



**Great Lakes Pilotage
Authority**

**Administration de pilotage
des Grands Lacs**

CORPORATE PLAN 2022 to 2026

Approved by the Board
October 27, 2021

TABLE OF CONTENTS

<u>SECTION</u>		<u>OWNER</u>
1.	Executive Summary	3
2.	Overview	5
2.1	Corporate Mandate	5
2.2	Public Policy Role	5
2.3	Mission	5
2.4	Vision	5
2.5	Main Activities and Principal Programs	6
2.6	Further Corporate Information	6
3.	Operating Environment	7
3.1	Internal Environment	8
3.2	External Business Environment	10
3.3	Compliance with Federal Directives	12
3.4	Special Examination and Government / Industry Reviews and Other Audits	13
4.	Objectives, Activities, Risks, Expected Results, and Performance Indicators	14
4.1	Corporate Strategic Objectives	14
4.2	Objectives and Activities	14
4.3	Risks	17
5.	Financial Overview	19
5.1	Major Assumptions	19
5.2	Sensitivity of Projections to Changes	20
5.3	Debt Analysis	20
6.	Appendices to the Corporate Plan	21
A.	Federal Direction	22
B.	Corporate Governance Structure	25
B.1	Board of Directors	25
B.2	Organizational Structure of the GLPA	26
C.	Performance and Chief Executive Officer Results Commitment	28
C.1	Performance Assessments	29
C.2	Chief Executive Officer Results Commitments	31
D.	Chief Financial Officer Attestation	32
E.	Financial Statements and Budgets	33
	Statement of Operations and Comprehensive Income	33
	Statement of Financial Position	34
	Statement of Changes in Equity	35
	Statement of Cash Flows	36
	Capital Budget	37
F.	Borrowing Plan	39
F.1	Borrowing Approval	39
9F.2	Overview of Borrowing Plans	39
F.3	Total Borrowing – New and Outstanding	40
F.4	Total Borrowing – New and Outstanding Capital Leases	41
G.	Investment Framework	42
H.	Risk and Risk Responses	43
I.	Compliance with Legislative and Policy Requirements	50
J.	Government Priorities and Direction	53
K.	Operating Environments	56
K.1	Pilot Capacity	57
K.2	Pilot Training	58
K.3	Stakeholder Relations	59
L.	Statement of Pilot Numbers	61

1. EXECUTIVE SUMMARY

The Great Lakes Pilotage Authority (GLPA) has developed its 2022-2026 Corporate Plan against the backdrop of financial uncertainty stemming from the outstanding Notices of Objection filed with the Canadian Transportation Agency by the Shipping Federation of Canada regarding some of the GLPA's 2020 and 2021 pilotage charges.

Historically, the GLPA has facilitated the movement of traffic and has endeavoured to minimize vessel delays in the Great Lakes region by dispatching pilots to vessels despite the financial impacts to the GLPA. The previous model was not sustainable and resulted in the need to adopt a different approach to recover costs. In considering the GLPA's financial position, its current needs, and the requirement of maintaining a reasonable financial reserve, the GLPA modified its approach to tariff setting in 2020 by introducing a more targeted cost-recovery approach. In January 2020, the Shipping Federation of Canada, which represents most of the ocean shipping industry, filed an objection on the 2020 charges. In April 2021, given the 2020 objection had not been resolved, the Shipping Federation of Canada filed an objection on the 2021 pilotage charges. This matter is currently being adjudicated by the Canadian Transportation Agency and a decision had not been rendered at the time of writing this Corporate Plan.

This situation raises concerns with respect to the impact of these objections on the GLPA's financial planning. Under the *Pilotage Act*, the GLPA is responsible for ensuring the safety of pilotage services and vessels transiting within its jurisdiction. The GLPA must do so on a financially self-sufficient basis. The results of the objections initiated by the Shipping Federation of Canada will be critical inputs into the GLPA's planning process and any outstanding objections introduce considerable uncertainty into that process.

The GLPA, an essential service provider in the movement of goods for the Canadian population, has ensured continuous uninterrupted operations since the beginning of the pandemic in March 2020. In 2021, the GLPA continued to work in close collaboration with federal and provincial government departments and agencies as well as industry stakeholders to ensure business continuity and the safety of its employees and crew members. GLPA pilots are equipped with the required protective personal equipment, and they follow the necessary sanitation and safety protocols to reduce the risk of contracting or spreading the virus to vessel crew members while performing pilotage duties in Canadian and American waters.

The GLPA carefully balances the forecasted demand for pilotage services in the Great Lakes region with the number of pilots it employs. Over the last five years, the demand for pilotage services has increased by 29% reaching 9,061 assignments in 2020 (excluding winter work) with a slight decrease expected for 2021 due to the decrease in grain shipments resulting from the severe drought in Western Canada. The GLPA continues to be challenged with a limited pool of pilots. The GLPA historically benefitted from a stable pilot workforce with minimal turnover. However, like other stakeholders in the maritime industry, the GLPA has been facing challenges with workforce shortages due to an aging workforce and a growing industry. The high level of pilot retirements experienced in the last five years and anticipated during the planning period have resulted in pilot succession planning and pilot recruitment to be top of mind for the GLPA. To achieve financial self-sufficiency, the GLPA must predict how much revenue it will generate to pay for its salaried pilots. This has proven difficult given the number of pilot retirements, and an increased demand for pilotage services since 2013.

The GLPA's three main challenges over the planning period are as follows:

Financial Self-Sufficiency and Pilotage Charge Strategies

While the GLPA was expecting to make sufficient profits in 2020 to eliminate its accumulated deficit, driven by the new cost-recovery approach for its pilotage charges, the Shipping Federation of Canada's objection to the GLPA's 2020 pilotage charges resulted in \$5.0 million of revenue in dispute.

Under normal timelines, pursuant to the *Pilotage Act*, the GLPA would initiate its industry pre-consultations in November 2021 to ensure the 2022 pilotage charges are in place for the start of the 2022 navigation season.

COVID-19 Pandemic – Employee Safety and Business Continuity

The GLPA continues to effectively work with its employees, marine industry stakeholders, government agencies and service providers to ensure proper safety and preventative protocols are in place to keep its pilots and customer crew members healthy and safe while ensuring business continuity in providing pilotage services in the Great Lakes region. With the fourth wave of the pandemic resulting from the Delta variant increases, the GLPA will need to assess how Canada and the world will react to this wave of the pandemic and its resulting impacts on the GLPA's operations.

As a means to protect its employees, their families, and the Canadian marine industry, the GLPA has been successfully promoting the vaccine in 2021. As of mid-October 2021, 99% and 98% of employees received their first and second doses of the vaccine, respectively. As part of the GLPA's commitment to the health and safety of its employees, customers, contractors, and visitors and with the Prime Minister's October 6, 2021 announcement on the government's plans to require COVID-19 vaccination across the federal public service and federally regulated transportation sectors, the GLPA adopted a mandatory COVID-19 vaccination policy for its employees, officers, directors and contractors which fully aligns with the public service vaccination requirements, including proof of vaccination by no later than November 15, 2021. The policy was rolled out to GLPA employees on October 18, 2021.

The GLPA will continue its collaborative approach with all parties to ensure pilotage services are provided in a safe and effective manner.

Pilot Succession and Recruitment

As outlined above, pilot succession continues to be one of the GLPA's main challenges. Currently the GLPA provides pilotage services using 69 full-time and part-time pilots. However, in order to effectively meet the anticipated demand for pilotage services over the short to medium term, ensure delays are kept at a minimum and contain costs, the GLPA is planning to increase its full-time and part-time pilots by approximately 15-20% by the end of the planning period.

2. OVERVIEW

2.1 CORPORATE MANDATE

The Great Lakes Pilotage Authority (GLPA) was established in February 1972 pursuant to the *Pilotage Act* with a mandate *to establish, operate, maintain, and administer in the interests of safety of navigation, an efficient and cost-effective pilotage service* within designated Canadian waters. The *Pilotage Act* also provides that pilotage charges must be fair and reasonable, and – together with any revenue from other sources – shall permit the GLPA to operate on a self-sustaining financial basis. Maritime shipping in the Great Lakes-Seaway system is vital to Canada’s prosperity and is an important link to international markets. North American farmers, steel producers, construction firms, food manufacturers, power generators and Canadian households depend on the 230 million metric tons of raw materials and finished goods that are delivered by ships every year in the Great Lakes region. This cargo is valued at over \$100.5 billion CDN.

The GLPA is a non-agent Crown corporation – listed in Schedule III, Part I of the *Financial Administration Act*. The GLPA has not received federal appropriations since 1995 and is not eligible for future appropriations. The GLPA is also exempt from income taxes.

The GLPA’s mission and vision define the framework for its strategic direction, as approved by the Board of Directors.

2.2 PUBLIC POLICY ROLE

The delivery of pilotage services in compulsory pilotage areas supports both the economic and environmental goals of the federal government. Safe and reliable pilotage services ensure the movement of goods and people as well as yields economic benefits to Canada. The services also contribute to fulfilling environmental goals through the safe transportation of commodities and hazardous materials.

2.3 MISSION

Working in partnership with our key stakeholders, we provide professional, progressive, and reliable marine pilotage services that are safe, environmentally sensitive, efficient, and economical.

2.4 VISION

To be the global leader in providing safe and efficient marine pilotage services.

2.5 MAIN ACTIVITIES AND PRINCIPAL PROGRAMS

The GLPA’s main activity is to operate, in the interest of safety, a marine pilotage service for all foreign and domestic ships subject to compulsory pilotage in all Canadian waters in the Provinces of Ontario, Manitoba, and Quebec, south of the northern entrance to the St. Lambert Lock. Pilotage services are provided mainly to ocean-going ships, also referred to as foreign vessels, and has historically represented approximately 85% of assignments, with the remaining 15% attributed to Canadian tankers and non-ocean-going ships.

As the St. Lawrence Seaway Management Corporation (St. Lawrence Seaway), which extends from Montreal to the middle of Lake Erie, is only open from mid-March to the end of December (also known as

the navigation season), the GLPA primarily provides pilotage services during this timeframe as the vast majority of the services are provided to ocean-going vessels. In addition, domestic vessels also navigate in the Great Lakes during the St. Lawrence Seaway's non-navigation season with GLPA pilots mainly providing service to tankers as the other domestic vessels are mostly serviced by certificate holders.

In 2011, the *Great Lakes Pilotage Regulations* were amended, introducing a requirement that all Canadian officers who intend to perform pilotage duties in the Great Lakes hold a valid pilotage certificate issued by the GLPA (also known as certificate holders). In June 2021, the Government of Canada introduced changes to the issuance, suspension and cancellation of pilotage certificates as part of the amendments to the *Pilotage Act*. During this transition, the GLPA continues to administer a pilotage certification system of approximately 275 certificate holders to ensure Canadian vessels subject to compulsory pilotage are under the conduct of a valid certificate holder when the services of a pilot are not requested per the *General Pilotage Regulations* and the *Great Lakes Pilotage Regulations*.

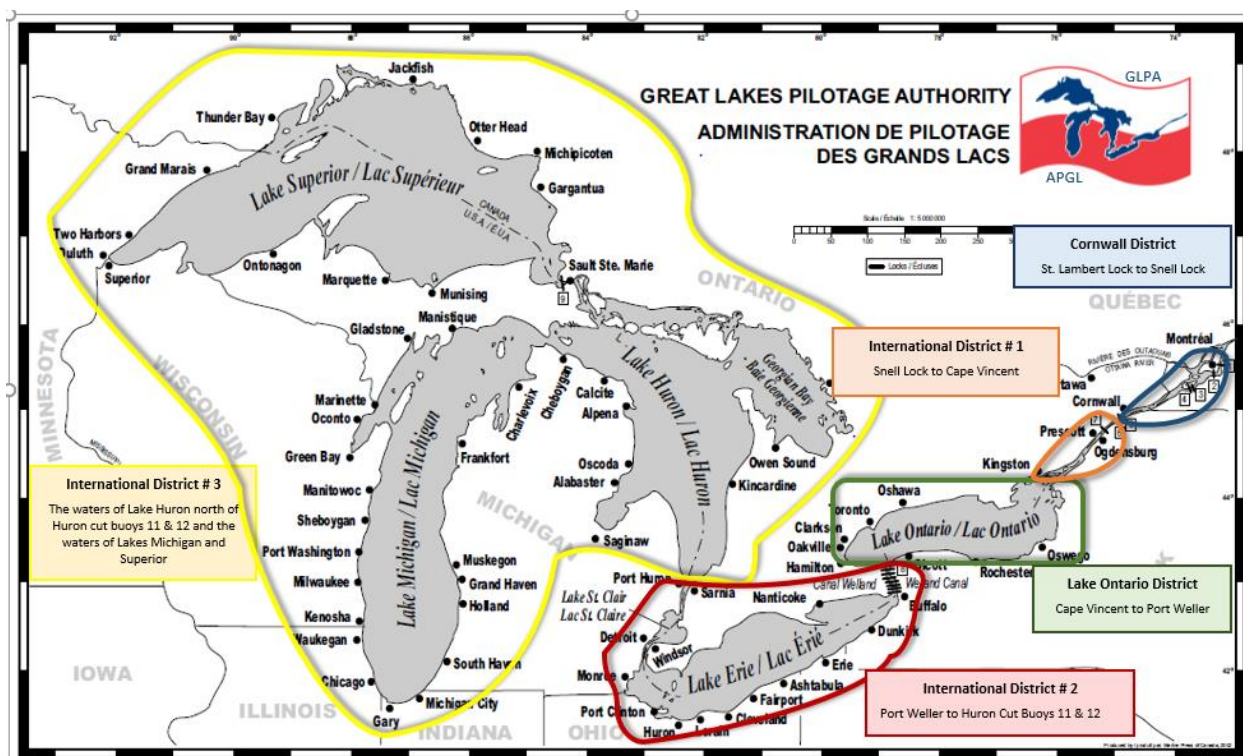
2.6 FURTHER INFORMATION

Further corporate information regarding the GLPA can be found in its 2020 Annual Report, available at <http://www.glpa-apgl.com/reports-and-documents/financial-reports>.

3. OPERATING ENVIRONMENT

The GLPA has five compulsory pilotage areas (referred to as districts) within the Great Lakes region, and a sixth within the limits of the Port of Churchill, Manitoba:

- Cornwall District
- International District No. 1
- Lake Ontario
- International District No. 2
- International District No. 3
- Port of Churchill, Manitoba



With pilotage services in the Great Lakes region being shared between Canada and the United States and the GLPA having to operate within the confines of the St. Lawrence Seaway, it is crucial for the GLPA to collaborate and coordinate with other organizations to ensure that reliable, effective and efficient pilotage services are provided to its customers. These organizations include: the St. Lawrence Seaway Management Corporation and the United States St. Lawrence Seaway Development Corporation, which are responsible for operating the lock facilities and maintaining traffic control systems within the region; the Canadian Coast Guard, which is responsible for providing aids to navigation; and the United States Coast Guard, which is responsible for United States pilotage matters in international waters.

Because Canada shares much of the St. Lawrence Seaway and Great Lakes with the United States, ships that travel through the region may cross the international boundary many times in a single voyage. The *Great Lakes Pilotage Regulations* state that where Canadian waters are contiguous with waters of the United States, a ship subject to compulsory pilotage may use a United States marine pilot.

Refer to Appendix K for additional information on the GLPA's operating environment, including its relationship with the United States pilotage associations in the delivery of pilotage services in the Great Lakes region.

3.1 INTERNAL ENVIRONMENT

(1) Organizational Structure, Pilot and Management Succession

The GLPA's anticipated workforce for January 1, 2022 is as follows:

Bargaining Unit	Number of employees	Expiry date of collective agreement
(Cornwall District) <i>Corporation des Pilotes du Fleuve et de la Voie Maritime du Saint-Laurent</i>	63 full-time pilots 6 apprentice-pilots 6 part-time pilots	March 31, 2022
International District 1 Corporation of the Upper St. Lawrence Pilots		March 31, 2022
Lake Ontario District The Pilots' Corporation, Lake Ontario and Harbours		March 31, 2017
International Districts 2 and 3 Corporation of Professional Great Lakes Pilots		March 31, 2022
Dispatchers and Clerical Staff		
Dispatchers and clerical staff The Public Service Alliance of Canada	8 full-time dispatchers 4 part-time dispatchers 3 full-time clerical staff	June 30, 2022
Office Staff		
Non-Unionized Employees	3 executives 8 employees 1 casual employee	N/A
TOTAL	102 employees	

The GLPA is currently in arbitration with *The Pilots' Corporation, Lake Ontario and Harbours* with a decision not expected until later in 2021 or early 2022.

The GLPA must carefully balance cost containment efforts with reasonable and competitive compensation in order to attract and retain skilled employees, particularly marine pilots.

