Vision Statement

The Authority's vision statement is '**To be the template for Canadian Pilotage Authorities**'.

Mission Statement

The Pacific Pilotage Authority provides safe, efficient pilotage by working in partnership with Pilots and the Shipping Industry to protect the interests of the people of Canada.

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Corporate Values

Management and Board members review the Authority's Corporate Values annually to ensure their continued relevance and applicability. The Corporate Values are:

1. **Honesty/Integrity** - We will ensure honesty and integrity in everything that we do. We share responsibility for being effective, accountable and acting appropriately. We consider the outcome of decisions for all those affected before we implement change. We act with visible integrity and openness, and support each other in these actions.
2. **Positive Stakeholder Relations** - We will work hard to maintain positive relations with all stakeholders including the Shipping Industry, the Pilots and their respective organizations, our employees, the communities in which we operate and all other related individuals and organizations.
3. **Service Quality** - We strive for excellence in all our activities. We continuously learn, develop and improve. We take pride in our work and in the services we provide to our clients and partners.
4. **Accountability/Responsibility** - We are accountable, as individuals, team members and as an organization for our actions and our decisions. We make effective and efficient use of the resources provided to us. We adhere to our policies and procedures, our Mission and Objectives, and to the Regulations governing us. When our commitment to innovation is at odds with existing procedures, we will work within the system to achieve positive change and improvement.
5. **Adaptability and Innovation** - We value innovation and creativity. We encourage and support originality and diversity of thought. As individuals and as teams, working with our internal and external partners, we welcome new ideas and methods to enhance our service and the use of our resources.

Description of Operations

The Authority is responsible for providing safe, reliable and efficient marine pilotage in the coastal waters of British Columbia, including the Fraser River. The Authority has established five areas subject to compulsory pilotage.

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 either contracted to or employed by the Authority will carry out this assignment. Pilots are boarded on vessels by pilot launch or helicopter and are disembarked in similar fashion when a vessel leaves pilotage waters.

The affairs of the Authority are managed through its head office at Vancouver. Pilots are dispatched to their assignments through a central dispatch office in Vancouver and a traffic coordination office in Victoria.

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During 2007, a workforce of one hundred contract Pilots (seasonally adjusted) provided coastal pilotage services. Additionally, there are eight employee Pilots who pilot vessels on the Fraser River.

To provide Pilots with water transportation to and from ships, the Authority operates pilot launches at three permanent boarding stations. These stations are Victoria, Prince Rupert and Steveston which have employee-crewed launches.

Additionally, a contract launch is operated on a seasonal basis off Pine Island (Northern tip of Vancouver Island). This station will perform approximately 350 Pilot transfers during 2007, of which the majority will be cruise ship traffic. The Cruise Industry is the major user of this station since it allows their vessels a high degree of flexibility with regard to the Alaska cruises.

The Nanaimo Port Authority is also a contract launch operation carrying out Pilot changes off Snake Island in the Nanaimo area.

On the West Coast of Vancouver Island at Cape Beale, the Authority has a designated boarding station which services the Port Alberni region. Due to a drastic reduction in vessel calls there is not presently a contractor for this location.

Corporate Governance

Corporate Governance is the process of establishing and monitoring, the policies and procedures which will ensure the stewardship of the business and affairs of the Authority, including financial viability.

The Authority's Board of Directors comprises a Chairman, two Pilot representatives, two Shipping Industry representatives and two representatives of the public interest. This structure provides effective channels of communication and encourages better understanding of the requirements of the major users.

The Canada Marine Review Panel has recommended that the present Board structure be included in the Pilotage Act.

The Chairman and three Board members are also designated as members of the Audit Committee. The Audit Committee reviews the financial performance of the Authority and then presents the monthly financial statements to the Board of Directors for formal acceptance.

The Authority complies with the Treasury Board guidelines on corporate governance practices. This includes Board self assessments, a nomination committee for prospective Directors and the development of Director's skills criteria.

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Launch Stations, Office Facilities and Computers

The Authority leases property from the Greater Victoria Harbour Authority in Victoria, at Ogden Point, in order to accommodate the pilot launch floats and workshop. The Authority will continue to work towards a longer term lease option which will facilitate long term planning.

The Authority owns the Prince Rupert floats which were upgraded in 2003.

