



**Great Lakes Pilotage  
Authority**

**Administration de pilotage  
des Grands Lacs**

# **CORPORATE PLAN SUMMARY 2020 to 2024**

Approved by the Board  
October 30, 2019

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## 1. EXECUTIVE SUMMARY

The Great Lakes Pilotage Authority (the Authority) has experienced increased traffic year over year since 2014. Forecast demand for 2019 is anticipated to exceed 9,400 pilot assignments, a level not seen since 1984. Although the Authority welcomes the increased traffic, it is faced with some challenges due to its limited pool of pilots. The Authority must carefully balance its responsibility for financial self-sufficiency with the provision of safe and reliable pilotage services to ensure efficient and cost-effective services are provided to its customers and delays are kept to a minimum.

The Authority historically benefitted from a stable pilot workforce with minimal turnover. However, it continues to experience an abnormally high level of pilot retirements with over 40% of pilots having retired in the last five years and another 37% estimated to retire over the planning period of 2020-2024 in this corporate plan. Pilot retirements, coupled with an increased demand for pilotage services, have impacted the Authority's reliability resulting in an increased amount of ship delays due to a shortage of pilots.

The Authority is faced with three main challenges:

### 1. Pilot succession

As outlined above, pilot succession is the main challenge and risk in achieving the Authority's objectives. Currently the Authority provides pilotage services using 65 full-time and part-time pilots however, in order to meet the increased demand for pilotage services, ensure delays are kept at a minimum and costs are contained, the Authority is planning to have approximately 75 full-time and part-time pilots on staff by the end of the planning period.

### 2. Safe and Reliable Pilotage Services

While the Authority reports 99.9% incident-free assignments year over year, it continues to be challenged with a high level of ship delays due to a shortage of pilots, a trend that has been experienced since 2014, and that is expected to continue in 2020. When pilot assignments rise more than 22% past budgeted traffic, ship delays due to a shortage of pilots are inevitable. With the increase in pilot head-count over the planning period, this will inevitably reduce delays and ensure more reliable pilotage services are provided.

### 3. Financial Self-Sufficiency and Tariff Strategies

The Authority operates in an environment of cost-containment and is striving to eliminate its accumulated deficit and build a modest reserve over the planning period. The Authority entered 2019 with a \$0.5 million accumulated deficit and while it was expecting to make a modest profit, some unexpected events such as the high-flows in Lake Ontario and the heavy ice conditions at the end and beginning of the navigation season as well as the shortage of pilots mean that a \$1.6 million loss is now expected for 2019. For 2020, the Authority plans on introducing a new concept for its tariff strategies. It is proposing to adopt a user-pay approach by recovering specific costs so as not to burden the whole industry with higher general tariffs.

### ***Pilotage Act – Royal Assent Received on June 21, 2019***

The Authority welcomes the recent changes to the *Pilotage Act*, providing for a modernization of

the Act by introducing several key changes for the Authority, more specifically those dealing with the introduction of a new purpose and principles section, the Authority's ability to set its charges by eliminating the requirement to effect tariffs through regulation and its ability to charge for other related services. The changes to the Act also include strengthening oversight and enforcement provisions by providing the Minister with new responsibilities and powers as well as transferring the regulatory powers and the issuance of licenses and certificates from the Pilotage Authorities to the Minister of Transport. While the scope of the transition continues to be defined, the Authority anticipates that these material changes to the pilotage regime will have implications on its operations over the course of the planning period. This corporate plan has been developed based on the information that is available at this time. The Authority looks forward to working in close collaboration with Transport Canada in the transition of the new amended Act to ensure safe, reliable, efficient and cost-effective pilotage services are provided to its customers.

## **2. OVERVIEW**

### **2.1 CORPORATE MANDATE**

The Authority was established in February 1972 pursuant to the *Pilotage Act* (the Act) with a mandate *to establish, operate, maintain, and administer a safe and efficient pilotage service* within designated Canadian waters. The Act also provides that pilotage tariffs be fair and reasonable, and – together with any revenue from other sources – shall permit the Authority 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 given approximately 280 million metric tons are handled at the ports in this system, which represents in excess of \$45 billion in economic activity in Canada and the United States.

To carry out its responsibilities under the Act, the Authority can establish regulations necessary to its objectives, subject to the approval of the Governor in Council. Examples include:

1. The establishment of compulsory pilotage areas.
2. The prescription of the ships or classes of ships subject to compulsory pilotage.
3. The prescription of the classes of pilot licences and classes of pilotage certificates that may be issued.
4. The prescription of the tariffs of pilotage charges to be paid to the Authority for pilotage services.

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

The Authority’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 ensures 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 Authority'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, representing approximately 85% of assignments, as well as Canadian tankers and non-ocean-going ships, representing 15% of assignments.

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 Authority 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 Authority pilots mainly providing the 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 Authority (also known as certificate holders). As such, the Authority administers a pilotage certification system of approximately 300 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*.

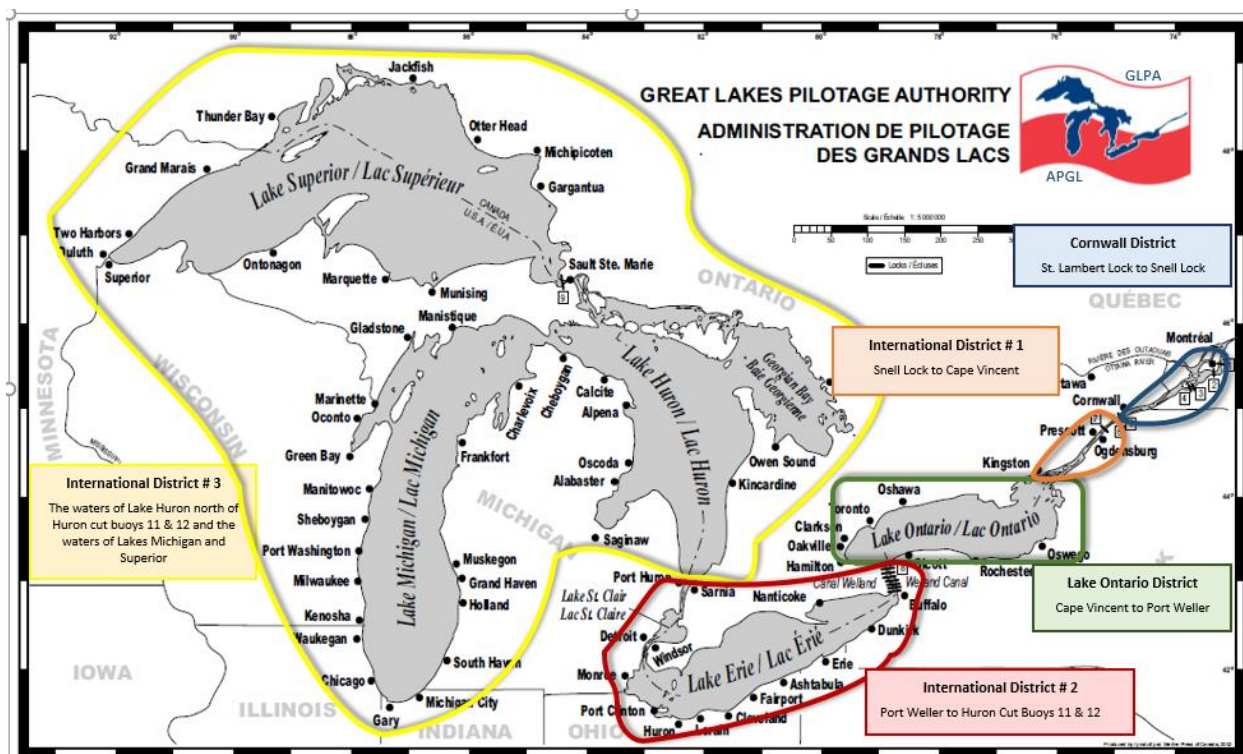
## 2.6 FURTHER INFORMATION

Further corporate information regarding the Authority can be found in its 2018 Annual Report, available at <http://www.glpq-apq.com/reports-and-documents/financial-reports>.

### 3. OPERATING ENVIRONMENT

The Authority 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 Authority having to operate within the confines of the St. Lawrence Seaway, it is crucial for the Authority to collaborate and coordinate with other organizations to ensure reliable 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 who operate the lock facilities and maintain traffic control systems, the Canadian Coast Guard who provide aids to navigation, and the United States Coast Guard who are responsible for United States pilotage matters.

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 Authority'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) Human Resources

The Authority's anticipated workforce for January 1, 2020 is as follows:

Bargaining Unit	Number of employees	Expiry date of collective agreement
<b>(Cornwall District)</b> <i>Corporation des Pilotes du Fleuve et de la Voie Maritime du Saint-Laurent</i>	58 full time pilots 7 apprentice-pilots 7 part time pilots	March 31, 2022
<b>International District 1</b> Corporation of the Upper St. Lawrence Pilots		March 31, 2022
<b>Lake Ontario District</b> The Pilots' Corporation, Lake Ontario and Harbours		March 31, 2017
<b>International Districts 2 and 3</b> Corporation of Professional Great Lakes Pilots		March 31, 2022
<b>Dispatchers and Clerical Staff</b>		
<b>Dispatchers and clerical staff</b> The Public Service Alliance of Canada	8 full-time dispatchers 3 part-time dispatchers 3 full-time clerical	June 30, 2016
<b>Office Staff</b>		
<b>Non-Unionized Employees</b>	3 executives 6 employees	N/A
<b>TOTAL</b>	95 employees	

The Authority is currently in negotiations with *The Pilots' Corporation, Lake Ontario and Harbours* and the *Public Service Alliance of Canada*. There are no significant changes expected for this reporting period as a result of negotiations.

