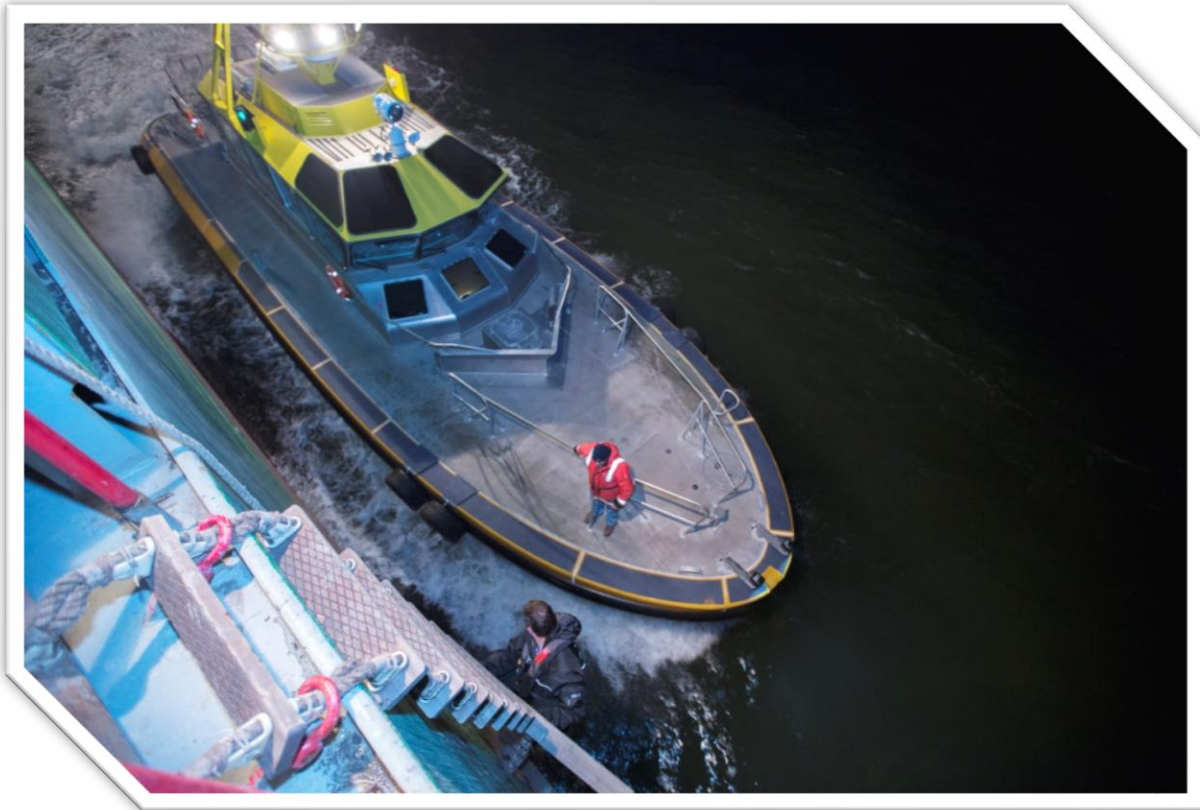




PACIFIC PILOTAGE AUTHORITY

Corporate Plan Summary (2022 – 2026)



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Board Approval Date
October 25, 2021

Executive Summary

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

The Authority continues to respond to and manage the operational and financial impacts of the global pandemic. Operationally we have continued to provide uninterrupted pilotage services throughout, whilst maintaining the safety of pilots and staff. Financially, we expect a loss of \$1.5 million in 2021 and to maintain a healthy cash balance of over \$6 million. This loss is mainly due to a second consecutive year without cruise ship traffic and increased pilot transportation costs.

Objectives (summarized):

1. Provide safe, reliable and efficient marine pilotage
2. Ensure financial self-sufficiency
3. Promote organizational and environmental sustainability
4. Demonstrate leadership
5. Manage risk
6. Focus on the future

Besides the pandemic, the Authority is challenged on a number of fronts, which are also reflected in key objectives of the Authority and activities planned. These challenges include:

- **Variability in traffic volumes** – adversely from the absence of cruise ships, and positively from increased tanker traffic associated with energy projects.
- **Contract negotiations with the BC Coast Pilots** ("BCCP") - the current contract expires at the end of 2021.
- **Pilot recruitment and training** – there is only a small market of qualified pilots to replace retiring pilots. The planned acquisition of new simulators, through a partnership with the BCCP, will increase our in-house training capabilities.
- **Industry needs** – requirement for heli-hoisting of pilots for new energy related projects (Trans Mountain Expansion and LNG Canada). A Request for Proposals from service providers is underway.
- **CEO succession** – our CEO is due to retire in 2023 and the process for selecting his successor has started.
- **Technology and cybersecurity** – the increased implementation of technology solutions within the organization, including a new Pilot Dispatch and Accounting Management System ("PDAMS") also increases the risk of cybersecurity breaches and an incident response plan is in development to address potential threats.
- **Continued engagement of stakeholders**, including First Nations, as marine practices and regulations continue to evolve.

The result of the contract negotiations with BCCP will need to be reflected in changes to our service charges to ensure we remain financially self-sufficient. We will engage with industry for their feedback during the process.

Capital expenditures planned in 2022 of \$15 million and associated with the above activities include the new simulators and PDAMS, and the helicopter services contract, which would likely be accounted for as a “right-of-use” asset funded by a lease. The balance of the capital expenditures is expected to be funded from operating cashflow, cash reserves or a lease.

A significant decision will be to determine the successful proponent for the helicopter service contract. Currently, requests for proposals have been sought and will be reviewed in detail before concluding. The contract will be multi-year and cover services in either the south (Vancouver/Victoria) or north (Prince Rupert), or both.

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

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1. Overview

Background

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

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

Mandate

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

Public policy role

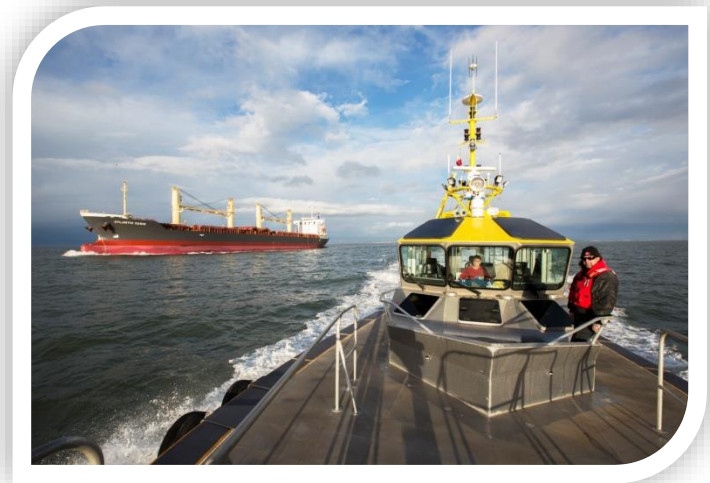
The Authority's role is to facilitate international trade by providing a safe and efficient pilotage service on the west coast of Canada.

Vision statement

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

Mission statement

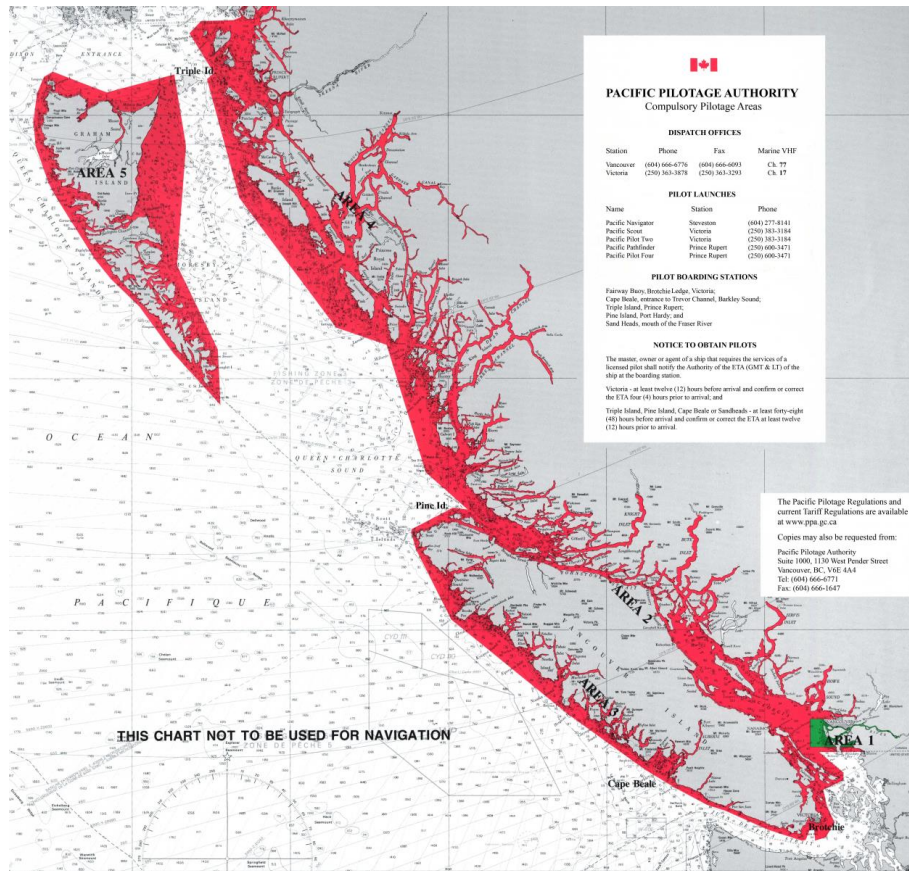
The Authority is dedicated to providing safe, efficient, and cost-effective marine pilotage. We will do this by working in partnership with the pilots, the shipping industry and the communities in which we operate, to protect the environment and advance the interests of Canada and its people.



Activities and operations

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

The Authority is responsible for providing safe, reliable and efficient marine pilotage in the coastal waters of British Columbia, including the Fraser River. We service all major ports on the coast, as compared to other jurisdictions that may service only one port, and include Vancouver, Deltaport, Victoria, Prince Rupert, and Stewart.



When a vessel intends to enter compulsory pilotage waters on the British Columbia coast, it will initiate an order for a pilot at a specified time, date, and boarding station. A pilot either contracted to or employed by the Authority will carry out this assignment. Pilots are boarded on vessels from a dock or by pilot launch and are disembarked by pilot launch when a vessel leaves pilotage waters.

The head office of the Authority is in Vancouver, British Columbia. Pilots are dispatched to their assignments through a central dispatch office in Vancouver and a traffic coordination office in Victoria.