Pilot succession continues to be the GLPA's most significant risk. Similar to the other stakeholders in the maritime industry, the GLPA faces challenges with workforce shortages due to an aging workforce, the scarcity of resources and a growing demand. The high level of pilot retirements experienced in the last six years and anticipated during the planning period, coupled with the need to increase pilot numbers to more effectively service traffic demands and reduce delays has resulted in the GLPA planning to recruit and license a significant number of apprentice-pilots over the planning period.

Following an organizational optimization exercise initiated in 2019 focusing on the office staff, the independent consulting firm concluded that the GLPA's current organizational structure and limited resources may not enable the GLPA to meet its mandate and drive the organization's current and future strategic and operational objectives. As a result, using a phased-in approach, an additional three full-time equivalent positions have been added to the organization's structure to ensure the organization is positioned to meet its mandate, alleviate excessive workload, fill competency/role voids and ensure succession planning of key positions.

Other than retirements, the GLPA has low turnover as evidenced by only a handful of employees who have voluntarily terminated their employment in the last 25 years.

(2) Financial Self-Sufficiency, 2020 and 2021 Objections, and 2022 Pilotage Charges

Since 2003, the GLPA has been working at eliminating its accumulated deficit and started fiscal 2020 with a \$1.8 million accumulated deficit. As part of its revamped 2020 strategy to achieve financial self-sufficiency, the GLPA embraced a more targeted cost-recovery approach instead of the historical universal pilotage charge amendments. In response, the Shipping Federation of Canada, which represents most of the ocean shipping industry, filled a Notice of Objection to the GLPA's 2020 pilotage charge amendments with the Canadian Transportation Agency.

At the time of writing this Corporate Plan, the Canadian Transportation Agency had not rendered a decision on the 2020. Unfavourable decisions would further hamper the GLPA's ability to be financially self-sufficient.

For this planning period, the GLPA will re-evaluate its pilotage charges at levels that will allow it to be financially self-sufficient. In establishing fair and reasonable pilotage charges, the GLPA understands that cost containment and operational efficiencies are crucial to ensure the economic development in the Great Lakes region. These strategies and related overall financial oversight will assure Canadians that it is fiscally responsible.

The GLPA will continue to invest and update its pilot and apprentice-pilot training programs to factor new business needs/requirements and maintain its targeted 99.9% incident-free rate.

(3) Pilot Numbers and Capacity

The GLPA must carefully balance the forecast demand for pilotage services with a sufficient number of trained, qualified, and licensed pilots available to ensure it is financially self-sufficient and to ensure delays are kept at a minimum.

Ships enter and leave the system with no set schedules and, the GLPA must provide a complement of pilots in response to uneven traffic flows in the compulsory waters of the Great Lakes region. The requirement for financial self-sufficiency does not allow the GLPA to maintain a complement of pilots to cover sudden and temporary surges in traffic.

Even with the recent COVID-19 pandemic which resulted in economic downturns in many sectors, the GLPA did not experience significant traffic decreases in 2020. Pilotage assignments in 2020 were only 8% below the record high traffic experienced in 2019. Based on initial discussions with its stakeholders, it is believed that the traffic for 2021 and the planning period will be similar to 2020 or slightly above, which is still greater than that experienced between 2008 and 2014. As a result, the GLPA plans to increase pilot numbers for the planning period. This increase also factors in the continuing high level of retiring pilots to provide for more fluid pilot succession and training for apprentice-pilots. Refer to *Appendix L* for the proposed pilot headcount.

(4) Technology

After a careful assessment of extending the useful life of the current Portable Pilotage Units in 2020 due to operational (COVID-19) and financial considerations, the GLPA relaunched the procurement process to replace the pilots' Portable Pilotage Units in time for the start of the 2022 navigation season. These Portable

Pilotage Units include software and hardware with the latest e-navigation advancements, with charts geared towards situational awareness and decision support for pilots in high-risk navigation environments.

Following the system security maturity assessment conducted as part of the GLPA's internal audit in 2019, the organization developed a future state roadmap in 2020 for its information systems. During 2021, the GLPA implemented information system strategies focused on mitigating the GLPA's exposure to cybersecurity threats and will continue to roll-out these strategies during the planning period.

3.2 EXTERNAL BUSINESS ENVIRONMENT

The GLPA's main source of traffic originates from the movement of bulk commodities such as grain, oil, steel and general cargo with traffic volumes and patterns being determined by a complex and volatile combination of business, economic, and environmental factors. The GLPA relies on open and transparent demand-level information from its main customers so that it can attempt to manage traffic in the upcoming year by minimizing ship delays and containing costs while responding to changes in traffic flows.

Below are the business and environmental factors that affect the GLPA's work:

(1) COVID-19 Pandemic – Employee Safety and Business Continuity

The GLPA, an essential service provider in the movement of goods for the Canadian population, has ensured continuous operations since the beginning of the COVID-19 pandemic in March 2020. The GLPA works in collaboration with federal government departments and agencies as well as other industry stakeholders to ensure business continuity and the safety of its employees and crew members. Pilots, who board ships as essential workers, are equipped with the required protective personal equipment and they follow necessary sanitation and safety protocols to reduce the risk of contracting or spreading the virus to vessel crew members while performing their pilotage duties in Canadian and American waters. The GLPA also worked with its counterparts at the Canada Border Services Agency and Transport Canada to ensure pilots can reach their destination in the United States to board ships to avoid any delays to shipping. The GLPA also worked with its land transportation and pilot boat service providers to ensure safe protocols were followed to ensure the safety of its pilots and apprentice-pilots.

In addition, preventive protocols and social distancing, including working from home, ensures a safe workplace for the dispatchers and office staff to support operational needs without disruption. Signage is also prominent at the GLPA's head office in Cornwall and visitors are monitored and kept to a minimum as much as possible with most meetings occurring via teleconference. As a means to protect its employees, their families, and the Canadian marine industry, the GLPA has successfully promoted the vaccine. As of mid-October 2021, 99% and 98% of employees received their first and second doses of the vaccine, respectively. The GLPA dispatchers will continue to work from the office, as they have done since the beginning of the pandemic. For the remainder of the office staff, the GLPA will continue to adopt a hybrid approach with some employees working from the office and some working remotely. The GLPA continues to assess the evolution of the pandemic and will adjust its approach accordingly.

(2) *Economy and Traffic*

The Great Lakes region is vast with some 250,000 km² of navigable waters. Marine traffic in the Great Lakes is driven mainly by grain, iron ore, oil and gas, dry bulk, liquid bulk, general cargo, and passenger cruises. The GLPA's ability to accurately forecast traffic is very much dependent upon the feedback received from industry stakeholders. Container contracts with many Canadian and United States ports are not negotiated well in advance therefore this limits the ability of the GLPA to forecast traffic needs into future years. In addition, the GLPA starts its corporate plan process in June to meet government timelines while the industry has very limited traffic forecasts to share at that time for the upcoming fiscal year. The efficient management of pilot resources in the Great Lakes region is, in part, a function of receiving reliable, timely and accurate information from users. The budgeted traffic level dictates pilot staffing and appropriate pilotage charges, both highly critical elements to allow the GLPA to be financially self-sufficient given pilot compensation is primarily fixed. As shown in the chart below, there have been significant deviations from planned assignments in the last ten years.

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actual pilot assignments *	9,061	9,928	8,798	7,636	7,020	7,166	7,462	6,403	6,358	6,389
Planned pilot assignments *	8,084	8,076	7,700	7,067	6,700	6,531	6,100	6,100	6,100	5,325
Deviation from Plan	12.1%	22.9%	14.3%	8.1%	4.8%	9.7%	22.3%	5.0%	4.2%	20.0%

* number of assignments during the navigation season, excludes winter work assignments

The cruise industry, which historically represented approximately 5% of GLPA's assignments, continued to be non-existent in 2021 due to COVID-19. However, the cruise industry is expected to return for the 2022 navigation season. As the global economy rebounds, the demand for oil and gas and other cargos is expected to gradually increase. The demand for Canadian grain is expected to be slightly lower than the levels experienced in 2020 due to the drought and extreme heat in western Canada and the large carry-over from the 2020 crop year having been substantially moved to market.

Based on the factors noted above, the GLPA is forecasting 9,105 pilotage assignments for 2021 and is planning 9,476 assignments for 2022 (excluding winter work).

(3) *Relationships with Industry Stakeholders*

In the lens of continued improvements, the GLPA conducted a customer satisfaction survey in late 2020/early 2021. The overall satisfaction with the GLPA remained favourable but slightly decreased from the previous survey conducted in 2014/2015. The GLPA has communicated the survey results with the industry. GLPA customers expressed their greatest satisfactions with billing and invoicing, the GLPA's website and the interaction with GLPA pilots and dispatchers whereas the greatest dissatisfactions continued to be pilot availability and fairness and reasonableness of pilotage charges. The GLPA has developed action plans to address the findings and is in the process of working on their implementation. Going forward, the GLPA plans to conduct customer satisfaction surveys every 3 years.

(4) *Pilotage Act Reform*

Amendments to the *Pilotage Act* received Royal Assent in June 2019. The provisions of the amended Act came into force in four phases:

- restructuring the *Pilotage Act* and introducing labour and governance provisions (Order in Council (OiC) #1 dated August 2019);
- oversight and enforcement (OiC #2 dated March 2019);
- pilotage charges (OiC #3 dated June 2020); and
- regulation and operations (OiC #4 dated June 2021)

The GLPA continues to work in close collaboration with Transport Canada in the transition of the amended *Pilotage Act*. In the summer of 2021, Transport Canada shared the drafting instructions for the new National Marine Pilotage Regulations, the Integrated Management Systems and the Administrative Monetary Penalties. The GLPA provided feedback to Transport Canada on all proposals and is committed to working with departmental officials to ensure a smooth transition for its stakeholders.

(5) *Climate Challenges*

Changes in climate patterns have led to more frequent and severe environmental conditions such as high winds, extreme ice conditions and high-water levels, to name a few. These climate change events create significant operational challenges for the GLPA in its ability to provide safe, efficient, and cost-effective pilotage services. For example, extreme ice conditions lead to the decommissioning of the pilot boats used to transport pilots to their assignments, and therefore, pilots are required to embark/disembark further down the river, which leads to the reduction of pilot resource availability and higher costs. The resulting melting ice and large amounts of precipitation can lead to high-water levels, as seen in 2019 on Lake Ontario or reduced water levels as seen in 2021. To negate these water levels, the Canada-United States bi-lateral governing body (International Joint Commission) monitors the situation and imposes increased or decreased water outflow strategies in the St. Lawrence River in an effort to bring the water-level back to normal. These strategies could force a slowdown of all vessels which in turn means longer trip times and reduced pilot resource availability, also leading to higher pilotage costs. The GLPA and its pilots provide valuable expertise to the St. Lawrence Seaway and the International Joint Commission as they monitor the water level situation.

(6) *Technology*

Domestic customers have been recently using a Draft Information System (DIS) as a tool to provide mariners with better information about under keel clearances to increase the vessel's draft when transiting safely in the St. Lawrence Seaway, which in turn, maximizes efficiency and profitability. Foreign customers are now starting to consider this technology. An increase in draft leads to multiple safety concerns that are partly addressed by reducing the vessel speed. The GLPA and its pilots continue to collaborate with some foreign customers and the St. Lawrence Seaway on the necessary trials to determine whether this new technology will be adopted for their vessels transiting in the Great Lakes system.

3.3 COMPLIANCE WITH FEDERAL DIRECTIVES AND ALIGNMENT WITH GOVERNMENT PRIORITIES

The GLPA operates in compliance with all federal directives by ensuring it follows the spirit and intent of these directives and supports open and transparent governance by consulting regularly with its stakeholders and using its website to proactively disclose information to the public.

The efficient and safe transport of marine vessels through the ports of the Great Lakes delivers economic growth and prosperity for all Canadians. The industries that are dependent on these transports create jobs, increase economic opportunities, and expand markets for Canadian companies. The GLPA contributes to the safe and efficient movement of goods and people for Canadians, while protecting the environment from harm. Pilotage plays a key role in ensuring that there are no ship source environmental disasters in Canadian waters. The GLPA's pilotage services benefit Canadians by protecting marine ecosystems, a vibrant tourism industry, and local infrastructure.

Please refer to *Appendix I* for further information on compliance with Federal legislation as well as *Appendix J* for additional information on the GLPA's alignment with government priorities.

3.4 OFFICE OF THE AUDITOR GENERAL SPECIAL EXAMINATIONS AND GOVERNMENT / INDUSTRY REVIEWS AND OTHER AUDITS

In the 2018 Special Examination Report, the Office of the Auditor General of Canada (OAG) noted significant deficiencies related to the GLPA's Board oversight and appointments, as well as its process for monitoring the transits of Canadian ships. The report contained 10 recommendations. The Board and management have addressed all but one recommendation, namely the need to conduct a review of compulsory pilotage areas. The review is being deferred given the responsibility for establishing compulsory pilotage areas has been transferred from the GLPA to the Minister of Transport per s. 52(f) of the *Pilotage Act*. The 2018 Special Examination Report along with previous Special Examination Reports are available at <http://www.glpapl.com/reports-and-documents/special-examination-reports/>.

The OAG also conducts an annual audit of the GLPA's financial statements. It verifies that they fairly reflect the operating results and position and ensures transactions have been carried out according to International Financial Reporting Standards (IFRS), and Part X of the *Financial Administration Act*. The GLPA received an unqualified opinion and its 2020 audited financial statements are available at <http://www.glpapl.com/reports-and-documents/financial-reports/>.

In compliance with the *Financial Administration Act*, the GLPA conducts periodic internal audits to strengthen accountability, risk management, resource stewardship, and good governance. The results of an internal audit focusing on occupational health and safety were presented to the GLPA Board of Directors in August 2021. The report highlighted recommendations to strengthen the controls to improve the GLPA maturity level. Management's action plans are being developed with implementation to begin later in 2021.

4. OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS, AND PERFORMANCE INDICATORS

4.1 CORPORATE STRATEGIC OBJECTIVES

The GLPA's corporate strategic objectives for the five-year planning period are:

- To establish, operate, maintain and administer, in the interests of safety of navigation, an efficient pilotage service in its area of responsibility;
- To provide such services within a commercially oriented framework that aims for financial self-sufficiency at minimal cost to users; and
- To contribute to the Federal Government's environmental, social, and economic policies as they apply to the marine industry in the Great Lakes region.

4.2 OBJECTIVE AND ACTIVITIES

(1) *Navigation Safety*

The GLPA's primary objective for the 2022 to 2026 planning period is to provide pilotage services in the St. Lawrence River and the Great Lakes in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and protects human health, property and the environment per section 2 of the *Pilotage Act*.

(1.1) *Marine Incidents*

To maintain a 99.9% incident-free rate, the GLPA will initiate the following strategies:

- recruit and train an appropriate number of apprentice-pilots during the planning period;
- source new state-of-the-art Portable Pilotage Units in time for the start of the 2022 navigation season to replace the current units that will have reached the end of their useful life at the end of 2021. The GLPA believes such aids in the restricted waters of the Great Lakes have many benefits and have increased navigation safety;
- revise and update the pilot quality assurance program and the apprentice-pilot training program to reflect business requirements and current trends; and
- explore stress management support for its pilots.

The GLPA had 14 minor marine incidents, and no major incidents in 2020. As of June 30, 2021, the GLPA reported one minor marine incident compared to six during the same period in 2020. None of these 2020 or 2021 incidents resulted in loss of life, serious injuries, or any environmental spills. Despite the number of minor incidents, the effectiveness of the pilot training program and the use of Portable Pilotage Units have allowed pilots to effectively course-correct and minimize incident severity. Even with the planned increase in pilot numbers, the GLPA is expecting that total incidents will remain within historical results at a 99.9% incident-free assignment rate over the planning period due to the investments in its apprentice-pilot training program and its pilot quality assurance program.

(1.2) *Canadian Ships Transit Monitoring*

To effectively monitor Canadian vessel transits under the conduct of a certificate holder, the GLPA will:

- ensure a sufficient number of Canadian ship transits are audited to demonstrate that Canadian ships are transiting under the conduct of a valid certificate holder.

Of all the 2020 and June-YTD 2021 audits of transits by Canadian ships subject to compulsory pilotage that have not requested the services of a GLPA pilot, all transits were under the conduct of a valid certificate holder except for one Canadian vessel that was not in compliance in June 2021, resulting in one transit not meeting the regulatory requirement. As a result, the shipping company was informed and charged the pilotage charges as if the ship had been under the conduct of a licensed pilot per section 44 of the *Pilotage Act*. In addition, with Transport Canada now responsible for the enforcement of the *Pilotage Act*, the GLPA communicates any deficiencies to Transport Canada.