The Authority owns the Victoria dispatch office, which has been completely renovated in past years.

The Authority relocated to the current Vancouver head office facilities on December 1, 1999. The lease on this facility expires on December 31, 2009.

After consultation and input from Industry during 2006, the Authority proceeded with a plan to upgrade its computer systems with the intent of providing greater support to internet and web based applications. The computer system upgrade is currently being installed and the system is expected to be operational by the end of 2007.

Pilot Launches

The Authority's fleet consists of five specially designed pilot launches of which three were built in the early 1970's. The Authority has implemented an enhanced planned maintenance program, which will ensure all service and safety demands are met in a timely, orderly and cost effective fashion. All launches are on a four-year Canada Steamship Inspection (CSI) cycle.

<u>Pilot Launches</u>	<u>Station</u>	<u>Date Built</u>	<u>Size</u>
Pacific Pilot # 1	Steveston	1970	65'
Pacific Pilot # 2	Victoria	1971	65'
Pacific Pilot # 4	Prince Rupert	1973	65'
Pacific Pilot # 6	Victoria	1983	49'
Pacific Pathfinder	Prince Rupert	2003	72'

During 2004 the Authority developed a "Long Term Pilot Launch Strategic Plan" which reviewed operational requirements at both the owned and contracted launch stations. It was acknowledged that each station has a unique set of environmental and operational conditions to contend with.

This plan listed the specifics for every boarding station, either Authority operated or contracted. These stations include:

- Victoria
- Steveston
- Nanaimo
- Vancouver Inner Harbour and English Bay
- Pine Island

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- Cape Beale
- Triple Island

During 2006, the Authority signed a new construction contract with a shipyard located in Vancouver, B.C. to deliver two pilot launches. Two vessels of the same design and configuration were contracted for.

Delivery of the first launch is scheduled for the 1st quarter of 2008 and the second is to follow in the 3rd quarter of 2008. After approximately three months of crew training the launches will enter service. The first vessel will be based at Victoria and the second will be based at Steveston to service the Fraser River customers.

The financing of this program is in place with a major Canadian Chartered Bank. The Authority has received approval from the Minister of Finance to borrow up to \$7.5 million specifically for this construction program.

The funding mechanism for this project is in place. The Chamber of Shipping has agreed to support a launch replacement fee of \$180 every time a pilot launch is used in our operations. It is anticipated that this fee will remain in place until all the capital expenditure funds for new construction and refurbishment of launches has been recovered and the Authority has rebuilt their financial reserves to an appropriate level. Current financial projections indicate the fee will be discontinued during 2012.

The Pilot Launch Strategic plan also calls for two of the older launches to be re-engined and overhauled in order to serve as backups at Victoria and Prince Rupert. Pacific Pilot #4 will be re-engined and overhauled during 2008 while Pacific Pilot #2 is scheduled to be done during the year of 2009. The intent is to extend their useful lives and utilize these vessels in back up roles to further ensure uninterrupted service to Industry.

Additionally, the strategic plan has identified two older launches as being surplus to our needs after the new launches go into service. These older launches will be disposed of during the year of 2008.

Government Policies

The Authority continues to comply with the requirements of the *Human Rights Commission, Canadian Multiculturalism Act, Employment Equity Act, Official Languages Act, Equal Opportunity Program, Federal Identify Program, Canadian Environmental Assessment Act and the Access to Information and Privacy Acts.*

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Sources of Funding – Tariff

In order to finance its activities, the Authority charges users for its services through a tariff. Consistent with pilotage objectives, the tariff is intended to be fair, reasonable and sufficient to allow for a safe and efficient service. The Authority continues to place great emphasis on the open consultation process with Industry, prior to a tariff application being initiated.

Personnel Resources

The Authority has 56.5 full time employees: 7.5 Fraser River Pilots, 11 dispatchers, 26 Pilot launch personnel and 12 management and administrative personnel.

The Authority contracts with the British Columbia Coast Pilots Ltd. for coastal pilotage services. Currently, there are 100 (seasonally adjusted) active Pilot members of the BCCP who provide the coastal pilotage services.

The required complement of coastal Pilots is established annually in relation to the projected assignments and announced retirements.