To provide pilots with water transportation to/from ships, the Authority operates pilot launches at three permanent boarding stations. These stations are at Victoria, Prince Rupert and Steveston, all of which have employee-crewed launches. The Authority also contracts launch operations from third parties at smaller, less active locations at Pine Island (northern tip of Vancouver Island) and Snake Island for the Nanaimo area.

Please refer to the Authority's 2020 Annual Report for further corporate information.
<https://www.ppa.gc.ca/annual-reports>

2. **Operating environment**

Internal environment

In order to fulfil its defined objectives and achieve its mandate, the following is a brief listing of the key internal issues faced by the Authority as well as some of the strengths used to support success:

- **Human Resources overview**

The following table summarizes the Authority's current staffing:

Function	Full Time Equivalents
Executive Management	5
Management	5
Fraser River Employee Pilots	9
Administrative & Accounting	6
Dispatch	17
Launch	39
Total	81

The Authority is anticipating limited changes to staffing with only three new positions (two River pilots and one administrative) planned in 2022.

The Authority has collective agreements covering all of the above employee groups, with the exception of Executive Management and Management. These collective agreements are summarized below:

- the Canadian Merchant Service Guild, representing all employee pilots, expires January 31, 2023;
- the Canadian Merchant Service Guild, representing all launch masters and engineers, expires March 31, 2023;

- the International Longshore & Warehouse Union, Local 520, representing all deckhands, dispatchers and administrative staff, expires March 31, 2023.

The Authority contracts with the British Columbia Coast Pilots Ltd. ("BCCP") for coastal pilotage services. Currently a workforce of approximately 120 contract pilots provides coastal pilotage services to the Authority. The present agreement with BCCP expires on December 31, 2021. Negotiations have commenced in the fourth quarter of 2021.

With the successful rollout of vaccines against COVID-19 and compliance with Federal regulations for employees to be fully vaccinated, the Authority is reviewing future plans for staff to safely return to a pre-pandemic work environment. This will likely include the opportunity for some staff to continue to work some of their scheduled hours remotely.

- **Pilot recruitment and training**

Shipping volumes on the west coast of Canada are expected to grow with the return of cruise ships in 2022 and the addition of two major projects, namely the Trans Mountain Expansion (TMX) project coming on stream in late 2022 and the LNG Canada project likely in mid-2023. Both projects require two pilots to be on the bridge in a number of areas along the transit route. Based on the duration of the transit and the need for a pilot change partway through, each transit will require up to four pilots.

The available supply of new apprentice pilots is challenging with a small labour pool of prospective applicants and potentially long wait times between examinations and ultimate hiring. Hence, the impact of the proposed new projects brings a risk to the Authority in meeting demand with sufficient pilot supply, without sacrificing safety. Coast pilots also take six years to reach a level of proficiency in which no restrictions are placed on the class of ships they can pilot, and these unrestricted pilots will be needed for the TMX and LNG projects. To mitigate the risk, the Authority is resuming its familiarization program for potential apprentice applicants and expanding the simulator capacity for pilot training.

- **Strong operations team – change in CEO**

The Authority is comprised of a highly effective management team with a significant understanding of the operation of the business. The Authority's CEO is due to retire in 2023 and succession plans are underway to identify and select a replacement, with a view to choosing a new CEO by early 2022 to provide a seamless transition. The process of selecting a successor is also providing opportunities for members of senior management to broaden their experience.

- **Systems and technology**

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

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

The Authority, in partnership with the BCCP, will be expanding the simulator in 2022. The expansion commenced in 2021 with the addition of extra screens and upgraded software in the existing simulator. In 2022, the simulator will be expanded to include an additional two bridges. One will be a tug bridge and the other will be a full mission simulator and will include a docking module allowing pilots to dock ships with the aids of a visual representation.

- Portable Pilotage Units (PPUs): The Authority continues to invest in PPUs, which are highly accurate portable navigation devices used to assist pilots in making timely decisions with reference to navigational safety. These PPUs are completely independent of a ship's navigation system and have become a standard practice tool used in piloting considering the growth in size of vessels.
- Pilot Dispatch and Accounting Management System: The Authority is currently engaged in developing a replacement for its existing system and it is planned to be operational in 2022. It will enable a transition to electronic from manual source cards for the pilots.

The Authority is a mature organization with well-developed policies and procedures to deal with recurring and new challenges. The Authority is also ISO and ISM compliant and certified.

External environment

Under the *Pilotage Act*, the Authority operates as a regulated monopoly. While this means there is no direct competition, there is nevertheless indirect competition in that there are options for shippers south of the border. Therefore, the Authority regularly conducts cost comparisons with the US ports on the West Coast.

The West Coast ports predominantly import products from and export products to Asia. The Port of Vancouver is the largest port by tonnage moved and has a diversified mix of products being shipped which ensures that even in a downturn there are usually some products that continue to do well. For example, excluding the impact from the

absence of cruise ships, assignments in 2020 were up 3% over the prior year largely due to higher grain shipments.

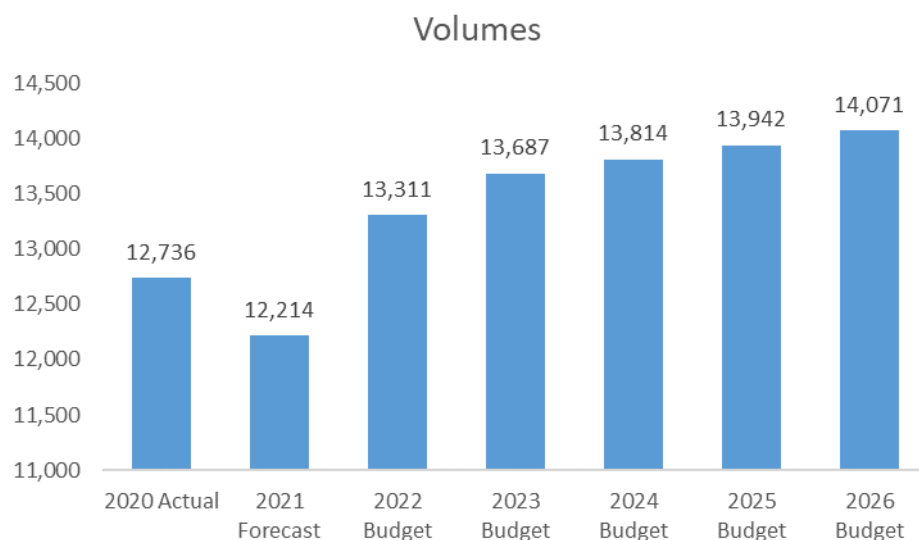
The following is a brief listing of the key external issues currently faced by the Authority:

- **Continued uncertainty during global pandemic**

The global pandemic has had specific adverse impacts on our operations, including the cancellation of the cruise ship season for both 2020 and 2021; increased pilot transportation expenses from using chartered flights to ensure pilot safety; and limitations on pilot training with the closure of training schools. The timing of when these impacts will ease or end is presently unknown.

- **Traffic trends**

As can be seen below, the Authority's traffic volumes are expected to decline in 2021 as a result of the on-going impacts of the pandemic, and increase to 13,311 assignments in 2022, assuming the return of cruise ships in 2022 at 75% of pre-pandemic levels. Growth after 2022 is expected to come from the full return of cruise ships in 2023 and the TMX and LNG energy projects.



- **Impact of trade barriers**

The imposition of any international trade barriers and tariffs on imports/exports (particularly with China and the U.S.) could have a significant effect on shipping volumes in western Canada as users and corporations adjust their trade to new operational markets based on new realities.

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

Anti-shipping and anti-fossil fuel activism can affect both the safety of our business and our traffic assumptions. We have experienced instances where anti-

energy activists have attempted to impede the movement of energy vessels in transit. This introduces new safety risks to our business practices.

- **Increasing size of vessels with delayed increase in supporting infrastructure**
Vessels are growing at an average annual pace of 3% on the west coast of Canada. We have noted that investment into terminal growth and related infrastructure is slow in keeping pace with the growth in ship sizes. The result is an increasing risk of incidents. The Authority mitigates this risk through pilot training and the use of supporting technology and additional tugs to prevent incidents.
- **Increases in Parks and Marine Protected Areas**
The Authority remains involved in the Enhancing Cetacean Habitat and Observation (ECHO) Program, led by the Vancouver Fraser Port Authority (VFPA) since its inception in 2014. The program instituted a voluntary slowdown through Haro Strait and Boundary Pass during the months that the Southern Resident Killer Whales (SRKW) forage. The additional pilotage cost to shipowners from the slowdown has been reimbursed through funding provided by Transport Canada. The reimbursement will continue through the 2021 season.

Alignment with Government priorities and direction

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

- **Directives under Section 89 of the *Financial Administration Act* (FAA)**
The Authority is in full compliance with the directive issued under Section 89 of the FAA with respect to travel, hospitality, and conference expenses.
- **Pilotage Act modernization**
The implementation of the amended *Pilotage Act* is geared toward supporting the delivery of safe, efficient and environmentally responsible marine pilotage services into the future. To date Orders in Council (OIC) #1 (Definitions and Purpose and Principles among others), #2 (Offences and Punishments amongst others), #3 (Charges) and, in June 2021, #4 (Regulations) have been issued. OIC #4 was the final piece of the renewal and entails the movement of the regulation-making powers from the Authority to the Governor in Council.
- **Auditor General Special Examination**
The last Special Examination was conducted in 2016 and found no significant deficiencies. Areas for improvement have been addressed. The link to the full Special Examination report can be found here: <https://www.ppa.gc.ca/other-reports>

Other reviews and audits

The following reviews and audits were recently conducted:

- ISO 9002 and ISM certification issued in December 2020. This was the fifth consecutive year with no significant deficiencies identified.
- A cybersecurity audit was conducted in 2021 resulting in the development of an incident response plan and strengthening of controls to reduce associated risks.
- A review of the Authority's risk register was conducted in 2021 by an external consultant specializing in enterprise risk management.