(2) *Pilotage Reliability*

Another main objective for the planning period is to continue the provision of reliable pilotage services in the St. Lawrence River and the Great Lakes by reducing ship delays caused by pilot shortages and thus assuring Canadians that the GLPA is committed to economic improvement, a stronger middle class, and assisting Canadian manufacturers to get goods to market on a timely basis.

To improve its delivery of reliable pilotage services with less than 5,000 delay hours, the GLPA will:

- recruit and train an appropriate number of apprentice-pilots, as part of its pilot succession plan, to efficiently meet the current and anticipated demand for services;
- explore collaboration with industry stakeholders to review traffic management to alleviate traffic surges;
- actively collaborate with industry partners and customers to develop the least costly strategies when delays are beyond its control;
- work with its pilot groups to jointly find acceptable ways to increase pilot availability; and
- approach the Canadian and United States Coast Guard regarding the timing of installation and removal of the navigational aids to reduce double pilotage (i.e. the need for more than one pilot on board to ensure safe pilotage).

Although the GLPA acknowledges that it must increase its pilot numbers to effectively service the industry and reduce vessel delays due to a shortage of pilots, there are a number of unpredictable external factors that cannot be controlled but compound ship delays caused by a shortage of pilots.

(3) *Financially Self-Sufficient*

The GLPA's primary financial goal for the 2022 to 2026 planning period is to be financially self-sufficient, thus assuring Canadians that it is committed to financial responsibility and fiscal transparency during these challenging economic times.

To enable the GLPA to be financially self-sufficient, it will:

- implement the Canadian Transportation Agency’s decision on the Shipping Federation of Canada’s 2020 and 2021 Notices of Objection of the GLPA’s pilotage charges;
- develop pilotage charge strategies during the planning period that will generate sufficient revenues to record modest annual surpluses to build a reasonable financial reserve. The strategy includes a combination of reasonable general pilotage charge increases and continued targeted cost recovery charges so as not to burden the whole industry with higher general pilotage charges; and
- contain costs, including the development of labour strategies to contain labour costs for the upcoming 2022 collective agreement negotiations.

For 2021, the GLPA is forecasting a \$5.5 million profit, including the \$5.0 million recognition of the 2020 pilotage charges under objection which assumes that the GLPA obtains a favourable decision from the Canadian Transportation Agency regarding the Notice of Objection filed by the Shipping Federation of Canada.

The GLPA, in the past, resiled from its planned pilotage charge strategies at the behest of its customers to avoid an objection on its pilotage charges. The 2020 and future pilotage charge strategies over the planning period are particularly vital in the GLPA’s financial circumstances, as there is currently no flexibility to withstand another economic recession or to deal with further unanticipated events. Given the recent challenges of COVID-19, the need for such financial flexibility has never been clearer.

(4) *Organizational Excellence*

To effectively support the GLPA’s mandate of safe, reliable and efficient pilotage services, it must have a sound organizational structure to ensure legislation, regulations and policies are pertinent, reflect the current realities and considers the public’s trust. To enable the GLPA to be organizationally efficient, the GLPA will:

- support the *Pilotage Act transformation* framework, including the transition of regulatory functions to Transport Canada and the development of its Integrated Management System over the next few years in support of the National Marine Pilotage Regulatory Framework;
- implement the various phases of its future state information systems to reduce the risks of the ever-increasing cybersecurity threats;
- explore the repatriation of the dispatching functions in international District 3 from the United States pilot association; and
- develop action plans and begin implementation following the 2021 customer satisfaction survey.

(5) *Good Labour Relations*

The GLPA's ability to achieve its objectives and carry out its mission is directly related to its capabilities to attract and retain highly skilled and qualified personnel that represents the GLPA's diversity. To enable the GLPA to maintain and enhance good labour relations, it will:

- develop labour negotiation strategies for the renewal of the four pilot collective agreements and the collective agreement for the office staff and dispatchers, which also expires in 2022.
- implement phase 3 of the organizational optimization initiative;
- continue to develop succession plans for senior management;
- continue to partner with the pilot unions to effectively address operational issues;
- continue to assess COVID-19 related issues to ensure employee safety; and
- continue to implement action plans following the 2020 employee engagement survey to: i) address expectation gaps on supporting employees' commitment to the GLPA's goals and values, ii) foster employee motivation to contribute to the GLPA's success, and iii) enable an employee's own sense of wellbeing.

Appendix C contains a full list of performance indicators and expected results for 2021.

4.3 RISKS

The GLPA is committed to identifying, assessing, and mitigating, when deemed appropriate, all risks. It applies an Enterprise Risk Management (ERM) approach to its strategic planning process. Identified risks are monitored and updated throughout the year. In June 2021, the Board and the senior management team participated in a training session on Board oversight of enterprise risk. Following the recent update of its risks and mitigating measures, the GLPA believes its risks are, in general, well controlled.

The primary key risk areas requiring the GLPA's attention for the planning period are as follows:

(1) *Pilotage Charges Objections / Financial Self-Sufficiency / Cash Flows*

As previously highlighted, an adverse Canadian Transportation Agency decision regarding the Notice of Objection of the GLPA's 2020 pilotage charges filed by the Shipping Federation of Canada will significantly impact the GLPA's financial results as \$5.0 million of revenue will be in jeopardy and will add another \$1.0 million loss to the GLPA's current \$1.8 million accumulated deficit. The Shipping Federation of Canada has also filed another Notice of Objection with the Canadian Transportation Agency of the GLPA's 2021 pilotage charges. . In its response to the Canadian Transportation Agency regarding the 2021 Notice of Objection, the GLPA stressed the importance of a timely decision on the 2020 objection as the financial impact will be further compounded should the Canadian Transportation Agency not render its decision prior to the GLPA setting its 2022 pilotage charges with pre-consultations which need to begin in October 2021. This level of continued ambiguity on its revenue stream hampers the GLPA to financially sustain its operations.

(2) *COVID-19 Pandemic – Employee Safety and Business Continuity*

The COVID-19 pandemic in 2020 and 2021 caused many challenges for the GLPA to ensure employee safety and business continuity, in addition to adverse financial implications. The GLPA quickly responded to these new realities and successfully dealt with the first, second, and third waves by keeping its pilots and other employees safe from contracting the virus as well as being able to continually operate without any business interruptions. The GLPA's business continuity could be at risk should an important number of pilots

contract the COVID-19 virus, negatively impacting the GLPA's ability to maintain an adequate number of pilot resources to meet regular pilotage demand. In addition, should a fourth wave of the pandemic resulting from the Delta variant, which has increased transmissibility, lead to drastic measures to contain and reduce the spread of the virus in Canada, government decisions including closing the Canada/United States border to marine pilots, considered as essential service workers for the efficient movement of goods, will result in the GLPA's inability to provide pilotage services as it is not currently structured to facilitate transfers of pilots stationed in the United States.

As part of the GLPA's commitment to the health and safety of its employees, customers, contractors, and visitors and with the Prime Minister's October 6, 2021 announcement on the government's plans to require COVID-19 vaccination across the federal public service and federally regulated transportation sectors, the GLPA introduced its mandatory COVID-19 vaccination directive for its employees and service providers with an effective date of November 15, 2021 and November 30, 2021, respectively.

(3) Pilot Succession Planning

Another top risk for the GLPA is navigation safety, always at the forefront of the GLPA's decision-making processes. The GLPA's most important challenge for ensuring safe and reliable pilotage services is pilot succession and recruitment. The GLPA continues to anticipate an above average number of pilot retirements over the planning period given the age of its pilots. This reality is currently common in the marine industry. Should the GLPA not effectively plan and manage pilot succession, it runs the risk of not having a sufficient number of licensed pilots to efficiently service the pilotage demand and may place some additional burden on existing pilots, potentially putting them in unsafe conditions (i.e. pilot fatigue). In addition, the lack of sufficient pilots leads to pilotage unreliability driven by increased delays and drives up pilotage costs as excessive overtime compensation will be required for pilots working on their scheduled rest days.

Appendix H contains more information on these risks as well as other key risks and risk responses.

5. FINANCIAL OVERVIEW

The GLPA reported a \$1.0 million loss in 2020 primarily due to the \$5.0 million of pilotage charges under objection that are not recognized as revenue until a decision from the Canadian Transportation Agency is rendered. The 2021 forecasted profit assumes the GLPA will receive a favourable Canadian Transportation Agency decision regarding the Shipping Federation of Canada objection to the 2020 pilotage charges and additional modifications to the 2021 pilotage charges that are also subject to an objection. The GLPA's financial objective is to generate sufficient annual profits during the planning period to build a reasonable reserve by the end of fiscal 2026. To achieve this goal, the GLPA has developed annual pilotage charge strategies to cover its operational expenditures while containing pilotage costs. The GLPA is dedicated to building a reserve to ensure it can sustain its operations during unpredictable situations and significant reduction in traffic.

Revenue from operations is roughly 99.5% of pilotage charges incurred by GLPA customers and 0.5% from interest and other miscellaneous revenue.

5.1 MAJOR ASSUMPTIONS

When preparing forecasts and budgets, the GLPA considers a variety of elements, both financial and non-financial. Budget preparations include the following assumptions:

(1) Pilotage Assignments

Based on discussions with industry stakeholders, the GLPA forecasts 9,105 pilot assignments for the 2021 navigation season (excludes winter work). This represents a 0.8% traffic increase over 2020, with an additional 65 pilotage assignments during winter navigation. The GLPA further assumes 9,476 pilotage assignments for 2022 and similar traffic forecasts for the remainder of the planning period. Given previously noted traffic forecasting challenges, anything beyond one year is difficult to predict.

(2) Pilotage Charges

The GLPA's main source of revenue is derived by pilotage charges. For the planning period, the GLPA continues its strategies of a combination of general increases and targeted cost-recovery charges for services rendered so as to not burden all customers with excessive general pilotage charge increases.

As the GLPA is expecting to continue with the current level of apprentice-pilot recruitment and training, the GLPA will continue with its apprentice-pilot training surcharge for the entire planning period.

(3) Headcount and Wage Increases

Pilot retirement forecasts and corresponding new hires are referenced in *Appendix L Statement of Pilot Numbers*.

The current headcount for dispatchers and unionized office staff will temporarily increase in 2022 to allow for succession planning following the retirement of dispatchers. As for the non-unionized office staff, additional headcounts will be added in 2022 to develop, implement and monitor the GLPA's Integrated Management System.

Three of the four pilot collective agreements have been ratified and expire March 31, 2022. The GLPA is currently in arbitration with the last pilot group, which is also expected to expire March 31, 2022. The collective agreement for the dispatchers and office staff was ratified in 2019 and expires June 30, 2022.

5.2 SENSITIVITY OF PROJECTIONS TO CHANGES

The GLPA's major expenditures are in the form of wages and benefits, pilot boat costs, as well as other contracted commitments. Thus, approximately 80% of the operating costs are relatively fixed. The remaining 20% are variable or semi-variable. Therefore, major fluctuations in pilotage assignments will have a significant impact on financial results.

Applying this earnings/cost model to the below noted assignment levels means that pilotage revenue, operating expenses, and the surplus or deficit of the GLPA could vary as follows:

Variation in Pilotage Assignments	Variation in Pilotage Revenue	Variation in Operating Expenses	Resulting Change to Surplus or Deficit
15% reduction in traffic	(\$5.6) million	(\$3.4) million	(\$2.2) million
15% increase in traffic	\$6.7 million	\$4.5 million	\$2.2 million

5.3 DEBT ANALYSIS

There is no long-term debt other than the head office capital lease and employee benefits. Based on the budgeted financial results for the planning period, the GLPA has no concerns with servicing these debts. However, it does anticipate the need for long-term financing for the replacement of its Portable Pilotage Units in 2022.

6. APPENDICES TO THE CORPORATE PLAN

- A. Federal Mandate Letter or Direction
- B. Corporate Governance Structure
- C. Performance and the Chief Executive Officer Results Commitment
- D. Chief Financial Officer Attestation
- E. Financial Statements and Budgets
- F. Borrowing Plan
- G. Investment Framework
- H. Risk and Risk Responses
- I. Compliance with Legislative and Policy Requirements
- J. Government Priorities and Direction
- K. Business Environment
- L. Statement of Pilot Numbers

A. FEDERAL DIRECTION

The GLPA operates in accordance with its mandate under the *Pilotage Act*, as well as with guidance expressed in the Honourable Omar Alghabra's, Minister of Transport, letter to the GLPA's Chair, dated July 15, 2021.

Captain James Pound
Chairperson of the Board of Directors
Great Lakes Pilotage Authority
PO Box 95
202 Pitt Street, 2nd Floor
Cornwall ON K6H 5R9

Dear Captain Pound:

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 Great Lakes Pilotage Authority (GLPA) 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 advancing 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 GLPA 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 Great Lakes Pilotage Authority 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 Great Lakes 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, this government indicated its intention to finish the fight against COVID-19, create jobs and growth, and aim at a resilient and inclusive recovery. I expect that the Great Lakes 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. To this end, I expect that the Great Lakes Pilotage Authority 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 continue delivering 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. To this end, 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 GLPA, and the annual report is the most important mechanism by which to assess the GLPA'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. To this end, I would ask for your continued support in ensuring that these reports are prepared sufficiently in advance. I would also advise 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 extension, I expect that the GLPA will 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. Transport Canada 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 Great Lakes 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', written in a cursive style.

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

B. CORPORATE GOVERNANCE STRUCTURE

B.1 BOARD OF DIRECTORS

The Board of Directors, which reports to the Minister of Transport, consists of the Chair and six other Directors. The Chair is appointed by the Governor in Council on the recommendation of the Minister of Transport, in accordance with section 105 of the *Financial Administration Act*. The other Directors are appointed by the Minister of Transport with the approval of the Governor in Council. There were 10 Board meetings in 2020 with a 95% attendance rate and five in 2021 (June YTD) with a 97% attendance rate.

The following table represents the Board composition as of July 1, 2021:

<i>Board Member</i>	<i>Term Expiration Date</i>	<i>Length of Service</i>	<i>Location</i>	<i>Committee Member</i>
<i>James Pound, Chairperson</i>	<i>2025-12</i>	<i>6 years</i>	<i>St. Catharines, Ontario</i>	<i>Ex officio - AC, GC, RC</i>
<i>Julie Mills, Vice-Chairperson</i>	<i>2022-06</i>	<i>3 years</i>	<i>Ottawa, Ontario</i>	<i>AC, RC</i>
<i>Josée-Christine Boilard</i>	<i>2021-06</i>	<i>3 years</i>	<i>Mont-Tremblant, Quebec</i>	<i>GC, RC</i>
<i>Vered Kaminker</i>	<i>2021-06</i>	<i>3 years</i>	<i>Toronto, Ontario</i>	<i>AC, RC</i>
<i>Teena Fazio</i>	<i>2022-06</i>	<i>3 years</i>	<i>Westmount, Quebec</i>	<i>GC</i>
<i>Ginette Brindle</i>	<i>2023-01</i>	<i>3 years</i>	<i>Île-du-Grand-Calumet, Quebec</i>	<i>AC, GC</i>
<i>David Souliere</i>	<i>2024-07</i>	<i>0 years</i>	<i>Peterborough, Ontario</i>	

Legend: Governance and Human Resources Committee (GC); Risk Committee (RC); Audit Committee (AC).

As with other Crown corporations, the GLPA operates at arm's length from its sole shareholder, the Government of Canada. While the shareholder provides policy direction for the corporation's ongoing operations, as stated in the *Financial Administration Act*, the GLPA's Board of Directors is responsible for oversight and strategic direction. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets, financial statements, policies and by-laws, recruits and evaluates the CEO, and ensures that risks are identified and managed. The Board ensures that the GLPA maintains the highest standards in operating a safe, efficient, and cost-effective pilotage service.

In December 2020, the Governor in Council appointed Captain James Pound as Chairperson, an acting role that he had been assuming since June 2019 when the Chairperson position became vacant. Additionally, Julie Mills was appointed to the role of Vice-Chairperson by the Governor in Council in June 2021. Finally, on July 1, 2021, the Governor in Council approved the Minister of Transport's appointment of David Souliere as a Board member, leading to a full complement of Board members.

The 2021 total compensation, including benefits, for the Board of Directors is budgeted at \$0.1 million.

Committees

The Board is supported in its roles and responsibilities by the legally requisite Audit Committee, as well as a Governance and Human Resources Committee and a Risk Committee. The Board has established a charter for each standing Committee. The Board may establish other committees, as required, to help meet its responsibilities. Following a reflective exercise into efficient Board oversight of enterprise risk, the Board has decided to disband its Risk Committee effective 2022. Oversight of material risks will be completed at the full Board level.

