PACIFIC PILOTAGE AUTHORITY

2024 ANNUAL REPORT

Pacific Pilotage Authority Canada

Administration de pilotage du Pacifique Canada

Canada

14,088
assignments
+4.9 % over previous year

99.99%
incident free assignments

$137.6M
in revenue
+11.5 % over previous year

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PILOT BOARDING STATIONS
Sand Heads, off Steveston
Brotchie Ledge, off Victoria
Cape Beale, off Port Alberni
Triple Island, off Prince Rupert
Pine Island, off Port Hardy

TABLE OF CONTENTS

LETTER FROM BOARD CHAIR AND CEO

March 27, 2025

The Honourable Chrystia Freeland
Minister of Transport
Tower C – Place de Ville
330 Sparks Street
Ottawa, ON K1A 0N5

Dear Minister:

On behalf of the Board of Directors and Management of the Pacific Pilotage Authority (the PPA), we are pleased to submit our Annual Report for the year ended December 31, 2024.

Throughout 2024, the PPA continued to see overall growth in assignments, finishing the year at a record 14,088 unique vessel orders and $138 million in revenue. This growth was in part directly attributed to the May 2024 start of export operations from the Trans Mountain Pipeline, as well from an increase in container and grain ships arrivals on the BC Coast. With 156 transit of laden tankers from Westridge Terminal in Burnaby, BC completed as of December 31st, we are very proud of the PPA's role and that of our strategic partner, British Columbia Coast Pilots Ltd. (BC Coast Pilots), in ensuring the smooth transit of this important Canadian resource through our coastal waters. We are equally proud of marine pilotage's role in the safe movement of shipping on Canada's Pacific coast and in the economy of the nation.

The PPA contributes to Canada's marine safety system by working closely with Canada's three other pilotage authorities to deliver a world class marine pilotage system for Canadians.

The departure of the first tanker from Westridge, the Dubai Angel, on May 25, also marked the formal start of our Helicopter Program (South). This initiative, under a service contract with Vancouver-based Talon Helicopters Ltd, enhances safety and efficiency for crude oil tankers on their outbound transits to sea. The PPA has also used this new capability to enhance our role in marine safety by swiftly embarking pilots onto ships dragging their anchors during winter storms. Based on this initial success, the PPA intends to work with clients and stakeholders in identifying other potential uses for helicopter transfers.

In July, we received the results and recommendations of the Special Examination, conducted by the Office of the Auditor General in Fall 2023. The PPA appreciates their detailed work and has already implemented the majority of the OAG's recommendations. We continue to action the remaining items and look forward to providing our final update prior to the end of May 2025. Elsewhere, the Authority continues to take substantive steps in implementing government priorities in pay equity, accessibility, official languages and climate action. Of note, the 2024 annual report marks our first year of disclosing climate related risks and metrics on greenhouse gas emissions. Equally, the PPA continues to align with the Greening Government Strategy and will continue to report progress in this area.

The PPA also addressed recommendations from the Transportation Safety Board of Canada (TSB) related to the sinking of the tug *Ingenika* in early 2021. The PPA took immediate action to address this guidance, revising the pilotage waiver review process and establishing a robust waiver verification process. In late December, the TSB advised us that our actions fully satisfied the recommendations and have closed the file.

Related to pilotage waivers, the PPA worked closely with Transport Canada to resolve a persistent issue with sea-time requirements for waiver applicants under the *General Pilotage Regulations*. This requirement, which could have impacted significantly the domestic tug and workboat industry, previously required applicants to have a specific and considerable

number of days on the West Coast overall, rather than discrete experience in local waters. Marine safety was enhanced following the publication of an interim order under the *Pilotage Act* in November 2024 as applicants must now obtain a minimum number of transits through the compulsory pilotage area for which the waiver is being sought.

Operationally, we continued to maintain an exceptional safety and service record in 2024. Delays were minimal and there was only one minor incident among the 14,088 pilot assignments carried out. With pilot embarkation by ladder remaining the highest risk component of a pilot's work, we continue to focus on pilot and launch crews' safety. In our ongoing efforts to improve efficiency, while looking ahead to the planned start of exports by LNG Canada, the PPA intends to charter an aircraft to transfer pilots between the south and north coasts of British Columbia.

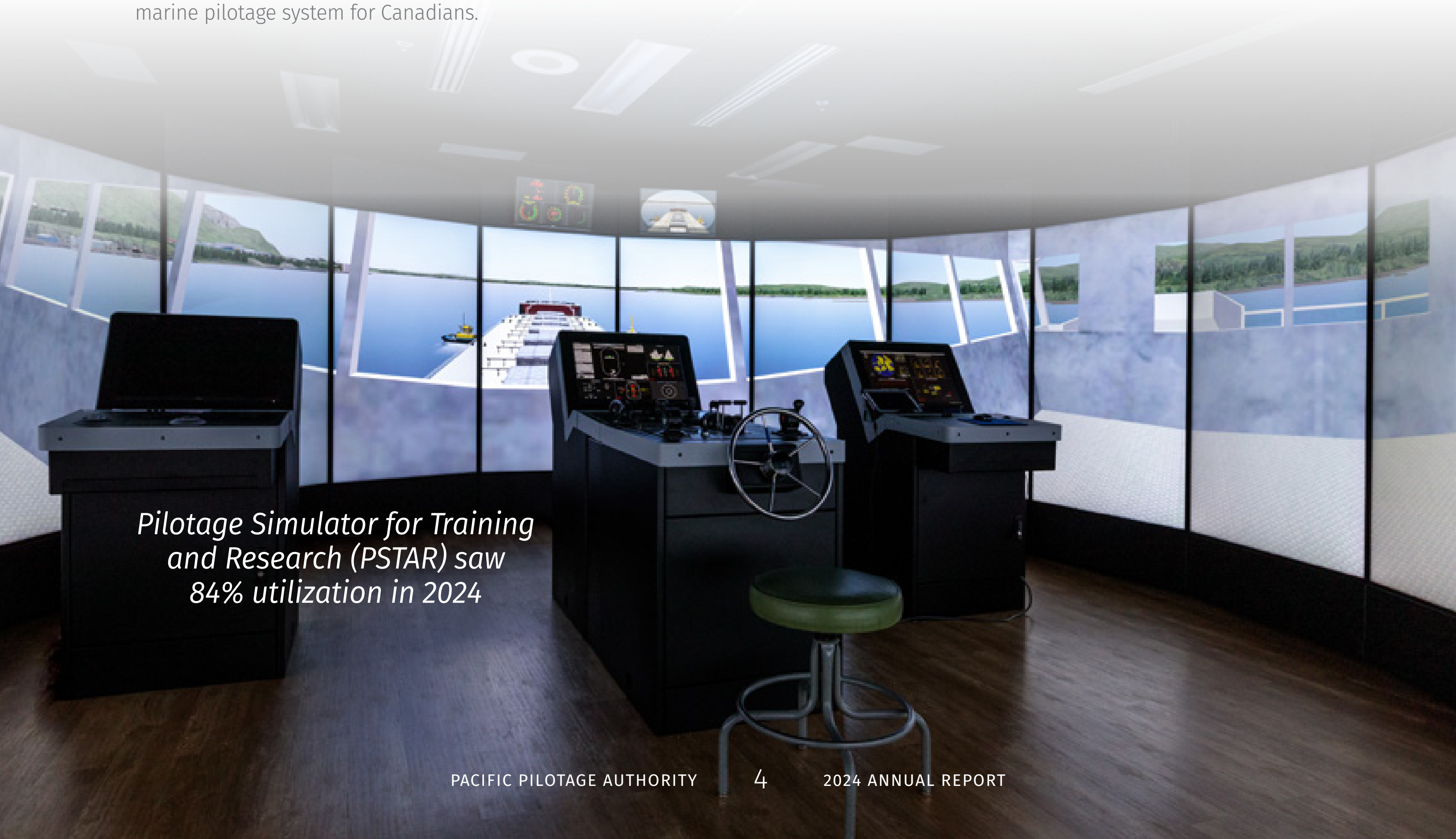
The PPA continues to work closely with BC Coast Pilots, the shipping industry and the coastal communities in which we operate. As reflected in the start of expanded Canadian crude oil exports from the Trans Mountain pipeline, these important relationships contribute to sound governance and decision making while strengthening marine shipping in our region. The PPA contributes to Canada's marine safety system by working closely with Canada's three other pilotage authorities. In doing so, we continue to identify and develop areas for economies of scale, consistency and mutual support in delivering a world class marine pilotage system for Canadians.

In closing and as always, we wish to express our sincere thanks to our staff, BC Coast Pilots, and Board of Directors for the dedication and contributions to the delivery of our mandate. Equally, and as reflected in our work with the Marine Safety & Security group on pilotage waivers, we continue our close collaboration with Transport Canada. We are grateful for their responsiveness and commitment to the delivery of our mandate.

Respectfully submitted,

Lorraine Cunningham
Chair

John Wilson
Chief Executive Officer



Pilotage Simulator for Training and Research (PSTAR) saw 84% utilization in 2024

WHAT IS THE PACIFIC PILOTAGE AUTHORITY?

On Canada's west coast, commercial vessels greater than 350 gross tons and pleasure craft greater than 500 gross tons are legally required to use the services of a Canadian marine pilot. This requirement is set out in the *General Pilotage Regulations*, under the *Pilotage Act*, and ensures that vessels navigate safely in designated pilotage waters.

The Pacific Pilotage Authority ("the Authority") is a federal Crown corporation responsible for administering marine pilotage services in these waters. Our jurisdiction spans the entire British Columbia coast and includes the Fraser River, making it the largest mandatory pilotage area in the world. Our unique coast-wide pilotage model enables the Authority to provide service in all ports on the West Coast, as well as to the cruise ships that transit the inside passage of BC, with a small group of marine pilots.

The safe and efficient movement of ships prevents accidents, safeguards marine ecosystems and supports resilient supply chains.

Mandate

The mandate of the Authority is to establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service within the region set out in respect of the Authority, whilst aligning with the principles set out in the *Pilotage Act*.

Principles

The *Pilotage Act* sets out a framework for the provision of pilotage services in accordance with the following principles:

that pilotage services be provided in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and that protects human health, property and the environment

that pilotage services be provided in an efficient and cost-effective manner

that risk management tools be used effectively and that evolving technologies be taken into consideration

that an Authority's pilotage charges be set at levels that allow the Authority to be financially self-sufficient

Vision Statement

The Authority's vision is to lead a world-class marine pilotage service on the west coast of Canada. Our vision is bold and ambitious, as are the team members who make up the Authority. To achieve our vision, the Authority must demonstrate:

- An industry-leading safety record
- A culture of operational efficiency where customers receive value for fees paid and the Authority is financially self-sustaining
- A leadership role in the maritime sector at the regional and national levels

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 marine pilots, the shipping industry and the communities in which we operate, to protect the environment and advance the interests of Canada and its people.

Corporate Values

Management and board members review the Authority's corporate values to ensure their continued relevance and applicability. The Authority's corporate values are as follows:

Honesty/Integrity
We will ensure honesty and integrity in all aspects of our work. 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.

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.

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.

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.

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.

Strategic Objectives

The Authority's strategic objectives are laid out in its Strategic Plan for 2024 – 2029 and are as follows:

1. **National Pilotage System**
   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.

2. **Pilotage NextGen**
   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.

3. **Workforce of the Future**
   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.

4. **Operational and Service Excellence**
   Commit to continuous improvement and enhancement of the Authority's services to our customers, whilst remaining financially responsible and sustainable.