3. Strategic Objectives, Activities, Risks and Expected Results

In 2019 the Authority established a set of strategic objectives to be achieved over a five-year horizon given the Authority's mandate. Those objectives, activities to achieve the objectives, expected results and performance measures are as follows:

Objective #1: Provide safe, reliable and efficient marine pilotage

To provide safe, reliable and efficient marine pilotage and related services in the coastal waters of British Columbia, including the Fraser River, by embracing a culture of continuous improvement.

a) Safe

Risk mitigated:

- Failure to ensure the safety and wellbeing of pilots while on assignments (including transiting to and from and on the job)

Activities	Expected Results	Performance Measures	Recent Results
Upgrade PSTAR visual, tidal current and bathymetry databases in partnership with the BCCP and the guidance of PTEC (On-going)	Increased level of realism with simulations	Completion of simulator databases as below: - Port Edward (2021) - Port Alberni (2022) - Gold River (2023) Maintain visual database of the specified areas to a minimum standard of LOD-2 and develop dynamic tidal current models for the specified areas	Visual upgrades for Prince Rupert, Seymour Narrows, and Johnstone Strait have been completed. Tidal current model for Deltaport has been developed. Updated Fraser River bathymetry files have been developed for two river conditions.
Upgrade PSTAR to include one tug and one full mission bridge simulators (On-going)	BCCP agreement and Board approval Reduce the reliance on outside establishments to meet the training	Documented evidence of agreement and approval Year-over-year improvement in usage and training costs	A suitable location for the simulator expansion has been identified. The new simulator requirements have been finalized and anticipated project

Activities	Expected Results	Performance Measures	Recent Results
	goals of the PPA and BCCP		completion time is Q1/2022. A partnership agreement is being developed with the BCCP to establish a simulation centre.

b) **Reliable**

Risk mitigated:

- A vessel's journey is delayed / extended, beyond the KPI threshold, resulting from actions by the PPA or the pilots

Activities	Expected Results	Performance Measures	Recent Results
Upgrade the existing dispatch and accounting system and introduce e-source cards (On-going)	Completion of updated dispatch and accounting system including e-source cards by Q1 2022	Completion of the upgrades and use of e-source cards	Contract awarded to 3 rd party developer; project team assembled; and development underway

c) **Efficient**

Risk mitigated:

- An objection to the PPA's service charges is upheld by the Canadian Transportation Agency (CTA) because pilots are not used efficiently

Activities	Expected Results	Performance Measures	Recent Results
The completion of a cost benefit analysis on the use of helicopters in both the north and the south (On-going)	Recommendations from analysis to be implemented – resulting in the highest productivity of the Authority's resources	Implementation of program which results in an overall higher efficiency of pilot utilization - if implemented: a. 10% increase in pilot efficiency for the area served b. costs acceptable to industry as measured through no objections	RFP posted on Government of Canada website; responses received; and evaluation underway
A complete review of the pilot transportation network coast wide, including launches, taxis and aircraft (On-going)	Recommendations from the analysis to be implemented during the term of this plan – resulting in the highest productivity of the Authority's resources	Reduction of pilot travel time and pilot travel costs per assignment - Reduce travel time and travel costs by 5% by 2023	For future plan years

Objective #2: Ensure financial self-sufficiency

To provide the services within a commercially oriented framework, by maintaining financial self-sufficiency, through a combination of cost management and fees that are fair and reasonable.

a) **Cost management**

Risk mitigated:

- An objection to the PPA's service charges is upheld by the Canadian Transportation Agency (CTA)

Activities	Expected Results	Performance Measures	Recent Results
Hire an intern or allocate an internal resource to conduct research on the cost of servicing the remote ports of BC (On-going)	To ensure that charges for areas of the pilotage operation are set in a cost-effective manner	<p>Completion of remote port costing</p> <p>Results of analysis supports status quo, or a change is brought and presented to industry for evaluation</p> <p>If changes are recommended, a 5% reduction in costs for each area of recommendation</p>	Review to commence in late 2021

Objective #3: Promote organizational and environmental sustainability

To implement sustainable practices within the Authority with a focus on quality assurance, and to contribute to the federal government's environmental, social and economic policies as they apply to the marine industry on the Pacific coast of Canada.

a) **Promote organizational and environmental sustainability**

Risk mitigated:

- Selection and transition to a new CEO creates uncertainty and disrupts operations

Activities	Expected Results	Performance Measures	Recent Results
Select a new CEO to replace retiring CEO (On-going)	New CEO selected and appointed in 2022	Search committee appointed and terms of reference approved	Search committee appointed. Internal candidates having opportunities to present to Board
Establish a Pay Equity Committee (NEW)	Compensation practices at PPA provide men and women with equal pay for work of equal value	Job classes identified together with value of work and related compensation. Adjustments made where average female compensation is below average male	To be done in 2022

Activities	Expected Results	Performance Measures	Recent Results
Introduce a program and hiring protocol for enhancing consideration of diversity within the Authority (NEW)	A sustainable workforce is achieved within the Authority and meets the government's social policies	New hires are brought on with verifiable consideration of diversity - Implementation of a hiring program that aligns with government policy	New Director of People and Organizational Development hired in Q2 2021 Recent job postings encourage greater diversity of applicants

b) **Quality Assurance**

Risk mitigated:

- Compromise of the confidentiality, integrity or availability of information

Activities	Expected Results	Performance Measures	Recent Results
Develop and implement a procedure to address cybersecurity issues and concerns (On-going)	Documentation and implementation of procedures to address cybersecurity risks	Completion of a crisis management procedures document and a privacy policy Completion of a tabletop exercise in 2022.	External consultants completed cybersecurity review Draft incident response plan formulated

Objective #4: Demonstrate leadership

To assume a leadership role in the marine industry we serve, by demonstrating national influence and engaging the community in order to facilitate decisions that result in improvements to navigational safety and the efficiency of marine operations.

a) **Demonstrate Leadership**

Risk mitigated:

- A marine incident involving a piloted or waived vessel results in negative impacts to the general public and/or communities' structures, food sources, cultural and spiritual heritage that damages the PPA's reputation

Activities	Expected Results	Performance Measures	Recent Results
To actively engage with First Nations communities on the west coast of Canada as the official marine specialists in pilotage operations (On-going)	Ensures that the Authority is meeting the requirement to engage Indigenous communities affected by pilotage operations	To meet with 4 communities per annum	Met with four communities to discuss interim guidelines for Seymour Narrows/Johnstone Strait

b) **Facilitate decision-making**

Risk mitigated:

- The implementation activities associated with amendments to the *Pilotage Act* do not work practically

Activities	Expected Results	Performance Measures	Recent Results
Work with TC marine pilotage program officials and pilotage Authority CEOs regarding the takeover of the enforcement of Regulations (On-going)	A seamless handover of the regulations to TC	Two meetings per year	Met the annual minimum of two meetings by the first quarter of 2021, with further meetings expected as required

c) **Engage stakeholders and the community**

Risk mitigated:

- Social media content has negative consequences for the PPA in terms of its reputation, strategy, regulatory obligation and/or legal liability

Activities	Expected Results	Performance Measures	Recent Results
Engage social media as the medium to expand the Authority's stakeholder engagement. Investigate the use of LinkedIn, Facebook and Instagram as possible media (On-going)	The introduction of a social media program will ensure a better understanding of the role of the Authority and the safety of vessels under pilotage on the West Coast	Implement a social media program	LinkedIn page created for the Authority

Objective #5: Manage risk

To ensure that risk management tools are used in all safety related decisions for both the organization and its operations and that evolving technologies are taken into consideration.

a) **Manage operational risk**

Risk mitigated:

- A marine incident involving a piloted or waived vessel results in negative impacts to the general public and/or communities' structures, food sources, cultural and spiritual heritage that damages the PPA's reputation

Activities	Expected Results	Performance Measures	Recent Results
Develop a Safety and Operational Procedures manual for all ports not located within a	Once the manual has been completed the expectation is that the safety and efficiency of the coast wide system will	Completion of a safety and operational manual for all outports by 2023	For future plan years

port authority and publish the information on the PPA website (On-going)	be enhanced by ensuring that the pilot and master have all the necessary available information		
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Objective #6: Focus on the future

By using early warning indicators, ensure that the Authority is prepared, both financially and operationally, to deal effectively with changes to the marine industry, the changing regulatory landscape and the complex environment within which we operate.

a) **Early warning**

Risk mitigated:

- The PPA is unable to cover committed obligations and overhead because of a decrease in assignment volumes

Activities	Expected Results	Performance Measures	Recent Results
- Monitoring of the Baltic Dry vessel index, other exchanges and news sources - Addressing global events, their implications to the organization and economic forecast in the quarterly CEO report - Share info with industry and management team (On-going)	Early warning of global economic and societal changes	Publication of forecasts in the CEO quarterly report	2021 on track and completed for the second quarter Resource hired to develop a dashboard of relevant info

During the Authority's recent 2021 Strategic Planning session the following additional short- and medium-term initiatives were identified and will be included in an updated Management Action Plan for 2022:

Short-term (2022 and 2023)

- Relationship with industry – includes looking at efficiency, risk of complacency and the need to remain within our mandate.
- People and behaviour - includes a review of hiring practises, diversity and inclusion, as well as digital readiness and retirement risk.

Medium-term (2024 to 2026)

- Port congestion
- Active Vessel Management

Key Performance Indicators

Performance of the Authority is regularly reviewed by the Board of Directors. Key performance indicators are incorporated as part of this review and results for the current year-to-date (to Jun 2021) and for next year (2022) are as follows:

Safety		2021 (Actual)	2022 (Goal)
1.	Assignments with incidents on vessels under pilotage	4 (99.9% incident free)	99.9% incident free
2.	Incidents on pilot launches	0 (100% free)	99.9% incident free
Reliability			
3.	Number of delayed assignments caused by pilots	2 (99.9% delay free)	99.9% delay free
4.	Number of delays caused by dispatch errors	0 (100% free)	99.9% delay free
5.	Number of delays caused by launches	0 (100% free)	99.9% delay free
6.	Total number of delays	2 (99.9% free)	99.9% delay free
Efficiency: General			
7.	Pollution incidents on pilot launches	0	0
8.	Maintain an average of 5 working days to resolve all complaints	6.5 days	≤ 5 days
9.	Maintain an average of 5 working days to resolve all invoice disputes	2.1 days	≤ 5 days
Efficiency: Pilots			
10.	Complaints regarding pilot service level (no. of complaints/number of assignments)	0.08%	0%
11.	Callbacks as percentage of assignments	0.7%	≤ 2.5%
12.	Annual assignments per pilot		
	a) Coastal	107	> 100
	b) Fraser River	127	> 109
13.	Annual average revenue/cost per assignment		
	a) Revenue	\$6,913	\$7,726
	b) Cost	\$6,948	\$7,699
	c) Income (Loss)	\$(35)	\$27
14.	Annual utilization of pilots – terminal delays (hours delayed at terminal/total hours on assignment)	2%	≤ 5%
15.	Annual utilization of pilots – cancellations (number of cancellations/number of assignments)	11%	< 8%
Financial			
16.	Maintain an adequate contingency fund	\$2.0M	\$2.9 M
17.	Accounts receivable - % of invoices under 30 days	99%	95%

4. Financial overview

In accordance with our mandate, the Authority aims to be financially self-sufficient. We provide our services within a commercially oriented framework through a combination of cost management and fees that are fair and reasonable.

As the economic impact of the global pandemic continues into 2021, the Authority is expecting to end the year with a deficit of \$0.6 million. This is due largely to the catch-up of pilot and apprentice training deferred from 2020. The introduction of a temporary surcharge in 2021 has created revenue to partially offset this and will remain in place until expenses return to a level more consistent with prior years. The Authority's cash balances are forecast to remain strong at \$7.0 million at the end of 2021.