Role of the Audit Committee

The Audit Committee is a standing committee. Its duties, outlined in section 148 (3) of the *Financial Administration Act*, are to advise the Board on matters relating to financial statements, internal audits, the annual auditor's report, any special examination reports and resulting plans, and other functions as assigned by the Board or the GLPA's by-laws. The Audit Committee is composed of at least three members of the Board. This committee meets a minimum of four times a year. The Audit Committee met five times in 2020 with a 100% attendance rate and two times in 2021 (June YTD) with a 100% attendance rate.

The committee has the power to investigate any activity of the GLPA. The committee ensures the financial oversight of the corporate books, records, general and management controls, as well as information systems and management practices.

Role of the Governance and Human Resources Committee

The Governance and Human Resources Committee is a standing committee. Its duties are to advise the Board on matters relating to governance and human resources issues, these include: the GLPA's succession plan, CEO performance management, the Board member skills matrix for renewal of appointments by the Minister of Transport or the Governor in Council, and the stewardship of the GLPA's by-laws and directives. The committee is composed of at least three Board members. This committee meets a minimum of four times a year. The Governance and Human Resources Committee met five times in 2020 with a 100% attendance rate and two times in 2021 (June YTD) with a 100% attendance rate.

Role of the Risk Committee

The Risk Committee was a standing committee in 2021. Its duties are to advise the Board on matters relating to the oversight of key risks. The committee's mandate is to promote a culture where all employees help manage risks, assess the GLPA's risk appetite and tolerance, review risk management strategies, review resource allocation for risk monitoring and mitigating activities and review risk management plans and policies. The Risk Committee is composed of at least three members of the Board. The committee meets a minimum of three times a year. The Risk Committee met four times in 2020 with a 100% attendance rate and two times in 2021 (June YTD) with a 100% attendance rate.

Reporting

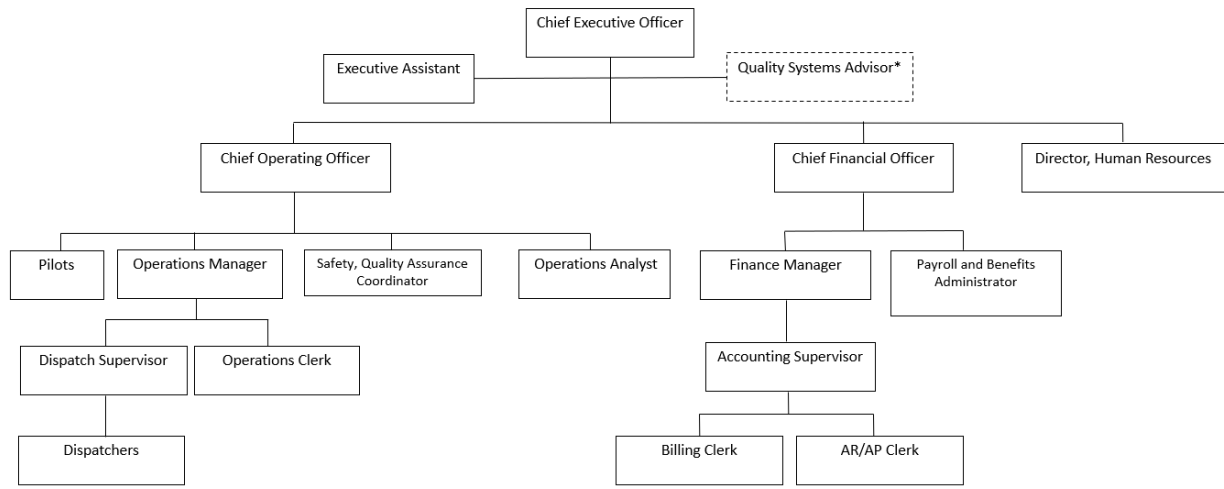
The Officers of the GLPA are the CEO and the Chief Financial Officer (CFO). The Officers report to the Board, through the Chair, on various areas of their responsibilities at each meeting of the Directors. Ongoing and new policy matters are discussed, and corporate direction is provided.

The GLPA reports to the Minister of Transport through its Annual Report, which includes the Office of the Auditor General's report as required under section 150(1) of the *Financial Administration Act*.

B.2 ORGANIZATIONAL STRUCTURE OF THE GLPA

The CEO plans, organizes, directs and controls the business of the GLPA, and reports to the Chair and the Board of Directors. The CEO is appointed by the Board of Directors pursuant to section 13. (1.1) of the *Pilotage Act*. The remuneration of the CEO is fixed by the Governor in Council.

The GLPA’s organizational chart for 2022 is as follows:



*Temporary casual employee

The following Individuals hold key senior executive positions with the GLPA:















































Name	Title
Michèle Bergevin	Chief Executive Officer
Stéphane J.F. Bissonnette	Chief Financial Officer
Captain Christian Ouellet	Chief Operating Officer




The 2021 total compensation, including benefits, for the senior executive positions is budgeted at \$0.7 million.

C. PERFORMANCE AND CHIEF EXECUTIVE OFFICER RESULTS COMMITMENT

The following provides supplemental information for section 4 *Objectives, Activities, Risks, Expected Results and Performance Indicators*:

Strategic and Operational Performance Indicators Scorecard

STRATEGIC PERFORMANCE INDICATORS	2020 ACTUALS		2021 FORECAST		2022 TARGET
1 - NAVIGATION SAFETY					
Number of major marine incidents	0		0		0
Number of minor marine incidents (lesser than)	14		8		8
As a % of incident-free assignments	99.8%		99.9%		99.9%
2 - PILOTAGE RELIABILITY					
Number of vessel delays hours due to shortage of pilots (lesser than)	5,673		5,500		5,000
3 - FINANCIAL SELF-SUFFICIENCY					
Net income (in millions)	(\$1.0)		\$5.5		\$0.5
Surplus / Accumulated deficit (in millions)	(\$2.8)		\$2.7		\$3.2
OPERATIONAL PERFORMANCE INDICATORS	2020 ACTUALS		2021 FORECAST		2022 TARGET
1 - NAVIGATION SAFETY					
Number of pilots not compliant with 5 yr mandatory training	0		0		0
Number of audited Canadian vessel transits	1,574		1,334		1,334
Certificate holder monitoring - up-to-date	YES		YES		YES
2 - PILOTAGE RELIABILITY					
Number of new apprentice-pilots recruited	9		5		11
Number of new pilots trained and retained	7		7		8
3 - FINANCIAL SELF-SUFFICIENCY					
Cost per assignment (lesser than)	\$4,228		\$4,419		\$4,513
Containing administrative costs, as a % of total cost (lesser than)	5.4%		6.2%		5.9%
4 - GOOD LABOUR RELATIONS					
Number of grievances (lesser than)	3		3		5
Average number of sick days (lesser than)	4.0		3.5		3.3
5 - ORGANIZATIONAL EXCELLENCE					
Number of physical intrusions by unauthorized personnel	0		0		0
Number of cyber intrusions by unauthorized personnel	1		0		0
Number of complaints filed under the Privacy Act	0		0		0
% compliance with Access to Information Request response timelines	100%		100%		100%
% compliance with whistleblowing complaint response timelines	100%		100%		100%
% of harassment/discrimination concerns appropriately resolved on time	100%		100%		100%
% of code of conduct concerns appropriately resolved on time	100%		100%		100%
Number of days of business interruption within GLPA control	0		0		0

 Performance on or above target  Performance slightly below target  Performance significantly below target

Navigation Safety

Incident Reporting

The GLPA categorizes incidents and accidents and the associated reporting into two types, major incidents and minor incidents. Major incidents are defined as marine incidents that have resulted in loss of life, serious injuries, environmental spills, or causes damage to a vessel or property that results in the cessation of operations for more than one month.

Strategies to Achieve the Objective

In addition to previously noted strategies, the GLPA's pilot training objectives also include a module on Bridge Resource Management (BRM). It gives pilots an opportunity to refresh their BRM knowledge – facilitating communications and information exchange with captains – while enabling them to work more effectively with the bridge team.

The assessment of pilot competencies and quality of service is ongoing with each pilot evaluation. This is completed at least once every five years. Pilot evaluations assure the industry, and the GLPA, that only qualified personnel are performing pilotage duties. It also allows the GLPA to identify areas of development and potential improvements in the delivery of services.

In 2020, the GLPA began the roll-out of its pilot fatigue management awareness program with the intention to have all pilots complete the training prior to the beginning of the navigation season however, due to the COVID-19 pandemic, only about half of the pilots completed the training. All remaining pilots completed the required pilot fatigue management awareness training prior to the start of the 2021 navigation season.

C.1 PERFORMANCE ASSESSMENTS

Here is an overview of the GLPA's performance to date and anticipated results.

Short-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To provide pilotage services free of shipping incidents	Number of pilotage assignments under the conduct of a licensed pilot for which there are no shipping incidents.	99.9% incident-free assignment rate.	Incident reports.
To provide quality pilotage services free of shipping incidents	Comply with the GLPA's Pilot Quality Assurance directive by ensuring all pilots complete their pilot continued proficiency requirements and are evaluated within 5-year cycle.	100% compliance of quality assurance evaluations.	Compare the pilots' annual training evaluations to their previous evaluations to ensure they are within the 5-year cycle.
To reduce delays caused by a shortage of pilots.	Recruit, train, and retain pilots to increase the number of pilots and increase pilot availability.	Reduce number of vessel delays to 5,000 hours.	Data is available on a monthly basis.
To recruit and train an appropriate number of apprentice-pilots to meet the current traffic demands and reduce the hours of vessel delays due to a shortage of pilots.	Number of apprentice-pilots recruited, trained and retained.	11 apprentice-pilots to recruit for 2022 and 9 newly licensed pilots trained and retained for 2022.	Data is available on a daily basis.
To become financially self-sufficient	Generate a surplus for fiscal 2022 and eliminate the deficit.	Surplus of \$0.5 million.	Monthly internal financial statements / Annual audited financial statements.
To support Transport Canada in its efforts to implement the National Marine Pilotage Regulations.	Respond to TC's requests for comments by the required timeline. Develop the GLPA's Integrated Management System.	Responses to TC requests submitted by the deadline. Develop the GLPA's Integrated Management System in compliance with Transport Canada's requirements.	Data is available on a quarterly basis.
To address the remaining system security recommendations identified in the 2019 audit conducted by the independent internal auditors.	Complete the implementation of action plans to address system security gaps.	100% implementation of internal audit recommendations.	Various information technology systems and third-party system providers.
To improve customer relations following the 2021 customer satisfaction survey.	Develop a formalized and automated customer complaint form.	Develop and rollout a customer complaint form in 2022 that is accessible, user-friendly, and meets customers' needs.	Customer feedback.

Medium-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To provide pilotage services free of shipping incidents.	Number of pilotage assignments under the conduct of a licensed pilot for which there are no shipping incidents.	99.9% incident-free assignment rate.	Incident reports.
To provide quality pilotage services free of shipping incidents.	Comply with the GLPA's Pilot Quality Assurance directive by ensuring all pilots complete their pilot continued proficiency requirements and are evaluated within 5-year cycle.	100% compliance of quality assurance evaluations.	Compare the pilots' annual training evaluations to their previous evaluations to ensure they are within the 5-year cycle.
To further reduce delays caused by a shortage of pilots.	Recruit, train, and retain pilots to increase the number of pilots and increase pilot availability.	Reduce the number of vessel delay hours by 10% annually.	Data is available on a monthly basis.
Continue to recruit and train an appropriate number of apprentice-pilots to meet the current traffic demands and reduce the hours of vessel delays due to a shortage of pilots.	Number of apprentice-pilots recruited, trained and retained.	Annually, recruit and train between 5-9 apprentice-pilots and license between 7-9 pilots.	Data is available on a daily basis.
To be financially self-sufficient	To build a financial reserve to allow for unforeseen events.	Annual surpluses of \$0.3 to \$0.5 million.	Monthly internal financial statements / Annual audited financial statements.
To comply with the National Marine Pilotage Regulations.	Implement and manage the GLPA's Integrated Management System per Transport Canada's timelines and requirements.	Implementation of the Integrated Management System per established timelines.	Data is available on a quarterly basis.
To achieve the GLPA's information technology future state.	Fully transition to future state recommended by information system consultants.	Reach a 3.0 security maturity rating of the Capability Maturity Model.	System security internal audit.
To be viewed as a valued maritime partner by our customers.	Initiate a follow-up customer satisfaction survey and improve on its 2021 survey results.	Achieve a 75% favourable customer experience result; a 21% improvement from the 2021 results.	Customer satisfaction survey conducted by a third party.
To be viewed as an employer of choice.	Initiate a follow-up employee engagement survey and improve on its 2020 survey results.	Achieve a 87% favourable employee engagement result; a 10% improvement from the 2020 results.	Employee satisfaction survey conducted by a third party.

Long-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Target	Data source and methodology
To provide pilotage services free of shipping incidents.	Number of pilotage assignments under the conduct of a licensed pilot for which there are no shipping incidents.	99.9% incident-free assignment rate.	Incident reports.
To provide quality pilotage services free of shipping incidents.	Comply with the GLPA's Pilot Quality Assurance directive by ensuring all pilots complete their pilot continued proficiency requirements and are evaluated within 5-year cycle.	100% compliance of quality assurance evaluations.	Compare the pilots' annual training evaluations to their previous evaluations to ensure they are within the 5-year cycle.
To maintain a reasonable level of delays caused by a shortage of pilots.	Recruit, train, and retain pilots to increase the number of pilots and increase pilot availability.	Vessel delay hours to return to pre-2014 levels - less than 500 hours.	Data is available on a monthly basis.
To maintain a sufficient level of marine pilots to provide safe and reliable pilotage services.	Average number of assignment per pilot.	Between an average of 110-120 assignments per pilot.	Data is available on a daily basis.
To be financially self-sufficient	To maintain a reasonable financial reserve to allow for unforeseen events.	Achieve and maintain a \$3.0 to \$4.0 million financial reserve.	Monthly internal financial statements / Annual audited financial statements.
Maintain a safe and dependable information system infrastructure which meets future business needs.	Security programs and emergency preparedness.	To successfully recover information systems within the stated business day tolerances in the GLPA's Business Continuity Plan to avoid business interruptions.	Various information technology systems and third party system service providers.

C.2 CHIEF EXECUTIVE OFFICER RESULTS COMMITMENT

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



Michèle Bergevin, Chief Executive Officer
Great Lakes Pilotage Authority

October 27, 2021
Date

D. CHIEF FINANCIAL OFFICER ATTESTATION

October 27, 2021

In my capacity as Chief Financial Officer of the *Great Lakes Pilotage Authority*, I have reviewed the 2022-2026 *Corporate Plan and Budgets* and the supporting information that I considered 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 Budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the *Great Lakes Pilotage Authority*.

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



Stéphane J.F. Bissonnette, CPA, CA
Chief Financial Officer
Great Lakes Pilotage Authority

October 27, 2021
Date

E. FINANCIAL STATEMENTS AND BUDGETS

This corporate plan is presented under International Financial Reporting Standards (IFRS).