ACTIVITIES AND ACHIEVEMENTS FOR THE YEAR

A new high-water mark

The PPA reached a new milestone with a record-breaking 14,088 pilot assignments completed in 2024.

Flying high

In operations that launched in May, helicopters transferred pilots to and from 156 tankers sailing outbound from Trans Mountain's newly expanded Westridge Terminal bringing additional layers of safety and efficiency.

Embracing diversity, empowering futures

The PPA's new Kevin Obermeyer Scholarship was awarded for the first time in 2024. The scholarship supports students from traditionally underrepresented backgrounds enrolled in marine studies programs at BCIT.

KEY ACTIVITIES IN 2024

In 2024, the results of key activities in support of achieving our strategic objectives were as follows:

OBJECTIVE	ACTIVITY	RESULTS
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	Conduct regular meetings with Chairs and CEOs of all four pilotage authorities and be an active member of the National Pilotage Advisory Committee (NPAC)	Board Chairs and CEOs met in June 2024 and reviewed areas for national alignment including engine power limiters and incident response protocols. The PPA participated in NPAC meetings (last in August 2024) representing pilotage's contribution to safety and marine trade in Canada
	Work with Transport Canada to review compulsory areas in support of the new Trans Mountain and LNG Canada projects	Interim order approved for Compulsory Pilotage Area for Outbound Tankers from Westridge Terminal and PPA working with TC for an expansion of the compulsory area in advance of LNG Canada start in 2025.
	Work with Canadian Marine Pilots Association (CMPA) to strengthen relationship with PPA	PPA Chair and CEO attended recent International Marine Pilots Association (IMPA) conference. Commenced first recurring meetings with CMPA.
	Work with Transport Canada, other pilotage authorities and the piloting community on the development of the Quality and Safety Management System (QSMS) regulations	New manager responsible for QSMS has established notification system. QSMS implementation process underway.
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, OGD's, Industry, Partners & Coastal Communities)	Engage with key partners to advance smart port initiatives (e.g. Active Vessel Traffic Management (AVTM))	Authority participated in tabletop exercise with VFPA and AVTM Navigation Working Group
	Leverage the joint venture, Pilotage Simulator for Training and Research (PSTAR), in support of major marine projects on the West Coast	84% utilization of simulator vs scheduled availability. Profits generated will be used for future system upgrades.

OBJECTIVE	ACTIVITY	RESULTS
Define, implement and embrace a new model for human capital - *Workforce of the Future* - for the Authority and pilotage on Canada's west coast	Identify and document leading human capital practices relevant to marine pilotage	Participated in the inaugural Imagine Marine Conference, a national marine workforce development conference. Attended Vancouver Fraser Port Authority's "Port Day" and hosted two info sessions for the public to promote awareness of marine career opportunities.
	Identify new/different approaches to address systemic barriers in hiring and testing of knowledge, skills and abilities (e.g. hiring of women, Indigenous peoples)	First scholarship funded by the Authority was awarded to a student in the BCIT Bridge Watch Rating program.
	Recruit students from various disciplines to complete a work term with the Authority	Recruited student for work term through High School Students with Intellectual Disabilities Integration Project (HSSIDIP) led by the Department of Justice.
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, OGDs, Industry, Partners, and Coastal Communities	Develop Pilotage Waiver module in the Pilotage Dispatch and Accounting Management System (PDAMS)	Waiver module implemented in Q1 2024
	Work with Transport Canada to incorporate tailored changes in the *General Pilotage Regulations* to onboard the revised Pilotage Waiver Standard of Care	The Interim Order Respecting Waivers of Compulsory Pilotage Granted by the Pacific Pilotage Authority issued by Transport Canada in November 2024, to replace 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.
	Conduct Phase 2 of transportation study to optimize pilot transportation to/from assignments	Initial review of needs to optimize pilot travel identified travel to/from the north (e.g. Prince Rupert) as a priority. The Authority is planning to implement a seasonal air charter to Prince Rupert to fill a gap in commercial air service.
	Implement helicopter program in the South (Trans Mountain)	Contract for the helicopter program in the South executed in Q2 2024
	Complete Phase 2 of recently implemented PDAMS, including digitalization of pilot data	Initial scope of Phase 2 requirements developed internally in conjunction with Wartsila. Software development expected in 2025.

Key Performance Indicators

The performance indicators of the Authority are regularly reviewed and assessed by the Board of Directors. Part of the assessment is based upon certain key performance indicators (KPIs) which are listed below. The Authority shares the KPIs with its stakeholders.

RESULTS FOR 2024

Safety	Goal	Actual	Prior Year
1. Incidents on vessels under pilotage (% incident free)	1 (99.9%)	**1 (99.9%)**	2 (99.9%)
2. Incidents on pilot launches (% incident free)	1 (99.9%)	**0 (100%)**	0 (100%)
3. Pollution incidents on pilot launches	0	**0**	0
Reliability			
4. Number of delays caused by pilots (% delay free)	1 (99.9%)	**8 (99.9%)**	4 (99.9%)
5. Number of delays caused by dispatch errors (% delay free)	1 (99.9%)	**1 (99.9%)**	3 (99.9%)
6. Number of delays caused by launches (% delay free)	1 (99.9%)	**1 (99.9%)**	1 (99.9%)
7. Total number of delays (% delay free)	3 (99.9%)	**10 (99.9%)**	8 (99.9%)
Efficiency: General			
8. Average number of working days to resolve all complaints	5 days	**4 days** (1 complaints)	5 days (6 complaints)
9. Average number of working days to resolve all invoice disputes	5 days	**5 days** (3 disputes)	5 days (8 disputes)
Efficiency: Pilots			
10. Complaints regarding pilot service level [number of complaints/number of assignments]	0%	**0.0%**	0.1%
11. Callbacks as percentage of assignments	2.5%	**2.5%**	2.4%
12. Annual assignments per pilot			
a) Coastal	101	**118**	110
b) Fraser River	129	**135**	128
13. Annual utilization of pilots – terminal delays [hours delayed at terminal/total hours on assignment]	5%	**2%**	2%
14. Annual utilization of pilots – cancellations [number of cancellations/number of assignments]	8%	**8%**	9%
Financial			
15. Average revenue/cost per assignment			
a) Revenue	$ 9,438	**$ 9,768**	$ 9,188
b) Cost	$ 9,620	**$ 9,517**	$ 8,759
c) Profit (loss)	$ (182)	**$ 251**	$ 429
16. Maintain adequate reserves (cash and investments)	$ 18M	**$ 17M**	$ 16M
17. Accounts receivable - % of invoices under 30 days	95%	**99%**	94%
18. Working capital ratio – current assets / current liabilities	1.0	**1.2**	1.3

Five year financial summary

The table below provides a historical financial summary of the Authority from 2020 through 2024.

Financial Results ($'000)	**2020**	**2021**	**2022**	**2023**	**2024**
Revenues	83,241	84,561	105,632	123,342	137,607
Expenses	(83,432)	(86,499)	(104,702)	(117,587)	(134,069)
Profit (Loss)	(191)	(1,938)	930	5,755	3,538
Financial Position ($'000)					
Current Assets	14,817	13,988	14,664	20,279	23,074
Current Liabilities	(13,747)	(13,291)	(13,470)	(15,849)	(19,792)
Net Working Capital	1,070	697	1,194	4,430	3,282
Property and equipment	13,547	16,600	17,257	18,319	40,859
Borrowings (non-current)	601	5,285	4,805	4,498	4,185
Number of Assignments					
Coastal	11,787	11,101	11,897	12,335	12,873
River	949	988	999	1,089	1,215
Average Number of Pilots (full-time equivalents)					
Coastal	123	112	121	126	128
River	9	9	9	9	9
Revenue per Assignment[1]					
Coastal	$ 6,690	$ 7,021	$ 8,309	$ 9,227	$ 9,816
River	$ 6,070	$ 6,379	$ 6,398	$ 7,037	$ 7,191

[1] Revenue includes all pilotage-related revenue (including launch and travel). In previous years' Annual Reports, only revenue from pilot service fees was included. Comparatives for previous years in this Annual Report have been restated for consistency.

CORPORATE GOVERNANCE

Corporate governance ensures the responsible management of the Authority's business and corporate affairs, including financial self-sufficiency, through well defined policies and oversight.

As a Crown corporation, the Authority operates at arm's length from the Government of Canada. While the federal government provides policy direction, the Authority's Board of Directors sets the strategic direction, establishes organizational goals, and monitors their implementation. The Authority reports to Parliament through the Minister of Transport.

The Board consists of seven members, of which six are women, including two Indigenous members. The Chair is appointed by the Governor in Council on the recommendation of the Minister of Transport, while Board Directors are appointed by the Minister of Transport with Governor in Council approval. The Chair was re-appointed in 2024 for a five-year term.

The Board has constituted several committees to oversee key areas of the Authority's work. These committees are chaired by a Board member, have terms of reference and mandates and report directly to the Board on a regular basis.

The Authority is led by the CEO who reports to the Board through the Chair. The governance chart below indicates the reporting structure.

BOARD COMMITTEES

1. **Finance and Audit Committee (FAC)** - this committee is chaired by a Board member and includes at least three additional Board members. It meets six times per year, with additional meetings as needed. 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 consists of three Board members and is chaired by the Board Vice-Chair. It meets as needed, as determined by the Chair. It ensures good corporate governance practices are followed and identifies suitable candidates for Board appointments according to merit-based selection criteria.
3. **Human Resources Committee (HRC)** – this committee comprises three Board members, as well as the CEO and the Chief Human Resources Officer, who are non-voting members. The committee meets as needed, as determined by the Chair. The HRC oversees the Chief Executive Officer's (CEO) Performance Management Program (PMP) and compensation, as well as executive development planning. It also ensures that the management of human resources aligns with best practices and complies with relevant legislation and regulations.
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 committee is chaired by a Board member and includes three other Board members, as well as the CEO and Director of Communications and Engagement. It meets four times per year and oversees strengthening of the Authority's communications with external audiences and relationship building with Indigenous and coastal communities and key stakeholders.
6. **Information Technology Oversight Committee (ITOC)** – this sub-committee is chaired by a Board member and comprises a second Board member and members of the Authority's management team. It meets four times per year and as required. The committee oversees the identification and mitigation of risks, including IT project and system risks and cybersecurity risks, arising from the implementation and use of information technology. It also oversees the development of a five-year IT plan/strategy and annual IT action plans.

A CEO Search Committee, convened in late 2023 after receiving notice of the Authority's previous CEO's intention to resign, was disbanded in February 2024 on completion of a successful search.