The financial outlook for the planning period of 2022-2026 is impacted by the following key factors and assumptions:

- **Traffic assignment volumes** – volumes for 2021 are currently in line with 2020. We have assumed a partial (75%) return of cruise ship assignments in 2022 to pre-pandemic levels, and back to 100% in 2023. Besides cruise ships, we have assumed a 1% annual growth in traffic volumes. This includes a nominal increase in tanker traffic from the TMX project starting in 2023. In addition, we expect there to be modest pilotage revenue growth from a continued increase in vessel size.
- **Negotiation of a new contract with the BCCP** – the current contract expires December 31, 2021. Negotiations have commenced in the fourth quarter of 2021 on terms for a new contract.
- **Changes to service charges** – the Authority will need to wait for the conclusion of the BCCP contract negotiations before determining any changes to current service charges in 2022. This will create a delay of four months in being able to recover the cost of any increase in the BCCP contract rates. The plan assumes that any negotiated contract increases will be reflected in service charge increases.
- **Helicopter contract** – a Request for Proposals is currently underway to provide the Authority with a helicopter service for pilot transportation to/from vessels. This is primarily to service tanker vessels for the Trans Mountain Expansion and Canada LNG terminals. The projected cost of this service has been assumed in this plan to be fully recoverable from industry.
- **Office lease** – the Authority has recently extended the term of its current head office lease to 2027. There is an option to further extend it to 2033. We will be considering various alternatives over the next 12 months and have allowed for the possibility of extending the term by including the longer term in our borrowing plan.
- **Inflation** – an annual inflation rate of 2.0% has been assumed during the planning period. However, the impact of any change in inflation is significantly mitigated as the majority of the Authority's costs are governed by contracts or collective

agreements which include negotiated increases over the term of the agreements

A summary of the forecast surplus/deficit for 2022-2026 is provided in the table below:

STATEMENT OF COMPREHENSIVE INCOME							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Total revenue	83,241	85,676	102,837	108,223	112,536	117,039	121,746
Total expenses	83,499	87,186	102,485	108,666	112,824	116,707	121,462
Comprehensive income (loss)	(258)	(1,510)	352	(443)	(288)	332	284

The deficit reported in 2020 and forecast in 2021 were the direct result of the pandemic. The projected surplus in 2022 reflects assumptions for a partial (75%) return of cruise ship traffic, resumption of using lower cost scheduled flights for pilot transportation and continuing to recover a temporary surcharge on all assignments, which helps offset higher training costs in 2022 caused by a training backlog during the pandemic. The temporary surcharge is assumed to end in 2022 and as a result there is a decrease in comprehensive income in 2023. Future years reflect small, but steady growth in assignments.

The Authority's capital budget for 2022 -2026 includes the following significant items:

- **Implementation of a custom Pilot Dispatch and Accounting Management System** – the development of the custom application has been started in 2021 and payments of \$0.7 million are expected in 2022, subject to satisfactory achievement of development milestones.
- **Helicopter lease** – the contract for helicopter services is likely to be treated as a lease for accounting purposes under International Financial Reporting Standards (IFRS) 16 and therefore a corresponding “right-of-use” asset would be set up. This has been estimated at \$10.5 million in 2022.
- **Simulator** – the Authority expects to enter a partnership agreement with BCCP in 2021 for the purchase and operation of an enhanced simulator for pilot training. The cost of the simulator is expected to be \$1 million, and the Authority's 50% share would be \$0.5 million, to be incurred in 2022.
- **Office lease** – as noted above, the Authority may exercise an option in 2022 to further extend the term of its head office lease. If so, this would add to the book value of the corresponding “right of use” asset by approximately \$2 million.

The Authority's projected financial liquidity at fiscal year-end during 2022-2026 with respect to cash, investments, bank debt and lease liabilities is summarized as follows:

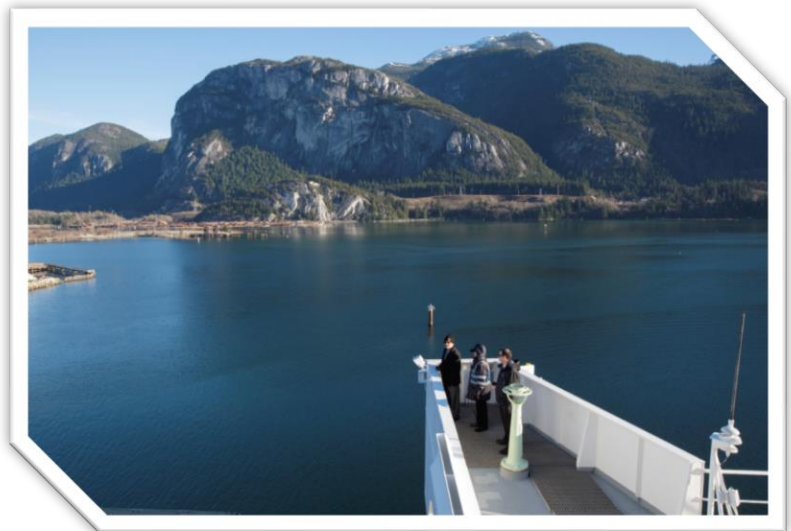
CASH, INVESTMENTS AND LOANS SUMMARY							
(in thousands of dollars)	Actual	Forecast	Budget				
Statement balance as at	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Cash	7,707	6,218	5,243	3,692	3,868	3,862	4,714
Investments							
Current portion	1,258	1,170	1,470	1,770	2,070	2,370	2,670
Non-current portion	472	1,170	1,470	1,770	2,070	2,370	2,670
Long-term loans							
Due within one year	(2,986)	(840)	(614)	(464)	(478)	(493)	(508)
Due after one year	(601)	(4,557)	(3,943)	(3,478)	(3,000)	(2,507)	(1,999)
Lease liabilities							
Due within one year	(352)	(530)	(1,842)	(1,890)	(1,837)	(1,845)	(1,904)
Due after one year	(325)	(1,253)	(10,861)	(8,971)	(7,134)	(5,289)	(3,384)

The Authority's investment balance is planned to increase by \$0.6 million annually to create a reserve balance for contingencies should there be an unforeseen disruption to operating cashflows.

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

5. Appendices

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



Appendix 1 - Ministerial Direction

The Pacific Pilotage Authority is presently operating in accordance with the guidance expressed in the following letter from the Minister of Transport, received in July 2021.

Ms. Lorraine Cunningham
Chair of the Board of Directors
Pacific Pilotage Authority
1000-1130 West Pender Street
Vancouver BC V6E 4A4

Dear Ms. Cunningham:

It is an honour to serve Canadians as the Minister of Transport and a privilege to be able to work with key partners such as the Pacific Pilotage Authority (PPA) during this pivotal time for both the transportation sector and the country as a whole.

Given that the world has changed significantly because of the COVID-19 pandemic, I wish to communicate to you that, now more than ever, our collaboration remains essential to advance the government's priorities and policy objectives. I look forward to deepening a strong working relationship that fosters open communication and a shared commitment to advancing the government's priorities and policy objectives, and ensuring that the PPA remains a key component of Canada's transportation system.

In supporting my accountability to Parliament for your organization, I will work with you to ensure that Canada's transportation system supports the government's ambitious economic response and recovery efforts in fighting the pandemic and building back a better Canada. Together, during these challenging times, we will position the PPA to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, and stand up for fairness and equality.

The fight against climate change remains of paramount importance to this government, and I expect that the Pacific Pilotage Authority will provide its support by ensuring that opportunities to advance this cause are considered in your organization's priorities, plans, and operations.

In Budget 2021, the government indicated its intention to finish the fight against COVID-19, to create jobs and growth, and to support a resilient and inclusive recovery. For its part, I expect that Pacific Pilotage Authority will do its part by providing safe, secure and efficient transportation services in support of economic recovery and growth for middle class Canadians.

When Indigenous people experience better outcomes, all Canadians benefit. In this vein, I expect that the PPA will join us as we continue to walk the road to reconciliation together. For Crown corporations, this should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

Together, we must also together continue to deliver real results for Canadians. This includes tracking and publicly reporting on the progress of our work, assessing our work's effectiveness, aligning resources with priorities, and adapting to events as they unfold. In this vein, I would note that your corporation's corporate plan remains the most important vehicle by which my colleagues and I can identify the results Canadians can expect from the Pacific Pilotage Authority, and the annual report is the most important mechanism to assess the Pacific Pilotage Authority's results.

We must also continue to work together to improve how we collectively approach Crown corporations' corporate plan approvals. This need was underscored by the concerns raised in the Office of the Auditor General's spring 2018 Report, tabled in Parliament on May 29, 2018.

Transport Canada, Transport portfolio Crown corporations and central agencies all have a role to play. In this vein, I would ask for your continued support in ensuring that these reports are prepared sufficiently in advance. I would also recommend that early engagement with Transport Canada officials will help ensure that your organization's corporate plans are submitted for Treasury Board consideration according to timelines set out by the *Financial Administration Act*. Such collaboration will help to ensure sound, transparent, and accountable governance of all federal Crown corporations.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chairperson, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council. By way of extension, I note my expectation that the PPA incorporate a similar focus on the abovementioned populations in all its labour force practices.

Recognizing the value of incumbents to ensuring consistent good governance, for those individuals previously appointed through an open process, I will consider recommending reappointment based on past performance and the Board's current needs in terms of diversity and skills. My officials will engage with you to assess the performance and contribution of any incumbent being considered for reappointment.

Furthermore, as always, the legal and ethical obligations of public office holders remain paramount. All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A. All boards should also ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the *Lobbying Act* and the *Conflict of Interest Act*.

As you know, substantial amendments have been made to the *Pilotage Act*. As the department moves forward with the implementation plan, we will rely on your expertise, skills, and strong relationships to facilitate a smooth and effective transition. These legislative changes will require an adjustment for the Authority with implications on your operations as it relates to efficient service delivery at a reasonable cost to industry so as to facilitate competitiveness

without compromising safety. I do not doubt that you will continue to provide safe, reliable and efficient pilotage services in the Pacific Region.

I look forward to continuing to work with you in advancing your corporation's plans, priorities and challenges.