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

	ACTUAL 2020	FORECAST 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
REVENUES							
PILOTAGE CHARGES	\$ 42,952	\$ 40,929	\$ 43,631	\$ 44,083	\$ 44,213	\$ 44,533	\$ 44,870
PILOTAGE CHARGES UNDER OBJECTION	(5,012)	5,012	-	-	-	-	-
DISPATCHING AND PILOT BOAT INCOME	194	188	190	190	190	190	190
INTEREST AND OTHER INCOME	55	23	48	113	125	149	161
TOTAL	\$ 38,189	\$ 46,152	\$ 43,869	\$ 44,386	\$ 44,528	\$ 44,872	\$ 45,221
EXPENSES							
PILOT SALARIES AND BENEFITS	\$ 27,955	\$ 28,878	\$ 30,368	\$ 31,054	\$ 31,203	\$ 31,411	\$ 31,794
TRANSPORTATION AND TRAVEL	3,687	3,603	3,925	4,046	4,137	4,233	4,327
OPERATION SALARIES AND BENEFITS	1,668	1,908	2,110	2,058	2,074	2,131	2,188
PILOT BOAT	2,282	2,185	2,236	2,424	2,462	2,501	2,542
ADMINISTRATION SALARIES AND BENEFITS	1,056	1,313	1,427	1,470	1,501	1,531	1,566
PURCHASED DISPATCHING SERVICES	161	159	160	134	134	134	134
PROFESSIONAL FEES	551	530	438	262	237	217	207
AMORTIZATION AND DEPRECIATION	299	233	424	447	396	405	203
AMORTIZATION ON CAPITAL LEASE	62	62	57	66	99	72	74
UTILITIES, RENTALS, REPAIRS AND SUPPLIES	299	378	444	466	478	492	496
PILOT TRANSFER SERVICES	308	348	361	371	382	394	406
PILOT TRAINING AND RECRUITING COSTS	224	384	784	546	480	497	451
PILOT LAP TOP AND NAVIGATION SOFTWARE	137	184	159	158	165	171	177
COMMUNICATIONS	113	129	164	171	173	182	189
INTEREST AND BANK CHARGES	35	12	13	13	13	14	14
INTEREST ON CAPITAL LEASE	5	4	4	4	14	13	12
INTEREST ON LINE OF CREDIT	-	3	-	-	-	-	-
INTEREST ON BORROWING	-	-	24	19	12	7	-
TRANSPORT CANADA ADMINISTRATION FEE	157	267	277	255	255	255	255
TOTAL	\$ 38,999	\$ 40,580	\$ 43,375	\$ 43,964	\$ 44,215	\$ 44,660	\$ 45,035
PROFIT (LOSS) FOR THE YEAR	\$ (810)	\$ 5,572	\$ 494	\$ 422	\$ 313	\$ 212	\$ 186
OTHER COMPREHENSIVE INCOME:							
ACTUARIAL GAIN (LOSS) ON EMPLOYEE BENEFITS	(238)	(66)	-	-	-	-	-
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(1,048)	\$ 5,506	\$ 494	\$ 422	\$ 313	\$ 212	\$ 186

**GREAT LAKES PILOTAGE AUTHORITY
CORPORATE PLAN (in 000's)**

STATEMENT OF FINANCIAL POSITION

	ACTUAL 2020	FORECAST 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
ASSETS							
CURRENT							
CASH AND CASH EQUIVALENTS	\$ 14,333	\$ 13,598	\$ 8,148	\$ 8,409	\$ 6,486	\$ 5,628	\$ 4,374
INVESTMENTS	-	-	5,000	5,000	6,000	7,000	8,000
ACCOUNTS RECEIVABLE	6,572	6,000	4,200	3,900	4,100	3,800	3,900
PREPAIDS	55	20	50	20	20	20	20
	<u>20,960</u>	<u>19,618</u>	<u>17,398</u>	<u>17,329</u>	<u>16,606</u>	<u>16,448</u>	<u>16,294</u>
NON-CURRENT							
PROPERTY AND EQUIPMENT	492	510	1,070	827	604	410	391
INTANGIBLE ASSETS	158	66	313	259	211	158	99
RIGHT-OF-USE ASSETS	192	132	78	13	292	226	156
	<u>842</u>	<u>708</u>	<u>1,461</u>	<u>1,099</u>	<u>1,107</u>	<u>794</u>	<u>646</u>
TOTAL ASSETS	<u>\$ 21,802</u>	<u>\$ 20,326</u>	<u>\$ 18,859</u>	<u>\$ 18,428</u>	<u>\$ 17,713</u>	<u>\$ 17,242</u>	<u>\$ 16,940</u>
LIABILITIES							
CURRENT							
ACCRUED SALARIES AND BENEFITS	\$ 15,253	\$ 14,195	\$ 12,274	\$ 12,088	\$ 11,548	\$ 11,267	\$ 11,062
OTHER ACCOUNTS PAYABLE AND ACCRUED CHARGES	1,737	900	715	725	730	740	735
EMPLOYEE BENEFITS	308	308	384	616	155	304	114
LEASE LIABILITY	73	74	65		70	72	76
PILOTAGE CHARGES UNDER OBJECTION	5,017						
SHORT-TERM PORTION OF BORROWING			321	278	284		
	<u>22,388</u>	<u>15,477</u>	<u>13,759</u>	<u>13,707</u>	<u>12,787</u>	<u>12,383</u>	<u>11,987</u>
NON-CURRENT							
EMPLOYEE BENEFITS	2,115	2,114	1,374	851	789	578	557
LEASE LIABILITY	135	65			238	170	99
LONG-TERM BORROWING	-		562	284			
	<u>2,250</u>	<u>2,179</u>	<u>1,936</u>	<u>1,135</u>	<u>1,027</u>	<u>748</u>	<u>656</u>
TOTAL LIABILITIES	<u>24,638</u>	<u>17,656</u>	<u>15,695</u>	<u>14,842</u>	<u>13,814</u>	<u>13,131</u>	<u>12,643</u>
EQUITY							
RETAINED EARNINGS (ACCUMULATED DEFICIT)	(2,836)	2,670	3,164	3,586	3,899	4,111	4,297
TOTAL LIABILITIES AND EQUITY	<u>\$ 21,802</u>	<u>\$ 20,326</u>	<u>\$ 18,859</u>	<u>\$ 18,428</u>	<u>\$ 17,713</u>	<u>\$ 17,242</u>	<u>\$ 16,940</u>

**GREAT LAKES PILOTAGE AUTHORITY
CORPORATE PLAN (in 000's)**

STATEMENT OF CHANGE IN EQUITY

	ACTUAL 2020	FORECAST 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
RETAINED EARNINGS (ACCUMULATED DEFICIT) BEGINNING OF YEAR	\$ (1,788)	\$ (2,836)	\$ 2,670	\$ 3,164	\$ 3,586	\$ 3,899	\$ 4,111
PROFIT (LOSS) FOR THE YEAR	(810)	5,572	494	422	313	212	186
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(238)	(66)	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,048)	5,506	494	422	313	212	186
RETAINED EARNINGS (ACCUMULATED DEFICIT) END OF YEAR	\$ (2,836)	\$ 2,670	\$ 3,164	\$ 3,586	\$ 3,899	\$ 4,111	\$ 4,297

**GREAT LAKES PILOTAGE AUTHORITY
CORPORATE PLAN (in 000's)**

STATEMENT OF CASH FLOW

	ACTUAL 2020	FORECAST 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
OPERATING ACTIVITIES							
PROFIT FOR THE YEAR	\$ (810)	\$ 5,572	\$ 494	\$ 422	\$ 313	\$ 212	\$ 186
ITEMS NOT AFFECTING CASH							
Employee benefits	(159)	(67)	(664)	(291)	(523)	(62)	(211)
Amortization and depreciation	299	233	424	447	396	405	203
Amortization of right-of-use assets	62	62	57	66	99	72	74
CHANGES IN NON-CASH WORKING CAPITAL ITEMS:							
Decrease (Increase) in accounts receivable	(1,137)	572	1,800	300	(200)	300	(100)
Decrease (Increase) in prepaids	(30)	35	(30)	30	-	-	-
Increase (Decrease) in accrued salaries and benefits	(672)	(1,058)	(1,921)	(186)	(540)	(281)	(205)
Increase (Decrease) in other accounts payable and accrued charges	533	(837)	(185)	10	5	10	(5)
Increase (Decrease) in pilotage charges under objection	5,017	(5,017)					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,103	\$ (505)	\$ (25)	\$ 798	\$ (450)	\$ 656	\$ (58)
INVESTING ACTIVITIES							
PURCHASE OF INVESTMENTS	-	-	(5,000)	(5,000)	(6,000)	(7,000)	(8,000)
DISPOSAL OF INVESTMENTS	1,079	-	-	5,000	5,000	6,000	7,000
ACQUISITION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	(101)	(159)	(1,231)	(150)	(125)	(158)	(125)
CASH PROVIDED (USED) IN INVESTING ACTIVITIES	\$ 978	\$ (159)	\$ (6,231)	\$ (150)	\$ (1,125)	\$ (1,158)	\$ (1,125)
FINANCING ACTIVITIES							
PROCEEDS FROM BORROWING			1,000				
PAYMENT OF THE LEASE LIABILITIES	(71)	(71)	(77)	(66)	(70)	(72)	(71)
REPAYMENT OF BORROWING			(117)	(321)	(278)	(284)	-
CASH PROVIDED (USED) IN FINANCING ACTIVITIES	\$ (71)	\$ (71)	\$ 806	\$ (387)	\$ (348)	\$ (356)	\$ (71)
CASH AND CASH EQUIVALENTS							
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	4,010	(735)	(5,450)	261	(1,923)	(858)	(1,254)
CASH, BEGINNING OF YEAR	10,323	14,333	13,598	8,148	8,409	6,486	5,628
CASH, END OF YEAR	\$ 14,333	\$ 13,598	\$ 8,148	\$ 8,409	\$ 6,486	\$ 5,628	\$ 4,374

**GREAT LAKES PILOTAGE AUTHORITY
CORPORATE PLAN (in 000's)**

CAPITAL BUDGET

	ACTUAL 2020	FORECAST 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
CONSTRUCTION IN PROCESS							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BUILDINGS							
St Lamber-2 A/C units for Pilot Waiting Station/Corp office	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lock 7 - New Pilot Waiting Station	-	-	-	-	-	-	-
	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FURNITURE AND FIXTURES							
Office Furniture	\$ 21	\$ 6	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Office Furniture - Lock 7	-	-	-	-	-	-	-
2 Pilot Ladders Iroquois	-	20	-	-	-	-	-
Life rafts	6	-	-	-	-	-	-
Replace defibrilator	-	-	-	-	-	3	-
	\$ 27	\$ 26	\$ 20	\$ 20	\$ 20	\$ 23	\$ 20
LEASEHOLD IMPROVEMENTS							
Beauharnois - relocation of trailer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lock 7 - stone work	-	5	-	-	-	-	-
General leasehold improvements	38	9	20	20	20	20	20
	\$ 38	\$ 14	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
COMPUTER AND COMMUNICATION EQUIPMENT							
Computer, server, telecommunication replacement	\$ 12	\$ 10	\$ 16	\$ 10	\$ 10	\$ 10	\$ 10
Portable Pilotage Units	-	-	800	-	-	-	-
Ipad accessories	4	16	-	30	-	30	-
System Security	2	75	30	30	30	30	30
	\$ 18	\$ 101	\$ 846	\$ 70	\$ 40	\$ 70	\$ 40
SOFTWARE							
Upgrade to Dispatch and Billing System	\$ 16	\$ 18	\$ 50	\$ 30	\$ 30	\$ 30	\$ 30
Customer Portal	-	-	30	-	-	-	-
Portable Pilotage Units	-	-	200	-	-	-	-
Employee Portal	-	-	50	-	-	-	-
Simulator Software Development	-	-	15	10	15	15	15
	\$ 16	\$ 18	\$ 345	\$ 40	\$ 45	\$ 45	\$ 45
TOTAL	\$ 101	\$ 159	\$ 1,231	\$ 150	\$ 125	\$ 158	\$ 125

Overview of Significant Capital Expenditure Plan

The Portable Pilotage Unit is a valuable tool that helps pilots make navigation decisions. The GLPA considers these units to be essential for achieving an economically sound, safe, and reliable pilotage service. The useful life of the current Portable Pilotage Units will end before the start of the 2022 navigation season, at which time they will be replaced.

No other capital expenditures represent significant costs to the GLPA.

Implications on cash flows and loans

The GLPA anticipates funding the purchase of the Portable Pilotage Units with a 4-year long-term borrowing for the start of fiscal 2022. Depending on the procurement alternatives presented as part of an open competitive procurement process, it may be in the GLPA's best interest to acquire the units through a capital lease.

Appropriations

Section 36.01 of the *Pilotage Act* was amended to remove the provision for pilotage authorities to receive appropriations from Parliament. This change means an appropriation by Parliament cannot enable the GLPA to discharge an obligation or liability and therefore, the GLPA must maximize its returns and revenues so as to make Parliamentary appropriations unnecessary.

F. BORROWING PLAN

F.1 BORROWING AUTHORITY

The GLPA's funding activities are governed by section 36 of the *Pilotage Act* and section 127(3) of the *Financial Administration Act*. As such, the GLPA requires approval from the Minister of Finance to enter into any particular transaction to borrow money, including the time and terms and conditions of the transaction. The borrowing limit for the GLPA is set at \$12 million by the Governor in Council. The following outlines the GLPA's borrowing plan:

- to maintain the short-term borrowing of \$10 million in the form of a line of credit; and
- to enter into a long-term borrowing of \$1 million.

The short-term borrowing is potentially needed to ensure business continuity. The GLPA is still facing an important issue from 2020 for which the outcome and/or the impact is not fully known at the time of writing this Corporate Plan. The Shipping Federation of Canada filed a Notice of Objection with the Canadian Transportation Agency in January 2020 opposing the fairness of some of the GLPA's pilotage charges. Although pleadings closed on February 1, 2021, a decision from the Canadian Transportation Agency had not been rendered at the time of writing this Corporate Plan. It is unknown as to when the Canadian Transportation Agency will render its decision. The Shipping Federation of Canada filed another Notice of Objection with the Canadian Transportation Agency in April 2021 on some of the GLPA's 2021 pilotage charges. Until such decisions are rendered, the GLPA is obligated to hold the \$5.0 million of disputed revenue collected in 2020 for future potential reimbursements to its customers (see section 35 (4) of the *Pilotage Act*).

Section 36 of *Pilotage Act* does not permit the GLPA to receive any payment made under an appropriation by Parliament to enable it to discharge any obligation or liability, with the exception of an authority given under the *Emergencies Act* or any other Act in respect of emergencies. As such, the GLPA is not entitled to seek any stimulus or other financial relief assistance being made available by the Government of Canada. Thus, the only viable solution to its cash flow concerns is to ensure a sufficient level of short-term borrowings to meet its future financial obligations to ensure the continuity to provide pilotage services for the movement of goods in Canada.

F.2 OVERVIEW OF BORROWING PLANS

Line of Credit

The GLPA requests authorization from the Minister of Finance to maintain its short-term borrowing to \$10.0 million in the form of a line of credit for 2022, pursuant to Section 127(3) of the *Financial Administration Act*. The line of credit – given the nature of the GLPA’s business – is also an important part of its business strategy, as it ensures funds are available to even out cash flow during fluctuations in traffic over the course of the navigation season.

As agreed with its banker, the GLPA pays prime rate on its line of credit. This borrowing requirement is integral to the GLPA’s cash management strategy.

Long-Term Borrowing

The GLPA requests authorization from the Minister of Finance to enter into a long-term borrowing in the amount of \$1.0 million in 2022 for the acquisition of Portable Pilotage Units given the useful life of the current units will come to an end in 2021.

The proposed terms and conditions for borrowing the funds are as follows:

LENDER:	Chartered Bank offering the lowest available lending rate
AMOUNT:	Up to \$1.0 million
INTEREST RATE:	Lender’s Prime Commercial Lending Rate or, lowest available lending rate
TERM:	Maximum of 48 months
REPAYMENT:	Monthly blended payment of principal and interest

In accordance with section 36 of the *Pilotage Act* and 127(3) of the *Financial Administration Act*, the GLPA requires approval from the Minister of Finance to borrow money, including the time and terms, and conditions of the transaction. The following outlines the GLPA’s borrowing plan:

F.3 TOTAL BORROWING – NEW AND OUTSTANDING

These tables detail shifts between short-to-long-term borrowings, and material changes year-to-year. Using a conservative approach, these tables provide for the eventuality that the GLPA will be obligated to reimburse its customers for the 2020 pilotage charges and the 2021 pilotage charges under objection.

	2020 Actual	2021 Estimated	2022 Forecasted	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Short-term borrowings	\$ -	\$ -	\$ 7.0	\$ 6.0	\$ 5.0	\$ 4.0	\$ 3.0
Long-term borrowings	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3	\$ -	\$ -
Total borrowings	\$ -	\$ -	\$ 7.9	\$ 6.6	\$ 5.3	\$ 4.0	\$ 3.0

The potential reimbursement to its customers noted above will lead to the following short-term borrowings at December 31:

	2020 Actual	2021 Estimated	2022 Forecasted	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Split by currency							
Canadian dollar	\$ -	\$ -	\$ 7.0	\$ 6.0	\$ 5.0	\$ 4.0	\$ 3.0
U.S. dollar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total borrowings	\$ -	\$ -	\$ 7.0	\$ 6.0	\$ 5.0	\$ 4.0	\$ 3.0

The following table reflects the peak usage of the line of credit towards the start of each navigation season (April 1):

	2020 Actual	2021 Estimated	2022 Forecasted	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Split by currency							
Line of credit available	\$ 5.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0
Real use	\$ -	\$ 0.5	\$ 9.0	\$ 8.0	\$ 7.0	\$ 5.0	\$ 4.0

The following table reflects the long-term borrowing needed for the GLPA to replace the Portable Pilotage Units to ensure navigation safety:

	2020 Actual	2021 Estimated	2022 Forecasted	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Opening balance	\$ -	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3	\$ -
Maturities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New issuances	\$ -	\$ -	\$ 1.0	\$ -	\$ -	\$ -	\$ 1.0
Closing balance as of December 31	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3	\$ -	\$ 0.9

F.4 TOTAL BORROWING – NEW AND OUTSTANDING CAPITAL LEASES

During the planning period, the GLPA anticipates entering into new leases which will require Ministerial approval. The current office lease expires January 31, 2024. As such, the GLPA will be seeking approval to enter into a new ten-year lease effective February 1, 2024.