ORGANIZATIONAL STRUCTURE OF THE AUTHORITY

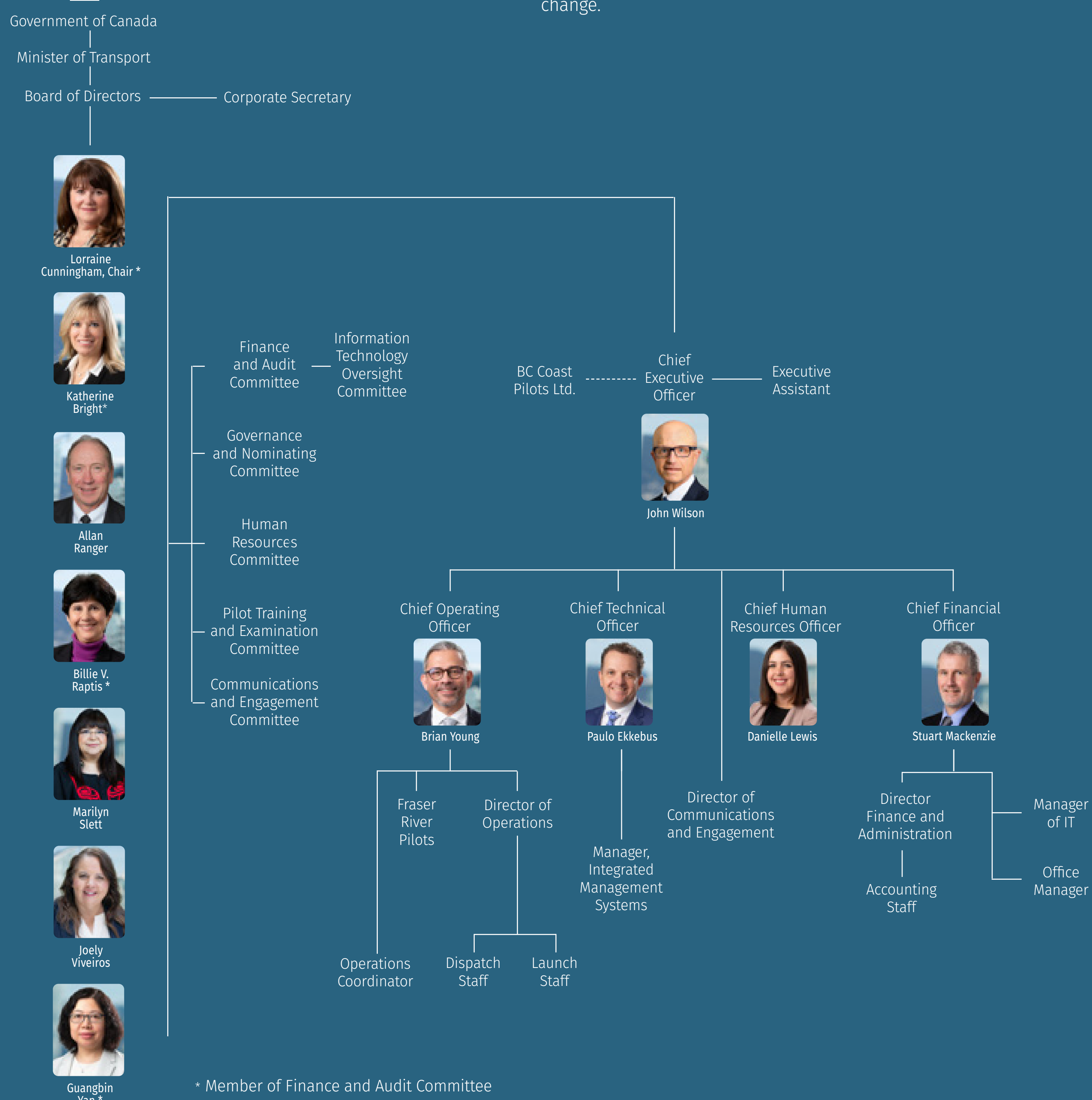
The Authority is managed by the CEO who reports to the Board.

There are 13 management employees, 13 employee river pilots, 13 full-time and eight casual dispatchers, four full-time and five casual/part-time administrative staff, and 27 full-time and 36 casual launch employees.

In addition, the Authority contracts coast pilots from BC Coast Pilots, a private company of entrepreneur pilots. The number of coast pilots has increased slightly from year to year, and in 2024 there were 128.

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

The Authority has prepared succession plans for senior management positions. These plans outline the recruitment process, skills criteria, and timelines in the event of personnel change.



* Member of Finance and Audit Committee

Human Resources

The Authority is led by a skilled and experienced leadership team, supported by dedicated operations and administrative staff. We cultivate an inclusive and supportive workplace by maintaining open communication with union leadership, conducting regular site visits and townhalls, and gathering employee feedback through surveys and roundtable discussions.

The CEO Search Committee led a successful search for a new CEO following Julie Gascon's departure. John Wilson was appointed as the Authority's new CEO beginning April 16, 2024. With the support of the interim CEO and the leadership team, the Human Resources Committee developed a comprehensive CEO onboarding plan, facilitating a seamless leadership transition.

The Authority successfully filled the newly created Manager, Integrated Management Systems role in March 2024. The role was created to lead the implementation of the Transport Canada Safety Management System (SMS) regulations for pilotage and enhance quality and safety management throughout the organization.

Ensuring the psychological well-being of our employees is a priority. We regularly share information about our Employee and Family Assistance Program and wellness information in our employee newsletter. At the leadership meetings this year, wellness survey results were shared with the management team and informed a discussion on our continued efforts to reduce workload and enhance wellbeing.

The Authority is committed to eliminating barriers for under-represented groups and ensuring that recruitment and promotion practices foster a diverse workforce at all levels. In August 2024, we presented the inaugural Captain Kevin Obermeyer Scholarship to the first recipient. The scholarship awards a total of $15,000 annually to outstanding students in the British Columbia Institute of Technology (BCIT) Nautical Sciences and Bridge Watch Rating programs. The Bridge Watch Rating entrance award will foster diversity in the marine industry by giving preference to students of traditionally underrepresented backgrounds.

In August 2024, we presented the inaugural Captain Kevin Obermeyer Scholarship to the first recipient.

The Authority successfully complied with the requirements and timelines of the *Pay Equity Act*, posting the final plan on September 3, 2024, and implementing salary adjustments on September 4, 2024. The work of the Pay Equity Committee enhanced equity throughout the organization by addressing historical wage disparities and resolving gender-based wage gaps.

The Authority continued its work toward complying with the *Accessible Canada Act* and fulfilling the multi-year accessibility plan. The Authority published a progress report on December 31, 2024, outlining the work completed in 2024. Key initiatives included a revamp of the duty to accommodate policy based on employee feedback, role specific accessibility training, and published guides to assistive technology and building accessibility.

The Authority currently has three collective agreements in operation with the International Longshore and Warehouse Union and the Canadian Merchant Service Guild:

- the Canadian Merchant Service Guild, representing all employee pilots (13 employees), expires January 31, 2027;
- the Canadian Merchant Service Guild, representing all launch masters and engineers (59 employees), expires March 31, 2028;
- the International Longshore and Warehouse Union, Local 520, representing all deckhands, dispatchers and administrative staff (38 employees), expires March 31, 2027.

Recruitment and Training of Pilots

The Authority's Pilot Training and Examination Committee (PTEC) selects, assesses and trains marine pilots in accordance with its Quality Assurance Procedures and the *General Pilotage Regulations* to ensure a highly qualified and skilled workforce. The selection and training process for marine pilots involves:

- reviewing the potential candidates' medical fitness, maritime qualifications, and local area sea time for compliance with the *General Pilotage Regulations*;
- potential candidates' participation in the Pilot Familiarization Program as required by the *General Pilotage Regulations*;
- examination of candidates who meet both of the requirements above;
- apprenticeship and training before Transport Canada licenses the candidates; and
- progression and recurrent training during their piloting career.

Candidates who meet the regulatory pre-requisites are enrolled into the Pilot Familiarization Program which is administered by the Authority. This program is restricted to a maximum enrolment of 40 candidates at any given time. The program allows the potential pilot candidates to complete familiarization trips along with licensed pilots; it also helps enhance their coastwide knowledge and improves their performance in the examinations. At the end of 2024, enrolment in the program was at maximum capacity.

Marine pilot entry exams are conducted twice each year to assess potential candidates for the necessary knowledge, experience, and skills required to perform the job. The exam process consists of a series of two written and one oral exam that test candidates' general knowledge of ships and local knowledge of the coast or Fraser River.

The minimum duration of the apprenticeship periods for coast pilots and Fraser River pilots are nine months and five months, respectively. Both apprenticeship durations can be extended up to a maximum of twenty-four months. Upon successful completion of their apprenticeship, candidates receive a pilot licence from Transport Canada.

The Pilot Training and Examination Committee regularly reviews training facilities to ensure that training standards and the instruction level are relevant, effective, and valid.

The cost for training each apprentice is approximately $220,000, which includes remuneration, course fees and travel expenses. These costs are borne entirely by the Authority. If the apprenticeship period extends to twenty-four months, the costs increase to approximately $400,000 per apprentice.

The Authority works with the BC Coast Pilots and Fraser River pilots to ensure sufficient apprentices start each year to allow for retirements as well as forecasted assignment growth. Ten coast and three river apprentice pilots were taken on during 2024.

The Authority budgets for licensed pilot training each year. The pilots are provided with familiarization and skills-enhancement training.

Apprentice pilot (coast and river) training during the year 2024 included:

- Eight coast and two river pilot apprentices received training for tethered tug manoeuvres and azimuth podded propulsion systems
- Six coast and three river apprentices received Bridge Resource Management (Pilots) and ship handling training using manned ship-models
- Eight coast pilots received ship handling training using a simulator, and
- Ten coast and three river apprentices received training for Portable Pilotage Units.

Licensed pilot training during the year 2024 included:

- Tethered tug refresher training for 47 coast pilots
- Panamax-size ship handling training using manned ship models for seven coast and two river pilots
- Advanced ship handling training using manned ship models for twenty coast pilots and one river pilot
- Azimuth propulsion system refresher training for eight coast and nine river pilots, and
- BRM-P refresher training for seventeen coast and two river pilots.

Pilot Examinations and Eligibility List

The Authority conducted two pilot examination sessions in 2024. Twenty-five coast and five river candidates attempted the examinations of which seven coast and three river candidates were successful.

During 2024, six coastal and two river pilots received their Class II licence, and eight coastal and two river pilots received their Class I licence. New pilots receive a Class II licence on successful completion of their apprenticeship. The Class II licence is upgraded to a Class I licence on successful completion of the first year of piloting.

Candidates who meet all regulatory requirements and pass the examinations are placed on an eligibility list as required by the regulations. When apprentice pilots are enrolled, they are removed from the eligibility list. As of December 31, 2024, there were two candidates each on the coast and river pilot eligibility lists.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management

An Enterprise Risk Management (ERM) program is incorporated into the Authority's strategy, which helps in cultivating a culture of risk awareness throughout the organization. A comprehensive risk framework has been developed and all risks are assessed, ranked and monitored regularly.

Risks are designated as either operational or strategic. Most operational risks are assigned to the appropriate management staff for mitigation and review. Strategic and significant operational risks (together defined as Key Risks) are overseen by the Board or an appropriate Board Committee.

The Authority is committed to ensuring that all risks have appropriate mitigation measures in place and are reviewed comprehensively on a regular basis. Detailed risk descriptions and mitigation measures are kept current by the risk owners.