Replacement and Training of Pilots

In order to ensure a highly qualified and skilled Pilot workforce, the Authority places major emphasis upon selection and training of Pilots. The apprenticeship for a coastal Pilot takes place over a period of approximately six and one-half months. This includes attendance at training courses for ship handling, ship simulation and Bridge Resource Management. In some cases where a candidate requires additional training, the Authority will increase the training period up to twelve months.

The Authority reviews training facilities on a regular basis to ensure the funds expended are spent in the most cost effective manner. The latest review, conducted during 2004 resulted in a change of the manned-model training facilities from Port Revel in France to Ilawa, Poland.

At present, the cost for training each apprentice is approximately \$85,000, which includes remuneration, travel and course fees and is borne entirely by the Authority.

The Authority expects to train and licence four coastal Pilots during the 2008 plan year. The Authority feels that this level of replacement and training will ensure contract Pilot strength remains capable of responding to the projected levels of activity.

The Authority has projected the coastal Pilots demographics through the plan years and is anticipating hiring four apprentices in each of the plan years, with the exception of 2011, which will require seven apprentices. The following chart details these projections.

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<u>Future Source of Pilots</u>	2007	2008	2009	2010	2011	2012
Pilots 65 and under	95	97	96	97	93	96
Number of Pilots required	100	100	100	100	100	100
Short before hiring	-5	-3	-4	-3	-7	-4
Apprentice Pilots required	4	4	4	4	7	4
Shortfall Pilots 65 and under	-1	1	0	1	0	0
Pilots over 60	33	36	42	49	53	59

The Authority is budgeting \$270,000 during each of the plan years to continue funding the Skills Enhancement Program for senior Pilots. This program's intent is to train twenty percent of the senior Pilots, per annum. During 2008, twenty senior Pilots will travel to Ilawa, Poland to enhance their skills in ship handling using manned models.

The Authority is forecasting an additional \$180,000 per annum through the plan years. For 2008 these funds will be used to ensure all Pilots are trained in the use of Integrated Bridge Systems (IBS). IBS is very specific to the new generation of vessels operating on the West Coast.

The Authority holds Pilot's exams every year to assess Pilot candidates who have the necessary experience and skills to perform the job. In addition, pre-exam sessions have been held to inform prospective candidates of the necessary requirements. The Authority also promotes a Familiarization Program, which is intended to further supplement a candidate's coast wide knowledge. The Authority feels confident that sufficient candidates will be available to meet the projected training levels during the plan period.

The BCCP have also attended marine hiring fairs with the intention of increasing the knowledge of suitable candidates with regard to the marine pilotage profession.

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Objectives, Strategies and Performance Measures

On an annual basis, the Authority engages in Strategic planning sessions involving the Board of Directors and Management. The most recent session, held during September 2007, endorsed the objectives and strategies listed below.

Corporate Objective #1

To provide safe, reliable and efficient marine pilotage and related services in the coastal waters of British Columbia, including the Fraser River.

Strategic Goal #1:

To enhance the Authority's effectiveness and efficiency in order to meet the needs of all shipping parties.

Strategies:

- Review the current launch maintenance program.
- Review the Dispatch Rules for efficiencies.
- Conduct a cost benefit analysis on Vancouver and Victoria dispatch offices.
- Introduce an Enterprise Wide Risk Management (EWRM) process.

Measurement:

- Track and report on scheduled vs. unscheduled launch downtime.
- Track and report on time pilotage service delivery to Industry.
- Track and report on Incident free operations.
- Annual review and update of EWRM process.

Corporate Objective #2

To provide the services within a commercially-oriented framework to maintain financial self-sufficiency, through tariffs which are fair and reasonable.

Strategic Goal #2:

The PPA will be financially self-sufficient.

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Strategies:

- Establish a three year plan (2008-2010) to increase the long term investments to a minimum of \$2.5 million or five percent of annual revenues.
- Ensure the Authority's tariff and cost structure is sufficient to absorb the termination of the launch replacement revenue stream when new construction program fully funded.

Measurement:

- Long term investments as a percentage of revenues.
 - Budget 2008 – 2.5%
 - Plan 2009 – 3.6%
 - Plan 2010 – 5.0%
- Annual Surplus (Deficit) after deducting launch replacement revenue.
 - Budget 2008 – deficit of \$224,000
 - Plan 2009 – surplus of \$422,000
 - Plan 2010 – surplus of \$683,000

Corporate Objective #3

To promote the effective utilization of the Authority's facilities, equipment and expertise, through the productive application of these resources in the interest of safe navigation.