	2020 Actual	2021 Estimated	2022 Forecasted	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Building lease - Head Office							
Maximum expected liability on the lease			\$ -	\$ -	\$ 0.8	\$ 0.7	\$ 0.6
Maximum expected number of years remaining			-	-	9	8	7

As noted in the Capital Expenditure section of E - FINANCIAL STATEMENTS AND BUDGETS, the GLPA is seeking authority from the Minister of Finance to provide borrowing flexibility between long-term borrowing (loan) and capital lease for the procurement of the Portable Pilotage Units depending on the proposals offered by interested vendors as part of the upcoming open competitive procurement process.

G. INVESTMENT FRAMEWORK

Section 37 of the *Pilotage Act* allows the GLPA, “with the approval of the Minister of Finance, to invest any moneys not immediately required for the purposes of the GLPA in any class of financial assets”.

Since 1996, the GLPA has requested and has obtained formal approval from the Minister of Finance to invest excess moneys on a short-term basis in bonds guaranteed by any level of government. Given the changes to the *Pilotage Act*, the GLPA plans to continue to invest in short-term guaranteed investments within the new scope of investment options.

Given that an important portion of cash inflow is received between September and December and given the GLPA’s significant cash outflows occur in January the following year, the GLPA cannot aggressively invest in instruments that mature beyond February. The GLPA consults with its investment experts for recommendations of investment instruments that could be purchased to maximize returns with no financial risks. As such, the GLPA plans to invest its excess moneys for periods ranging from three months to two years until it achieves a \$4.0 million financial reserve.

The GLPA, therefore, requests the Minister of Finance’s approval to invest any moneys not immediately required for the GLPA 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.

H. RISK AND RISK RESPONSES

The GLPA is committed to identifying, assessing, and mitigating, when deemed appropriate, all risks. It applies an Enterprise Risk Management (ERM) approach to its strategic planning process. In 2018, the GLPA introduced an ERM directive that formalized the development of an enterprise risk management framework. It supports decision making at all levels so that members of the Board, senior executives, staff, and pilots are accountable for managing risk within their area of responsibility.

The GLPA manages risks based on an inventory of risk categories that align with (i) external, (ii) financial, (iii) operational, (iv) environmental/health and safety, (v) human capital, (vi) technological and (vii) regulatory risks.

As part of the 2022 priority setting session in June 2021, which received Board approval, management developed risk assessments for the upcoming year by:

- Identifying new risks and reviewing current risks;
- Assessing the inherent and residual risks through its risk matrix that focuses on impacts and likelihoods;
- Assessing the risk tolerance for all risks identified;
- Reviewing the current mitigating controls and proposing further mitigating actions; and
- Prioritizing key risks, taking into account financial and human resources.

The GLPA has adopted the following impact and likelihood definitions to assess the risk matrix (ratings):

IMPACT DEFINITION							
Risk Rating	Operational				Strategic		
	Financial	Human	Property	Vessels	Environmental	Reputation	Disruption of Business
Extreme	Above \$6 million cash impact on the Authority	Multiple deaths And multiple people with serious long-term injuries Intensive care	Damage to property is such that it ceases operations for a period of time exceeding one month	Vessel sinks or sustains so much damage that it is a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)	Sustained front page adverse national media coverage and international media coverage	Threatens long-term viability of Authority (Operational cessation or major operational issues lasting more than a month)
Very High	Impact on the Authority between \$3 and \$6 million	Single death And multiple people with serious long-term injuries Intensive care	Damage to facilities is such that operations cease up to one month	Vessel sustains damage significant enough to result in towing to dry dock and loss of operations up to one month	Incident causes sustained medium term harm to environment (i.e. damage lasts up to one month)	Front page adverse national media coverage and intermittent international media coverage	Threatens viability of Authority in the medium term (Operational cessation or major operational issues lasting up to one month)
High	Impact on the Authority between \$1 and \$3 million	Some people with serious long-term injuries and multiple minor injuries	Damage to facilities is such that operations cease up to two weeks	Vessel sustains significant damage with dry dock and loss of operations up to two weeks	Incident causes medium term harm to environment (i.e. damage lasts up to two weeks)	Intermittent adverse national media coverage	Threatens viability of Authority in the short term (Operational cessation or major operational issues lasting up to two weeks)
Medium	Impact on the Authority between \$0.5 and \$1 million	One person with serious long-term injuries Some minor injuries	Damage to facilities is such that operations cease up to one week	Vessel sustains damage resulting in loss of operations up to one week	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Sustained front page adverse local media coverage Board and Government of Canada receive complaints from Chamber of Marine Commerce, Shipping Federation of Canada	Operational issues lasting up to one week but no cessation of business
Low	Impact on the Authority under \$0.5 million	Single or multiple minor injuries requiring on site first aid and/or off site treatment	Damage to facilities is such that operations cease up to 72 hours	Minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours	Incident causes minimal or intermittent harm to environment over a period of time (i.e. damage lasts no greater than a day)	Intermittent front page adverse local media coverage Complaints from Chamber of Marine Commerce, Shipping Federation of Canada	No operational issues or operational issue lasting up to 72 hours

LIKELIHOOD DEFINITION

Rare	< 5% this event may occur (exceptional basis).
Unlikely	5-25% this event could occur at some time.
Possible	25-50% this event should occur at some time.
Likely	50-75% this event will probably occur in most circumstances.
Frequent	> 75% this event is expected to occur in most circumstances.

		RISK MATRIX				
IMPACT	EXTREME					
	VERY HIGH					
	HIGH					
	MEDIUM					
	LOW					
		RARE	UNLIKELY	POSSIBLE	LIKELY	FREQUENT
		LIKELIHOOD				

The GLPA's top key risks (ERM Dashboard), as categorized, are as follows:

ERM Risk Category	Strategic Alignment	Key Risk	Inherent Risk	Residual Risk
External	S, R, L, F	Risk that the Covid-19 pandemic worsens in 2022, impacting GLPA employees' health and safety as well as business continuity .		
External	S, R, L, F	Risk of insufficient pool of pilot candidates to meet the GLPA's recruitment needs		
Financial	F	Risk that the GLPA is not able to be financially self-sufficient		
Financial Strategy	F	Risk that the GLPA does not develop effective pilot charge strategies (including budget assumptions) to recover its operating costs and reduce its long standing deficit		
Financial Operational	L, F	Risk that pilot compensation is not contained and leads to financial losses		
Operational Human Capital	S, R, L, F	Risk of an insufficient number of pilots to effectively service pilotage demands		
Operational	R, L	Risk that the GLPA cannot respect its mandate of efficient pilotage services (pilot availability)		
Operational Human Capital Environmental and Safety	S	Risk that the GLPA has not developed and maintained its pilot training program to ensure safe pilotage services		
Environmental and Safety	S	Risk that a pilot has an incident that leads to loss of life, environmental spills, or significant structural damages		
Human Capital	L	Risk that the GLPA does not have the right leadership in place, that it does not have an appropriate organizational structure to deliver on its objectives or does not have management succession plans which could jeopardize business continuity		
Human Capital Financial Strategic	L	Risk that the GLPA's labour negotiation strategies (pilots and PSAC) do not allow the GLPA to meet its mandate of providing safe and reliable pilotage services and be financially self-sufficient		
Human Capital Strategic	L, F, S, R	Risk that the GLPA does not have a robust pilot succession planning process (recruitment and retention) which could cause a shortage of pilots to service pilotage demands		
Technology	E	Risk that the GLPA's physical and cyber security exposes its inability to deal with outside threats (including ransomware)		
Technology Strategic	E	Risk that the GLPA's Information technology future state does not meet future business needs		

The GLPA's management team reviews and updates the ERM dashboard and provides a status update on mitigating actions throughout the year and presents the results on a quarterly basis to the various Committees and the Board.

The tables below provide additional information on the impact and responses to the risks identified previously in section 4.3 Risks.

Title / Description of the Risk	
Title / Description of the Risk	<p>Risk that the Covid-19 pandemic worsens in 2022, impacting GLPA employees' health and safety as well as business continuity is the potential that pilots contract the virus and compromise their health while performing pilotage duties and leading to the inability of providing timely pilotage services (important vessel delays).</p> <p>Categories: External Probability: Medium Inherent Risk Level: Very High Residual Risk Level: Medium</p>
Impact and Response	<p>Impact: Pilots may develop severe health issues which may also result in a lack of pilot resources to service pilotage demand.</p> <p>Response: Given pilots are required to cross the Canada/United States border to board vessels and that they have direct contact with foreign and domestic crews in tight spaces, the health/safety risk is inherently very high. Through effective social distancing protocols, wearing of personal protective equipment and collaboration with all industry stakeholders on agreed upon prevention protocols, the health/safety residual risk is reduced to medium.</p> <p>As the St. Lawrence River and the Great Lakes are in most parts in international waters and that the GLPA shares pilotage services with US pilotage associations, the current operational infrastructure requires the Canadian pilot to board vessels from various stations in the United States pursuant to a Memorandum of Understanding with the United States Coast Guard. The Authority is not structured to allow pilots to board vessels directly from Canada, thus a border closure leads to very high inherent and residual risks for business continuity. The GLPA has worked in close collaboration with Transport Canada and the Canada Border Services Agency to ensure the GLPA pilots, essential service providers, can cross the Canada/United States border to board vessels without access restrictions. Since the beginning of the pandemic, the GLPA pilots have been able to complete their pilotage assignments without delays.</p> <p>Given the increased transmissibility of the Delta variant, the GLPA employees continue to be vigilant with its preventive protocols and are committed to ensuring a safe work environment to protect all who work in the Canadian marine industry. This is evidenced by a 99% and 98% first and second dose vaccination rate (as of the end of mid-October 2021). The GLPA's business continuity plan was tested as the GLPA planned and executed its strategies to address the COVID-19 pandemic issues. Even though the GLPA did not experience any business interruptions during the pandemic, it reviewed its business continuity.</p>
Title / Description of the Risk	<p>Risk of insufficient pool of pilot candidates to meet the GLPA's recruitment needs.</p> <p>Categories: External Probability: Medium Inherent Risk Level: Very High Residual Risk Level: Medium</p>
Impact and Response	<p>Impact: As the GLPA is currently experiencing a high level of pilot retirements and increasing demand for pilotage services, a lack of qualified pilot candidates would lead to the GLPA's inability to meet pilotage demands, cause a high level of vessel delays, and lead to higher pilotage services due to greater pilot overtime. The number of individuals entering into a Canadian maritime career has been decreasing over the years. In addition, the Canadian shipping industry also has an aging workforce similar to the GLPA with many upcoming retirements.</p> <p>Response: In collaboration with the Chamber of Marine Commerce, the GLPA continually reviews the requirements for the Great Lakes marine pilotage certification training program to ensure they remain current. As the issuance of pilotage certificates transitions to Transport Canada, the GLPA remains actively involved in supporting both Transport Canada and the domestic shipowners to ensure Canadian officers obtain their pilotage certificates in a timely manner.</p> <p>The GLPA has been working on increasing awareness of the marine pilot profession by participating in various career fairs and offering bursaries to colleges with marine programs. As the pandemic restrictions ease, the GLPA will continue to participate in more events at marine schools and job fairs aiming to raise awareness of the profession in the Great Lakes.</p>

Title / Description of the Risk	
Title / Description of the Risk	<p>Risk that the GLPA is not able to be financially self-sufficient; the risk that the GLPA does not develop an effective pilotage charges strategy (including budget assumptions) to recover its operating costs and reduce its long standing deficit; the risk that pilot compensation is not contained and leads to financial losses are the failure to generate sufficient revenue to recover expenditures or the failure to contain costs to a reasonable level and to generate sufficient cash inflows to pay the financial obligations in the prescribed timelines, even with the assistance of approved short-term borrowings.</p> <p>Categories: Financial, Strategy, Operational Probability: Medium Inherent Risk Level: Very high Residual Risk Level: High</p>
Impact and Response	<p>Impact: Direct financial loss and the inability to meet financial obligations</p> <p>Response: The GLPA's pilotage charges are always subject to a potential objection by its customers. Should the Canadian Transportation Agency rule against the GLPA, all revenue associated with the pilotage charges under objection are lost, thus the risks are inherently very high. Even with the GLPA trying to limit cost increases and holding regular discussions and consultation meetings with industry stakeholders to clearly communicate the rationale for the pilotage charges adjustments as strategies to reduce these residual risks, it is difficult to fully mitigate the risks given the marine industry, as a whole, experiences constant pressures to contain costs. Thus, customers do not easily support any pilotage charges adjustments in excess of inflation. As the Authority is trying to eliminate its \$1.8 million accumulated deficit and improve its cash flow profile, pilotage charges adjustments need to be in excess of inflation. As such, the residual risks remain high.</p> <p>The Shipping Federation of Canada's notice of objection to the GLPA's 2020 and 2021 pilotage charge adjustments adds to the latter's uncertainty about profitability and cash flow. Although the 2020 objection process concluded in early February 2021, the Canadian Transportation Agency has yet to issue a decision. The 2021 objection process will not begin until the 2020 decision is issued. The GLPA changed its pilotage charge strategies in 2020 to introduce charges that target specific costs, as the previous approach to general adjustments did not focus on specific pilotage tasks that incurred additional costs.</p> <p>The GLPA has furthered its operational analysis to fully understand pilotage demands and schedules in order to better control costs and increase opportunities for efficiency (i.e. analyze traffic peaks and match them to the availability of the pilots).</p> <p>A Transportation Agency decision against the GLPA would necessitate further adjustments to the pilotage charges at the rates currently proposed under this corporate plan. The GLPA should also reconsider its view on reducing vessel delays at all costs, as the revenue generated would not allow it to recover the additional pilot salaries associated with reducing delays.</p>
Title / Description of the Risk	<p>Risk of an insufficient number of pilots to effectively service pilotage demand; the risk that the GLPA does not have a robust pilot succession planning process (recruitment and retention) which could cause a shortage of pilots to service pilotage demands is the potential that the GLPA is not able to have a sufficient number of qualified pilots to effectively fulfill its mandate to provide safe and efficient pilotage services.</p> <p>Categories: Operational, Human Capital, Strategy Probability: High Inherent Risk Level: High Residual Risk Level: Medium</p>

Title / Description of the Risk	
Impact and Response	<p>Impacts: An insufficient number of licensed pilots leads to incremental pilot compensation and safety concerns.</p> <p>Response: As the GLPA's ability to effectively provide safe and reliable pilotage services is directly related to maintaining a sufficient number of qualified pilots, the pilot succession planning risk is high. As there is no mandatory retirement age, uncertainty in retirement prediction leads to recruiting and training apprentice-pilots challenges to maintain the proper level of pilots. To mitigate this uncertainty, the GLPA surveys its pilots annually to ask about their potential retirement plans. The exercise has proven beneficial since the average notification period has increased to approximately six (6) months, thus, facilitating recruitment planning.</p> <p>The GLPA will need to continue to leverage the approximately 275 Canadian officers who have pilotage certificates for the Great Lakes region as a pool of potential candidates.</p> <p>The GLPA will continue to leverage its process improvements in pilot retirement planning to anticipate upcoming retirements. The GLPA offers part-time employment contracts to retired pilots to provide additional resources when apprentice-pilots are being trained. Most of the retired pilots agree to return on a part-time basis for a number of years.</p> <p>To mitigate the risk of apprentice-pilots not completing their training, the GLPA will continue to review its training program, have training progression debriefs with the apprentice-pilots, and use its pilots in the training program to support apprentice-pilots.</p>
Title / Description of the Risk	<p>Risk that the GLPA cannot respect its mandate of efficient pilotage services (pilot availability) is the inability to provide pilot services to vessels as required, and thus, causing costly delays to its customers.</p> <p>Categories: Operational Probability: Medium Inherent Risk Level: Very high Residual Risk Level: Medium</p>
Impact and Response	<p>Impact: Excessive vessel delays due to a shortage of pilots is costly to the industry and the GLPA's reputation as a reliable service provider is crucial especially when pilotage charges are perceived as excessive.</p> <p>Response: The combination of the GLPA's shortage of pilots and the consistently high level of pilotage demand in the last five years are the main drivers for the current high levels of vessel delays. The GLPA continues to focus its attention on pilot recruitment and training to increase its pilot numbers.</p> <p>For the planning period, the GLPA plans to hire approximately 5 to 11 apprentice pilots annually.</p> <p>The GLPA has been increasing its operational analysis to better understand pilotage demands and schedules to increase efficiency opportunities (ie. analyzing surges and marrying this with the availability of pilots).</p> <p>With the introduction of the new Dispatch Supervisor role, more attention is being placed on process improvements to reduce dispatching errors leading to the inefficient use of pilot resources.</p> <p>The GLPA continues to control the flow of traffic at designated anchorages to minimize costs to the industry when traffic surges occur. It also works in close collaboration with the St. Lawrence Seaway Management Corporation to maximize pilot resources.</p>