At present, the five highest-rated key risks identified in the Authority's risk register are:

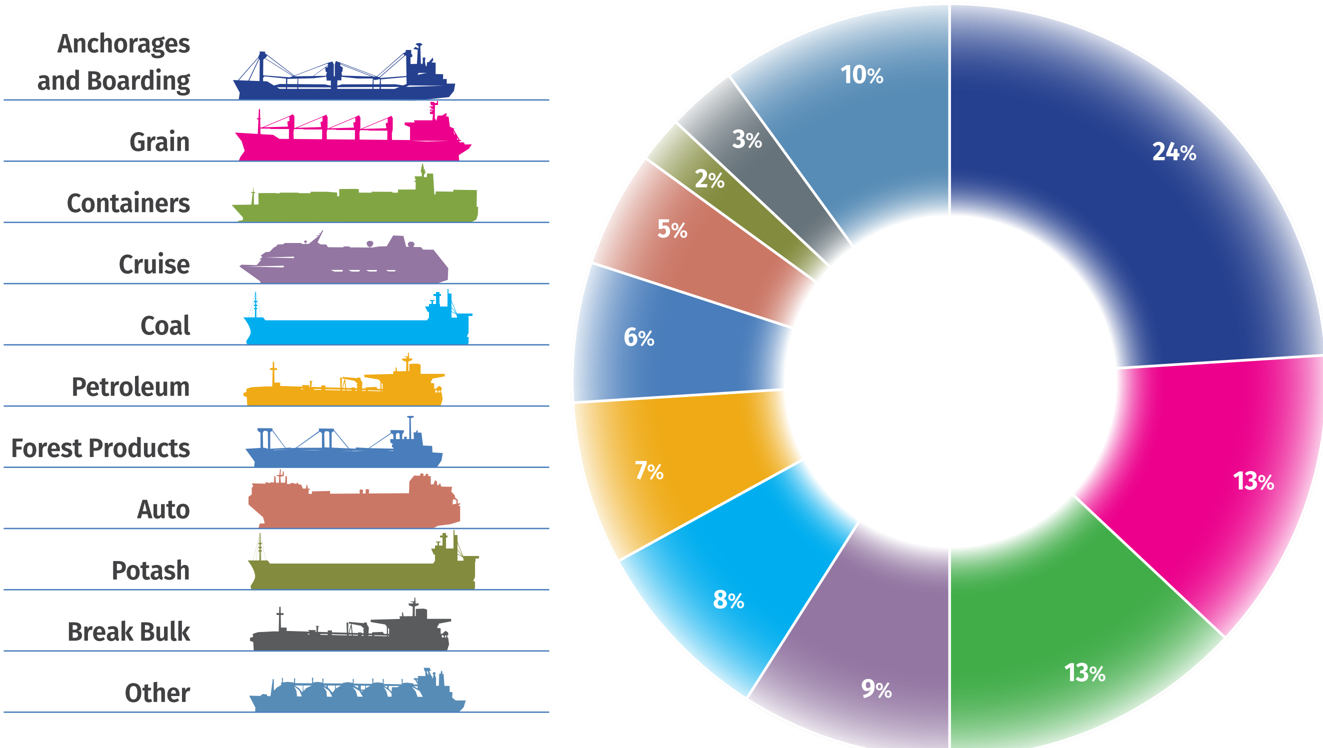
- Inability to source and train sufficient qualified pilot candidates
- Inability to cover committed financial obligations and overhead because of a decrease in assignment volumes
- Compromise of the confidentiality, integrity or availability of information
- Inadequate response to a disaster or emergency
- Vessels are granted pilotage waivers incorrectly by the Authority or vessels operating with a valid pilotage waiver do not continue to comply with the waiver conditions

OPERATIONAL REVIEW AND FINANCIAL ANALYSIS

Traffic Analysis

The chart and table below highlight pilotage assignments by product sector. The grain and container ship sectors are the largest and each accounted for 13% of our assignment volumes in 2024. The Anchorages and Boarding category represents the movement of vessels between anchorages and berths.

PRODUCT SECTORS BY NUMBER OF ASSIGNMENTS IN 2024



ANNUAL ASSIGNMENTS[1] BY VOLUME

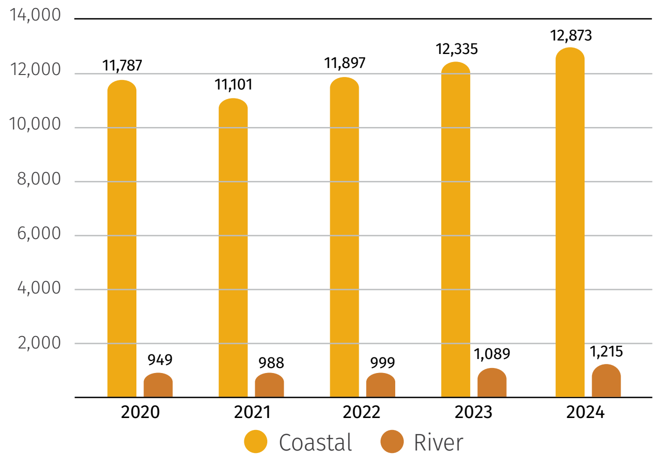
	2020		2021		2022		2023		**2024**	
Anchorages & Boarding	3,133	25%	3,030	25%	3,037	24%	3,029	23%	3,385	24%
Grain	2,277	18%	1,787	15%	1,291	10%	1,750	13%	1,894	13%
Containers	2,219	17%	2,143	18%	1,984	15%	1,741	13%	1,867	13%
Cruise [2]	-	0%	-	0%	1,267	10%	1,377	10%	1,308	9%
Coal	1,055	8%	1,074	9%	1,160	9%	1,246	9%	1,186	8%
Petroleum	241	2%	283	2%	301	2%	299	2%	954	7%
Forest Products	932	7%	903	7%	943	7%	865	6%	809	6%
Auto	563	4%	585	5%	622	5%	747	6%	763	5%
Potash	347	3%	312	3%	375	3%	405	3%	284	2%
Break bulk	186	1%	268	2%	308	2%	312	2%	353	3%
Other	1,783	15%	1,704	14%	1,608	13%	1,653	13%	1,285	10%
GRAND TOTAL	**12,736**	**100%**	**12,089**	**100%**	**12,896**	**100%**	**13,424**	**100%**	**14,088**	**100%**

[1] Coastal and Fraser River assignments

[2] Cruise ship season cancelled in 2020 and 2021 during global pandemic

Long pilotage trips exceeding eight hours or 105 nautical miles require the services of a second pilot. Safety considerations remain paramount as the pilot is only allowed to work a maximum of eight hours before an appropriate rest break is required. Most cruise ships heading north or south through the Inside Passage fall into this category, along with certain northern assignments, such as vessels bound to/from Kitimat and Stewart. Tankers, which have tugs tethered to them, also require the services of two pilots.

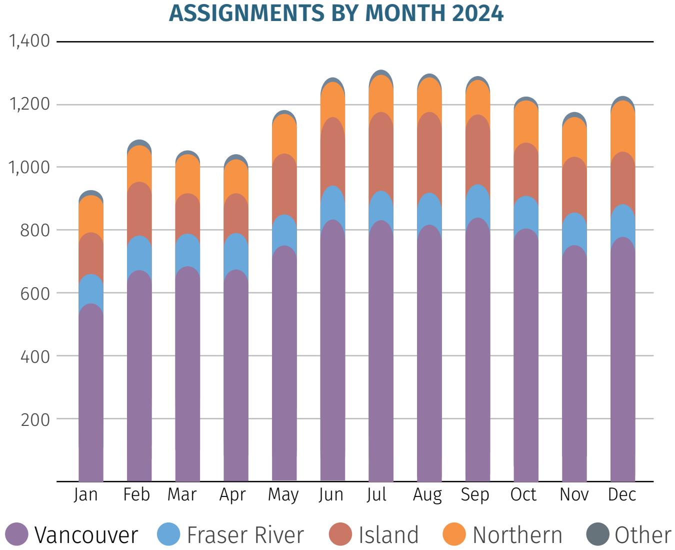
ANNUAL PILOTAGE ASSIGNMENTS



During 2024, the Authority completed 12,873 coastal assignments (excluding second pilot assignments) and 1,215 river assignments.

The Authority's monthly pilotage assignment pattern is usually very consistent year over year. Normally there is a seasonal spike in the coastal assignments due to the cruise ship sector during the months of May through September (particularly on Vancouver Island and the Port of Vancouver).

ASSIGNMENTS BY MONTH 2024



The Authority categorizes its assignments into four key traffic areas: Vancouver (Port of Vancouver (VFPA)), Island (Vancouver Island), Northern (Prince Rupert, Kitimat and Stewart) and Fraser River.

The Port of Vancouver includes the Roberts Bank and Deltaport terminals and is the largest assignment area, with 51 berths and 34 anchorages that we service on a regular basis. Traffic in this area increased 5% from 8,577 assignments in 2023 to 9,037 in 2024, which was primarily attributed to increases in container, grain and tanker traffic.

The Island area, with 36 berths and 63 anchorages, includes the harbours at Victoria and Nanaimo, as well as ports around Vancouver Island, including Port Alberni and Port McNeil. It also includes several anchorages in the Southern Gulf Islands. The number of assignments increased 4% from 2,160 in 2023 to 2,241 in 2024. Many cruise ships stop in Victoria and those heading north to Alaska, or returning, usually require a pilot change at Pine Island, off the northern tip of Vancouver Island.

The Northern area, which includes the Port of Prince Rupert and marine terminals at Kitimat and Stewart, has 11 berths and 36 anchorages. Most assignments are in the Prince Rupert region which primarily handles containers, grain, coal, logs and wood pellets. Traffic decreased by four assignments from 1,474 in 2023 to 1,470 in 2024.

The Fraser River is home to ten active berths that handle automobiles, containers, bulk, and break-bulk products. In 2024, the new Vancouver Airport Fuel Facility also opened. Ships travelling to or from the river require a coastal pilot for transit to and from the Sand Heads boarding station at the mouth of the Fraser River. Once inside, a river pilot takes over for the transit to and from the berths. Traffic increased 12% from 1,089 assignments in 2023 to 1,215 in 2024.

Incident Reporting

The *General Pilotage Regulations* require licensed pilots to report all incidents to Transport Canada and the Transportation Safety Board.

The terms of reference for the Authority's Pilot Training and Examination Committee include reviewing incidents to determine training and familiarization opportunities for pilots.

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

Year	Class A	Class B	Class C	Total Incidents	Total Assignments	Incident Free Assignments
2020	-	-	13	**13**	12,736	**99.90**%
2021	-	-	7	**7**	12,089	**99.94**%
2022	-	-	8	**8**	12,896	**99.94**%
2023	-	-	2	**2**	13,424	**99.99**%
2024	-	-	1	**1**	14,088	**99.99**%

Class "A" Incidents

Defines an incident that causes damage or losses as below:

- Human: Multiple deaths or multiple people with serious long-term injury
- Property: Damage to property that ceases operations for a period exceeding one month or financial loss exceeding $50 million
- Vessel(s): Vessel sinks or sustains so much damage that it is a constructive total loss
- Environmental: Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)

Class "B" Incidents

Defines an incident that causes damages or losses as below:

- Human: Some people with serious long-term injury and multiple minor injuries
- Property: Damage to facilities is such that the operations cease for not more than one month or financial loss of up to $50 million
- Vessel(s): Vessel grounds or sustains significant damage with dry docking required and loss of operations for not more than one month
- Environmental: Incident causes medium term harm to environment over a period of time, (i.e. damage lasts not more than one month)

Class "C" Incidents

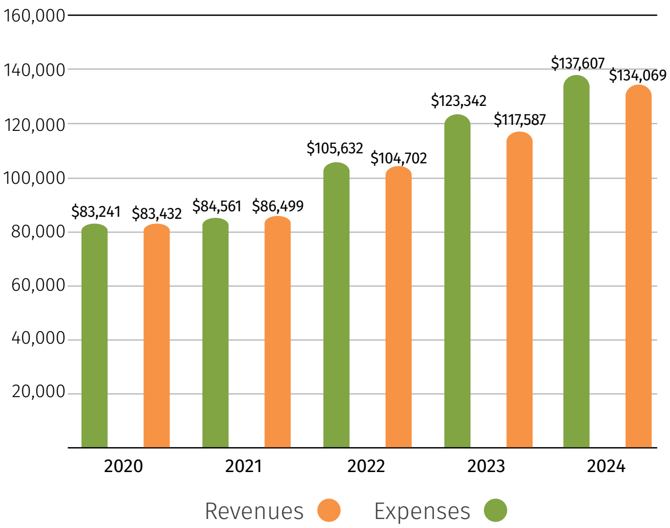
Defines an incident that causes damage or losses as below:

- Human: Single or multiple minor injuries requiring on site first aid and/or off-site treatment
- Property: Minor damage to facilities with no effect or damage of a minor nature causing operations to cease for no longer than 72 hours
- Vessel(s): Minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours
- Environmental: Incident causes minimal or intermittent harm to environment over a period of time, (i.e. damage lasts no greater than a day)

Financial Analysis for 2024

For 2024 the Authority recorded revenues of $137.6 million and a profit of $3.5 million.