Pilot succession continues to be the Authority's most significant risk. Similar to the other stakeholders in the maritime industry, the Authority faces challenges with workforce shortages due to an aging workforce and a growing industry. Over the past five years, 40% of the Authority's pilots retired and another 37% are expected to retire during the planning period. This high level of pilot retirements and the need to increase pilot numbers to more effectively service traffic demands and reduce delays has resulted in the Authority planning to hire and train approximately 37 apprentice-pilots over the planning period.

In February 2019, the Authority welcomed a new Chief Executive Officer (CEO) following the retirement of the former CEO with over 20 years of experience. This change in leadership has prompted the Authority to conduct an organizational optimization study which may result in a recommendation for additional positions to supplement the office staff.

The Authority has no retention issues since only a handful of employees have voluntarily terminated their employment in the last 25 years.

#### (2) Financial Self-Sufficiency and Pilotage Tariff Setting

As the Authority's financial losses have exceeded its profits since 2003, the Authority has not fully respected part of its mandate to be financially self-sufficient. Self-sufficiency was anticipated to



be achieved in 2019 but various unforeseen events (i.e. additional pilot compensation to deal with extreme ice conditions and high-water levels) are leading management to anticipate a financial loss for 2019. As such, the Authority is revisiting and proposing 2020 tariff strategies to better position the Authority to recover all direct pilotage costs that are not captured in its tariffs and address unforeseen circumstances and swings in traffic surges. The Authority has, and continues to have, open and transparent discussions with the industry on ways to eliminate its accumulated deficit, which dates back to 2003.

The inflexibilities in the previous tariff process did not allow for tariff modifications to be made in a timely manner to recover unexpected costs due to unforeseen events. The changes to the Act in 2019 allowing the Pilotage Authorities to set their rates without the lengthy government process will provide the Authority with more flexibility to address the previous tariff process shortfalls and adjust tariffs in the current year to recover all costs.

For this planning period, the Authority must ensure that tariff adjustments eliminate its accumulated deficit and sustain a reasonable financial reserve by the end of the planning period. These strategies and related overall financial oversight will assure Canadians that it is fiscally responsible. Given the amendments to the Act relating to the changes in the tariff setting process are not yet in force, the Authority will continue to follow the current process through regulations for its 2020 tariffs and is expecting to implement its new process once the necessary authority is in place.

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

### (3) *Pilot Numbers and Capacity*

The Authority 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 while following no apparent schedules, however the Authority must have a complement of pilots to service the uneven traffic flow. Furthermore, the requirement for fiscal self-sufficiency does not allow the Authority to keep a complement of pilots to cover sudden and temporary increases in traffic.

With the increase in traffic levels in the past five years and the forecast traffic over the next five years, the Authority plans to increase pilot numbers for the planning period. The increases also factor in the high level of retiring pilots and provides for a more fluid pilot succession and training for apprentice-pilots. Refer to *Appendix L* for the proposed pilot head count.

### (4) *Pilot Change Point at Iroquois Lock*

Over the past couple of years, the Authority has been working with the pilots of the International District 1 and the industry to introduce a pilot change point at Iroquois Lock to mitigate potential pilot fatigue associated with the increasing time to transit the entire district which exceeds 12 hours. In 2019, the Authority was successful in introducing this change in the collective agreement which will have an impact on the number of pilots for this district and related costs over the planning period.

### (5) *Technology*

In 2017, the Authority invested in new Portable Pilotage Units (PPU) for all its pilots. These PPU

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. With a 4-year useful life of these units, the Authority will need to start sourcing new PPUs in 2020.

In 2017, the Authority upgraded its dispatch and billing system, including migration to a web-based platform. Enhancements allowed the Authority to better meet its needs and customer expectations. Customers can now view their traffic, as well as formalize their requests for pilots.

### 3.2 EXTERNAL BUSINESS ENVIRONMENT

The Authority's main source of traffic originates from the movement of bulk commodities such as wheat, oil and steel with traffic volume and patterns being determined by a complex and volatile combination of business, economic, and environmental factors. The Authority relies on open and transparent demand-level information from its main customers so that it can manage traffic in the upcoming year, minimizing ship delays, and controlling costs.

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

#### (1) *Traffic Volatility*

The Great Lakes region is vast. Container contracts with many Canadian and U.S. ports are not negotiated well in advance, so the Authority relies on industry's traffic forecasts. Given the Authority starts its corporate plan process in June to meet government timelines, traffic forecasting at that time remains a challenge as the industry has very limited traffic forecasts to share for the next fiscal year. Budget traffic dictates pilot staffing and appropriate tariff rates, both highly critical elements to allow the Authority 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 since 2008.

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actual pilot assignments	8,798	7,636	7,020	7,166	7,462	6,403	6,358	6,389	6,059	4,468	5,989
Planned pilot assignments	7,700	7,067	6,700	6,531	6,100	6,100	6,100	5,325	4,217	5,800	6,400
Deviation from Plan	14.3%	8.1%	4.8%	9.7%	22.3%	5.0%	4.2%	20.0%	43.7%	-23.0%	-6.4%

#### (2) *Relationships with Industry Stakeholders*

The Authority is viewed as a collaborative partner by its industry stakeholders as evidenced by its leadership in providing expert council to the St. Lawrence Seaway for the efficient use of resources to ensure all ships exit the Seaway system at the end of the navigation season in an orderly, timely and cost-effective manner. The Authority addresses customer concerns in an honest and transparent manner while respecting the customer's best interest. Customer dissatisfaction relates to the high level of ship delays due to a shortage of pilots as well as the cost of pilotage.

#### (3) *Pilotage Act Amendments*

The Authority has shared with Transport Canada its key priorities and implementation actions required for the successful transition to the amended Act. The Authority is pleased with the following changes:

- the introduction of a purpose and principles section to the Act with specific mention that the Authority's pilotage charges are to be set at levels that allow the Authority to be financially self-sufficient;
- the Authority's ability to set pilotage related charges directly without going through a

- regulatory process; and
- the ability to charge for other related services.

During the next few years, the Authority will continue to work in close collaboration with Transport Canada in the transition of corresponding responsibilities and the development of its regulations.

#### *(4) Climate Challenges*

Recent unpredictable environmental conditions have significantly impacted the Authority's provision of pilotage services in an efficient manner. The extreme ice conditions experienced at the opening of the 2019 navigation season up to the end of April caused pilotage challenges in International Districts 1, 2 and 3. Namely, the decommissioning of the pilot boats used to transport pilots to their assignments was not capable of operating in heavy ice therefore pilots were required to embark/disembark further down the river. In addition, the resulting melting ice and large amounts of precipitation led to high-water levels on Lake Ontario. To negate these water levels, the International Lake Ontario St. Lawrence River Board (ILOSRLB) imposed an increased water outflow strategy in the St. Lawrence River from May to August in an effort to bring the water-level back to normal. This strategy forced a slowdown of all vessels which in turn led to longer trip times and reduced pilot resource availability. The ILOSRLB will be assessing the water levels in fall 2019 to examine the feasibility of recurring circumstances for the 2020 navigation season.

#### *(5) Limitation of Ships Sizes and Length of Navigation Season*

Due to the size of the locks in the St. Lawrence Seaway system, larger ships stop in Montreal to load or unload and use alternative transportation means to bring their shipments in and out of the Great Lakes region. In addition, the Seaway system is only operational for approximately 9 months per year. Although the Seaway is targeting to extend the navigation season to match the season at the Soo Locks (March 15 to January 15), it needs to develop business plans to effectively mitigate unpredictable extreme cold condition implications at the locks to address safety concerns and service reliability issues for its customers.

#### *(6) Port of Churchill*

In July 2016, Omnitrax, the U.S. company that owned the Port of Churchill, announced that it would not ship grain to the port. This resulted in a low demand for pilotage services in 2017 and 2018. The rail service to Churchill reopened in November 2018 and the port has a new owner, the Arctic Gateway Group. Demand for 2019 will be slightly above the last two years but will not be at historical levels. The Authority has been in discussions with the port to assess how best to service this port during the planning period.

#### *(7) Pilotage Opportunities*

The Authority has seen year over year traffic increase from tankers and the cruise industry. Industry stakeholders have communicated that this trend will continue for the next few years. The Great Lakes and the St. Lawrence River has become a corridor for transporting crude oil to external markets. Cruising in the Great Lakes is being promoted as an up and coming cruise destination, as evidenced by the construction of two new lock-sized ships.

Historically, one of the main reasons for building the Seaway system was to export Canadian grain to Africa, Europe, and the Middle East from the Port of Thunder Bay. Over the years, there has been more grain being shipped through the west for the Asian market. There is a potential that this trend will continue at a higher rate.

### **3.3 COMPLIANCE WITH FEDERAL DIRECTIVES**

The Authority operates in compliance with all federal directives and is aligned with the government's priorities. Please refer to *Appendix I*.