Strategic Goal #3a:

The PPA will work in partnership with the Shipping Industry and the community in order to be seen as an ally in improving safety and efficiency.

Strategies:

- Shift from a reactive to pro-active stance.
- Contribute and use the Authority's knowledge and expertise in our jurisdiction.
- Actively seek partnerships to advance common navigational safety objectives.

Measurement:

- Annual Customer\Stakeholder surveys.
- Specific questions posed on values of the Authority during annual stakeholder meetings.
- Participation in all new and proposed terminal facilities in our jurisdiction.

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Strategic Goal #3b:

Maximize the engagement and competency of the Authority's Staff and Board in order to be the most effective Pilotage Authority in Canada.

Strategies:

- Complete Human Resources strategy.
- Conduct biennial Staff\CEO interviews.
- Improve communication with remote stations.

Measurement:

- Staff satisfaction survey.
- Staff turnover ratio.
- Staff sick leave usage by year.

Corporate Objective #4

To promote sustainable practices within the Authority and contribute to Government's environmental, social and economic policies as they apply to the marine Industry on the Pacific Coast of Canada.

Strategic Goal #4:

To work in partnership with the Government and non-government organizations to implement sustainable practices within the Authority.

Strategies:

- Establish an environmental awareness program.
- Ensure all pilot launches have the necessary training and equipment for internal oil spill response.

Measurement:

- Environmental non-compliance reports – goal is nil.
- Oil spills from the Authority's pilot launches – goal is nil.

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Operating Budget 2008 Commentary

The 2008 Budget is based upon a tariff revision of three percent effective as of January 1, 2008.

The highlights of the 2008 budget are as follows:

1. The Authority is forecasting a surplus of \$1,178,000 based upon 10,850 coastal and 1,200 river trips. Readers are reminded that if the Authority were to adjust the statements to account for the launch replacement revenue mentioned below the annual surplus would become a small deficit.
2. This surplus includes \$1,402,000 of launch replacement revenue. The tariff rate of \$180 per boarding is intended to fund the new launch construction program.
3. The general revenue tariff categories for transportation and launch rates will increase by 11.5% and 9.2% respectively. These increases represent a change in tariff methodology for the Authority in order to end any cross subsidizations in its general tariff of rates. Industry was fully supportive of this initiative to view each segment of the Authority's operation in isolation and adjust rates accordingly.
4. The BCCP payout ratio (BCCP cost divided by pilotage revenue) is forecast at 89.5 percent. The annual increase for the BCCP service agreement is forecast at three percent.
5. The budget anticipates four coastal apprentice Pilots being licenced during the year. There is \$270,000 budgeted for senior Pilot skills enhancement. Additional to the skills enhancement training, the Authority will fund \$180,000 for Integrated Bridge System training (IBS).
6. Wage increases for the Authority's unionized employees are shown as 2.7 percent. All other costs, such as vessel operating, travel and general administration are forecast at a 2.5 percent annual increase.

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Capital Budget 2008 Commentary

The Authority's capitalization limit is \$10,000 per expenditure. The total capital expenditures for the budget year of 2008 total \$3.245 million.

Buildings and Floats

In recent years, both the Victoria and Prince Rupert floats have been upgraded and renovated to ensure their on-going operational condition.

Pilot Launches

The Authority is budgeting for a major refit of Pacific Pilot #4 which will include engine replacement, electronics, generators and other work that is projected to extend useful life by 10 years. The engines were purchased during 2006 so the 2008 budgeted amount is \$200,000.

The Launch Replacement Program was initiated in the 2005 budget year. This program will continue into 2008 when the new construction phase finishes and two pilot launches are delivered. Both launches are forecast to be delivered during 2008; one in the 1st quarter with the second following in the 3rd quarter. The capital costs for this new construction program are reflected in the schedules as Pacific Navigator and Pacific Leader. Expenditures for the budget year of 2008 will total \$2.795 million for this program.

A Pilot recovery system is budgeted at \$50,000 that will cover all vessels in the fleet.