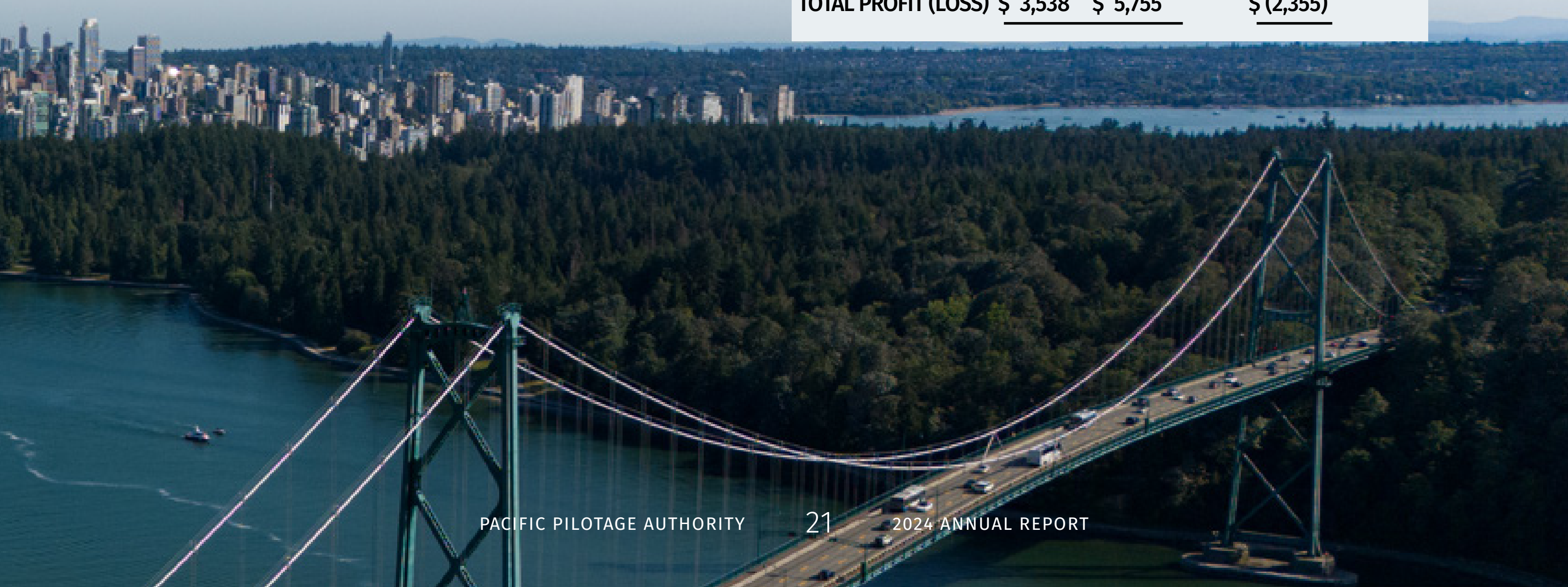
REVENUES AND EXPENSES BY YEAR (IN $'000'S)



On January 1, 2024, the Authority implemented a 4.6% increase on average in our service charge rates (10.0% in 2023). Most of our costs are linked through contracts and collective agreements to changes in inflation, as measured by the Consumer Price Index for Vancouver. Therefore, service charge increases for 2024 reflected a return to lower annual increases in inflation compared to the preceding year. Furthermore, the temporary surcharge that was put in place to recover from the adverse financial impacts of the pandemic was eliminated at the end of 2023. The increases in charges were planned with consultation and support from industry.

The following table details the comparisons of the major revenue and expense categories from the Authority's unaudited operating statements for 2024 and 2023.

	2024 Actual $'000	2023 Actual $'000	Change %	2024 Plan $'000	Variance %
Coastal pilotage revenue	95,951	84,278	14%	84,566	13%
Coastal pilotage contract expenses	(84,804)	(74,536)	14%	(74,521)	-14%
Coastal pilotage margin	**11,147**	**9,742**		**10,045**	
Launch and helicopter revenue	19,935	15,111	32%	19,091	4%
Launch and helicopter expenses	(15,670)	(14,154)	11%	(15,613)	–
Launch and helicopter margin	**4,265**	**957**		**3,478**	
Travel revenue	12,107	11,293	7%	11,365	7%
Pilot travel expenses	(10,267)	(10,362)	-1%	(9,263)	-11%
Travel margin	**1,840**	**931**		**2,102**	
River pilotage revenue	5,149	4,286	20%	4,343	19%
River pilot wages and benefits	(4,665)	(4,283)	9%	(4,308)	-8%
River margin	**484**	**3**		**35**	
Total margin	**17,736**	**11,633**		**15,660**	
Other revenue and expenses					
Surcharge income	2,710	6,912	-61%	2,664	2%
Other income	1,754	1,463	20%	714	146%
Pilot training expenses	(3,235)	(2,260)	43%	(2,925)	-11%
Administrative salaries and benefits	(6,458)	(6,199)	4%	(6,840)	6%
Other expenses	(4,809)	(3,733)	29%	(5,290)	9%
Depreciation	(4,160)	(2,060)	102%	(6,338)	34%
TOTAL PROFIT (LOSS)	**$ 3,538**	**$ 5,755**		**$ (2,355)**	



The principal changes in the actual results for 2024 compared to prior year and to plan are explained below:

1. Coastal pilotage revenues increased 14% from prior year due to an increase in tankers calling at Westridge terminal following the opening of the expanded Trans Mountain pipeline. In addition, a stronger grain harvest in 2024 resulted in an increase in grain shipments in the second half of 2024. Revenues were also 13% above the plan, as a rebound in container traffic was unexpected and the number of tankers calling at Westridge was greater than planned. Increases and decreases in assignment volumes compared to prior year for key product sectors were as follows:
   - Grain – 6%
   - Containers – 7%
   - Cruise – (5)%
   - Coal – (5)%
   - Petroleum - 319%
   - Forest Products – (10)%
   - Auto – 2%

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

   Overall, the margins for coastal pilotage for 2024 were 12% of revenue, which is the same as the prior year and as planned.

2. Launch and helicopter revenues in 2024 were 32% above prior year because of the start of the helicopter service for tankers departing from the Westridge terminal and from increased rates. Launch and helicopter expenses were up over the prior year by 12% largely because of repair costs for the Pathfinder and helicopter operating costs. Margins improved to 20% for the period, above both the prior year of 6% and planned margin of 18%. Of note is that some helicopter-related costs are also included in depreciation and finance expenses, as they are associated with accounting for the helicopter contract as a right-of-use asset.

3. Travel revenues were 7% above prior year because of increases in both assignments and service charge rates. Pilot travel expenses were 1% below prior year because of a one-time charge in 2023 related to assignment fees previously paid to river pilots for travel expenses. Margins improved to 15% for 2024 compared to the prior year because of the one-time charge, and slightly below the plan of 18%.

4. River pilotage revenues were 20% above prior year, through a combination of volume and rate growth. Margins improved to 9%, compared to breakeven the prior year because, with a large component of fixed costs, much of the increase in revenue was reflected in the higher margin.

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

6. Other income in 2024 includes our second full year of operation of the simulator, which we operate as a 50% partner in a joint venture with BC Coast Pilots. Our share of revenue generated by the simulator in 2024 was $1.0 million, compared to $0.6 million in the prior year.

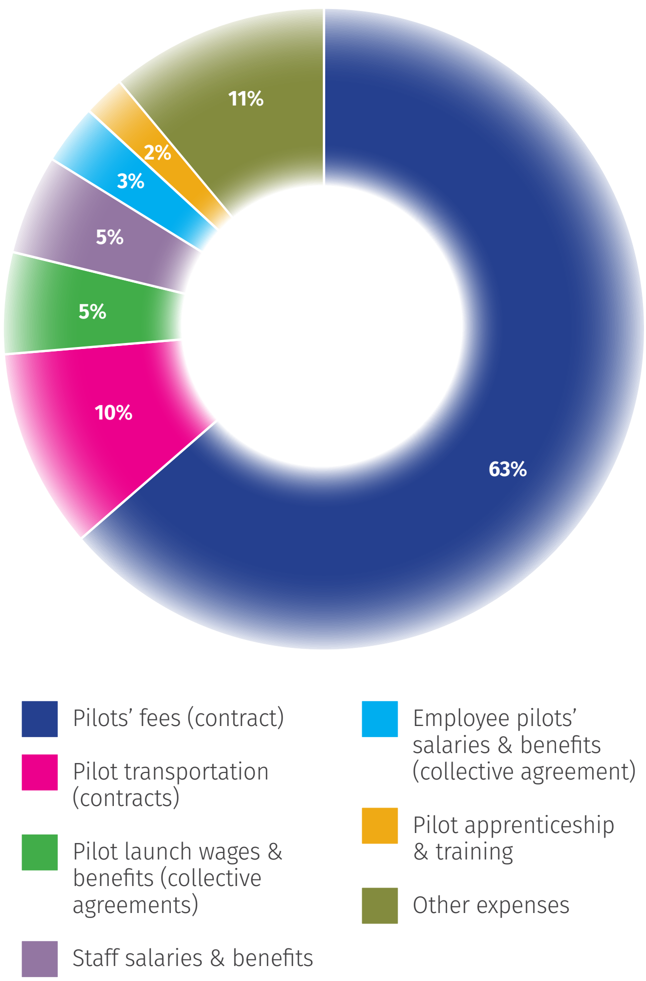
7. Coastal pilot and apprentice training costs were above the prior year by $0.9 million, or 42%, because of helicopter hoist training and a different mix of progression training required as pilots move through their levels of experience.

8. In 2024, we incurred overhead expenses of $15.3 million for administrative salaries and benefits, depreciation, and other expenses, representing an increase of $3.3 million over the prior year. Of this increase, $2.1 million was for additional depreciation of a right-of-use asset and interest on a lease liability – both associated with the helicopter service contract supporting tankers departing from Westridge. The balance of the increase largely relates to depreciation of new portable pilotage units and to additional simulator operating costs from the increase in related revenue.

9. In our planned results, we had assumed for 2024 that we would have a contract in place for the northern helicopter services for pilot transportation for tankers calling at the new LNG Canada terminal in Kitimat. The contract would have been recorded as a right-of-use asset, with corresponding depreciation expense, and a lease liability with related interest costs in other expenses. As the project has been delayed until 2025, both depreciation expense and other expenses were lower than planned in 2024.

The following chart compares the major expense categories, as a percentage of total expenses for the year 2024.

ACTUAL EXPENSE CATEGORIES 2024



Similar to prior years, approximately 80 percent of the Authority's total annual expenditures for the year were covered by either a service contract or collective agreements.