### **3.4 SPECIAL EXAMINATIONS AND GOVERNMENT / INDUSTRY REVIEWS AND OTHER AUDITS**

The Office of the Auditor General of Canada (OAG) completed a special examination of the Authority in November 2017 and presented a report to the Board of Directors on January 25, 2018 as required by the FAA. Apart from significant deficiencies related to the Authority's Board oversight and appointments, as well as its process for monitoring the transits of Canadian ships, the OAG concluded that, except for deficiencies already noted, the Authority "maintained its systems and practices during the period covered by the audit in a manner that provided the reasonable assurance required under section 138 of the *Financial Administration Act*."

The report contained 10 recommendations. The Board and management have addressed all but one recommendation. With the recent amendments to the Act, the OAG's recommendation to conduct periodic reviews of compulsory pilotage areas is impacted given this responsibility will be transferred to the Minister of Transport once the Order in Council for this provision is in force.

The OAG also conducts an annual audit of the Authority's financial statements. It verifies that they fairly reflect the operating results and position, and that transactions have been carried out according to International Financial Reporting Standards (IFRS), and Part X of the FAA. The Authority received an unqualified opinion.

In compliance with the FAA, the Authority conducts periodic internal audits to strengthen accountability, risk management, resource stewardship, and good governance. The results of an internal audit focused on system security was presented to the Board in May 2019. The report highlighted recommendations to strengthen the controls already in place to deal with new and emerging threats. Management's action plans are being developed and will begin to be implemented in 2020.

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

### 4.1 CORPORATE STRATEGIC OBJECTIVES

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

- To provide safe, reliable, and comprehensive marine pilotage and related services 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) *Providing Safe Marine Pilotage and Related Services*

The Authority's primary objective for 2020-2024 continues to be the provision of safe marine pilotage and related services in the St. Lawrence River and the Great Lakes to assure Canadians of its commitment to safe marine operations in the Great Lakes region respectful of the public and the environment.

##### (1.1) *Marine Incidents*

To reduce the risk of potential marine incidents and maintain a 99.9% incident-free rate, the Authority will initiate the following new strategies:

- recruit and train an appropriate number of apprentice-pilots during the planning period;
- source new state-of-the-art PPUs in 2021 given the current units have reached the end of their useful life and the Authority believes such aids in the restricted waters of the Great Lakes have many benefits and have increased navigation safety; and
- develop a pilot fatigue training and awareness program in 2020.

The Authority had 11 minor marine incidents, and no major incidents in 2018. As of June 30, 2019, the Authority has reported two minor marine incidents compared to four at the same period in 2018. None of these 2018 or 2019 incidents resulted in loss of life, serious injuries, or any environmental spills. Despite the number of incidents, the effectiveness of the pilot training program and the use of PPUs have allowed pilots to effectively course-correct, minimizing incident severity. Even with the planned increase in pilot numbers, the Authority is expecting that total incidents will remain within historical results at a 99.9% incident-free assignment rate due to the investments in its apprentice-pilot training program.

##### (1.2) *Canadian Ships Transit Monitoring*

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

- ensure a sufficient number of Canadian ship transits are audited to statistically demonstrate that these Canadian ships are transiting with a valid certificate holder who has the conduct of the ship.

The Authority audited 1,780 of the approximately 10,000 transits in 2018 and plans to audit 1,500 transits in 2019. All results obtained support that, in all cases, Canadian ships, subject to compulsory pilotage, are under the conduct of a valid certificate holder.

(2) *Providing Reliable Pilotage Services*

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

To improve its delivery of reliable pilotage services, the Authority will:

- recruit and train an appropriate number of pilots, as part of its pilot succession plan to meet the increasing demand for services;
- consult with the industry on expected traffic levels, aiming to set pilot numbers that provide reliable service;
- work jointly with industry partners and customers to better manage traffic to avoid surges in demands in excess of pilot availability;
- actively collaborate with industry partners and customers to develop the least costly strategies when delays are beyond its control; and
- work with its pilot groups to jointly find acceptable ways to increase pilot availability.

Although the Authority acknowledges that it must increase its pilot numbers to more effectively service the industry and reduce vessel delays due to a shortage of pilots, there are a number of unpredictable external factors for which the Authority cannot control but compound the ship delays caused by a shortage of pilots. As an example, to effectively manage the 2019 high-water levels in Lake Ontario and return the water levels back to an appropriate level, outflows were increased to 10,400 cu.m/sec., the maximum outflow before jeopardizing navigation safety, for four months out of the nine months of navigation. This has translated into longer transits to counter the stronger currents and has added stress on the pilot workload, thus reducing pilot availability and causing delays.

(3) *Providing Pilotage Services in a Financially Self-sufficient Manner*

The Authority's primary financial goal for 2020-2024 is to eliminate its accumulated deficit and 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 Authority to be financially self-sufficient, the Authority will:

- develop a 2020 tariff strategy that will generate sufficient revenues to record a \$2.3 million surplus in order to recover the 2019 loss and eliminate the anticipated accumulated deficit. The strategy includes a combination of reasonable general tariff increases, customer and event specific adjustments, and the introduction of cost recovery charges so as not to burden the whole industry with higher general tariffs;
- develop a financial reserve plan which includes developing 2021-2024 tariff strategies to generate a \$3.0 million surplus by the end of 2024; and
- control costs during the planning period.

For 2019, the Authority is forecasting a \$1.6 million loss (resulting in a \$2.1 million accumulated deficit) attributable to two main factors: 1) the anticipated 22.1% increase in pilot assignments, which represents an average of 160 assignments per pilot in comparison to the more appropriate

110/120 average assignments per pilot, that is being serviced mainly on pilot overtime given the inability to source additional pilot resources to deal with traffic surges and peaks; and 2) the Authority incurred additional pilot compensation costs associated with pilots having to navigate in extreme ice conditions as well as high-water levels. With the removal of the charges for slow-moving vessels in 2019, industry benefited from reduced pilotage fees in 2019 as a result of the high-flows on Lake Ontario, which meant that the Authority had to absorb the additional costs. The Authority will need to recover its expected 2019 losses in 2020 per the new section 2 (d) of the Act – that an Authority’s pilotage charges be set at levels that allow the Authority to be financially self-sufficient.

(4) *Providing Comprehensive Marine-related Pilotage Services*

Since 2017, the Authority has been working with its main industry stakeholders and Transport Canada to update the *Great Lakes Pilotage Regulations* to address current business needs and to better reflect today’s reality.

The Authority’s modernizing of its pilotage regulations ensures all Canadians that it will provide a safe and efficient marine transportation system in the Great Lakes region.

(5) *Human Resources Management / Labour Relations*

As noted above, the Authority is conducting an organizational analysis of its structure to review its organizational structure, business processes, systems and resources to improve its efficiency, effectiveness and accountability to support its mandate and vision as well as to position it for future success. Recommendations are to be presented to the Board at the end of 2019 with implementation planned in 2020. At the same time, the Authority will be reviewing its management succession plans to ensure business continuity.

### **4.3 RISKS**

Navigation safety risks are at the forefront of the Authority’s decision-making processes. The Authority continues to invest in its pilot and apprentice-pilot training requirements and technology to minimize the potential risk of marine incidents. Should the Authority not be able to properly foresee training adjustments to address to new pilotage realities in the Great Lakes, i.e. high-water levels and ice management due to climate change, or to consider new technologies for navigational tools, the potential risk of a significant marine incident is heightened.

Additional challenges to ensure safe and reliable pilotage as well as financial self-sufficiency objectives are succession planning, lack of candidates for pilot recruitment, apprentice-pilots not completing training to become licensed pilots and ensuring the organization is positioned to deliver on its mandate given the marked increase in administrative and operational needs over the past five years (i.e. increased maritime traffic, workforce shortages, etc.). Should the Authority not be able to recruit and train a sufficient number of pilots and the demand is similar to 2018, the resulting reliability in pilotage services could be jeopardized.

As noted earlier in the Strategic Issues section, the risk against achieving financial self-sufficiency also lies with traffic unpredictability along with industry acceptance of the Authority’s tariff strategies. Should the industry not be willing to accept the Authority’s proposed tariffs, an appeal to the Canada Transportation Agency could delay the implementation of the new rates until a decision is reached and could result in the need for larger tariff increases in 2021. A lengthy delay in the adoption of the new charges could delay and possibly reduce the anticipated budgeted revenues. Such a scenario could also delay the Authority’s ability to eliminate its accumulated

deficit in 2020. Should the industry be successful in its objection, the Authority would not be compliant with the Act's purpose and principles requirement of being in a position to be financially self-sufficient as its revenues would not be set to recover its current operating costs and future business needs.

*Appendix H* contains more information on the Authority's risks and risk responses.



## 5. FINANCIAL OVERVIEW

As the Authority is forecasting a \$1.6 million loss for 2019, its accumulated deficit will increase to \$2.1 million. The Authority's financial objective is to generate sufficient annual surpluses during the planning period to eliminate the accumulated deficit and create a reserve of approximately \$3.0 million at the end of fiscal 2024. To achieve this goal, the Authority has developed annual tariff strategies to cover its operational expenditures while containing pilotage costs. The Authority is dedicated to building a reserve to ensure it can sustain its operations during unpredictable situations and significant drops in traffic.