Sincerely,

A handwritten signature in black ink, appearing to read "Omar Alhabra". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

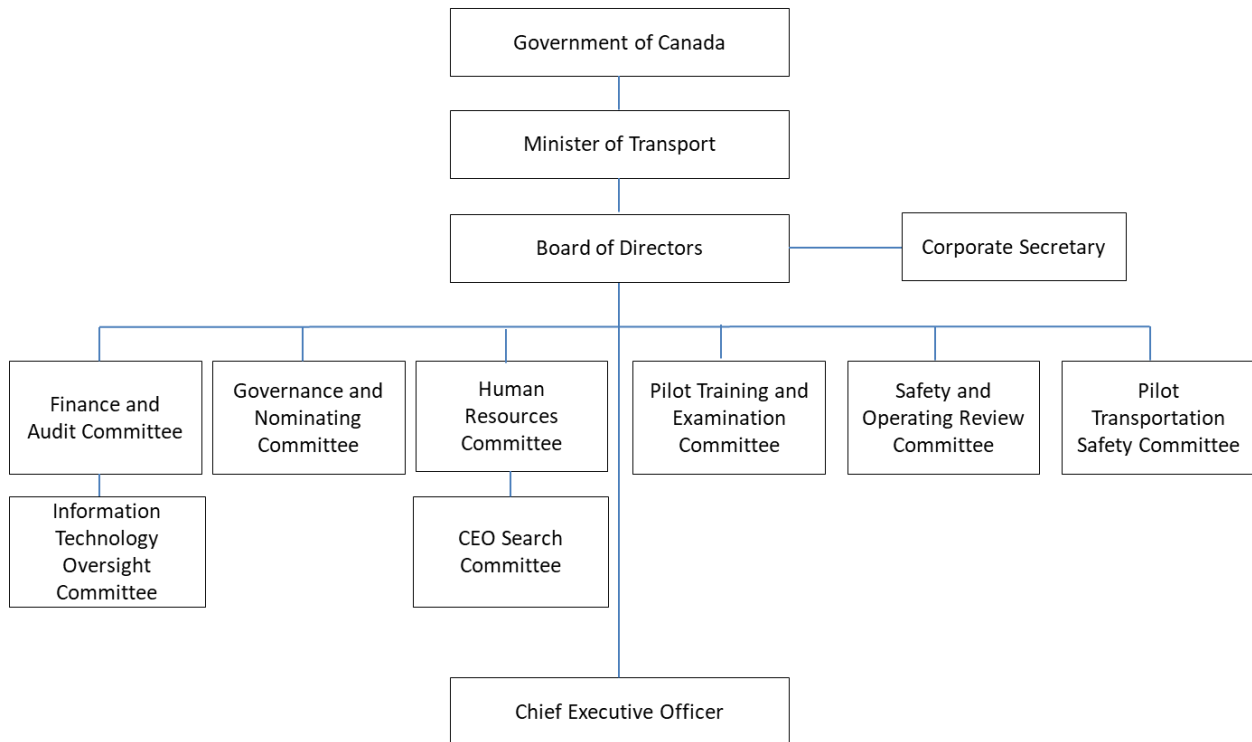
Appendix 2 - Corporate Governance Structure

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

The Authority's Board of Directors has representation from Vancouver and Vancouver Island, with backgrounds in marine services, accounting, law, education, and technology.

The Board has constituted several committees to focus on the major areas of the Authority. These committees are chaired by a Board member, have terms of reference and mandates and report directly to the Board on a regular basis. We have a strong and committed governance body which provides effective oversight. Board members are very engaged and have attended all Board and committee meetings during 2020 and 2021 to date.

Pacific Pilotage Authority Governance chart



Committees

1. **Finance and Audit Committee** - the Chair and at least three Board members are designated as members of this Committee. This Committee meets six times per annum and members are expected to be financially literate. Its mandate includes oversight of financial matters, financial reporting, external audit, internal audit and insurance.
2. **Governance and Nominating Committee (GNC)** – this Committee meets on an as needed basis, at the call of the Committee Chair. Its mandate is to ensure the Authority follows good corporate governance practices. The GNC also identifies and recruits candidates that meet the merit-based selection criteria for appointment to the Board.
3. **Human Resources Committee (HRC)** – this Committee meets on an as needed basis, at the call of the Committee Chair. Its mandate includes ensuring the Chief Executive Officer (CEO) evaluation and executive development planning is in place at the Authority. The HRC is also mandated to review the

compensation of the CEO, including the annual performance management plan and to oversee the establishment of safety standards and safe operation of the Authority's Vancouver office.

4. **Pilot Training and Examination Committee (PTEC)** – this Committee meets four times per annum and 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 BC Coast Pilots. A Committee of Examiners is established for the purpose of conducting pilot examinations.
5. **Safety and Operating Review Committee (SORC)** – this Committee meets four times per year with a mandate to review and assess pilotage practices and areas of concern and to seek solutions which result in improved safety and efficiency. It is chaired by a Board member and comprised of Authority management, BC Coast Pilots and members of the marine industry.
6. **Pilot Transportation Safety Committee (PTSC)** – this Committee meets at least twice per annum or more frequently as required. The Committee is responsible for establishing safety standards and monitoring the safe operation of pilot launches, water taxis, airplanes and helicopters utilized in the transfer of pilots to/from ships and ensuring that the Authority adheres to regulations and safe practices issued by Transport Canada. It is composed of BC Coast and Fraser River pilots, Authority management and pilot launch personnel.
7. **Information Technology Oversight Committee (ITOC)** – this sub-Committee of the Finance and Audit Committee meets four times per annum, or more frequently as required. The Committee is responsible for overseeing the identification and mitigation of risks arising from the implementation and use of information technology. It is chaired by a Board member and includes members of Authority management.
8. **CEO Search Committee** – this sub-Committee of the HR Committee will be established in the 4th quarter of 2021 and will set the Terms of Reference and roles and responsibilities with respect to a search for a replacement for the present CEO, whose expected retirement is in 2023.

Directors

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

Name	Location	Appointment Date	Term
Lorraine Cunningham (Chair)	Vancouver	June 4, 2020	4 years
Katherine Bright	Vancouver	June 14, 2018	3.5 years
Captain Allan Ranger	Vancouver Island	February 6, 2018	3 years
Victoria Withers	Vancouver	February 6, 2018	4 years
Billie V. Raptis	Vancouver	February 6, 2018	4 years
James Marshall	Vancouver Island	February 21, 2018	4 years
Peter Bernard	Vancouver	March 4, 2020	3 years

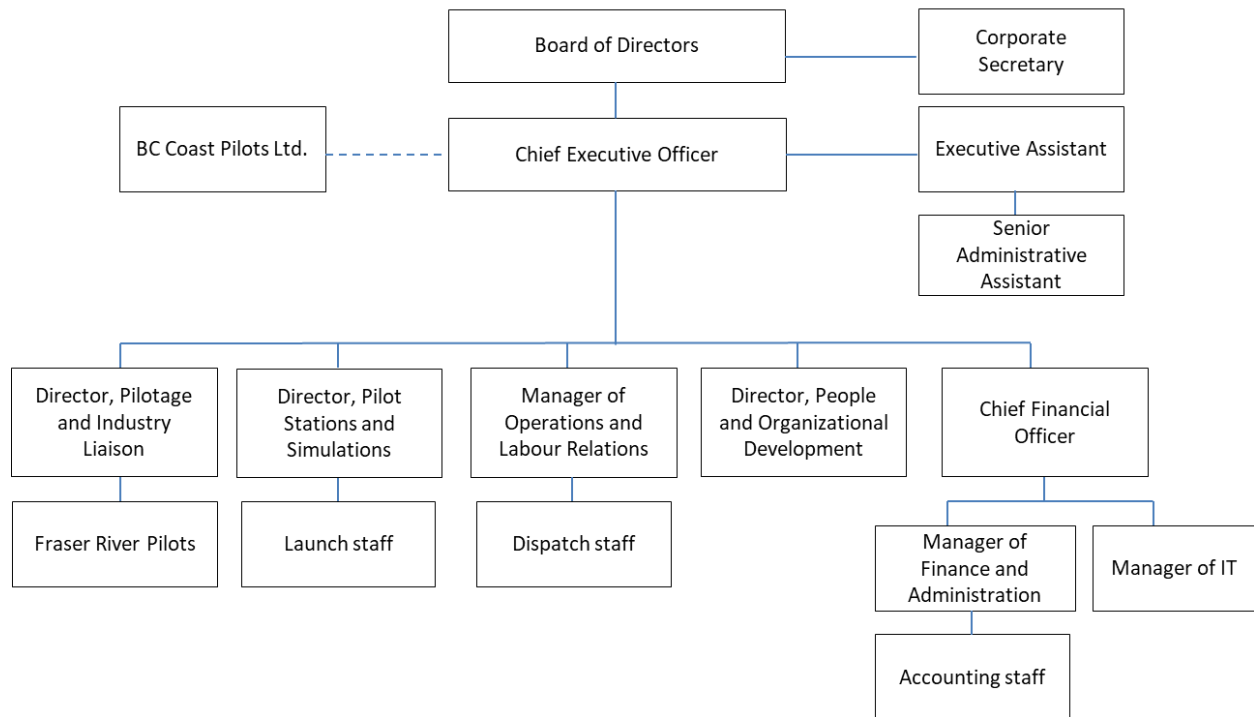
Total Board expenses for fiscal 2020 amounted to \$217,000 (including compensation, travel and training).

The Authority is working on renewing the terms of members of the Board whose terms expire in 2021. The Privy Council Office controls the length of terms. To reduce the risks of many members' terms expiring in the same fiscal year, the Authority:

- has an ongoing identification process through the Governance and Human Resources Committee to reach out to potential candidates that are interested and fit the Authority's skills matrix. In the past the Authority had Board members go into holdover until a new member was appointed, with the exception of the Chair. Those members with expiring terms have indicated a willingness to remain in their role until their replacements are named;
- has a very robust new Board member orientation program to assist new Board members become familiarized with the organization as quickly as possible;
- ensures that the Board members are rotated through committee positions to maximize exposure and ensure that the oversight knowledge is more widely shared.

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

Pacific Pilotage Authority Organizational chart



Senior Executives

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

Name	Position
Kevin Obermeyer	Chief Executive Officer
Stuart Mackenzie	Chief Financial Officer
Brian Young	Director – Pilotage and Industry Liaison
Paulo Ekkebus	Director – Pilot Stations and Simulations
Danielle Lewis	Director – People and Organizational Development

Total Senior Executive compensation for fiscal 2020 amounted to \$1,048,000.