Communication Equipment and Other

This category, covering miscellaneous office equipment and furniture is budgeted at \$20,000.

Computers and Software

The current dispatching and billing software was installed in the early 1990's with some data base modifications done in 1995. The Authority has upgraded its computer systems during 2006 and 2007 with Stage I expenditures.

For the plan year of 2008, the Authority is budgeting \$420,000 for Stage II of the computer renewal program. Stage II will include, consulting, AIS interface, mobile communication units for Pilots, internet ordering for customers and automated Pilot dispatching.

Leasehold Improvements

The Authority is budgeting funds of \$10,000 to perform minor updating to its premises during the plan year.

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Statement of Operations

For the Years Ended December 31,
(000's)

	ACTUAL 2006	FORECAST 2007	PLAN 2008	PLAN 2009	PLAN 2010	PLAN 2011	PLAN 2012
INCOME							
Coastal Pilotage	\$34,669	\$36,269	\$37,703	\$39,020	\$40,760	\$42,160	\$43,210
River Pilotage	2,196	2,311	2,376	2,660	2,750	2,820	2,890
Travel	5,331	5,614	6,008	6,160	6,370	6,590	6,750
Launch	5,499	5,682	6,348	6,750	7,000	7,240	7,420
Launch Replacement Fee	1,424	1,385	1,402	1,400	1,400	1,400	820
Pilotage Waivers and Renewal Fees	0	0	0	0	0	0	0
Interest and Other	145	98	60	60	60	60	60
TOTAL INCOME	49,264	51,359	53,897	56,050	58,340	60,270	61,150
OPERATING EXPENSES							
BCCP Contract	31,099	32,480	33,730	34,570	35,760	36,990	37,910
BCCP Apprentice Wages and Training	222	383	400	410	420	740	430
BCCP Senior Pilot Training	369	468	450	450	450	450	450
River Wages, Benefits and Other	2,355	2,174	2,268	2,330	2,390	2,450	2,510
Transportation and Travel	4,645	4,657	4,788	4,910	5,080	5,250	5,380
Launch Wages, Operating and Repairs	5,598	5,979	6,281	6,450	6,970	7,040	7,670
Launch Bank Loan Interest	9	0	256	262	201	135	85
Launch Amortization	154	157	456	592	592	592	592
TOTAL OPERATING EXPENSES	44,451	46,298	48,629	49,974	51,863	53,647	55,027
ADMINISTRATIVE EXPENSES							
Salaries and Benefits	1,446	1,332	1,350	1,390	1,430	1,470	1,510
Dispatch Salaries and Benefits	1,143	1,261	1,350	1,390	1,430	1,470	1,510
Office Rental, Accom. and Supplies	453	467	470	480	530	540	550
Travel, Training and Miscellaneous	219	213	190	190	190	190	190
Telephone and Communications	64	68	80	80	90	90	90
Board Meetings and Travel	151	183	180	190	190	190	190
Legal, Consulting and Other	101	133	130	130	130	130	130
Computer	130	132	180	180	180	180	180
Computer and Equipment Amortization	74	96	160	240	240	240	240
TOTAL ADMINISTRATIVE	3,781	3,885	4,090	4,270	4,410	4,500	4,590
TOTAL EXPENSES	48,232	50,183	52,719	54,244	56,273	58,147	59,617
NET SURPLUS (DEFICIT) FOR YEAR	\$1,032	\$1,176	\$1,178	\$1,806	\$2,067	\$2,123	\$1,533
ADJUSTED NET SURPLUS (DEFICIT) (Launch Replacement Revenue deducted)	(\$392)	(\$209)	(\$224)	\$406	\$667	\$723	\$713

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Balance Sheet

For the Years Ended December 31,
(000's)