Revenue from operations is roughly 99.5% of tariffs charged to customers and 0.5% from interest and other miscellaneous revenue.

Once the Authority eliminates its accumulated deficit, the financial goals for the remaining years are to generate annual surpluses ranging between \$0.7 to \$1.0 million until the \$3.0 million financial reserve is achieved. Once this reaches about 5% of gross revenue, the Authority will strive for annual balanced budgets. The Authority realizes that while it tries to collect more funds, the industry is seeking only modest tariff increases.

### 5.1 MAJOR ASSUMPTIONS

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

#### (1) Pilotage Assignments

Based on discussions with industry stakeholders, the Authority forecasts 9,405 pilot assignments for the 2019 navigation season, a 6.9% traffic increase over 2018, with 165 pilotage assignments during winter navigation. The Authority further assumes 9,400 pilotage assignments for 2020 followed by 9,000 annual assignments for the remainder of the planning period. Given previously noted traffic forecasting challenges, anything beyond one year is difficult to predict.

#### (2) Pilotage Tariffs

The Authority's main source of revenue is derived by pilotage fees. For the planning period, the Authority is assuming a combination of general tariff increases and a revenue strategy geared to recover costs for services rendered so as not to burden all its customers with excessive general tariff increases.

As the Act now provides for payments to the Minister of Transport "*for the purpose of defraying the costs of the administration of this Act*", the Authority must recover these administration costs through a *Pilotage Act Administration Surcharge* from its customers as there are no material cost savings anticipated from the transfer of responsibilities

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

### (3) Head-Count and Wage Increases

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

The current headcount for dispatchers and office clerks will not change for the planning period. As for the non-unionized positions, the Authority is currently conducting an organizational optimization exercise and anticipates the consultant's assessment may recommend that additional positions are needed to effectively meet the Government's and customers' increasing business requirements.

Three of the four pilot collective agreements have been renewed until March 31, 2022. All other collective agreements have expired and are currently being negotiated. Wage assumptions are consistent with negotiated agreements or negotiation strategies for those agreements not yet ratified

## 5.2 SENSITIVITY OF PROJECTIONS TO CHANGES

The Authority's major expenditures are in the form of wages, fringe benefits, and 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 9,400 assignments means the pilotage revenue, operating expenses, and the surplus or deficit of the Authority could vary as follows:

Variation in Pilotage Assignments	Variation in Pilotage Revenue	Variation in Operating Expenses	Resulting Change to Surplus or Deficit
+600 assignments	\$2.5 million	\$2.0 million	\$0.5 million
-600 assignments	(\$2.7) million	(\$1.8) million	(\$0.9) 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 Authority has no concerns about servicing these debts. However, it does anticipate a need for long-term financing for the replacement of its PPU's in 2021.

**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 Authority operates in accordance with its mandate under the *Pilotage Act*, as well as with guidance expressed in the Honourable Marc Garneau's, Minister of Transport, letter to the Authority's Chair, dated December 14, 2017 (copy of the letter is included below and is a translation only as the original letter was provided in French).

Ms. Danièle Dion  
Chairperson  
Great Lakes Pilotage Authority  
2344 rue des Migrations  
Montréal QC H4R 0G7

Dear Ms. Dion:

I am pleased to provide you with a copy of the official documentation of your appointment by the Governor General in Council, by P.C. 2017-1598, dated December 14, 2017, as Chairperson of the Great Lakes Pilotage Authority (GLPA) for a term of five years. I would also like to take this opportunity to thank you for agreeing to serve in this capacity as well as convey my expectations for the corporation.

As you know, the GLPA is a Crown corporation, with a mandate set out in the *Pilotage Act* (the Act) to establish, operate, maintain and administer in the interests of safety, an efficient pilotage service. Moreover, the GLPA is empowered to set tariffs that are fair and reasonable and permit the Authority to operate on a self-sustaining financial basis. My role as the Minister of Transport is to exercise oversight in accordance with the accountability regime set out in the *Financial Administration Act*, (FAA) Part X. In this context, one of my key responsibilities is to answer for the GLPA in Cabinet and in Parliament.

As Chairperson, you are the representative of the GLPA to outside parties as well as the leader and facilitator of the board as it carries out its duties. You are also the primary link between the board and myself, the representative of the Government. The responsibilities of the board of directors include the oversight of the business and activities of the corporation. As such, the board is expected to: ensure that the strategic direction of the corporation is in line with the Government's broad policy objectives and priorities; ensure that appropriate risks have been recognized and appropriate systems are in place to manage these risks; ensure the corporation's information systems and management practices meet its needs; assume accountability for the integrity of the information produced by the corporation.

The Chief Executive Officer (CEO) is a member of the board and the key link between the board and the management of the corporation. The CEO is accountable to the board for the management and performance of the corporation. Just as I am expected to hold the board accountable, I expect the board to hold the CEO accountable. My normal interactions with the board shall be through you, the Chairperson. I trust that all board members will provide you with the support needed to ensure sound management and maintain success of this corporation.

As a Crown corporation within the Transport Canada portfolio, the GLPA provides specific services on a commercial basis, with considerable operational autonomy. I would however remind you that being part of the federal public sector, the GLPA plays an important public policy role and is subject to obligations that are unique to the public sector.

Since the corporate plan is at the centerpiece of the accountability regime put in place for Crown corporations, its timely approval is critical to ensure sound management. One of the key success factors to the timely approval of corporate plans is early and meaningful consultations with all relevant officials. This is even more important if there are activities being proposed in the corporate plan that may pose questions on mandate or of strategic nature. In these instances, you are to seek my views before undertaking any such activities, including planning or consultations. I understand that the GLPA is currently working on its 2017 Special Examination process in conformity with article 139 of the FAA. Not only is a special examination an opportunity for the GLPA to demonstrate that it has put in place systems and practices that offer a reasonable assurance that its assets are protected and that its resources are managed in an economical and efficient way, it is also an opportunity to ensure continual improvement. In this context, I would like to emphasize that we could meet to discuss the results of the special examination if the Office of the Auditor General formulates an important number of recommendations or has identified deficiencies.

I would also like to take this opportunity to thank the GLPA for contributing to the *Pilotage Act* Review. I understand that your CEO and board members had an opportunity to engage with Mr. Marc Grégoire and put forward issues of interest to the GLPA. I appreciate your commitment to this process and look forward to receiving Mr. Grégoire's final recommendations.

As you may know, the Government of Canada is committed to diversity and inclusion as a tremendous source of strength for our country. I encourage the GLPA to continue its best practices in this regard by hiring, when possible, more women, Indigenous peoples, members of visible minorities and persons with disabilities.

Given that I am accountable to Parliament for the overall effectiveness of the corporation, and in the general interest of openness and transparency, please ensure that the GLPA continues to give my office and Transport Canada notice of issues that might be of interest to the public so that I am adequately prepared to answer any question concerning the GLPA in Parliament. For any communication with my office, Mr. Shane McCloskey will be your contact person and he can be reached at (613) 991-0700.

.../3

Finally, I would like to underscore how pleased I am that you have agreed to serve as Chairperson of the GLPA. I would also like to extend my appreciation to the GLPA staff that

continue to work closely with Transport Canada representatives. I look forward to continuing and building upon this successful working relationship in the future.

Yours sincerely,

The Honourable Marc Garneau, P.C., M.P.  
Minister of Transport

Enclosure

- Order in Council nominating Danièle Dion as Chair of the Great Lakes Pilotage Authority.

c.c. Mr. Robert Lemire, Chief Executive Officer  
Great Lakes Pilotage Authority

Mr. Stéphane Bissonnette, Chief Financial Officer  
Great Lakes Pilotage Authority

Mr. Michael Keenan, Deputy Minister of Transport  
Transport Canada

## 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 Act. The other Directors are appointed by the Minister of Transport with the approval of the Governor in Council.

<i>Board Member</i>	<i>Term Expiration Date</i>	<i>Length of Service</i>	<i>Location</i>	<i>Committee Member</i>
<i>Vacant - Chairperson</i>				
<i>Jim Pound, Acting Chair</i>	<i>2022-06</i>	<i>4 years</i>	<i>St. Catharines, Ontario</i>	<i>GC, RC, Ex officio - AC</i>
<i>Josée-Christine Boilard</i>	<i>2021-06</i>	<i>1 year</i>	<i>Montreal, Quebec</i>	<i>GC</i>
<i>Vered Kaminker</i>	<i>2021-06</i>	<i>1 year</i>	<i>Toronto, Ontario</i>	<i>AC, RC</i>
<i>Teena Fazio</i>	<i>2022-06</i>	<i>1 year</i>	<i>Westmount, Quebec</i>	<i>GC</i>
<i>Julie Mills</i>	<i>2022-06</i>	<i>1 year</i>	<i>Ottawa, Ontario</i>	<i>AC, RC</i>
<i>Ginette Brindle</i>	<i>2023-01</i>	<i>less than 1 year</i>	<i>Essex, Ontario</i>	<i>AC</i>

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

As with other Crown corporations, the Authority 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 FAA, the Authority'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 also ensures that risks are identified and managed. The Board sees that the Authority maintains the highest standards in operating a safe, efficient, and cost-effective pilotage service.