Appendix 3 – Planned Results

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

Objective: Meet the mandate of providing a safe and efficient pilotage operation on the west coast of Canada	
Expected Results	Performance Measures
All apprentice & licensed pilots trained in accordance with Quality Assurance Program (<i>Short-term</i>)	Compare annual training required with training taken by pilots - 100% of the required training must be done
Pilots use the simulator for area familiarization or to practice ship handling (<i>Medium-term</i>)	Comparison of pilots' 5-year area currency statistics to their simulator usage - Every pilot will use the simulator at least once every five years
Pilot Training and Exam Committee must promulgate recommendations and lessons learned after incident investigations (<i>Short-term</i>)	Recommendations provided to pilots: - For every incident; and - Within one month of completing an incident investigation All investigated incidents must be followed up with recommendations
Increased level of realism with simulations through upgrade to PSTAR visual and current tidal databases (<i>Medium-term</i>)	Completion of simulator databases as below: - Port Edward (2021), Port Alberni (2022), Gold River (2023) Maintain visual database of the specified areas to a minimum standard of LOD-2 and develop dynamic tidal current models for the specified areas
Deliver 99.9% of pilotage assignments and pilot dispatches free of incident (<i>Short-term</i>)	Incident-free pilotage assignments and pilot launch operations of at least 99.9%
Pilots dispatched to, and arrive at an assignment on time (<i>Short-term</i>)	99.9% delay free pilotage and launch operations
The delivery of the designed pilot launch on time and on budget (<i>Short-term</i>)	Check construction progress against RFP, contractual requirements and TC construction regulations - Vessel delivered in July 2021
BCCP agreement and Board approval of simulator upgrade (<i>Short-term</i>) Reduced reliance on outside establishments to meet the training goals of the PPA and BCCP (<i>Medium-term</i>)	Documented evidence of agreement and approval Year-over-year comparison of usage and training costs - External training costs reduced by 15% - Utilization goal is 30% in 2021 moving to 40% in 2022
Upgraded dispatch and accounting system including e-source cards (<i>Short-term</i>)	2022 - Completion of the upgrades and e-source cards

Recommendations from cost benefit analysis on helicopters to be implemented – resulting in the highest productivity of the Authority’s resources <i>(Medium-term)</i>	Publication in 2021 of an RFP for heli-hoisting
Objective: Plan, organize, direct and control financial, administrative, and operational activities of the Authority	
Expected Results	Performance Measures
Develop a Safety and Operational Procedures manual for all ports not located within a port authority and publish the information on the PPA website <i>(Medium-term)</i>	Completion of a safety and operational manual for all out-ports by 2023
Company will continue to operate as a going concern and maintain its financial self-sufficiency mandate <i>(Short-term)</i>	Systematic building of reserves for unplanned events - add \$600k per annum to the reserve account
To ensure that charges for areas of the pilotage operation are set in a cost-effective manner <i>(Medium-term)</i>	Completion of remote port costing in 2021 Results of analysis supports status quo, or a change is brought and presented to industry for evaluation in 2021 If changes are recommended, a 5% reduction in costs for each area of recommendation
Recommendations from the analysis on pilot transportation to be implemented during the term of this plan – resulting in the highest productivity of the Authority’s resources <i>(Medium-term)</i>	Reduction of pilot travel time and pilot travel costs per assignment - Reduce travel time and travel costs by 5% by 2023
Objective: Continue to develop the capacity within PPA to identify and take action on emerging issues and opportunities	
Expected Results	Performance Measures
Allow the Authority to identify emerging issues and opportunities through ERMS and SORC committees <i>(Medium-term)</i>	<ul style="list-style-type: none"> •2 ERMS meetings •2 SORC meetings •Risk register kept up to date as per ERMS procedures
Early warning of global economic changes by monitoring multiple indexes, publications and economic indicators <i>(Short-term)</i>	Publication of forecasts in the CEO quarterly report

Objective: Embrace a culture of continuous improvement including the implementation of sustainable practices	
Expected Results	Performance Measures
Meet the requirements of the ISO/ISM codes (<i>Short-term</i>)	Non-conformances (NC) raised at routine audits - zero NCs
Documentation and implementation of procedures to address cybersecurity risks (<i>Short-term</i>)	Completion of a crisis management procedures document Completion of a tabletop exercise in 2022.
50% of the office employees using public transportation or walk/cycle to work (<i>Medium-term</i>)	Ratio of office employees using public transportation vs those who do not – 50%
Regular use of video/teleconferencing for stakeholder meetings (<i>Short-term</i>)	Ratio of meetings attended by suggested methods vs other meetings – 90%
Objective: Ensure the continuity of PPA's people and knowledge capital	
Expected Results	Performance Measures
Successful recruitment of a new CEO and implementation of plan to transition (<i>Medium-term</i>)	CEO search committee established Internal candidates present to Board twice annually
A sustainable workforce is achieved within the Authority and meets the government's social policies (<i>Medium-term</i>)	New hires are brought on with verifiable consideration of diversity - Implementation of a hiring program that recognizes diversity
Objective: Establish and maintain clear and effective relationships with PPA's key stakeholders	
Expected Results	Performance Measures
Open and transparent communication providing an understanding of the PPA's role (<i>Short-term</i>)	Eight monthly association meetings during the year
Improved public understanding of the role of the Authority and the safety of vessels under pilotage (<i>Short-term</i>)	Implementation of a social media program
Objective: Demonstrate effective leadership and direction	
Expected Results	Performance Measures
Active participation in support of improvements to navigational safety and efficiency of marine operations (<i>Medium-term</i>)	Participation in 80% of all OPP meetings

Active engagement with Indigenous communities affected by pilotage operations (<i>Medium-term</i>)	To meet with four communities per annum
A seamless handover of the regulations to TC (<i>Short-term</i>)	Two meetings per year
Objective: Support the government's environmental, social and economic initiatives	
Expected Results	Performance Measures
Open and honest communication with stakeholders regarding financial position of the Authority (<i>Short-term</i>)	Meeting with all the industry associations on the West Coast regarding pilotage charges at least once during the 30-day consultation process

Chief Executive Officer Results Commitment

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



Kevin Obermeyer, Chief Executive Officer

October 18, 2021

Date

Appendix 4 - Chief Financial Officer Attestation

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

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

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



Stuart Mackenzie, Chief Financial Officer

October 18, 2021
Date

Appendix 5 - Financial Annex

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

STATEMENT OF FINANCIAL POSITION							
(in thousands of dollars)	Actual	Forecast	Budget				
Statement balance as at	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Assets							
Current							
Cash and cash equivalents	7,707	6,218	5,243	3,692	3,868	3,862	4,714
Trade accounts receivable	4,902	5,297	5,866	6,403	6,658	6,925	7,203
Other receivables	567	558	618	675	702	730	759
Prepaid expenses	383	321	355	388	403	419	436
Investments	1,258	1,170	1,470	1,770	2,070	2,370	2,670
	14,817	13,564	13,552	12,928	13,701	14,306	15,782
Non-current							
Long-term investments	472	1,170	1,470	1,770	2,070	2,370	2,670
Other receivables	156	128	142	155	161	167	174
Property and equipment							
Buildings & floats	635	875	975	1,475	1,475	1,475	1,475
Pilot boats	19,661	23,136	23,626	25,026	25,226	26,296	26,496
Equipment	3,460	3,762	4,422	5,007	5,592	6,177	6,762
Leasehold improvements	132	255	1,078	1,078	1,078	1,078	1,078
Leased assets	1,369	2,821	15,302	15,302	15,302	15,302	15,302
Accumulated depreciation	25,257	30,849	45,403	47,888	48,673	50,328	51,113
	11,710	13,490	17,022	20,584	24,278	27,988	31,742
Total property and equipment	13,547	17,359	28,381	27,304	24,395	22,340	19,371
Intangibles	149	516	1,043	869	694	519	345
	29,141	32,737	44,588	43,026	41,021	39,702	38,342
Liabilities							
Current							
Accounts payable and accrued liabilities	4,759	6,565	7,271	7,936	8,253	8,583	8,928
Wages and employee deductions payable	5,367	5,670	6,279	6,854	7,127	7,412	7,711
Other employee benefits	283	309	342	373	388	404	420
Lease Liabilities	352	530	1,842	1,890	1,837	1,845	1,904
Bank Debt	2,986	840	614	464	478	493	508
	13,747	13,914	16,348	17,517	18,083	18,737	19,471
Non-current							
Lease Liabilities	325	1,253	10,861	8,971	7,134	5,289	3,384
Bank Debt	601	4,557	3,943	3,478	3,000	2,507	1,999
Other employee benefits	606	661	732	799	831	864	899
	1,532	6,471	15,536	13,248	10,965	8,660	6,282
	15,279	20,385	31,884	30,765	29,048	27,397	25,753
Equity							
Retained earnings	13,862	12,352	12,704	12,261	11,973	12,305	12,589
	29,141	32,737	44,588	43,026	41,021	39,702	38,342

STATEMENT OF COMPREHENSIVE INCOME							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Revenue							
Pilotage charges							
Coastal Pilotage	61,872	61,642	72,509	78,182	81,654	85,292	89,102
River Pilotage	3,613	3,799	3,959	4,150	4,352	4,564	4,787
Travel revenue	6,441	6,486	8,526	9,327	9,549	9,777	10,011
Launch revenue	9,514	9,673	11,488	12,278	12,609	12,948	13,298
Surcharge revenue	1,647	3,841	4,609	2,529	2,604	2,680	2,759
Other revenues							
Other income	154	235	1,746	1,757	1,768	1,778	1,789
Total revenue	83,241	85,676	102,837	108,223	112,536	117,039	121,746
Expenses							
Contract pilots' fees	54,494	53,651	65,702	71,090	74,181	77,418	80,809
Operating costs of pilot boats	8,843	9,283	11,019	11,698	12,018	12,348	12,688
Pilot transportation	8,233	9,492	7,452	7,815	8,045	8,282	8,526
Office and admin salaries and benefits	4,621	4,740	4,956	5,054	5,155	5,258	5,363
River wages and benefits	2,978	3,307	3,504	3,511	3,617	3,832	3,948
Pilots' training	477	2,281	2,916	2,447	2,576	2,269	2,733
Depreciation	1,653	1,689	3,660	3,737	3,868	3,885	3,928
Other expenses	2,200	2,743	3,276	3,314	3,364	3,415	3,467
Total expenses	83,499	87,186	102,485	108,666	112,824	116,707	121,462
Comprehensive income (loss)	(258)	(1,510)	352	(443)	(288)	332	284

STATEMENT OF CHANGES IN EQUITY							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Retained earnings, beginning of year	14,120	13,862	12,352	12,704	12,261	11,973	12,305
Comprehensive income(loss) for the year	(258)	(1,510)	352	(443)	(288)	332	284
Retained earnings, end of year	13,862	12,352	12,704	12,261	11,973	12,305	12,589