Since inception in 1972, the Authority is required to be financially self-sufficient and continues to manage its finances to maintain this position. A consideration for being self-sufficient is maintaining an appropriate level of cash and investment reserves. The Authority has determined that reserves are required to meet existing current liabilities; future capital commitments; and the possibility of a significant unknown event with adverse financial consequences, such as the recent pandemic. In December 2024, the Authority estimated its required level of cash and investment reserves to be $18 million for 2025 to meet working capital requirements, provide funding for near term capital commitments and a reserve for business continuity during or after a significant event with adverse financial consequences. The total requirement of $18 million slightly exceeds the Authority's cash and investment balance of $17 million at the end of 2024. We will continue to monitor our cash balance and investment reserves over the coming years in relation to the estimated level required.

LOOKING AHEAD TO 2025 AND BEYOND

Operationally, the Authority has forecast a 1% increase in assignments in 2025 over 2024 due to an expected full year of operations at Trans Mountain's Westridge terminal and a stronger grain harvest in 2024, which will impact grain shipments in the first half of 2025. In determining its service charge increases for 2025, the Authority based its forecast of revenues and expenditures for 2025 on 12,565 coastal and 1,210 Fraser River assignments, resulting in a forecast surplus for 2025 of $0.4 million.

The potential of the projects and terminals proposed for the West Coast continues to show promise every year. We continue to actively monitor and remain aware of all projects proposed in our jurisdiction by analyzing the impact they might have on assignments, pilot numbers and pilot deployment methodologies. The Authority, with its Fraser River pilots, along with the BC Coast Pilots, is an active partner when new terminals or docks are proposed and constructed as part of major natural resource and infrastructure projects on the coast. Our subject matter expertise on design, location and navigational access and safety is regularly sought out at various phases of project development and implementation. Some of the major projects we are currently monitoring and engaged in are:

- The LNG Canada facility in Kitimat is expected to be operational in Q3 2025. This LNG export facility has a forty-year export license and is expected to initially export 14 million tonnes of LNG per annum to global markets.
- The Prince Rupert container facility expansion is in progress and will increase capacity to 1.8 million TEUs.
- The expanded Trans Mountain pipeline has increased crude oil shipment capacity from the Westridge marine terminal in Burrard Inlet. The number of vessels calling at the Westridge terminal is expected to increase over the next year.
- The Ksi Lisims LNG project north of Prince Rupert, BC near the Nisga'a village of Gingolx (expected to be in operation in 2028).
- Development of the Woodfibre LNG terminal in Squamish, BC commenced in 2023. Substantial completion of the project is expected by 2027.
- Proposed development of the Ridley Island Energy Export Facility (REEF), a large-scale liquefied petroleum gas (LPG) and bulk liquids terminal with marine infrastructure on Ridley Island, BC. REEF will deliver Canadian liquified petroleum gas (LPG) – like propane and butane, methanol, clean petroleum products (CPPs) to in-demand global markets. Construction began in 2024; the facility is expected to come online in late 2026.
- Redevelopment of one of the berths at Fraser Surrey Terminal to function as a canola oil transloading facility with throughput capacity of approximately one million tonnes per year is in progress. The redevelopment would result in a canola oil throughput capacity of approximately one million tonnes per year. The proponents anticipate that the terminal will commence operations in Q2 2025.

Our monitoring includes many other events, negotiations, legislation and similar activities that may affect our area of jurisdiction. Many of these events are outside of our control yet they may have implications for our jurisdiction. Some of these major events are:

- the threat of increased tariffs on imports to the US and China, and corresponding responses from affected countries, which together may impact global trading patterns and volumes;
- discussions regarding replacement of a major tunnel in the Vancouver area that would affect vessel traffic in and out of the Fraser River;
- environmental impacts of climate change and the related effects on global trade (e.g. drought affecting shipping access through the Panama Canal).

The impact on the Authority's operations from the very recent threat of increased tariffs on imports to the United States and the corresponding responses from affected countries is currently unknown. As a result, an estimate of the financial impact of these developments on the Authority's future results of operations and financial position cannot be made at this time. The Authority is monitoring the potential implications on the demand for pilotage services. Any material impacts will be reflected in future reporting periods, as more information becomes available.

Our efforts in the coming years continue to be directed towards our vision of

'leading a world-class marine pilotage service on the west coast of Canada'.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The accompanying financial statements have been prepared by the Pacific Pilotage Authority's management in accordance with International Financial Reporting Standards, using management's best estimates and judgments, where appropriate. The Authority's management is responsible for the integrity and objectivity of the information in the financial statements and annual report.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and controlled, transactions comply with relevant authorities and accounting systems provide relevant and reliable financial information on a timely basis. The system is also designed to provide reasonable assurance that transactions are in accordance with section 89 and Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, and the by-laws of the Authority.

The Board of Directors of the Authority is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through a Finance and Audit Committee, which meets regularly with management and the external auditor. The financial statements and annual report are reviewed and approved by the Board of Directors on the recommendation of the Finance and Audit Committee.

The external auditor, the Auditor General of Canada, is appointed under the *Financial Administration Act* and the *Pilotage Act* to audit the financial statements in accordance with Canadian generally accepted auditing standards. Her report, which follows, outlines the nature of the audit and expresses her opinion on the financial statements of the Authority.

J. Wilson
Chief Executive Officer

S. Mackenzie
Chief Financial Officer

Vancouver, Canada
March 27, 2025

INDEPENDENT AUDITORS REPORT

Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pacific Pilotage Authority (the Authority), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Pacific Pilotage Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, the by-law of the Pacific Pilotage Authority, and the directive issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Pacific Pilotage Authority that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Pacific Pilotage Authority’s compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Pacific Pilotage Authority to comply with the specified authorities.

Auditor’s Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Lana Dar

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
27 March 2025

STATEMENT OF FINANCIAL POSITION

As at December 31
(thousands of Canadian dollars)

	2024	2023
Assets	**$**	$
Current		
Cash	**13,348**	13,009
Trade accounts receivable	**6,743**	4,991
Investments (Note 6)	**1,279**	1,224
Prepaid expenses and other receivables	**1,704**	1,055
	23,074	20,279
Non-current		
Investments (Note 6)	**2,556**	1,918
Other receivables	**105**	152
Property and equipment (Note 7)	**40,859**	18,319
Intangible assets (Note 8)	**919**	998
	44,439	21,387
	67,513	41,666
Liabilities		
Current		
Accounts payable and accrued liabilities	**16,478**	15,192
Borrowings (Note 10)	**313**	307
Other employee benefits	**6**	130
Lease liabilities (Note 12)	**2,995**	220
	19,792	15,849
Non-current		
Borrowings (Note 10)	**4,185**	4,498
Other employee benefits	**601**	426
Lease liabilities (Note 12)	**20,758**	2,139
	25,544	7,063
	45,336	22,912
Equity		
Retained earnings	**22,177**	18,754
	67,513	41,666

Commitments (Note 16) and Subsequent event (Note 17)

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors and authorized for issue on March 27, 2025.

Member

Member

STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31 *(thousands of Canadian dollars)*	**2024**	2023
Revenues	**$**	$
Pilotage charges	**135,853**	121,880
Simulator fees and investment and other revenues	**1,754**	1,462
	137,607	123,342
Expenses		
Contract pilots' fees	**84,804**	74,536
Salaries and benefits	**18,185**	17,410
Pilots' transportation	**13,699**	13,022
Depreciation and amortization	**4,160**	2,060
Pilots' training	**3,238**	2,271
Fuel	**2,670**	2,697
Professional and special services	**2,458**	2,113
Repairs and maintenance	**1,876**	1,543
Finance costs	**921**	312
Utilities, materials, supplies and other	**808**	450
Computer services	**565**	576
Rentals	**244**	196
Travel	**229**	217
Insurance	**212**	184
	134,069	117,587
Profit for the year	**3,538**	5,755
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Actuarial loss on other employee benefits	**(115)**	(12)
	(115)	(12)
Comprehensive income for the year	**3,423**	5,743

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended December 31 *(thousands of Canadian dollars)*	**2024**	2023
	$	$
Retained earnings, beginning of year	**18,754**	13,011
Profit for the year	**3,538**	5,755
Other comprehensive loss	**(115)**	(12)
Total comprehensive income	**3,423**	5,743
Retained earnings, end of year	**22,177**	18,754

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended December 31 *(thousands of Canadian dollars)*	**2024**	2023
	$	$
Cash flows from operating activities		
Cash receipts from customers	**134,967**	122,365
Cash paid to employees	**(18,549)**	(16,922)
Cash paid to suppliers and others	**(109,524)**	(95,751)
Finance costs paid	**(921)**	(312)
Other income received	**544**	1,493
Net cash provided by operations	**6,517**	10,873
Cash flows from investing activities		
Purchase of investments	**(1,915)**	(2,051)
Proceeds on disposal of investments	**1,275**	1,256
Acquisition of property and equipment	**(3,880)**	(3,008)
Acquisition of intangible assets	**(35)**	(351)
Net cash used in investing activities	**(4,555)**	(4,154)
Cash flows from financing activities		
Principal repayment of borrowings	**(307)**	(472)
Principal repayment of leases	**(1,316)**	(182)
Net cash used in financing activities	**(1,623)**	(654)
Net increase in cash	**339**	6,065
Cash, beginning of year	**13,009**	6,944
Cash, end of year	**13,348**	13,009

Interest income received during the year was $503 (2023 - $429).

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

1. Authority and objectives

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

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

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

Coastal pilots are provided by British Columbia Coast Pilots Ltd. under an agreement for services. Fraser River pilots are employees of the Authority.

In July 2015, the Authority was issued a directive (P.C. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Authority's next corporate plan. The Authority finalized its implementation of this directive effective January 2019 and confirms the requirements of the directive have been met throughout 2024.

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

2. Material accounting policy information

2.1 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The material accounting policy information used in the preparation of the financial statements is summarized below and in the following pages.

2.2 Joint operation

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

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

2.3 Cash and cash equivalents

Cash comprises cash on hand, and Canadian dollar deposits held at Canadian chartered banks. Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. The Authority had no cash equivalents as at December 31, 2024 (2023 - nil).

2.4 Financial instruments

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

Financial assets

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

2.5 Property and equipment

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

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

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

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

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

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

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

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

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

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

2.6 Intangible assets

Acquired computer software, excluding software integral to hardware, is recorded at cost and amortized on a straight-line basis over its estimated useful life of up to 10 years.

2.7 Leases

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

i. Determining whether an arrangement contains a lease

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

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

For practical expediency, the Authority has elected to:

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

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

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

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

iii. Lease term

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

iv. Recognition and measurement of the lease liability

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

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

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

2.8 Employee benefits

i. Pension benefits

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

ii. Other employee benefits

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

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

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

2.9 Revenue recognition

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

3. Significant accounting judgments and estimates

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

(a) Significant accounting judgments

Leases (Notes 2.7 and 12)

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

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

After the commencement date, the Authority remeasures the lease liability to reflect changes in the lease payments when the Authority is reasonably certain to exercise an option that would change the lease payments. The right-of-use asset is adjusted for the remeasurement of the lease liability.

(b) Significant accounting estimates

Depreciation – Property and equipment (Notes 2.5 and 7)

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

4. Financial risk management

The Authority, through its financial assets and financial liabilities, is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk and market risks (i.e. interest rate risk, currency risk and other price risk). The Authority manages these risk exposures on an ongoing basis.

(a) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation.

The carrying amount of cash, trade accounts receivable, certain other receivables and investments represents the maximum credit exposure.

The credit risk related to cash is minimized as these assets are held with a Canadian chartered bank.