The 2020 total compensation, including benefits, for the Board of Directors is budgeted at \$0.1 million.

#### *Committees*

The Board is supported in its role and responsibilities by the legally requisite Audit Committee, as well as a Governance and Human Resources Committee and a Risk Management Committee. The Board has established a charter for each standing Committee. The Board may establish other committees, as required, to help meet its responsibilities.

#### *Role of the Audit Committee*

The Audit Committee is a standing committee. Its duties, outlined in section 148 (3) of the FAA, are to advise the Board on matters relating to financial statements, internal audits, the annual auditors' report, any special examination reports and resulting plans, and other functions as assigned by the Board or the Authority'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 committee has the power to investigate any activity of the Authority. The committee ensures the financial oversight and the 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 Authority's succession plan, the 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 Authority's By-Laws and Directives. The committee is chaired by the Authority's Vice-Chair and is composed of two other Board members. This committee meets a minimum of four times a year.

### *Role of the Risk Committee*

The Risk Committee is a standing committee. 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 Authority'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.

### *Reporting*

The Officers of the Authority 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.

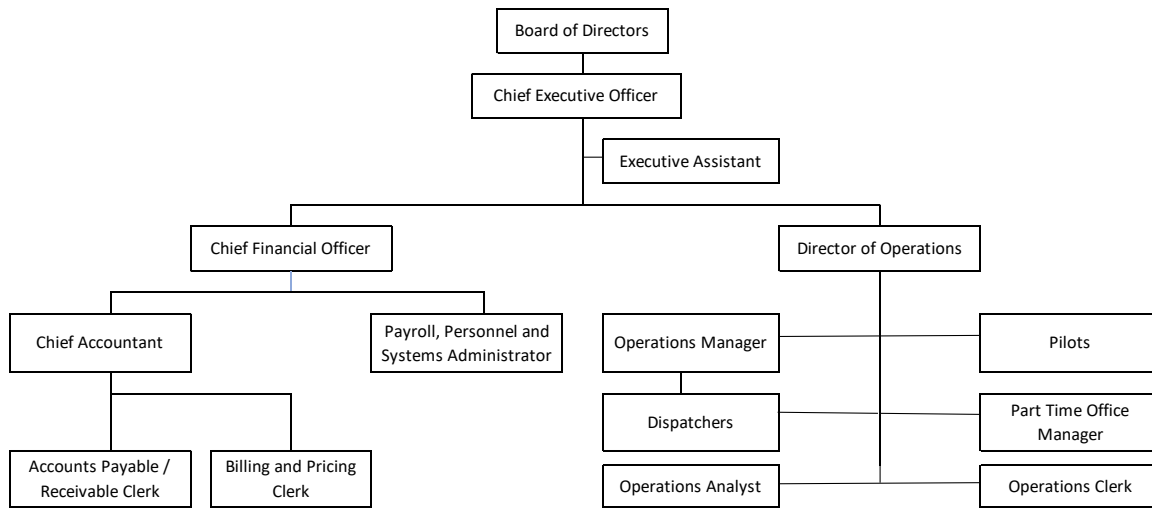
The Authority reports to the Minister of Transport through its Annual Report, which includes the Office of the Auditor General's report as required under section 150(1) of the *FAA*.

## **B.2 ORGANIZATIONAL STRUCTURE OF THE AUTHORITY**

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

Here is the Authority's organization chart (not reflective of any potential recommendations for additional positions):





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

Name	Title
Michèle Bergevin	Chief Executive Officer
Stéphane J.F. Bissonnette	Chief Financial Officer
Diane Couture	Director of Operations

The 2020 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 for 2020*

STRATEGIC PERFORMANCE INDICATORS		2018 ACTUALS		2019 FORECAST		2020 TARGET
<b>1 - CONTINUED FOCUS ON PROVIDING SAFE PILOTAGE SERVICES</b>						
1-1	Number of major marine incidents	0	■	0	■	0
1-2a	Number of minor marine incidents	11	■	8	■	8
1-2b	As a % of incident-free assignments	99.9%	■	99.9%	■	99.9%
<b>2 - CONTINUED FOCUS ON PROVIDING RELIABLE PILOTAGE SERVICES</b>						
2-1	Number of vessel delays due to shortage of pilots (hours)	6,850	■	9,000	■	6,800
<b>3 - CONTINUED FOCUS ON IMPROVING THE AUTHORITY'S FINANCIAL SELF-SUFFICIENCY</b>						
3-1	Net income (in millions)	\$0.3	■	(\$1.6)	■	\$2.3
OPERATIONAL PERFORMANCE INDICATORS		2018 ACTUALS		2019 FORECAST		TARGET
<b>1 - CONTINUED FOCUS ON PROVIDING SAFE PILOTAGE SERVICES</b>						
1-3	Number of audited Canadian vessel transits	1,780	■	1,500	■	1,500
1-4	Certificate holder monitoring - up-to-date	YES	■	YES	■	YES
<b>2 - CONTINUED FOCUS ON PROVIDING RELIABLE PILOTAGE SERVICES</b>						
2-2a	Number of new apprentice-pilots recruited	11	■	6	■	10
2-2b	Number of new pilots trained and retained	7	■	7	■	6
<b>3 - CONTINUED FOCUS ON IMPROVING THE AUTHORITY'S FINANCIAL SELF-SUFFICIENCY</b>						
3-2	Cost per assignment	\$3,972	■	\$4,273	■	\$4,592
<span style="color: green;">■</span> Performance on or above target <span style="color: yellow;">■</span> Performance slightly below target <span style="color: red;">■</span> Performance significantly below target						

### *Providing safe and comprehensive pilotage and related services*

#### *Incident Reporting*

The Authority 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 a loss of life, serious injuries, environmental spills, or causes damages to a vessel or property that ceases operations for more than one month.

#### *Strategies to Achieve the Objective*

In addition to previously noted strategies, the Authority'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 evaluation assures the industry, and the Authority, that only qualified personnel are performing pilotage duties. It also allows the Authority to identify areas of development and potential improvements in the delivery of services.

In addition, before the start of the 2020 navigation season, all pilots will attend a pilot fatigue management awareness training.

## C.1 PERFORMANCE ASSESSMENTS

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

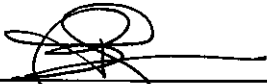
<b>Short-Term Performance Assessments</b>			
<b>Outputs/ Outcomes</b>	<b>Performance Indicators</b>	<b>Targets</b>	<b>Data source and methodology</b>
To become financially self-sufficient	Generate a surplus for fiscal 2020.	To eliminate the 2019 accumulated deficit in 2020 by generating a \$2.3 million surplus.	Monthly internal financial statements / Annual audited financial statements.
Hire and train an appropriate number of apprentice pilots to meet current traffic demands to reduce the hours of vessels delays due to a shortage of pilots.	Number of apprentice pilots recruited, trained and retained.	10 apprentice pilots to recruit for 2020 and 6 new pilots trained and retained for 2020.	Data is available on a daily basis.
Maintain Quality Assurance Evaluations for all pilots to assure quality and efficient pilotage services.	Pilots are evaluated within 5-year cycle.	100% compliance of quality assurance evaluations.	Annual evaluations completed by the Director of Operations and peers.
Maintain good labour relations.	Collective agreement negotiations.	To successfully ratify remaining collective agreements without the need of an arbitrator.	Proactive engagement with the unions.
Maintain a safe and dependable infrastructure.	Security programs and emergency preparedness.	To successfully recover information systems within a business day to avoid business interruptions.	Various IT systems and third party system contractors.
Viewed as a valued maritime partner by our customers.	2020 Customer satisfaction survey results.	85% favourable customer experience result	Customer satisfaction survey conducted by a third party.
Modernize the <i>Great Lakes Pilotage Regulations</i> to re-assure Canadians that the marine transportation system in the Great Lakes is safe and efficient.	Stakeholder support on proposed amendments.  The revised regulations are tabled by the Government in a timely manner.	Acceptance of proposed amendments prior to the publication of the <i>Canadian Gazette Part I</i> . Tabled by the first half of 2020.	Industry consultations.

<b>Medium-Term Performance Assessments</b>			
<b>Outputs/ Outcomes</b>	<b>Performance Indicators</b>	<b>Targets</b>	<b>Data source and methodology</b>
Generate annual financial surpluses.	Financial results	Starting in 2021, generate approximately \$0.6 to \$1.0 million annually to build a financial reserve.	Monthly internal financial statements / Annual audited financial statements.
Develop tariff amendment strategies (general and surcharge) that are sufficient to allow for safe and efficient pilotage services while keeping tariffs fair and reasonable.	Avoidance of tariff objection by the industry.	Acceptance of tariff strategies prior to the publication.	Industry consultations.
Viewed as an employer of choice.	2021 Employee engagement survey results.	85% employee response rate. 85% favourable employee experience.	Employee satisfaction survey conducted by a third party.