STATEMENT OF CASH FLOWS							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Cash flows from operating activities							
Cash receipts from customers	84,017	85,046	100,522	105,929	110,513	114,994	119,679
Cash paid to employees	(13,198)	(13,681)	(14,437)	(14,784)	(15,552)	(16,070)	(16,496)
Cash paid to suppliers and others	(70,670)	(69,292)	(81,331)	(87,153)	(91,047)	(94,360)	(98,607)
Other income received	138	-	-	-	-	-	-
Net cash (used in) provided by operations	287	2,073	4,754	3,992	3,914	4,564	4,576
Cash flows from investing activities							
Purchases of investments	(1,440)	(610)	(600)	(600)	(600)	(600)	(600)
Proceeds on disposal of investments	840	-	-	-	-	-	-
Acquisition of property and equipment	(2,665)	(5,449)	(14,554)	(2,486)	(784)	(1,655)	(785)
Acquisition of intangible assets	(149)	(419)	(655)	-	-	-	-
Net cash used in investing activities	(3,414)	(6,478)	(15,809)	(3,086)	(1,384)	(2,255)	(1,385)
Cash flows from financing activities							
Proceeds from borrowings	2,573	2,400	-	-	-	-	-
Proceeds from new lease liabilities	0	1,500	12,901	-	-	-	-
Repayment of borrowings	(406)	(590)	(840)	(615)	(464)	(478)	(493)
Repayment of lease liabilities	(347)	(394)	(1,981)	(1,842)	(1,890)	(1,837)	(1,846)
Cash provided by (used in) financing activities	1,820	2,916	10,080	(2,457)	(2,354)	(2,315)	(2,339)
Net increase (decrease) in cash and cash equivalents	(1,307)	(1,489)	(975)	(1,551)	176	(6)	852
Cash and cash equivalents, beginning of period	9,014	7,707	6,218	5,243	3,692	3,868	3,862
Cash and cash equivalents, end of period	7,707	6,218	5,243	3,692	3,868	3,862	4,714

Operating Budget

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

(in thousands of dollars) For the year ended December 31	Actual 2020	Forecast 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Coastal Pilotage	61,872	61,642	72,509	78,182	81,654	85,292	89,102
Coastal Contract	54,494	53,651	65,702	71,090	74,181	77,418	80,809
Coastal Margin (note 1 below)	7,378	7,991	6,807	7,092	7,473	7,874	8,293
River Pilotage	3,613	3,799	3,959	4,150	4,352	4,564	4,787
River Wages & Benefits	2,978	3,307	3,504	3,511	3,617	3,832	3,948
River Margin	635	492	455	639	735	732	839
Launch Revenue	9,514	9,673	11,488	12,278	12,609	12,948	13,298
Launch Expenses	8,843	9,283	11,019	11,698	12,018	12,348	12,688
Launch Margin	671	390	469	580	591	600	610
Travel Revenue	6,441	6,486	8,526	9,327	9,549	9,777	10,011
Travel Expenses (note 2)	8,233	9,492	7,452	7,815	8,045	8,282	8,526
Travel Margin	(1,792)	(3,006)	1,074	1,512	1,504	1,495	1,485
Other Revenue							
Temporary Surcharge (note 3)	1,647	3,841	4,609	2,529	2,604	2,680	2,759
Other Income (note 4)	154	235	1,746	1,757	1,768	1,778	1,789
	1,801	4,076	6,355	4,286	4,372	4,458	4,548
Other Expenses							
Salaries & Benefits - office & admin	4,621	4,740	4,956	5,054	5,155	5,258	5,363
Training (note 5)	477	2,281	2,916	2,447	2,576	2,269	2,733
Amortization (note 4)	1,653	1,689	3,660	3,737	3,868	3,885	3,928
All Other Costs	2,200	2,743	3,276	3,314	3,364	3,415	3,467
	8,951	11,453	14,808	14,552	14,963	14,827	15,491
NET INCOME (LOSS)	(258)	(1,510)	352	(443)	(288)	332	284

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

1. Cruise ships are assumed to return in 2022 at 75% of pre-pandemic levels and at 100% in 2023, which would generate additional revenue of approximately \$10 million and \$14 million in 2022 and 2023, respectively. Since the seasonal spike in traffic from cruise ships results in a significant increase in callbacks, effectively overtime for contract pilots, there is a decrease in coastal margins in 2023 compared to 2022.

2. During the pandemic, pilot transportation costs (represented as Travel Expenses above) were unusually high as the Authority used chartered flights to ensure pilot safety. We have assumed that a return to using lower cost scheduled flights will resume in late 2021. Travel expenses in 2022 therefore show a notable decrease over 2021.
3. The temporary surcharge of \$175 per assignment which was instituted in 2021 to offset the impact of the pandemic has been assumed to stop at the end of 2022. Hence the decrease in surcharge revenue in 2023.
4. The pending contract for helicopter services is reflected in two lines in the above table – Other income (recovery from tanker industry of helicopter costs) and Amortization (depreciation of capital asset created from accounting for helicopter contract). The costs are assumed to be fully recoverable from industry and would not impact our net income.
5. Much of the regular training for pilots was cancelled during the pandemic and there is a backlog which we expect to schedule and perform during 2021 and 2022. For 2023 onwards, training should return to a more consistent level.

Note that any comparison of figures in this plan with those in the Corporate Plan for 2021-2025 is not considered meaningful due to the uncertainty last year of the potential effects of the pandemic. Fortunately, the financial effect on the Authority of the pandemic has been less severe than originally anticipated.

Capital Budget

A summary of our capital budget by asset category for 2022-2026 is as follows:

CAPITAL INVESTMENTS							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Building and floats	72	240	100	500	-	-	-
Pilot boats, engines and generators	2,454	3,475	490	1,400	200	1,070	200
Equipment	338	302	660	585	585	585	585
Leasehold improvements	0	75	823	-	-	-	-
Right of use assets	36	1,500	12,481	-	-	-	-
Intangibles	149	419	655	-	-	-	-
Total	3,049	6,011	15,209	2,485	785	1,655	785

Included in the above summary for 2022-2026 are:

- Pilot boats, engines and generators – although the new Pacific Guardian was completed in 2021, there will be on-going upgrades and refurbishments to existing launches
- Equipment – this includes expansion of our simulator capabilities and new portable pilotage units (PPUs) for apprentices plus cyclical replacement of existing units

- Right-of-use assets – this category includes the asset corresponding to the leases for helicopter and office space
- Intangibles – this comprises the remaining instalments due for the development of the new Pilot Dispatch and Accounting Management System

The expansion of the simulator and the commencement of heli-hoisting operations will increase our functional capacity. The former will be funded partially through our partnership with the BCCP and through cost savings on pilot training at third-party facilities. The latter will be funded through cost recoveries from industry. All of the remaining capital expenditure is intended to maintain our capacity by replacing or refurbishing end-of-life assets and will be funded from operating cashflow or existing cash reserves.

Sensitivity of Corporate Plan Projections

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

- Number of cruises and volumes of containers, auto, grain, forest products, coal and other bulk commodities
- Receivership or bankruptcy applications by any carriers and/or agencies
- Foreign exchange rates
- West Coast port competition for shipping traffic
- General economic conditions in Asia and North America, and prevailing trade agreements
- Objection to increases in pilotage service charges
- Continued impact of the global pandemic from potentially fourth or fifth waves of infections, delaying a return to pre-pandemic level of operations

Appendix 6 - Borrowing Plan

Currently, according to PC Number: 2020-1123, dated 2020-12-18, "Her Excellency the Governor General in Council, on the recommendation of the Minister of Transport, pursuant to section 36 of the *Pilotage Act*, (a) repeals paragraph (b) of Order in Council P.C. 2018-1493 of November 29, 2018; and (b) fixes the maximum amount of money that can be borrowed at any time by the Pacific Pilotage Authority, in Canada or elsewhere, for the purpose of defraying its expenses, at CDN \$18,900,000."

The Authority is seeking to maintain its statutory borrowing limit of \$18.9 million for 2022 under the following borrowing plan for Minister of Finance approval:

1. Existing bank loans, which fund prior capital expenditure on pilot launches - \$5.4 million (maximum balance in 2022, which will decline to \$4.5 million by year-end)
2. Lease liabilities requiring Minister of Finance approval:
 - Office lease (new) - \$2 million (maximum balance in 2022)
 - Helicopter contract (new) - \$10.5 million (maximum balance in 2022, which will decline to \$9 million by year-end)
3. Operating line of credit – \$1 million (currently the Authority has not drawn on this facility)

The following table shows the Authority's projected borrowings for the plan years, including lease liabilities requiring Minister of Finance approval:

BORROWING PLAN							
(in thousands of dollars)	Actual	Forecast	Budget				
Statement balance as at	31/Dec/20	31/Dec/21	31/Dec/22	31/Dec/23	31/Dec/24	31/Dec/25	31/Dec/26
Long-term loans							
Due within one year	2,986	840	614	464	478	493	508
Due after one year	601	4,557	3,943	3,478	3,000	2,507	1,999
Lease liabilities requiring approval							
Due within one year	-	-	1,408	1,451	1,496	1,542	1,854
Due after one year	-	-	9,727	8,276	6,780	5,238	3,384
Operating line of credit	3,500	1,000	1,000	1,000	1,000	1,000	1,000
Total	7,087	6,397	16,692	14,669	12,754	10,780	8,745

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

CONTINUITY OF BORROWINGS							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Bank Loans							
Opening balance	1,420	3,587	5,397	4,557	3,942	3,478	3,000
Repayment	(406)	(590)	(840)	(615)	(464)	(478)	(493)
New	2,573	2,400	-	-	-	-	-
Closing balance	3,587	5,397	4,557	3,942	3,478	3,000	2,507
Lease liabilities requiring approval							
Opening balance	-	-	-	11,135	9,727	8,276	6,780
Repayment	-	-	(1,365)	(1,408)	(1,451)	(1,496)	(1,542)
New	-	-	12,500	-	-	-	-
Closing balance	-	-	11,135	9,727	8,276	6,780	5,238

All of the above borrowings will be at fixed interest rates once the new bank loan to finance the Pacific Guardian launch is converted from variable to a fixed rate, which is planned for later in 2021.

A summary of existing leases and upcoming leases, some of which require approval from the Minister of Finance, is as follows:

LEASE LIABILITIES BY ASSET CLASS							
(in thousands of dollars)	Actual	Forecast	Budget				
For the year ended December 31	2020	2021	2022	2023	2024	2025	2026
Existing leases:							
Office							
Vancouver office (to Dec 2022)	388	195	-	-	-	-	-
Victoria office (to Aug 2024)	125	69	44	18	-	-	-
Pilot accommodation space							
Coast Hotel - Victoria (to Apr 2022)	164	41	-	-	-	-	-
New leases requiring approval:							
Office							
Extension of Vancouver office (to Feb 2033)	-	-	2,000	2,000	2,000	2,000	2,000
Equipment							
Helicopter (to 2028)	-	-	9,135	7,727	6,276	4,780	3,238
New leases not requiring approval:							
Office							
Vancouver office (to Feb 2027)	-	1,133	927	715	497	271	39
Space for simulator (to Feb 2027)	-	345	282	218	151	82	12
Pilot accommodation space							
Coast Hotel - Victoria (to Apr 2025)	-	-	315	183	47	-	-
Total	677	1,783	12,703	10,861	8,971	7,134	5,288

For the upcoming leases requiring approval, the Authority seeks the Minister of Finance's approval to enter into:

- An office lease extension worth a maximum of \$2 million over a term of no more than 5 years; and
- An equipment (helicopter) services lease worth a maximum of \$ 10.5 million over a term of no more than 7 years

Operating Line of Credit

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

Currently, the Authority has an operating line of credit facility up to \$3.5 million provided by its bank. The Authority does not expect to draw on this facility in 2022 above \$1 million and has included this as part of its borrowing plan approval request.