	ACTUAL 2006	FORECAST 2007	PLAN 2008	PLAN 2009	PLAN 2010	PLAN 2011	PLAN 2012
<u>ASSETS:</u>							
CURRENT ASSETS							
Cash and cash equivalents	\$1,622	\$2,555	\$2,235	\$2,868	\$3,591	\$5,064	\$6,589
Accounts Receivable	4,816	4,118	3,700	3,800	3,800	4,000	4,200
Prepaid Expenses	101	78	100	100	100	100	100
TOTAL CURRENT ASSETS	6,539	6,751	6,035	6,768	7,491	9,164	10,889
LONG TERM ASSETS							
Long Term Investments	1,227	982	1,350	2,000	2,900	3,000	3,000
FIXED ASSETS							
Buildings and Floats	275	305	305	305	335	335	335
Pilot Boats	5,691	10,533	13,084	13,461	13,461	13,461	13,461
Engines	353	353	177				
Communication and Other	437	478	498	498	498	498	498
Computers and Software	366	693	1,113	1,163	1,213	1,263	1,313
Leasehold Improvements	97	107	117	117	147	147	147
TOTAL CAPITAL COST	7,219	12,469	15,294	15,544	15,654	15,704	15,754
Accumulated Amortization	2,643	2,896	2,842	3,674	4,506	5,338	6,170
TOTAL FIXED ASSETS	4,576	9,573	12,452	11,870	11,148	10,366	9,584
TOTAL ASSETS	\$12,342	\$17,306	\$19,837	\$20,638	\$21,539	\$22,530	\$23,473
<u>LIABILITIES:</u>							
CURRENT LIABILITIES							
Accounts Payable	\$3,437	\$2,980	\$3,100	\$3,200	\$3,200	\$3,200	\$3,200
Wages and Withholdings Payable	1,469	1,400	1,400	1,400	1,400	1,500	1,500
TOTAL CURRENT LIABILITIES	4,906	4,380	4,500	4,600	4,600	4,700	4,700
LONG TERM LIABILITIES							
Bank Loan - Pilot Launches	310	4,500	5,683	4,528	3,312	2,030	1,390
Employee Severance Benefits	1,092	1,216	1,266	1,316	1,366	1,416	1,466
TOTAL LONG TERM LIABILITIES	1,402	5,716	6,949	5,844	4,678	3,446	2,856
<u>EQUITY OF CANADA</u>							
Contributed Capital	806	806	806	806	806	806	806
Retained Earnings	4,196	5,228	6,404	7,582	9,388	11,455	13,578
Net Surplus (Deficit) For Year	1,032	1,176	1,178	1,806	2,067	2,123	1,533
TOTAL EQUITY	6,034	7,210	8,388	10,194	12,261	14,384	15,917
TOTAL LIABILITIES AND EQUITY	\$12,342	\$17,306	\$19,837	\$20,638	\$21,539	\$22,530	\$23,473

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
YEARS OF 2008 TO 2012**

Statement of Cash Flows

For the Years Ended December 31,
(000's)

	ACTUAL 2006	FORECAST 2007	PLAN 2008	PLAN 2009	PLAN 2010	PLAN 2011	PLAN 2012
OPERATING ACTIVITIES:							
Cash receipts from customers	\$48,382	\$51,959	\$54,255	\$55,890	\$58,280	\$60,010	\$60,890
Cash paid to employees and suppliers	(47,932)	(50,139)	(51,755)	(53,062)	(55,161)	(56,915)	(58,485)
Other Income received	104	98	60	60	60	60	60
Employee Severance Payments	(139)	(170)	(200)	(200)	(230)	(250)	(250)
Cash flows provided by operating activities	415	1,748	2,360	2,688	2,949	2,905	2,215
INVESTING ACTIVITIES:							
Purchase of Investments	(1,476)	(1,255)	(368)	(650)	(900)	(100)	0
Proceeds on disposal of Investments	1,439	1,500					
Acquisition of property and equipment	(1,279)	(5,250)	(3,495)	(250)	(110)	(50)	(50)
Cash flows from (used in) investing activities	(1,316)	(5,005)	(3,863)	(900)	(1,010)	(150)	(50)
FINANCING ACTIVITIES:							
Repayment of Bank Loan	(69)	0	(817)	(1,155)	(1,216)	(1,282)	(640)
Bank indebtedness	200	4,190	2,000				
Cash flows from (used in) financing activities	131	4,190	1,183	(1,155)	(1,216)	(1,282)	(640)
Increase (Decrease) in Cash and Cash equivalents	(770)	933	(320)	633	723	1,473	1,525
Cash and Cash equivalents, beginning of year	2,392	1,622	2,555	2,235	2,868	3,591	5,064
Cash and Cash equivalents, end of year	\$1,622	\$2,555	\$2,235	\$2,868	\$3,591	\$5,064	\$6,589