<b>Long-Term Performance Assessments</b>			
<b>Outputs/ Outcomes</b>	<b>Performance Indicators</b>	<b>Target</b>	<b>Data source and methodology</b>
Canadians have assurance of safe pilotage services, specifically that pilotage services are performed without environmental spills.	Number of incidents	0 incidents and 100% incident-free assignment rate	Data is available every month
Canadians have assurance all Canadian ships transiting in compulsory pilotage areas in the Great Lakes region are under the conduct of a valid and qualified certificate holder when the services of a pilot were not requested.	Rate of Canadian ships transiting in compulsory pilotage areas that are under the conduct of a valid and qualified certificate holder when services of a pilot were not requested.	Randomly audit Canadian vessel transits as to assure 100% of the transits are under the conduct of a valid and qualified certificate holder.	Canadian shipowners' vessel log. Government of Canada's VTMS- INNAV web site
Canadians are re-assured that pilotage certificate holders in the Great Lakes region have a valid certificate which indicates their qualifications and other requirements have been maintained to reduce the risk of environmental spills.	Number of certificate holder files reviewed annually.	100% of files reviewed in the year documentation is set to expire.	Certificate holders
Reduction in the number of ship delay hours due to a shortage of pilots to support Canada's economic growth and strengthening the middle class by ensuring Canadian manufacturing get their goods to market on a timely basis.	Number of ship delay hours due to a shortage of pilots.	To progressively improve until the delays are reduced to 1,500 hours by the end of the planning period.	Data is available every month.
Canadians are assured the Authority has strategies to become financially self-sufficient during challenging economic times.	Financial results.	Achieve a \$3.0 million financial reserve at the end of the planning period as to weather any drastic downturn in traffic.	Monthly internal financial statements / Annual audited financial statements.

**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 30, 2019

Date

**D. CHIEF FINANCIAL OFFICER ATTESTATION**

October 30, 2019

In my capacity as Chief Financial Officer of the *Great Lakes Pilotage Authority*, I have reviewed the 2020-2024 *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 30, 2019  
Date

## E. FINANCIAL STATEMENTS AND BUDGETS

This corporate plan is presented under International Financial Reporting Standards (IFRS). In fiscal 2019, the Authority adopted IFRS 16, entitled leases. It required the accounting for all material leases as a liability equal to the discount present value of future lease payments, regardless of whether these leases were previously determined to be capital or operating leases.

This standard became effective in fiscal years that started on or after January 1, 2019, and as such, the Authority recorded \$0.4 million of previously existing leases as a liability and as a capital asset – consistent with IFRS – which is being amortized to January 2024.

### STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

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

#### GREAT LAKES PILOTAGE AUTHORITY

#### CORPORATE PLAN

(000'S)

	ACTUAL 2018	FORECAST 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
<b>REVENUES</b>							
PILOTAGE CHARGES	\$ 35,115	\$ 38,860	\$ 45,131	\$ 43,798	\$ 44,602	\$ 44,895	\$ 45,769
DISPATCHING AND PILOT BOAT INCOME	178	179	185	192	194	198	202
INTEREST AND OTHER INCOME	86	276	191	122	122	122	118
TOTAL	\$ 35,379	\$ 39,315	\$ 45,507	\$ 44,112	\$ 44,918	\$ 45,215	\$ 46,089
<b>EXPENSES</b>							
PILOT SALARIES AND BENEFITS	\$ 25,946	\$ 30,611	\$ 31,355	\$ 30,956	\$ 31,654	\$ 32,251	\$ 32,940
TRANSPORTATION AND TRAVEL	3,391	3,907	4,025	4,003	4,180	4,248	4,340
OPERATION SALARIES AND BENEFITS	1,313	1,613	1,809	1,846	1,930	1,984	2,042
PILOT BOAT	1,541	1,694	2,244	2,255	2,272	2,102	2,146
ADMINISTRATION SALARIES AND BENEFITS	1,063	1,003	1,108	1,152	1,230	1,269	1,312
PURCHASED DISPATCHING SERVICES	126	179	131	131	137	144	150
PROFESSIONAL FEES	287	447	434	364	324	356	419
AMORTIZATION AND DEPRECIATION	254	293	325	513	439	439	407
AMORTIZATION ON CAPITAL LEASE	-	52	70	70	70	70	86
UTILITIES, RENTALS, REPAIRS AND SUPPLIES	277	262	381	403	356	418	443
PILOT TRANSFER SERVICES	313	319	366	356	362	368	371
PILOT TRAINING AND RECRUITING COSTS	317	214	401	438	506	445	449
PILOT LAP TOP AND NAVIGATION SOFTWARE	94	148	151	160	160	158	156
COMMUNICATIONS	105	117	116	119	123	137	138
INTEREST AND BANK CHARGES	25	14	12	13	13	13	13
INTEREST ON CAPITAL LEASE	-	17	6	4	3	1	29
INTEREST ON LINE OF CREDIT	-	-	25	5	5	5	5
INTEREST ON BORROWING	-	-	-	24	19	12	7
TRANSPORT CANADA ADMINISTRATION FEE	-	-	202	291	299	244	226
TOTAL	\$ 35,052	\$ 40,890	\$ 43,161	\$ 43,103	\$ 44,082	\$ 44,664	\$ 45,679
<b>PROFIT (LOSS) FOR THE YEAR</b>	\$ 327	\$ (1,575)	\$ 2,346	\$ 1,009	\$ 836	\$ 551	\$ 410
<b>OTHER COMPREHENSIVE INCOME:</b>							
ACTUARIAL GAIN (LOSS) ON EMPLOYEE BENEFITS	(17)	-	-	-	-	-	-
<b>COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	\$ 310	(1,575)	\$ 2,346	\$ 1,009	\$ 836	\$ 551	\$ 410

## STATEMENT OF FINANCIAL POSITION

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

	ACTUAL 2018	FORECAST 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
<b>ASSETS</b>							
<b>CURRENT</b>							
CASH AND CASH EQUIVALENTS	\$ 6,638	\$ 5,679	\$ 7,661	\$ 6,798	\$ 7,104	\$ 7,443	\$ 6,424
INVESTMENTS	3,833	2,500	4,000	5,000	5,000	5,000	5,000
ACCOUNTS RECEIVABLE	4,147	5,000	4,200	3,700	3,900	4,100	3,800
PREPAIDS	28	20	50	20	20	20	20
	14,646	13,199	15,911	15,518	16,024	16,563	15,244
<b>NON-CURRENT</b>							
PROPERTY AND EQUIPMENT	560	603	563	1,425	978	718	434
INTANGIBLE ASSETS	306	238	191	273	317	274	229
RIGHT-OF-USE ASSETS	-	296	226	156	86	16	701
	866	1,137	980	1,854	1,381	1,008	1,364
TOTAL ASSETS	\$ 15,512	\$ 14,336	\$ 16,891	\$ 17,372	\$ 17,405	\$ 17,571	\$ 16,608
<b>LIABILITIES</b>							
<b>CURRENT</b>							
ACCRUED SALARIES AND BENEFITS	\$ 12,694	\$ 13,118	\$ 13,470	\$ 12,305	\$ 12,208	\$ 12,396	\$ 12,117
OTHER ACCOUNTS PAYABLE AND ACCRUED CHARGES	977	700	715	725	730	740	735
EMPLOYEE BENEFITS	217	353	183	493	300	461	-
BORROWING	-	-	-	321	278	284	-
CAPITAL LEASE	-	68	69	71	68	-	60
	13,888	14,239	14,437	13,915	13,584	13,881	12,912
<b>NON-CURRENT</b>							
DEFERRED LEASE INDUCEMENTS	39	31	23	15	7	-	-
EMPLOYEE BENEFITS	2,123	1,971	2,059	1,670	1,452	1,061	-
BORROWING	-	-	-	462	284	-	-
CAPITAL LEASE	-	208	139	68	-	-	657
	2,162	2,210	2,221	2,215	1,743	1,061	657
TOTAL LIABILITIES	16,050	16,449	16,658	16,130	15,327	14,942	13,569
<b>EQUITY</b>							
RETAINED EARNINGS (ACCUMULATED DEFICIT)	(538)	(2,113)	233	1,242	2,078	2,629	3,039
TOTAL LIABILITIES AND EQUITY	\$ 15,512	\$ 14,336	\$ 16,891	\$ 17,372	\$ 17,405	\$ 17,571	\$ 16,608



## STATEMENT OF CHANGE IN EQUITY

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

	ACTUAL 2018	FORECAST 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
RETAINED EARNINGS (ACCUMULATED DEFICIT) BEGINNING OF YEAR	\$ (848)	\$ (538)	\$ (2,113)	\$ 233	\$ 1,242	\$ 2,078	\$ 2,629
IMPACT OF CHANGE IN ACCOUNTING POLICY							
ADJUSTED BALANCES AT 1 JANUARY	(848)	(538)	(2,113)	233	1,242	2,078	2,629
PROFIT (LOSS) FOR THE YEAR	327	(1,575)	2,346	1,009	836	551	410
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(17)	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	310	(1,575)	2,346	1,009	836	551	410
RETAINED EARNINGS (ACCUMULATED DEFICIT) END OF YEAR	\$ (538)	\$ (2,113)	\$ 233	\$ 1,242	\$ 2,078	\$ 2,629	\$ 3,039