The Authority's trade accounts receivable had a carrying value of $6,743 (2023 - $4,991) and certain other receivables had a carrying value of $483 (2023 - $276). There is no significant concentration of accounts receivable with any one customer. As at December 31, 2024, nil accounts receivable (2023 - nil) were over 90 days past due. Historically, the Authority has not incurred any significant losses with respect to bad debts. The risk of default is considered to be low as the *Pilotage Act* stipulates that the owner, master, and agent of a ship are jointly and severally liable for pilotage charges, and the Act provides a mechanism to withhold customs clearance if pilotage charges are unpaid. The Authority has recognized an expected credit loss allowance of nil at December 31, 2024 (2023 - nil) related to its accounts receivable.

Credit risk associated with investments at year end is considered to be low. The Authority has recognized an expected credit loss allowance of nil (2023 - nil) related to its investments, which are all investments in either GICs or bonds rated BBB- or higher.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority's objective is to have sufficient liquidity to meet these liabilities when due, under both normal and stressed conditions. The Authority monitors its cash balances and cash flows generated from operations on a frequent basis to meet its requirements.

The carrying amount of accounts payable, accrued liabilities, lease liabilities and borrowings represents the maximum exposure to liquidity risk.

Within the Authority's accounts payable and accrued liabilities, trade payables and accrued liabilities had a carrying value of $10,809 (2023 - $9,223) and are all due within 60 days. The Authority's wages, employee deductions and banked time payable had a carrying value of $5,669 (2023 - $5,969) and are due on demand.

The Authority has credit facilities with a Canadian chartered bank (Note 10).

(c) Market risks

(i) Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Authority is subject to interest rate risk on its cash and investments portfolio. Interest rate risk is minimized by managing the duration of the fixed-term investments portfolio. The interest rates on the investments are fixed. The investments will mature over the next two years.

Cash held during the year yielded a weighted-average interest rate of 4.81% (2023 – 3.95%).

As at December 31, 2024, a shift in interest rates of 100 basis points, assuming that all other variables had remained the same, would have resulted in an increase of $104 (2023 - $95) or a decrease of $104 (2023 - $95) in the Authority's comprehensive income from cash and investments for the year.

The Authority has limited exposure to interest rate risk on its borrowings. Borrowed funds are from a Canadian chartered bank, the entire balance of which is at a fixed rate of 2.86% which cannot be changed between maturity dates without financial penalty.

(ii) Currency risk and other price risk

The Authority is not presently exposed to any significant currency risk or other price risk. Accounts payable and accrued liabilities denominated in foreign currencies at year end were nil (2023 - nil).

5. Fair value of financial instruments

For financial reporting purposes, fair value measurements related to financial instruments which are measured subsequent to initial recognition at fair value are categorized into Level 1, 2 or 3. These levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

- Level 1—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2—Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3—Inputs are unobservable inputs for the asset or liability.

The Authority's cash is Level 1 at December 31, 2024 and 2023.

The carrying values of the Authority's trade accounts receivable, certain other receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

The fair value of investments at December 31, 2024 and 2023 is disclosed in Note 6. The Authority's investments are Level 2 at December 31, 2024 and 2023.

The fair value of the Authority's borrowings is determined by discounting the future cash flows of these financial obligations using December 31, 2024 market rates for debts of similar terms (Level 2). At December 31, 2024, the fair value of borrowings, is estimated to be $4,103 (2023 - $4,102). The fair value of the borrowings varies from the carrying value when there are fluctuations in interest rates since their issue.

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

6. Investments and investment revenue

(a) Portfolio investments

As at December 31	2024		2023	
	Fair value	**Face value**	Fair value	Face value
	$	**$**	$	$
Current				
GICs	**614**	**576**	99	95
Government of Canada bonds	**729**	**703**	1,157	1,129
Corporate bonds	—	—	—	—
	1,343	**1,279**	1,256	1,224
Non-current				
GICs	**657**	**636**	840	826
Government of Canada bonds	**1,576**	**1,545**	1,113	1,092
Corporate bonds	**378**	**375**	—	—
	2,611	**2,556**	1,953	1,918
Total	**3,954**	**3,835**	3,209	3,142

As at December 31, 2024, the investments have interest rates of 1.25% to 4.95%, with a weighted average rate of 3.00%, and have the remaining terms to maturity as follows:

	Remaining term to maturity		
	Within 1 year	**1-3 years**	**Total**
	$	**$**	**$**
GICs	576	636	1,212
Government of Canada bonds	703	1,545	2,248
Corporate bonds	—	375	375
	1,279	2,556	3,835

(b) Investment revenue

Year ended December 31	2024	2023
	$	$
Interest	**44**	43

(c) Investment performance

The time-weighted rate of return during the year on these investments was 2.76% (2023 – 1.60%). The return is inclusive of realized gains and losses, deposit and coupon payments (interest), accrued interest received and paid for sales and purchases of bonds and accrued interest as at December 31, 2024.

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

7. Property and equipment

	Buildings and floats	Pilot boats	Pilot boat engines	Spare engines	Pilot boat generators	Equipment	Leasehold improvements	Right-of-use assets (Note 12 (b))	Total
	$	$	$	$	$	$	$	$	$
Cost									
At January 1, 2023	695	18,905	2,788	39	742	4,073	778	3,436	31,456
Assets acquired	435	528	499	—	—	1,194	910	(507)	3,059
Disposals	—	—	(405)	(39)	—	(491)	—	—	(935)
At December 31, 2023	1,130	19,433	2,882	—	742	4,776	1,688	2,929	33,580
Assets acquired	38	212	51	—	—	3,617	3	22,710	26,631
Disposals	—	—	(317)	—	—	(1,878)	—	(182)	(2,377)
At December 31, 2024	**1,168**	**19,645**	**2,616**	—	**742**	**6,515**	**1,691**	**25,457**	**57,834**
Accumulated depreciation									
At January 1, 2023	271	7,919	1,594	—	232	3,068	169	946	14,199
Depreciation	81	790	396	—	69	324	94	192	1,946
Disposals	—	—	(405)	—	—	(479)	—	—	(884)
At December 31, 2023	352	8,709	1,585	—	301	2,913	263	1,138	15,261
Depreciation	100	895	320	—	70	858	159	1,644	4,046
Disposals	—	—	(317)	—	—	(1,833)	—	(182)	(2,332)
At December 31, 2024	**452**	**9,604**	**1,588**	—	**371**	**1,938**	**422**	**2,600**	**16,975**
Carrying amounts									
At December 31, 2023	778	10,724	1,297	—	441	1,863	1,425	1,791	18,319
At December 31, 2024	**716**	**10,041**	**1,028**	—	**371**	**4,577**	**1,269**	**22,857**	**40,859**

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

8. Intangible assets

	Software
	$
Cost	
At January 1, 2023	1,686
Assets acquired	117
At December 31, 2023	1,803
Assets acquired	35
At December 31, 2024	**1,838**
Accumulated amortization	
At January 1, 2023	691
Amortization	114
At December 31, 2023	805
Amortization	114
At December 31, 2024	**919**
Carrying amounts	
At December 31, 2023	998
At December 31, 2024	**919**

9. Joint operation

In November 2022, the Authority entered into a jointly controlled arrangement with BCCP Ventures Ltd., an arm's-length organization. The purpose of the joint arrangement is to construct and operate a pilotage simulator facility in Vancouver, British Columbia. Each party to the joint arrangement has a 50% interest in the operation.

Summarized financial information for the joint operation is as follows:

	2024	2023
	$	$
Current assets	1,001	220
Non-current assets		
Property and equipment	1,030	1,190
Total assets	**2,031**	1,410
Current liabilities	**375**	175
Equity	**1,656**	1,235
Total liabilities and equity	**2,031**	1,410

Year ended December 31	**2024**	2023
	$	$
Revenue	**1,955**	1,224
Net income	**290**	19

The Authority has included its proportionate share (50%) of the above amounts in these financial statements.

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

10. Borrowings

The Authority has an operating credit facility of up to $3,500 available at an interest rate equivalent to the bank's prime lending rate. The Authority has not drawn on this facility as at December 31, 2024 (2023 - nil). The credit facility is available to the Authority as required and has no renewal date or fixed term.

On December 22, 2021, the Authority entered into an unsecured committed operating loan facility to provide financing for the construction of a new pilot boat. The $5,400 loan has a term of 10 years and an annual interest rate of 2.86%. As at December 31, 2024, the principal outstanding is $4,498 (2023 - $4,805).

The estimated undiscounted principal repayments on outstanding borrowings as of December 31, 2024 are as follows:

	$
2025	313
2026	328
2027	337
2028	346
2029 and thereafter	3,174
	4,498

Interest expense on borrowings during the year was $133 (2023 - $145).

11. Pension benefits

All eligible employees of the Authority are covered by the Public Service Pension Plan (the Plan). Contributions are required by both the employees and the Authority. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contributions.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains 60.

Effective January 1, 2024, the general contribution rate for the year was 1.02 to 1 of employee contributions for employees hired prior to January 1, 2013 and 1.00 to 1 of employee contributions for employees hired after December 31, 2012 (2023 - 1.02 to 1 and 1.00 to 1, respectively) for every dollar contributed by the employee. If an employee's salary was greater than $202 (2023 - $196), the portion of the employee's salary above this amount was subject to a contribution rate of 4.63 to 1 of employee contributions (2023 - 5.29 to 1).

Contributions to the Plan consisted of:

	2024	2023
	$	$
Contributions by the Authority	**1,260**	1,220
Contributions by employees	**973**	914

The Authority expects to make employer contributions of approximately $1,297 during 2025.

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

12. Leases

(a) Leases as a lessee

The Authority leases facilities, including office space, a helicopter, and leases of berthage and moorage space for pilot boats.

(b) Right-of-use assets

	Facilities	Helicopter	Berthage and moorage space	Total
	$	$	$	$
Balance at January 1, 2023	2,432	—	58	**2,490**
Additions (Inducements)	(507)	—	—	**(507)**
Depreciation	(157)	—	(35)	**(192)**
Balance at December 31, 2023	1,768	—	23	**1,791**
Additions	—	22,382	328	**22,710**
Depreciation	(147)	(1,453)	(44)	**(1,644)**
Balance at December 31, 2024	1,621	20,929	307	**22,857**

During the year, to facilitate pilot transportation, the Authority entered a lease for the use of a helicopter.

(c) Amounts recognized in profit or loss and in the statement of cash flows

Interest expense on lease liabilities is $750 (2023 - $150).

Expenses and cash paid for leases of low-dollar value items and short-term leases are $114 (2023 - $111). Variable lease payments not included in the measurement of the lease liabilities were nil (2023 - nil).

Interest payments of $750 (2023 - $150) and principal payments of $1,316 (2023 - $182) are classified in the statement of cash flows as finance costs paid and principal payments on leases, respectively.

The additions of right-of-use assets during the year (Note 12(b)) were acquired through leases and did not affect cash flows.

(d) Lease liabilities

The Authority's lease liabilities consist of:

	2024	2023
	$	$
Balance, beginning of year	**2,359**	2,541
Additions during the year	**22,710**	—
Principal repayments	**(1,316)**	(182)
Total lease liabilities	**23,753**	2,359
Current portion	**2,995**	220
Long-term portion	**20,758**	2,139
Total lease liabilities	**23,753**	2,359

The annual lease liabilities for the next five years and thereafter are as follows:

	$
2025	4,064
2026	4,164
2027	4,245
2028	4,326
2029 and thereafter	11,037
Total undiscounted lease liabilities	27,836

Included in the undiscounted lease payments are payments of $24,672 for a helicopter lease with a term of 7 years ending May 15, 2031, with an option to renew the lease after that date for an additional three years. The Authority may elect to terminate the lease agreement for any reason with at least 85 days written notice.