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
YEARS OF 2008 TO 2012**

Statement of Capital Expenditures

For the Years Ended December 31,
(000's)

	FORECAST 2007	PLAN 2008	PLAN 2009	PLAN 2010	PLAN 2011	PLAN 2012
BUILDING AND FLOATS						
Victoria	30					
Prince Rupert				30		
PILOT BOATS						
Pacific Pilot #1 - sold 2008						
Pacific Pilot #2 - major refit			200			
Pacific Pilot #4 - major refit		200				
Pacific Pilot #6 - sold 2008						
Pacific Pathfinder						
Pacific Navigator	2,642	695				
Pacific Leader	2,200	2,100				
Recovery System		50				
ENGINES						
COMMUNICATION AND OTHER						
Furniture and Office Equipment		20				
Communication Equipment	41					
COMPUTERS AND SOFTWARE						
Dispatch and Billing Software	312	120				
Computer Hardware	15	300				
BCIT software upgrade relating to Pilot's currency of ports			50	50	50	50
LEASEHOLD IMPROVEMENTS						
Vancouver	10	10		30		
TOTAL CAPITAL EXPENDITURES	\$5,250	\$3,495	\$250	\$110	\$50	\$50

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
YEARS OF 2008 TO 2012**

Assignment Analysis and Pilot Productivity

For the Years Ended December 31,

	ACTUAL 2006	FORECAST 2007	PLAN 2008	PLAN 2009	PLAN 2010	PLAN 2011	PLAN 2012
COASTAL:							
Number of Contract Pilots - BCCP	100	100	100	100	100	100	100
Number of Coastal Assignments	11,673	11,550	11,750	11,750	11,850	11,950	11,950
Average Assignments per Pilot	117	116	118	118	119	120	120
FRASER RIVER:							
Number of Employee Pilots - FRP	9	7.5	7.5	8	8	8	8
Number of River Assignments	1,272	1,200	1,200	1,300	1,300	1,300	1,300
Average Assignments per Pilot	141	160	160	163	163	163	163
SAFETY:							
Incident Free Assignments	99.938%						

PROJECTED NEW BERTHS AND TERMINALS:

Annual Assignments added to plan base:

Delta Port - Berth 3 container dock

100

Prince Rupert - Stage II container dock

100

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
YEARS OF 2008 TO 2012**

Incident Reporting

The Authority categorizes incident and accident reporting into three types of investigations. An incident or accident will not be classified until sufficient facts are available to assess the potential for safety improvements and may require on site evaluation or interviews.

Class “A” Investigations

Defines an investigation that has a high probability of improving navigation safety, in that, there is a significant potential for reducing the risk to persons, vessels or the environment.

Class “B” Investigations

Defines an investigation that has a medium probability of improving navigation safety, in that, there is a moderate potential for reducing the risk to persons, vessels or the environment.

Class “C” Investigations

Defines an investigation that has a low probability of improving navigation safety, in that, there is a limited potential for reducing the risk to persons, vessels or the environment.

The following table shows the actual number of incidents the Authority has recorded over the last five years.

Year	Incident Free			Class A	Class B	Class C
	Assignments	Incidents				
2002	99.921%	10	0	0	10	
2003	99.869%	17	0	4	13	
2004	99.908%	12	0	2	10	
2005	99.932%	9	0	0	9	
2006	99.938%	8	0	3	5	

**PACIFIC PILOTAGE AUTHORITY
SUMMARY CORPORATE PLAN
YEARS OF 2008 TO 2012**

Human Resources

For the Years Ended December 31,

	Actual 2006	Forecast 2007	Plan 2008	Plan 2009	Plan 2010	Plan 2011	Plan 2012
Executive	1	1	1	1	1	1	1
Administrative	11	11	11	11	11	11	11
Employee Pilots (FRP)	9	7.5	7.5	8	8	8	8
Dispatchers	11	11	11	11	11	11	11
Pilot Launch Crews	26	26	26	26	26	26	26
Total Full Time Equivalent	58	56.5	56.5	57	57	57	57
Contract Pilots (BCCP) (Seasonally Adjusted)	100	100	100	100	100	100	100
Total Resources	158	156.5	156.5	157	157	157	157