## STATEMENT OF CASH FLOW

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

	ACTUAL 2018	FORECAST 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
<b>OPERATING ACTIVITIES</b>							
PROFIT FOR THE YEAR	\$ 327	\$ (1,575)	\$ 2,346	\$ 1,009	\$ 836	\$ 551	\$ 410
ITEMS NOT AFFECTING CASH:							
Employee benefits	(405)	(16)	(82)	(79)	(411)	(230)	(1,522)
Amortization and depreciation	254	293	325	244	513	439	439
Amortization of right-of-use assets		52	70	70	70	70	86
Decrease in deferred leasehold inducements	(8)	(8)	(8)	(8)	(8)	(7)	-
CHANGES IN NON-CASH WORKING CAPITAL ITEMS:							
Decrease (Increase) in accounts receivable	(96)	(853)	800	500	(200)	(200)	300
Decrease (Increase) in prepaids	(10)	8	(30)	30	-	-	-
Increase (Decrease) in accrued salaries and benefit	1,969	424	352	(1,165)	(97)	188	(279)
Increase (Decrease) in other accounts payable and accrued charges	250	(277)	15	10	5	10	(5)
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 2,281</b>	<b>\$ (1,952)</b>	<b>\$ 3,788</b>	<b>\$ 611</b>	<b>\$ 708</b>	<b>\$ 821</b>	<b>\$ (571)</b>
<b>INVESTING ACTIVITIES</b>							
PURCHASE OF INVESTMENTS	(6,547)	(6,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
DISPOSAL OF INVESTMENTS	6,378	7,333	5,500	6,000	7,000	7,000	7,000
ACQUISITION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	(197)	(268)	(238)	(1,188)	(110)	(136)	(110)
<b>CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>	<b>\$ (366)</b>	<b>\$ 1,065</b>	<b>\$ (1,738)</b>	<b>\$ (2,188)</b>	<b>\$ (110)</b>	<b>\$ (136)</b>	<b>\$ (110)</b>
<b>FINANCING ACTIVITIES</b>							
PROCEEDS FROM BORROWING				1,000			
PAYMENT OF CAPITAL LEASE LIABILITIES		(72)	(68)	(69)	(71)	(68)	(54)
REPAYMENT OF BORROWING				(217)	(221)	(278)	(284)
<b>CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (72)</b>	<b>\$ (68)</b>	<b>\$ 714</b>	<b>\$ (292)</b>	<b>\$ (346)</b>	<b>\$ (338)</b>
<b>CASH AND CASH EQUIVALENTS</b>							
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	1,915	(959)	1,982	(863)	306	339	(1,019)
CASH, BEGINNING OF YEAR	4,723	6,638	5,679	7,661	6,798	7,104	7,443
<b>CASH, END OF YEAR</b>	<b>\$ 6,638</b>	<b>\$ 5,679</b>	<b>\$ 7,661</b>	<b>\$ 6,798</b>	<b>\$ 7,104</b>	<b>\$ 7,443</b>	<b>\$ 6,424</b>

## CAPITAL BUDGET

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

	ACTUAL 2018	FORECAST 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
<b>CONSTRUCTION IN PROCESS</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>BUILDINGS</b>	\$ -	\$ 161	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FURNITURE AND FIXTURES</b>	\$ 23	\$ 14	\$ 33	\$ 20	\$ 20	\$ 20	\$ 20
<b>LEASEHOLD IMPROVEMENTS</b>	\$ 2	\$ 3	\$ 50	\$ 10	\$ 10	\$ 10	\$ 10
<b>COMPUTER AND COMMUNICATION EQUIPMENT</b>	\$ 111	\$ 55	\$ 85	\$ 913	\$ 35	\$ 61	\$ 35
<b>SOFTWARE</b>	\$ 61	\$ 35	\$ 70	\$ 245	\$ 45	\$ 45	\$ 45
<b>TOTAL</b>	<b>\$ 197</b>	<b>\$ 268</b>	<b>\$ 238</b>	<b>\$ 1,188</b>	<b>\$ 110</b>	<b>\$ 136</b>	<b>\$ 110</b>

#### *Overview of Significant Capital Expenditure Plan*

The Portable Pilotage Unit (PPU) is a valuable tool that helps pilots make navigation decisions. The Authority considers PPUs to be essential for achieving an economic, safe, and reliable pilotage service. The useful life of current PPUs will end before fiscal 2021, at which time they will need to be replaced.

No other capital expenditures represent significant costs to the Authority.

#### *Implications on cash flows and loans*

The Authority anticipates funding the purchase of the PPUs with a 4-year long-term borrowing for the start of fiscal 2021.

#### *Appropriations*

Section 36.01 of the 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 Authority to discharge an obligation or liability and therefore, the Authority must maximize its returns and revenues so that Parliamentary appropriations are unnecessary.

## F. BORROWING PLAN

### F.1 OVERVIEW OF BORROWING PLANS

#### *Line of Credit*

The Authority requests authorization from the Department of Finance to increase its borrowing to \$5.0 million in the form of a line of credit for 2020, pursuant to Section 127(3) of the FAA. The Authority foresees a need for approximately \$1.5 million of the requested \$5.0 million line of credit to fund cash outlays during the non-navigation season, until cash is collected once the 2020 season gets underway. The line of credit – given the nature of the Authority’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.

However, the Authority does not anticipate long-term borrowing needs, nor giving any contingent liabilities in the form of guarantees for 2020 but will seek long-term borrowing in the amount of \$1.0 million in 2021 for the acquisition of PPU’s given the useful life of the current units come to an end in 2020.

Under this scenario, the Authority will need to rely on its line of credit until the start of the following navigation season, since the current tariff process is neither flexible nor timely enough to resolve cash inflow needs should there be a decrease in traffic in 2020.

As shown by the following chart, when a major downturn in traffic occurs, significant cash outflows must be covered, which could easily reach \$5.0 million.

Historical Usage of Line of Credit	2018	2017	2016	2015	2014	2013	2012	2011	2010
Highest weekly use of line of credit	\$ 0.2	\$ 1.5	\$ -	\$ -	\$ 0.2	\$ 0.7	\$ 2.5	\$ 1.6	\$ 4.0
# of weeks operating on line of credit	3	15	0	0	2	13	27	20	43
Timing of line of credit fully paid	May-15	Jul-5	Not used	Not used	May-9	Jun-14	Jul-27	Aug-19	Oct-29

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

For 2019, the Minister of Finance approved the Authority’s borrowing, up to \$3.0 million, from its banker to bridge any cash flow shortfall.

### F.2 BORROWING APPROVAL

The Authority’s funding activities are governed by section 36 of the Act and section 127 of the FAA.

In accordance with section 36 of the Act and 127(3) of the FAA, the Authority requires approval from the Minister of Finance to borrow money, including the time and terms, and conditions of the transaction. The following outlines the Authority’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:

Table 1: Outstanding borrowings as of December 31 (in millions of dollars)							
	2018 Actual	2019 Estimated	2020 Forecasted	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	\$ -	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3	\$ -
<b>Total borrowings</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.9</b>	<b>\$ 0.6</b>	<b>\$ 0.3</b>	<b>\$ -</b>

Table 2: Short-term borrowings available and usage at peak during the year (in millions of dollars)							
	2018 Actual	2019 Estimated	2020 Forecasted	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Line of credit available	\$ 3.0	\$ 3.0	\$ 5.0	\$ 4.0	\$ 4.0	\$ 4.0	\$ 4.0
Real use	\$ 0.2	\$ -	\$ 1.5	\$ -	\$ -	\$ -	\$ -

Table 3: Long-term borrowings as of December 31 (in millions of dollars)							
	2018 Actual	2019 Estimated	2020 Forecasted	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3
Maturities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New issuances	\$ -	\$ -	\$ -	\$ 1.0	\$ -	\$ -	\$ -
Closing balance as of December 31	\$ -	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3	\$ -

#### F.4 TOTAL BORROWING – NEW AND OUTSTANDING CAPITAL LEASES

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

Table 4: Information and approval for upcoming leases (in millions of dollars)							
	2018 Actual	2019 Estimated	2020 Forecasted	2021 Projected	2022 Projected	2023 Projected	2024 Projected
<b>Building lease - Head Office</b>							
Maximum expected liability on the lease			\$ -	\$ -	\$ -	\$ -	\$ 0.8
Maximum expected number of years remaining			-	-	-	-	9.00

## **G. INVESTMENT FRAMEWORK**

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

Since 1996, the Authority 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 Act, the Authority 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 Authority’s significant cash outflows occur in January the following year, the Authority cannot aggressively invest in instruments that mature beyond February. The Authority consults with its investment experts for recommendations of investment instruments that could be purchased to maximize returns with no financial risks. As such, the Authority plans on investing its excess moneys for periods ranging from three months to two years until it achieves a \$3.0 million financial reserve.

The Authority, therefore, requests the Minister of Finance’s approval to invest any moneys not immediately required for the Authority in any of:

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

## H. RISK AND RISK RESPONSES

The Authority 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 Authority introduced an ERM directive that formalized the development of a consistent approach to risk management. 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.

### Marine Safety

As outlined in section 4.3 Risks, the Authority's main inherent risk is marine incidents to ensure safe pilotage. Historically, the Authority has reported a 99.9% assignment incident-free rate with little to no major incidents resulting in a loss of life, serious injuries, environmental spills, or causes significant damages to a vessel or property. The ongoing investment in pilot training and apprentice-pilot training programs has directly influenced these results. For the planning period, the Authority will continue to maintain its focus on these training programs in addition to renewed awareness/training on pilot fatigue management.