Title / Description of the Risk	
Title / Description of the Risk	<p>Risk that the GLPA has not developed and maintained its pilot training program to ensure safe pilotage services and the risk that a pilot has an incident that leads to loss of life, environmental spills, or significant structural damages is the failure to provide effective pilot training and the failure to assess a pilot's competencies and quality of service, leading to major incidents.</p> <p>Catogories: Operational, Human Capital, Environmental and Safety Probability: Low Inherent Risk Level: Very high Residual Risk Level: Low</p>
Impact and Response	<p>Impact: Vessels transiting the Great Lakes are navigating in restricted waters and canals that are subject to wind effect, low draft and environmental (weather) conditions that can change at a moment's notice. The public and governments are extremely sensitive to environmental incidents and there is no tolerance for any type of error, be it human or mechanical. Safe marine transportation is important for passengers and crew, residents of shoreline and port areas, the environment and the economy. Any major incident adversely impacts the above.</p> <p>Response: The GLPA continually reviews its training policies for new hires, active pilots and pilotage certificate holders to ensure the proper level of knowledge and experience is in place. The GLPA has a five year plan to ensure each pilot is trained and evaluated at the simulator. It also promotes ongoing communication with all employees on the importance of embracing a safety minded culture to achieve the goals of limiting risks to the environment. Regular meetings are held with the pilot representatives to communicate and discuss safety matters.</p> <p>The GLPA continues to focus its efforts on pilot training at a simulator. This training method facilitates effective training on i) different types of ships, ii) specific issues (azipod, emergency situation etc.), and iii) trends and emerging issues (causes and remedies). The GLPA's Pilot Quality Assurance Committee reviews pilot training requirements and adjusts training delivery accordingly. The Pilot Quality Assurance Committee also completes the Pilot's Continued Proficiency Reports for pilots that attend simulator training, reviews the upcoming pilots attending simulation training and all other training to identify individual needs to be addressed. It identifies each year if there are needs for new types of vessels and/or ports /docks to be developed for simulator training and the type of future training required depending on new technologies being developed and adopted.</p> <p>The GLPA worked with a service provider to develop a pilot fatigue management course. In 2020, a third of the GLPA pilots completed the course before cancelling the remaining classes as a result of COVID-19 restrictions. All remaining pilots completed the course in the first quarter of 2021. In addition, the GLPA drafted a Fatigue Risk Management Plan. The GLPA is working on process and system modifications required to support implementation of the proposed plan.</p> <p>When Transportation Safety Board of Canada reports are published, the GLPA completes a review of the content and conducts an analysis and communicates the findings and analysis to the pilots when deemed relevant to the GLPA's area of responsibility or nature of the incident.</p> <p>The GLPA ensures regular Occupational Health and Safety Committee meetings are held throughout the navigation season to ensure pilot/employee safety concerns are addressed. Minutes of the meetings are disseminated to all employees.</p>
Title / Description of the Risk	<p>Risk that the GLPA does not have the right leadership in place, that it does not have an appropriate organizational structure to deliver on its objectives or does not have management succession plans which could jeopardize business continuity.</p> <p>Catogories: Human Capital Probability: Low Inherent Risk Level: Medium Residual Risk Level: Low</p>

Title / Description of the Risk	
Impact and Response	<p>Impact: That poor leadership sets a negative tone and creates an unhealthy work environment and that an inappropriate organization structure leads the inability for an organization to meet its mandate or strategic objectives.</p> <p>Response: The GLPA initiated a third-party organization optimization assessment of its management structure. The independent consultant concluded that the GLPA's current organizational structure and limited resources may not enable the GLPA to meet its mandate and drive the organization's current and future strategic and operational objectives. In order to strengthen the structure of the organization and facilitate the succession plan for key positions, the GLPA Board of Directors approved the addition of additional positions.</p>
Title / Description of the Risk	<p>Risk that the GLPA's labour negotiation strategies do not allow the GLPA to meet its mandate of providing safe and reliable pilotage services and be financially self-sufficient.</p> <p>Categories: Human Capital, Financial, Strategic</p> <p>Probability: Medium Inherent Risk Level: Medium Residual Risk Level: Medium</p>
Impact and Response	<p>Impact: Inappropriate labour negotiation strategies could lead to excessive compensation or potentially poor pilot labour relations impacting the GLPA ability to effectively provide pilotage services.</p> <p>Response: All but one of the four pilot collective agreements that expired in 2017 have been renewed and set to expire on March 31, 2022. The GLPA is currently in arbitration with this pilot group. Over the years, the GLPA and the pilot groups have always signed a "no strike/no lockout" agreement to ensure business continuity should the negotiations go beyond a reasonable timeframe.</p>
Title / Description of the Risk	<p>Risk that the GLPA's physical and cybersecurity which exposes its ability to deal with outside threats (including ransomware) and the risk that the GLPA's information technology future state does not meet future business needs.</p> <p>Categories: Human Capital, Strategic</p> <p>Probability: Medium Inherent Risk Level: High Residual Risk Level: Low</p>
Impact and Response	<p>Impact: That systems and network infrastructure do not effectively support the GLPA's daily operations and the GLPA continues to rely on technology that does not better serve its customers and meet their expectations. That the GLPA has not developed appropriate physical and cybersecurity policies and working processes leading to operations being interrupted should an event occur. And that it also has not protected its technological environment resulting in unauthorized access to systems with confidential and private data from the GLPA's customers, employees, and other stakeholders.</p> <p>Response: Following a system security internal audit conducted in 2019, the GLPA developed its information technology future state roadmap in 2020 to address the security and privacy gaps identified by the internal auditors and is currently in the process of implementation.</p> <p>Various information security and privacy directives and guidelines have been revised/developed in 2020. As the exposure to these potential risks have increased as more GLPA employees are working remotely as a result of the COVID-19 pandemic, the GLPA provided cybersecurity awareness training to all GLPA employees in 2021.</p>

I. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

The GLPA is governed by the *Pilotage Act* and is also subject to other federal legislation. The following provides an insight into the GLPA's compliance status with various legislation and directives to which it is subject.

Canada Labour Code

The GLPA fully supports all elements of the *Canada Labour Code* (Code) and embraces all new regulatory requirements for the betterment of all Canadians. Bill C-86, the *Budget Implementation Act*, No. 2 which received Royal Assent in December 2018 and Bill C-63 introduced new regulatory requirements relating to new hours of work provisions. The GLPA has completed a detailed impact assessment of these new

requirements. It has complied with Employment Services Development Canada's consultation and has provided some exemptions and modification requests as they relate to: the requirements for the 8-hour rest period between work period of shifts, subsection 169.2 (1), and the 30-minute break within every five hours of work, subsection 169.1 (1), since the pilot groups are solely responsible for the conduct of a ship during the transit. In February 2021, Employment Services Development Canada published the proposed regulations respecting exemptions from and modifications to the hours of work provision in Part I of the *Canada Gazette*.

Access to Information Act

The GLPA believes that openness and transparency help build a trusting relationship with customers, partners, and all other stakeholders. Its objective is to respond promptly, and with transparency, to all information requests from the public, the media, and all those interested in the GLPA's operations. To date in 2021, the GLPA has not received a request and does not have any outstanding requests from prior years.

The GLPA complies with the Federal Government by posting responses to requests it receives under the *Access to Information Act* on www.open.canada.ca. Additionally, the GLPA reports annually to the Access to Information Commissioner.

Conflict of Interest Act

The GLPA's directive on conflict of interest is compliant with the *Conflict of Interest Act*. To date in 2021, the GLPA does not have any reported conflict of interest issues.

Canadian Human Rights Act

All GLPA directives respect the *Canadian Human Rights Act*. The GLPA is not aware of any complaints made under this Act.

The GLPA revised its directive on harassment and violence prevention in the workplace at the end of 2020 as well as its supporting programs to ensure it remains compliant with the requirements for comprehensive policies to address workplace harassment, violence, and sexual harassment under the *Canada Labour Code* in the recent Bill C-65 *Safe Workplaces*. In 2021, the GLPA provided harassment and violence prevention training to all its employees.

Employment Equity Act

The GLPA is committed to attract, hire and retain talent that reflects the diverse Canadian workforce. All of the GLPA's recruitment directives and processes respect the *Employment Equity Act*. In 2021, the GLPA introduced a self-declaration form for members of designated employment equity groups and encouraged potential candidates to self-declare. The GLPA is not aware of any complaints made under the *Employment Equity Act*.

Pay Equity Act

Bill C-86, which received Royal Assent on December 13, 2018, introduces some amendments to the *Pay Equity Act* that came into force on June 13, 2019. Management is still in the informing phase to better understand the implications and to ensure compliance. It will be assessing the implications of these new regulatory requirements and develop action plans to ensure compliance once the Act comes into force, which is expected in 2021, as well as to ensure the implementation of the program within the stipulated 3-year timeframe.

Official Languages Act

The GLPA's Chief Financial Officer assumes the role of Official Languages champion to promote and monitor the use of official languages in all internal and public communications. The use of both languages in the workplace prevails at the GLPA's head office in Cornwall, Ontario, where staff need to communicate with employees, customers, and government agencies in either language. As required, the GLPA reports annually to the Treasury Board Secretariat's Official Languages Centre of Excellence. To date in 2021, the GLPA received one complaint and has addressed the issue.

Privacy Act

The GLPA reports annually to the Privacy Commissioner. In 2019, the GLPA revamped its privacy program to ensure compliance with this Act. In July 2020, the GLPA had one security breach. The GLPA informed all individuals who may have been impacted by the privacy breach as well as provided a report to the Office of the Privacy Commissioner as required by the *Privacy Act*. In May 2021, the Office of the Privacy Commissioner communicated that it was satisfied with the measures taken to contain the breach as well as the efforts to prevent a reoccurrence of a similar incident and concluded that the file be closed. To date in 2021, there are no privacy requests received by the GLPA.

Directive on Travel, Hospitality, Conference, and Event Expenditures

Since February 2016, the GLPA's directive on travel and hospitality has been aligned with the Government's *Directive on Travel, Hospitality and Conference, and Event Expenditures*, as noted by the Office of the Auditor General of Canada's opinion of the GLPA's annual financial statements.

In support of good governance practices, the GLPA has a directive on travel and hospitality that governs the reimbursement of reasonable travel and hospitality expenses required for business travel as directed under section 89 of the *Financial Administration Act*. Each year, the Office of the Auditor General of Canada audits the GLPA's compliance with this directive.

As a means of ensuring transparent communications with the public, the directive is published on the GLPA website at <http://www.glpa-apgl.com/about/policies/>. In addition, the GLPA also voluntarily publishes the travel and hospitality expenditures for the Chair of the Board, all other Directors, the Chief Executive Officer, and other senior officers, thus complying with proactive disclosure requirements. The GLPA's quarterly reports can be seen on its website at <http://www.glpa-apgl.com/reports-and-documents/financial-reports/>. The GLPA also discloses the total annual expenditures for travel, hospitality, and conference fees. The GLPA includes this information in its Annual Reports, as required by the Treasury Board's *Directive on Travel, Conference, and Event Expenditures*.

Pension Plan Reforms

Eligible GLPA employees are covered by the Public Service Pension Plan administered by the Government of Canada. The GLPA complies with section 89 of the *Financial Administration Act* to align with a 50:50 contribution ratio.

Trade Agreements

Although the GLPA is not directly involved with trade agreements, it does support all trade agreements as part of its procurement activities. The directive is on the GLPA's website. All requests for proposals are posted on the Government's Buy and Sell website and indicates those that fall under the various trade agreements.

Other

The GLPA supports and complies with the following legislation:

Corporate

- *Canada Business Corporations Act*, RSC 1985, c C-44
- *Financial Administration Act*, RSC 198, c F-11

Government Institutions

- *Auditor General Act*, RSC 1985, c A-17
- *Commercial Arbitration Act*, RSC 1985, c17 (2nd Supp.)
- *Library and Archives of Canada Act*, SC 2004, c 11
- *Lobbying Act*, RSC 1985, c 44 (4th Supp.)
- *Public Servants Disclosure Protection Act*, SC 2005, c 46

Regulatory Statutes

- *Pilotage Act*, RSC 1985, c P-14
- *Canada Labour Code*, RSC 1985, c L-2
- *General Pilotage Regulations*, SOR/2000-132
- *Great Lakes Pilotage Regulations*, C.R.C. c. 1266
- *Canada Marine Act*, S.C. 1998, c. 10
- *Canada Shipping Act, 2001*, S.C. 2001, c. 26
- *Collision Regulations*, C.R.C., c. 1416
- *Eastern Canada Vessel Traffic Services Zone Regulations*, SOR/89-99
- *Environmental Response Arrangement Regulation*, SOR/2008-275
- *Marine Occupational Health and Safety Regulations*, SOR/2010-120
- *Marine Personnel Regulations*, SOR/2007-115
- *Navigational Safety Regulations*, SOR/2005-134
- *Seaway Properties Regulations*, SOR/2003-105
- *Shipping Casualties Reporting Regulations*, SOR/85-514
- *St. Clair and Detroit River Navigation Safety Regulations*, SOR/84-335
- *Transportation Safety Board Regulations*, SOR/2014-37
- *Canada Transportation Act*, SC 1996, c 10

J. GOVERNMENT PRIORITIES AND DIRECTION

The GLPA has embraced, and aligns itself with the Government of Canada priorities set in the Honourable Omar Alghabra's mandate letter sent to the GLPA's Board Chairperson in July 2021 and is taking the following actions and measures:

Improving Accessibility

The GLPA is fully committed to openness and transparency with all stakeholder interactions. It uses several communication tools to deliver on its commitment to be fully open and transparent. The GLPA respects the requirements to openly publish various reports, namely its Annual Report, Quarterly Financial Reports,

Summary of the Corporate Plan, Proactive Disclosure of Travel and Hospitality Expense Reports, and Access to Information Act inquiries on its website.

The GLPA takes pride in its full transparency with the industry and the Canadian public. It ensures timely responses to all information requests and concerns, when feasible. It makes available the entire passage plans to provide its customers with a general overview of the transits as well as publishes its pilot-master exchange of information checklist on its website to ensure all ships are provided with consistent and effective services, largely by sharing crucial information for the safety of the ship and the crew while transiting the Great Lakes.

Supporting the Economic Response/Recovery Efforts in Fighting the Pandemic, Building Back a Better Canada, and Strengthening the middle class

As an important partner in marine commerce, the GLPA supports Canadian companies in accessing foreign markets which enables economic growth as well as helping give middle-class Canadians access to foreign goods at a lower cost. Approximately 75-85% of pilotage services deal with the import/export of goods from foreign markets. The GLPA is committed to supporting Canadian companies with reliable and flexible pilotage services to facilitate these companies to seek out new opportunities for commerce. Since the beginning of the pandemic in March 2020, the GLPA, an essential service provider for the movement of goods, ensured uninterrupted pilotage services to Canadian companies. Unlike many sectors, pilotage demand in the Great Lakes region did not see any important reductions. To support the creation of jobs and growth, the GLPA will continue to effectively collaborate with other marine stakeholders in the Great Lakes region to ensure Canadian companies have access to safe, reliable and efficient pilotage services for the movement of their goods to market.

Indigenous Relations and Walking the road to reconciliation

The GLPA is committed to gaining a better appreciation of Indigenous culture. As many Indigenous communities are located on the border of the St. Lawrence River and the Great Lakes, the GLPA remains respectful of navigation impacts on these communities. The GLPA wishes to develop and seek consultation opportunities to build a respectful relationship with these Indigenous communities to gain their perspective and share their concerns on navigation safety, the preservation of their culture and customs, human life and property, and the protection of the marine environment.

Fighting climate change

The GLPA operates and administers safe and efficient pilotage services to ensure that Canadian waterways are free of environmental spills and damages. It continues to work in collaboration with the government, its contractors, and other marine industry stakeholders to minimize the effects of climate change as it relates to navigation.

Standing Up for Fairness and Equity

The GLPA supports the Government of Canada's mandate to ensure women, Indigenous Canadians, members of visible minorities and persons with disabilities are free from discrimination and are equitably represented. The GLPA is committed to developing an inclusive and barrier-free work environment in which all persons have equal access to opportunities within its organization. This is seen in the GLPA's recruitment, selection, conditions of employment, training, career development and performance management practices which focus on equity and a sense of value.