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

13. Reconciliation of liabilities arising from financing activities

The Authority's liabilities from financing activities comprise bank loans and lease liabilities.

	2024	2023
	$	$
Finance liabilities, beginning of year	**7,164**	7,818
Cash used for debt payments	**(307)**	(472)
Cash used for lease payments	**(1,316)**	(182)
Additional lease liabilities (Note 12)	**22,710**	—
Finance liabilities, end of year	**28,251**	7,164

14. Capital management

The Authority's capital is its equity, which is comprised of retained earnings. Equity is represented by net assets.

The Authority is subject to the financial management and accountability provisions of the *Financial Administration Act*, which imposes restrictions in relation to borrowings. On an annual basis the Authority must receive approval of all borrowings from the Minister of Finance. During the years ended December 31, 2024 and 2023, the Authority complied with these restrictions.

The *Pilotage Act* provides the Authority the power to invest any moneys not immediately required for the purposes of the Authority in any class of financial asset. Approval for the Authority to invest in either Government of Canada, provincial or municipal government bonds, fixed income instruments with at least a BBB- credit rating or GICs was granted by the Minister of Finance through approval of the Authority's 2024-2028 Corporate Plan.

The Authority manages its equity as a by-product of managing its revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved efficiently.

15. Related party transactions

Details of the transactions between the Authority and other related parties are disclosed below.

(a) Trading transactions

The Authority is related in terms of common control with all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. The transactions are recorded at the exchange amount, which approximates fair value, and do not have a material effect on these financial statements.

The Authority entered into an arrangement with Transport Canada beginning April 1, 2020 for the provision of regulatory services and expertise. This is an on-going arrangement subject to review every 10 years. The costs incurred are included in the statement of comprehensive income for the year ended December 31, 2024 with $964 (2023 - $679) under professional and special services.

(b) Compensation of key management personnel

Key management personnel of the Authority include the members of the Board of Directors and senior executives of the Authority. The remuneration of key management personnel included the following:

Year ended December 31	2024	2023
	$	$
Executive management compensation		
Short-term employee benefits, including salaries	**1,364**	1,247
Post-employment benefits	**158**	131
	1,522	1,378
Board compensation		
Retainer and per diems	**220**	223

YEAR ENDED DECEMBER 31, 2024 (thousands of Canadian dollars)

The Authority also engaged a Board member to provide assistance with pilot training at hourly rates equivalent to market-based rates from unrelated parties. The Authority paid the Board member $35 during 2024 (2023 - $40).

16. Commitments

The Authority has entered into contracts for navigation equipment service support, and pilot accommodation requiring the following future minimum payments as at December 31, 2024:

	$
Less than one year	722
Between one and five years	1,220
More than five years	—
	1,942

17. Subsequent event

The impact on the Authority's operations from the threat of increased tariffs on imports to the United States and the corresponding responses from affected countries is currently unknown. As a result, an estimate of the financial impact of these developments on the Authority's future results of operations and financial position cannot be made at this time. Management continues to monitor the potential implications on the demand for pilotage services. Any material impacts will be reflected in the future reporting periods as more information becomes available.

CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT FOR 2024 (UNAUDITED)

This is the Authority's first annual report on climate risks, its strategy to mitigate these risks, and metrics associated with these risks. The report has been modelled on recommendations issued by the Task Force on Climate-related Financial Disclosures. The core elements for disclosure are:

- **Governance** - the organization's governance around climate-related risks and opportunities
- **Strategy** - the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
- **Risk management** - the processes used by the organization to identify, assess, and manage climate-related risks
- **Metrics and targets** - the metrics and targets used to assess and manage relevant climate-related risks and opportunities

These disclosures will evolve over time with greater information, data and lessons learned.

The Authority is also in the process of aligning its strategy for managing the impact of climate risks with the government's Greening Government Strategy.

Governance

The Authority has a well-established governance framework. Its Board of Directors is responsible for the overall stewardship of the Authority and oversees the identification and management of key risks.

The Board's oversight of climate-related risks and opportunities is an element of the Board's oversight of the PPA's Enterprise Risk Management System (ERMS), further discussed below. Pursuant to the Authority's ERMS, management is responsible for identifying and evaluating climate-related risks and opportunities. These risks and opportunities are presented to the Board, along with other key risks, at least once a year. Management also reports climate-related metrics and targets to the Board annually.

The Finance and Audit Committee has been assigned the responsibility of overseeing the financial disclosure requirements for climate-related risks.

Strategy

The Authority aspires to be a leader in a complex and environmentally sensitive maritime industry – where safe and efficient movement of goods is conducted in a manner that protects the marine environment on the west coast of Canada and facilitates maritime trade.

The Authority will seek opportunities that support the Government of Canada's goal of its operations producing net-zero greenhouse gas ("GHG") emissions by 2050 and enhancing climate resilience by minimizing the risk to disruption of the Authority's critical assets and services from climate-related impacts.

Net-zero emissions mean reducing GHG emissions from operations to as close to zero as possible and then balancing out any remaining emissions with an equivalent amount of carbon dioxide removal, which could include purchasing carbon offsets.

Operating a coast-wide pilotage model in BC means that over 80% of our GHG emissions come from transporting personnel by launch to and from vessels at boarding stations along the coast. As a result, this presents the greatest opportunity to substantively reduce GHG emissions and we will prioritize research in this area. In doing so, we will also consider potential additional benefits, such as cost reductions and service improvements.

Climate-related impacts to and opportunities for the Authority are identified via its Enterprise Risk Management (ERM) program and are considered as part of its strategic and corporate planning processes. These are assessed over the short, medium and long-term and where it can do so, the Authority seeks to adjust its plans to mitigate the impacts and capitalise on any opportunities.

Risk Management

The Authority has an active and ongoing Enterprise Risk Management (ERM) program whereby strategic and operational risks, including climate-related risks, are assessed, monitored and managed in an Enterprise Risk Management System (ERMS).

A register of risks is maintained by a management ERM committee comprising the CEO and key managers. Each risk is assigned to an owner. A review of all risks is performed biannually, and a status report provided to the Board.

Each of the risks is analysed and causes identified. Existing controls are identified and are tracked and monitored to maximise the Authority's mitigation. Additional controls are developed to improve mitigation where necessary.

The Authority's Climate Risk

This refers to the risk of the Authority failing to address the impacts of climate change on its operations and related expectations from stakeholders, customers and the community. This has been identified as a key risk to the Authority. Its related impacts fall broadly into four categories:

- The impact of climate change to operations which could be short, medium or long term. For example:
  - Damage to infrastructure from more frequent and severe storms, flooding etc.
  - Potential for more navigational challenges and longer routes to avoid newly problematic areas due to shifting currents and channels - increased potential for accidents and grounding of vessels
  - Increased training costs (e.g. refresher courses, simulator reprogramming) and providing accurate data to pilots.

- The impact of climate change on the Canadian and global economy and the potential to impact assignment levels which could be short, medium or long term. For example:
  - The effect of climate change in the Prairies which could reduce grain and agricultural exports
  - The proposed federal oil and gas industry emissions cap which could affect oil exports
  - The shift from the use of fossil fuels to renewables could affect coal exports

- Long term strategic impacts. For example:
  - Melting of Arctic ice, which could open newly competitive ports to the West Coast

- Impact of not meeting commitments to meet net zero by 2050
  - The Government of Canada's Greening Government Strategy sets out expectations that the Authority will advance measures that support Canada's transition to net-zero, including developing related operational targets. Failure to do so will damage the Authority's reputation and potentially relationships with stakeholders, customers and the community.

Climate Risk Mitigations

Mitigations for the identified climate risks are constantly being developed. They include:

- Factoring the potential impact of climate change on assignment numbers as part of strategic planning.
- Maintaining a well diversified assignment portfolio as a hedge against volatility in any one sector.
- Minimising fuel usage by leveraging improvements in technology and engineering when replacing pilot launch vessels, and optimising the fuel efficiency of older vessels.
- Other initiatives including:
  - Procurement practices that encourage suppliers to submit environmentally-friendly solutions.
  - Replacing in-person meetings with on-line equivalents.

Metrics and Targets

The Authority engaged a third party (BMO Radicle) to assist in assessing greenhouse gas emissions for 2023, for the purpose of establishing a baseline. The Authority will continue to measure its emissions going forward and will disclose these in our climate-related financial disclosures. Once more data is available regarding the Authority's current emissions, it will develop interim targets leading up to 2050.

This report and inventory were compiled in compliance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition.

The Authority measured its first greenhouse gas inventory in 2023 using BMO Radicle's Climate Smart program and recorded emissions of 4,427 tonnes of carbon dioxide equivalent (tCO2e). Overall, the Authority's largest source of emissions was from transporting people, principally pilots to and from assignments along the BC coast, by water on its launches (89%) and by air on scheduled and chartered flights (10%). The Authority was Climate Smart Certified for 2023.

In 2024, emissions increased by 11% over 2023 to 4,893 tonnes of carbon dioxide equivalent (tCO2e) due to an increase in pilotage assignments.

The following sections present the breakdown of PPA's emissions for the 2024 calendar year by scope. Each finding has been compared with the 2023 baseline result.

Scope 1: Direct emissions generated from activities owned or controlled by the Authority.

	Baseline (2023)		Current Year (2024)		Current vs Prior	
Activity Type	**(tCO2e)**	**% of Emissions**	**(tCO2e)**	**% of Emissions**	**(tCO2e)**	**% change**
Heat (consumption of Vancouver office)	11.01	0%	10.52	0%	(0.49)	(4)%
Transporting People - Water (transportation of pilots to vessels via owned launches)	3,948.10	89%	4,083.32	84%	135.22	3%
Transporting People - Air (transportation of pilots to vessels via helicopter)	-	-	255.54	5%	255.54	n/a
Totals	**3,959.11**	**89%**	**4,349.38**	**89%**	**390.27**	**10%**

Scope 2: Indirect emissions generated from consumption of purchased electricity, heat, or steam.

a) Location-Based Emissions

	Baseline (2023)		Current Year (2024)		Current vs Prior	
Activity Type	**(tCO2e)**	**% of Emissions**	**(tCO2e)**	**% of Emissions**	**(tCO2e)**	**% change**
Electricity (consumption of Vancouver office and Victoria and Prince Rupert stations)	2.33	0%	2.12	0%	(0.21)	(9)%
Totals	**2.33**	**0%**	**2.12**	**0%**	**(0.21)**	**(9)%**

b) Market-Based Emission Factors

Province – BC

Electricity Provider - BC Hydro

	kWh	Provincial Emissions (tCO2e)	Utility Supplier Emissions (tCO2e)
Baseline (2023)	150,363	2.33	2.33
Current Year (2024)	151,177	2.12	2.12
Current vs Prior	814	(0.21)	(0.21)

Scope 3: Other indirect emissions from upstream and downstream activities that the PPA contributes to but does not control.

	Baseline (2023)		Current Year (2024)		Current vs Prior	
Activity Type	**(tCO2e)**	**% of Emissions**	**(tCO2e)**	**% of Emissions**	**(tCO2e)**	**% change**
Accommodations	42.09	1%	61.10	1%	19.01	45%
Heat (heat consumption of Victoria station)	4.99	0%	2.23	0%	(2.76)	(55)%
Transporting People – Air (scheduled and charter flights transporting pilots to coastal assignments)	406.54	10%	464.79	10%	58.79	14%
Transporting People – Water (transportation of pilots to vessels via 3rd party launches)	11.93	0%	13.01	0%	1.08	9%
Totals	**465.55**	**11%**	**541.13**	**11%**	**75.58**	**16%**