Investment Policy

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

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

Appendix 7 - Risk and Risk Responses

The Authority has adopted the following risk profile and tolerance matrix:

Risk Ranking Methodology

	Indigenous		Financial	Operational				Strategic	
	Cultural	Disruption of Community		Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputation
Extreme 5	Incident causes long-term harm for more than one month to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for more than one month	Above \$10 million cash impact on the Authority	Multiple deaths And multiple people with serious long-term injury Intensive care	Damage to property is such that it ceases operations for a period of time exceeding one month or financial loss exceeds \$10 million	Vessel sinks or sustains so much damage that it is a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)	Threatens long-term viability of Authority (Operational cessation or major operational issues lasting more than one month)	Sustained front page adverse national media coverage International media coverage
Very High 4	Incident causes medium-term harm for up to one month to traditional food sources, cultural or ceremonial practices	Community projects, businesses or employment disrupted for up to one month	Impact on the Authority between \$5 and \$10 million	Single death And multiple people with serious long-term injury Intensive care	Damage to facilities is such that operations cease for up to one month or financial loss of \$5 - \$10 million	Vessel sustains damage significant enough to result in towing to dry dock and loss of operations of up to one month	Incident causes sustained medium term harm to environment (i.e. damage lasts up to one month)	Threatens viability of Authority in the medium term (Operational cessation or major operational issues lasting up to one month)	Front page adverse national media coverage And intermittent international coverage
High 3	Incident causes medium-term harm for up to three weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to three weeks	\$1 million - \$5 million cash impact	Some people with serious long-term injury and multiple minor injuries	Damage to facilities is such that the operations cease for up to two weeks or financial loss of \$1 - \$5 million	Vessel sustains significant damage with dry docking and loss of operations for two weeks	Incident causes medium term harm to environment (i.e. damage lasts up to two weeks)	Threatens viability of Authority in the short term (Operational cessation or major operational issues lasting up to two weeks)	Intermittent adverse national media coverage

	Indigenous		Financial	Operational				Strategic	
	Cultural	Disruption of Community		Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputation
Medium 2	Incident causes short-term harm for up to two weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to two weeks	Between \$500,000 to \$1 million cash impact	One person with serious long-term injury Some minor injuries	Damage to facilities cause operations to cease for up to one week Or financial impact of \$500,000 - \$1 million	Vessel sustains damage resulting in loss of operations for one week	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Operational issues lasting up to one week but no cessation of business	Sustained front page adverse local media coverage Board and Ottawa receive complaints from industry associations and major clients
Low 1	Incident causes short-term harm for up to one week to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to one week	Up to \$500,000 cash impact	Single or multiple minor injuries requiring on site First Aid and/or off-site treatment	Damage to facilities cause operations to cease for up to 72 hours Or a financial impact up to \$500,000	Minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours	Incident causes minimal or intermittent harm to environment over a period of time (i.e. damage lasts no greater than a day)	No operational issues or operational issues lasting up to 72 hours	Intermittent adverse local media coverage Complaints received from industry and/or clients

Risk Likelihood Ranking Criteria

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

Risk Ranking Score Key

To achieve the risk's score, multiply the Impact score by the Likelihood score. The overall rankings are as follows:

25	Extreme	20	Very High	15	High	10	Medium	5	Low
24	Extreme	19	Very High	14	High	9	Medium	4	Low
23	Extreme	18	Very High	13	High	8	Medium	3	Low
22	Extreme	17	Very High	12	High	7	Medium	2	Low
21	Extreme	16	Very High	11	High	6	Medium	1	Low

At present, the five highest rated strategic risks identified for the Authority are:

Risk	Likelihood	Impact	Causes	Consequences	Mitigating controls
Unable to cover committed obligations and overhead because of a decrease in assignment volumes (Ranking score 9)	High (3)	High (3)	<ul style="list-style-type: none"> • COVID-19 pandemic • Trade barriers between Canada and China • Political activism on anti-trade or anti-fossil fuel 	<ul style="list-style-type: none"> • Loss of revenue • Inability to be financially self-sufficient 	<ul style="list-style-type: none"> • Diversified mix of products • Existing variable cost structure • Maintain cash reserves
Inability to source and train sufficient qualified pilot candidates (Ranking score 8)	Medium (2)	Very High (4)	<ul style="list-style-type: none"> • Shortfalls in human resources within the maritime sector • Regulatory changes • Long wait time between examination and hiring 	<ul style="list-style-type: none"> • Inability to provide timely and efficient pilotage services • Stress and fatigue of existing staff • Reputation as service provider impacted 	<ul style="list-style-type: none"> • Actively promote piloting as a career • Participation in regulatory changes • More frequent exams

Risk	Likelihood	Impact	Causes	Consequences	Mitigating controls
Incident involving a piloted or waived vessel results in negative impacts to communities' structures, food sources, cultural and spiritual heritage that damages the PPA's reputation (Ranking score 6)	Medium (2)	High (3)	<ul style="list-style-type: none"> • Poor relationship with communities • Misinformation regarding the incident • Lack of appropriate follow up after an incident 	<ul style="list-style-type: none"> • Damage to communities from pollution leads to adverse publicity and potential legal action 	<ul style="list-style-type: none"> • Active engagement with First Nations • Transparent communication • Pilot training
Political activism disrupts operations causing delays and cancellations and potentially leads to loss of business as ships divert to other locations (Ranking score 6)	High (3)	Medium (2)	<ul style="list-style-type: none"> • Protests targeting either land-based operations or vessels • Insufficient attention to reducing Authority's carbon footprint 	<ul style="list-style-type: none"> • Decreases in traffic volumes impact expected cashflows • Public protests could hamper staff in fulfilling operational responsibilities 	<ul style="list-style-type: none"> • Regular communication with industry on potential protests • Virtual meetings to reduce travel
Compromise of the confidentiality, integrity or availability of information (Ranking score 6)	High (3)	Medium (2)	<ul style="list-style-type: none"> • Cybersecurity attack • Aging technology infrastructure • Failure of security systems 	<ul style="list-style-type: none"> • Increased costs • Damage to reputation • Delays in operations including pilot dispatch 	<ul style="list-style-type: none"> • Enhanced security protocols • Incident response plan • Back-up systems

Appendix 8 - Compliance with Legislative and Policy Requirements

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

Access to Information Act

As part of a commitment to clear and transparent governance, the Authority voluntarily reports, through its website, annual summaries of all requests related to the *Access to Information Act* received for itself and its subsidiaries. To date in 2021, three requests have been processed by the Authority.

Official Languages Act

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

Additional Acts with which the Authority must comply and is complying with include:

- *Conflict of Interest Act*
- *Canadian Human Rights Act*
- *Privacy Act*
- *Employment Equity Act*
- *Part X of the Financial Administration Act*

Directive on Travel, Hospitality, Conference and Event Expenditures

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

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

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

Trade agreements

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

The Authority follows a procurement process that includes tendering in a public manner respecting the thresholds established in the various trade agreements.

Other

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

CORPORATE

- *Canada Business Corporations Act*, R.S.C. 1985, c C-44
- *Financial Administration Act*, R.S.C. 1985, c F-11

GOVERNMENT INSTITUTIONS

- *Auditor General Act* R.S.C., 1985, c. A-17
- *Commercial Arbitration Act*, R.S.C. 1985, c 17 (2nd Supp.)
- *Library and Archives of Canada Act*, S.C. 2004, c 11
- *Lobbying Act*, R.S.C. 1985, c 44 (4th Supp.)
- *Public Servants Disclosure Protection Act*, S.C. 2005, c 46

REGULATORY STATUTES

- *Pilotage Act*, R.S.C. 1985, C. P-14
- *Canada Labour Code*, R.S.C. 1985, c L-2
- *Canadian Environmental Assessment Act*, 2012, S.C. 2012, c 19, s 52
- *Canadian Environmental Protection Act*, 1999, S.C. 1999, c 33
- *Customs Act*, R.S.C. 1985, c 1 (2nd Supp.)
- *Health of Animals Act*, S.C. 1990, c 31
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c 1
- *Canada Transportation Act*, S.C. 1996, c 10

Appendix 9 - Government Priorities and Direction

Results linked to Government priorities

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

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

Transparency and Open Government

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

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

Gender-based analysis / diversity and employment equity

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

From a gender diversity perspective, the Authority's Board consists of a majority of female directors (57%), and management has 40% female representation. The Authority continues to struggle to find and recruit female representation in the launch and pilot portions of our business due to a lack of interested female candidates. This continues to be a focus for change through our outreach programs.

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

Indigenous relationships

Through community engagement with regional Indigenous groups, the Authority spurs individual economic well-being and promotes an inclusive social diversity that is essential for the future of Canada. We actively engage in dialogue with local First Nations groups about our collective interests in the marine environment. This community collaboration also supports environmental protection of the lands and waterways.

Sustainable development and greening of government operations

The Authority aims to increase its green presence. Various initiatives being implemented or contemplated for deployment include the requirement for all future launches to meet best practices emissions targets. In addition, the Authority:

1. Successfully enabled staff to work from home during the pandemic, thereby reducing time spent commuting to work
2. Transitioned to on-line meetings, reducing travel, and will continue this for many meetings in the future, which will also enable potential Board members to be located outside the lower mainland of BC
3. is an associate member of the Green Marine organization
4. is ISO and ISM certified
5. has a sustainability policy in place
6. ensures that our leased offices in Vancouver are in a LEED certified building.

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

Safe Workspaces

The Authority works hard to ensure that its workplaces are civil, respectful and free from harassment. To ensure that this occurs there are policies and procedures in place that address this and includes a "Whistle Blower Policy". The Authority has an open-door policy and holds regular meetings with staff as well as the use of anonymous surveys to glean feedback. In addition, we have worked with consultants to address any real or perceived issues to improve team cohesiveness.

Accessibility

The Authority is an inclusive work environment with no limitations with respect to the head office staff and dispatch. We have always hired the best person for the job with no limitations or exceptions.

Climate Change

The Authority has a sustainability policy and will be updating it to include Climate Change in 2022. One of the action items in 2021 was to minimize our carbon footprint by ensuring all engines purchased for the pilot launches were tier III compliant and this was achieved with engines purchased for the new launch being built.

COVID-19

The Authority put in place very stringent procedures and protocols for all of our staff which have been extremely successful in that there have been zero work related COVID cases within our staff since the start of the pandemic in March 2020.