Women represent 72% of the Board of Directors, 25% of the leadership team, 60% of office staff, and 20% of dispatchers. However, given that the GLPA is required to recruit from a pool of pilot candidates that must meet the physical and qualification restrictions included in the *Pilotage Act* and the *General Pilotage Regulations*, the current pool of candidates is predominately comprised of male Caucasians at this time. Thus, women only represent 3% of the pilot workforce. While the GLPA has initiated self-declaration forms in 2021, it does not have further statistical analysis at this time. The GLPA will initiate an organizational needs-assessment to identify existing internal competencies for GBA+ (Gender Based Analysis Plus) and scanning for external resources related to the marine industry.

Currently, the GLPA has hired a firm specializing in compensation studies to complete a market analysis comparing the GLPA's compensation of its non-unionized workforce with other similar organizations as a starting point in pay equity.

Safe Workspaces

The GLPA has various directives and has implemented practices to ensure a healthy workplace where its employees can expect to feel secure and enjoy a safe physical and emotional work environment as well as feel respected, recognized for the work they do, and provide a sense of belonging and purpose. Based on its employee engagement results from the 2020 survey, the GLPA developed and started to implement action plans in 2021 to address employee concerns. In addition, the GLPA conducted an internal audit of its occupational health and safety processes. A report from the independent auditors is expected later in 2021. Management will then develop and implement action plans to address any gaps identified.

Sustainable Development and Greening Government Operations

The GLPA provides pilotage services in the Great Lakes region that are safe and free of environmental spills. The risk of marine incidents is inherent in every action taken by GLPA employees. Training policies for all apprentice-pilots, active pilots and pilotage certificate holders are designed to ensure that proper levels of knowledge and experience in this area are in place. The GLPA continues to promote ongoing communications with all employees on the importance of embracing a safety-minded culture with the goal of limiting environmental risks.

The GLPA also sends each of its pilots to complete simulator training at least once in a five-year cycle. It will continue this practice as it provides pilots with a means to train on different ships, manage various conditions, and cope with specific issues, such as slow rudders or crew responses. The GLPA reviews incidents and trends to continually re-assess the training program. The GLPA also takes part in various joint initiatives and associations to keep up to date on emerging safety concerns and best practices as well as participates in the *International Marine Pilots' Association's* conference every two years where it interacts with other pilotage service providers from around the world. In discussions that promote professional

standards in the interests of pilot safety, this conference encourages both consultation between its members and the exchange of technical information with other industry partners and regulators across the globe. Similarly, but on a more national level, the GLPA also gains benefits from its interaction with the Canadian Marine Pilots' Association.

Finally, the GLPA consults with the Canadian Marine Pilots' Association, the Transportation Safety Board, and its pilots and leverages its 2015 formalized post-incident protocol for all marine incident investigations.

K. OPERATING ENVIRONMENT

Cornwall District

The Cornwall District is defined as the Canadian waters of the St. Lawrence River between the northern entrance to St. Lambert Lock and the pilot boarding station near St. Regis in the Province of Quebec (the Snell Lock). The pilots employed in the district are members of the *Corporation des Pilotes du Fleuve et de la Voie Maritime du Saint-Laurent*. All dispatches are made from Cornwall.

International District No. 1

International District No. 1 is 103 miles long and consists of the waters of the St. Lawrence River, between Snell Lock and Cape Vincent, New York at the entrance to Lake Ontario, and includes the Eisenhower and Iroquois Locks. There are both Canadian and United States pilots in this district. The Canadian pilots belong to the *Corporation of the Upper St. Lawrence Pilots*.

A *Memorandum of Understanding* between the GLPA and the United States Coast Guard dictates that Canadian pilotage takes 20 out of every 34 assignments, or 58.82% of all dispatches in the district. Each country dispatches its own pilots.

International District Lake Ontario

International District Lake Ontario is also served by both Canadian and United States pilots. The Canadian pilots are members of the *Pilots' Corporation, Lake Ontario and Harbours*, and are specifically licensed to serve Lake Ontario and its harbours.

Per the *Memorandum of Understanding*, Canadian and United States pilots share assignments equally on Lake Ontario. Each country dispatches its own pilots.

International District No. 2 (including the Welland Canal)

This district consists of the Welland Canal, Lake Erie, Lake St. Clair, and the Detroit and St. Clair Rivers. The Canadian pilots are members of the Corporation of Professional Great Lakes Pilots, all of whom are licensed to serve the entire district.

The *Memorandum of Understanding* dictates the dispatch allocations as:

Welland Canal	- Canadian pilots only
Port Colborne – Detroit	- Canadian pilots are assigned 50% of the through transits
Detroit – Port Huron	- Three of eight ships take Canadian pilots

In addition, Canadian pilots are dispatched to all ships destined to or departing from Canadian ports within the district.

International District No. 3

International District No. 3 is defined as the Canadian waters of the St. Mary's River connecting Lakes Huron and Superior and includes Lakes Huron, Michigan, and Superior. Pilots employed by the GLPA in this district are all members of the same corporation as the District No. 2 pilots. Ships going to ports on Lakes Michigan or Huron from Port Huron keep the pilot on board. Ships destined for Lake Superior ports change pilots at

Detour, where a district pilot takes them through the St. Mary’s River to Gros Cap. A lake pilot will then board the ship to guide it to its final destination.

The *Memorandum of Understanding* does not specify the division of assignments between Canadian and United States pilots but states that Canadian pilotage is to receive 18.9% of the revenue generated in the district for the season. All administrative and dispatching functions are performed by the United States.

Port of Churchill

The Port of Churchill, Manitoba falls under the GLPA’s jurisdiction and is accessible for only a few months of the year. The normal pilotage operation consists of three manoeuvres, that is, piloting the ship into the harbour, turning the ship, and piloting the ship out of the harbour.

The GLPA’s Canadian Lake Ontario pilots are licensed to perform all pilotage duties in the Port of Churchill on an as-needed basis.

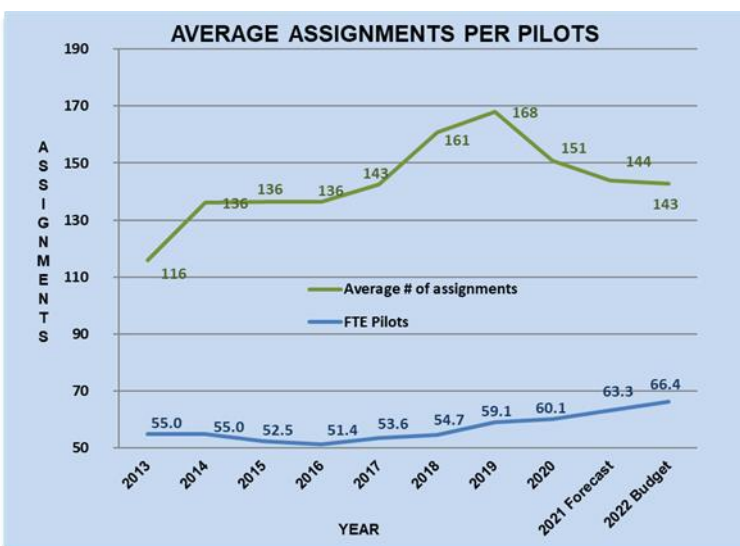
K.1 PILOTAGE CAPACITY

The assignments by district, with the exception of the Port of Churchill, have increased since 2014 and have remained above the pre-2013 levels.

Even though pilotage demand in 2020 decreased by 8% in comparison with 2019, the GLPA did not see important decreases resulting from the COVID-19 pandemic as the 2020 pilotage assignments were 3% greater than 2018. Traffic for 2021 will also be similarly projected to 2020 levels.

Being able to reasonably predict traffic volume is crucial given the GLPA plays such an important role in the movement of goods in the Great Lakes region. Preliminary industry consultations have determined that pilot assignments for 2022 are anticipated to be approximately 4% greater than 2021 given the return of the passenger vessels. Given the previously mentioned challenges to forecast beyond a year, the best estimate at this time for the outgoing years of the planning period is to assume a constant forecast to 2022.

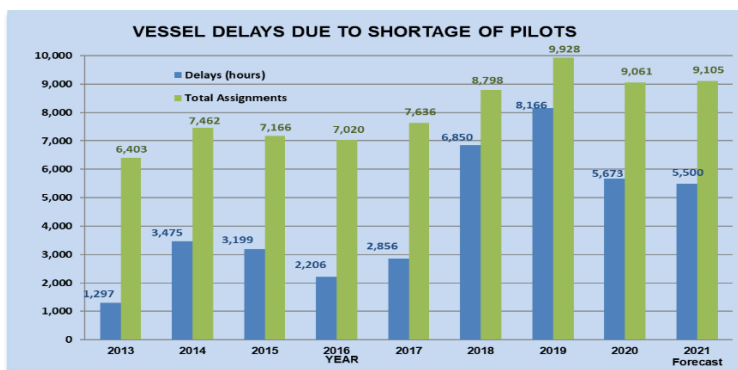
The GLPA must ensure assignments per pilot are within a reasonable average, otherwise there is a potential risk of pilot fatigue and possible safety concerns. Since 2014, pilot assignments have consistently been higher than forecast. Instead of a reasonable average of 110-120 assignments per pilot, the annual pilot average workload has increased to an average of 135-144 going as high as 168 assignments in 2019. This is a substantial jump compared to the 116 average assignments per pilot experienced in 2013. Note: these assignment numbers exclude winter work.



With the 2022 forecast assignments anticipated to be greater than 2021, pilot workload is expected to reflect an average of 144 assignments per pilot. This level of assignments (i.e. in excess of 9,000 assignments since 2019), is handled by an average of 60 full-time equivalent pilots which represents only five additional full-time equivalent pilots to the pilot complement when traffic averaged approximately 6,400 assignments per year.

Forecast traffic, along with increased pilot numbers for the planning period, means the average number of assignments is expected to be 143 assignments per pilot for 2022 but will improve over the remaining years of the planning period to achieve the GLPA's objective of 110-120 assignments per pilot. The planned increase in pilot numbers is key to ensuring the GLPA's continued incident-free excellence, to improve service in support of Canadian economic growth and to ensure pilot fatigue is eliminated.

The GLPA categorizes delays experienced in the St. Lawrence Seaway as either Seaway breakdown delays – Seaway infrastructure related; environmental delays – climate related, vessel delays – vessel related issues; or pilotage delays – shortage of pilot related issues. The first three types of delays are not under the control/responsibility of the GLPA. In addition, the GLPA does not capture delay information when they are caused by the United States Pilot Associations.



The delay hours are captured by the GLPA from the moment a vessel is delayed for any reason. This chart shows that ship delay hours due to a shortage of pilots have risen since 2014. As already noted, the total number of pilots available has the most significant impact on the hours of ship delays.

The GLPA expects the 2021 delays to slightly decrease from 2020 due to the fact that the assignments will be serviced by a slightly higher pilot complement (63.3 Full-Time Equivalent pilots in 2020 vs 60.1 in 2020). With an increased pool of pilots during the planning period, the GLPA is striving to continually reduce the number of delay hours due to a shortage of pilots to eventually bring these results to reasonable levels as seen in 2013 and prior years. As the GLPA is expecting to have 70-75 Full-Time Equivalent pilots by the end of the planning period, resulting in an average of 110-120 assignments per pilot, it is reasonable to believe that vessel delays will decrease as targeted.

K.2 PILOT TRAINING

Pilot Training – Annual

The GLPA requires all pilots to complete simulation training within a five-year cycle. The *Centre de simulation et d'expertise maritime* in Quebec City currently provides this service. For the planning period, an annual average of 20 pilots/apprentice-pilots will attend week-long training sessions.

The GLPA also provides annual training for the Portable Pilotage Units or other specifically identified training needs, as required. For 2022, training includes additional simulator training of a new type of vessel as well as Portable Pilotage Unit training on the new units for all pilots. The GLPA dispatchers may also be provided training in 2022 for the new responsibilities should the repatriation of the District 3 dispatching occur.

Pilot Training – Apprenticeship

The GLPA continues to invest in the training of apprentice-pilots. This includes theoretical studies, and practical on-board ship and simulator training. Associated costs include salaries/benefits, travelling expenses, compensation, and pilots mentoring and evaluating costs. The total cost to train an apprentice-pilot is approximately \$25,000/month which includes the apprentice-pilots' salaries and benefits. Depending on the district to which the apprentice is assigned, and the apprentice's experience navigating in the Great Lakes, the length of training varies as follows:

District	Length of Training
Cornwall District	12 to 18 months
International District No. 1	6 to 12 months
Lake Ontario District	6 months
International District No. 2	6 to 18 months
International District No. 3	6 to 12 months
Port of Churchill	1 month (a Lake Ontario pilot)

K.3 STAKEHOLDER RELATIONS

The GLPA is a Crown corporation with near-monopoly powers in terms of the provision of pilotage services. Consequently, it is important that the Board and management reach out to stakeholder organizations to ensure that important issues are identified and managed effectively.

The three primary stakeholders are the Federal government, the marine industry, and the pilots. The marine industry representing all shipping interests are under the responsibility of the Shipping Federation of Canada and the Chamber of Marine Commerce, while pilot interests are handled by the four Pilot Corporations represented by the Canadian Merchant Service Guild, and the Canadian Marine Pilots' Association. The Government has several stakeholders, including the Minister of Transport and departmental officials, the Canadian Coast Guard, the Transportation Safety Board, the Canadian Transportation Agency, and central agencies.

GLPA's customers represented by the Shipping Federation of Canada and the Chamber of Marine Commerce must be consulted and must support the GLPA's decisions, as they have access to the Canadian Transportation Agency for a review whenever issues are not resolved satisfactorily. Solutions with

consensus, when possible, are preferred versus legislated ones, as they create a win-win situation for all parties. Furthermore, the GLPA must manage potentially differing expectations from its various stakeholders. Striking a proper balance, while achieving the GLPA's objectives, can be challenging at times.

In addition to the three primary stakeholders, there are others that have an interest in safe, efficient, and effective pilotage in the Great Lakes region. They include, but are not limited to:

- St. Lawrence Seaway Management Corporation (Canada)
- St. Lawrence Seaway Development Corporation (United States)
- Lake Ontario St. Lawrence River Board
- United States Pilotage Associations
- Canadian Port Authorities in the Great Lakes region
- Ports and harbours in the Great Lakes region
- Environmental groups
- Recreational boaters
- Private citizens living along the GLPA's area of responsibility

The GLPA will continue to be proactive in consulting with all primary and other stakeholders. It will provide ongoing opportunities for input on its planning and operations. It is important that all issues with stakeholders, including pilots, are resolved. However, the GLPA will never compromise the safety of the ships and the environment to avoid a third-party issue.

During a given year, the GLPA formally meets with the Shipping Federation of Canada and the Chamber of Marine Commerce. Current topics, joint concerns, and proposed pilotage charge amendments are discussed. In addition, these stakeholders and the GLPA continue to discuss operational issues throughout the navigation season. In preparation for the start and the close of a season, these stakeholders are consulted and informed about issues that may affect pilotage services. In 2021, the GLPA conducted a customer satisfaction survey to gauge how the organization is meeting their expectations as well to determine any improvements since the last survey in 2015. The GLPA has analyzed the results and is working on action plans to address gaps to better service its customers.

To interact with pilot-interest stakeholders, the GLPA usually holds a formal meeting with the presidents of the pilot corporations at the start of the navigation season. To improve the dissemination of information and timely discussions of pilot issues, monthly teleconferences are also being held. There are ongoing communications with the pilot union representatives throughout the season to discuss working rules and other labour issues.

The GLPA is in constant communication with the St. Lawrence Seaway Management Corporation, the St. Lawrence Seaway Development Corporation, the United States Coast Guard, and the United States Pilot Associations in its commitment to providing safe and efficient pilotage services. The GLPA has been a driving force in developing strategies to reduce ship delays at the start and the end of the navigation seasons.

The GLPA meets with various Canadian and United States Ports and Harbours during the year to discuss pilotage.

Besides the stakeholders noted above, the GLPA, at all levels, meets regularly with the other three Canadian pilotage authorities to examine common topics and to share best practices.

L. STATEMENT OF PILOT NUMBERS

	FORECAST 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
Pilots						
Start of the Year	61	63	69	74	76	80
Retirements / Terminations	(5)	(2)	(4)	(6)	(3)	(4)
Transfers	0	(1)	0	0	0	0
Licensed	7	9	9	8	7	6
End of the year	63	69	74	78	80	82
Apprentice - Pilots						
Start of the Year	8	6	9	8	7	5
Licensed	(7)	(9)	(9)	(8)	(7)	(6)
Termination	0	0	0	0	0	0
Transfers	0	1	0	0	0	0
New Hires	5	11	8	7	5	4
End of the Year	6	9	8	7	5	3
Part Time - Pilots						
Start of the Year	8	6	7	5	5	3
Contracts ended	(2)	(3)	(3)	(1)	(2)	(2)
New contracts	0	4	1	1	0	0
End of the Year	6	7	5	5	3	1