### Pilot Recruitment and Retention:

In addition to pilot training to negate the potential for marine incidents, the Authority's most important challenge for ensuring safe and reliable pilotage services is pilot succession and pilot recruitment. Of the 59 active full-time pilots in 2018, 17 will be over 60 years old at the end of fiscal 2019. There is no mandatory retirement age, making retirement predictions and a reasonable notice period uncertain. Consequently, it is difficult to recruit and train apprentice-pilots to replace retirees in an orderly fashion. This risk increases should many pilots within a given district retire at the same time. To mitigate this risk, the Authority has introduced a survey for employees and pilots over the age of 50 inquiring about retirement possibilities. This survey has improved the average notification period to six months, coinciding with timelines for the recruitment of apprentice-pilots. The Authority also offers part-time employment contracts to retired pilots, which provides additional resources while apprentice-pilots are being trained. Half of the retired pilots have accepted part-time contracts over the past several years.

Because a large number of pilots are expected to retire over the planning period, there is a potential risk that the Authority may not be able to recruit a sufficient number of qualified candidates to meet its business needs. This likelihood is assessed as medium. There is currently a pool of candidates of approximately 300 Canadian officers who have pilotage certificates for the Great Lakes region. However, there is a serious shortage of mariners in the Canadian marine industry as a whole which could make recruiting difficult given many other entities are recruiting the same potential candidates. To mitigate these risks, the Authority will be working with other industry stakeholders to promote marine careers in the region. It will also participate in more events at marine schools and job fairs aiming to raise awareness of the profession in the Great Lakes region. To mitigate the risk posed by apprentice-pilots who do not complete their training, the Authority continually reviews its training program, has training progression debriefs with the apprentice-pilots, and uses its pilots in the training program to support apprentice-pilots.

### Financial Self-Sufficiency:

The other important risk that the Authority is faced with is the potential that the industry will not support the Authority's proposed tariff strategies as a means to becoming financially self-sufficient. Traffic forecasting in advance of a navigation season is extremely difficult because pilotage customers have not yet made firm plans. Traffic forecasting accuracy is important as it is the basis for the development of tariffs. A forecast that is too low means pilot availability can't keep up with demand, which will then lead to ship delays and burdens customers with more operational costs. An excessively high forecast makes the Authority absorb significant operating losses, given the fixed nature of pilot compensation. To manage this challenge, the Authority is in constant discussions with its main user, the Federation, during its budgeting process and throughout the navigation season as it tries to gain insight into traffic levels.

The industry's support of the proposed tariff strategies is crucial for the Authority to achieve financial self-sufficiency. The Authority regularly consults the Federation and the Chamber to discuss its current and forecast financial results as well as transparency into the required increases in revenue required to be profitable. The recently added purposes and principles to the *Pilotage Act* do support that "*an Authority's pilotage charges be set at levels that allow the authority to be financially self-sufficient.*" The Authority believes its current strategy to charge for specific services separately is more beneficial to the industry as a whole when compared to higher general increases as these charges are not expected to be sustainable once the pilot numbers are aligned with the traffic demands.

The financial objective of building a financial reserve over the planning period would allow the Authority to manage a temporary drop in traffic without charging higher tariffs to offset financial losses.

### System Security

System security is an ongoing risk that the Authority needs to effectively manage given systems and network infrastructure support everyday operations. Cyber security thus remains a high priority for the Authority. A system security internal audit was completed in 2018 and the Authority is currently working on the action plans and implementation to address the findings and recommendations.



## I. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

### *Canada Labour Code*

The Authority 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 Authority has completed a detailed impact assessment of these new requirements and believes that its current processes and practices are already compliant with the possible exception of two requirements. The Authority has submitted its response to the request for exemptions.

### *Access to Information Act*

The Authority 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 Authority's operations. To date in 2019, the Authority has not received a request and does not have any outstanding requests from prior years.

The Authority complies with the Federal Government by posting responses to requests it receives under the *Access to Information Act* on [www.open.canada.ca](http://www.open.canada.ca). Additionally, the Authority reports annually to the Access to Information Commissioner.

The Authority has adjusted its policies and processes to comply with the recent amendments to this Act as part of Bill C-58, which received Royal assent on June 18, 2019.

### *Conflict of Interest Act*

The Authority's directive on conflict of interest is compliant with the *Conflict of Interest Act*.

### *Canadian Human Rights Act*

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

The Authority is currently reviewing its Respectful Workplace and its Violence Prevention in the Workplace directives as well as its supporting programs to ensure it remains compliant with the requirements for comprehensive workplace harassment and violence prevention under the *Canada Labour Code* included in the recent Bill C-65 *Safe Workplaces*.

### *Employment Equity Act*

The Authority is committed to attract, hire and retain talent that reflects the diverse Canadian workforce. All of the Authority's recruitment directives and processes respect the *Employment Equity Act*. The Authority is not aware of any complaints made under the 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 has been participating in webinars 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 mid-2020.

### *Official Languages Act*

The Authority'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 within the workplace prevails at the Authority's head office in Cornwall, Ontario, where staff need to communicate with employees, customers, and government agencies in either language. As required, the Authority reports annually to the Treasury Board Secretariat's Official Languages Centre of Excellence. The Authority did not encounter any Act-related issues for 2018.

### *Privacy Act*

The Authority reports annually to the Privacy Commissioner. In 2019, the Authority revamped its privacy program to ensure compliance with this Act. There were no privacy requests received by the Authority.

### *Directive on Travel, Hospitality, Conference, and Event Expenditures*

Since February 2016, the Authority'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 Authority's annual financial statements.

In support of good governance practices, the Authority 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 FAA. Each year, the Office of the Auditor General of Canada audits the Authority's compliance with this directive.

As a means of ensuring transparent communications with the public, the directive is published on the Authority website at <http://www.glpa-apgl.com/about/policies/>. In addition, the Authority also voluntarily publishes the travel and hospitality expenditures for the Chair of the Board, all other Directors, the Chief Executive Officer, and other Senior Management, thus complying with proactive disclosure requirements. The Authority's quarterly reports can be seen on its website at <http://www.glpa-apgl.com/reports-and-documents/financial-reports/>. The Authority also discloses the total annual expenditures for travel, hospitality, and conference fees. The Authority 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 Authority employees are covered by the Public Service Pension Plan administered by the Government of Canada. The Authority complies with section 89 of the FAA to align with a 50:50 contribution ratio.

### *Trade Agreements*

Although the Authority is not directly involved with trade agreements, it does support all trade agreements, and its procurement activities are respected in various trade agreements. The directive is on the Authority'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*

Additionally, the Authority supports and complies with the following legislation where it affects various facets of its operations:

#### *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
- *Great Lakes Pilotage Tariff Regulations*, SOR/84-253
- *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 Authority has embraced, and aligns itself with the Government of Canada priorities set in the 2016 Throne Speech:

- Growth for the middle class
- Open and transparent governance
- A clean environment and a strong economy
- Strength through diversity
- Security and opportunity

The Authority's mandate to operate and administer safe and efficient pilotage services commits it to ensuring that Canadian waterways are free of environmental spills and damages. As an important partner in marine commerce, the Authority helps Canadian companies access foreign markets and improve the Canadian economy. Plus, it helps give middle-class Canadians access to foreign goods at a lower cost. Also, since the Authority shares pilotage services with its U.S. counterparts in international waters, it maintains strong relationships with the United States Coast Guard and pilotage associations. Approximately 85% of pilotage services deal with the import/export of goods from foreign markets, making the Authority a key marine commerce partner. Additionally, it helps the middle class grow by lowering the cost of overseas goods. The Authority's commitment to employment opportunities focuses on diversity. As well, merit-based selection ensures strength through diversity. Open and transparent governance is at the forefront of all Authority interactions, communications with industry stakeholders, and the general public.

In line with the recently amended Act, the Authority continues to structure all of its strategic objectives to provide safe, reliable, efficient, and environmentally responsible pilotage services well into the future.

### *Transparency and Open Government*

The Authority is fully committed to openness and transparency with all stakeholder interactions. It uses several communications tools to deliver on its commitment to be fully open and transparent. The Authority 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 Authority also ensures timely responses to all information requests and concerns, when feasible.

The Authority takes pride in its full transparency with the industry. On its website, the Authority makes available all the passage plans to provide its customers with a general overview of the transits. The pilot-master exchange of information checklist is also published. It aims to ensure all ships are provided with service effectively and consistently, largely by sharing crucial information for the safety of the ship and the crew while transiting the Great Lakes.

### *Gender-Based Analysis Plus / Diversity and Employment Equity*

The Authority supports the Government of Canada's mandate to strive for gender parity and to ensure that Indigenous Canadians and minority groups are properly represented. However, given that the Authority is required to recruit from a pool of pilot candidates that must meet the physical and qualification restrictions included in the Act and the *General Pilotage Regulations*, the current pool of candidates is predominately comprised of male Caucasians at this time. That being said,

the Authority's female pilots represent 4% of the pilot workforce while pilots who are part of a visible minority group represent 3% of the pilot workforce.

Women account for 34% of the office staff and 83% of the Board of Directors.

Given the Authority's head office is in Cornwall, Ontario and borders the Akwesasne reserve, recruitment initiatives for dispatching and administrative roles are focused on the inclusiveness of Indigenous candidates.

### *Indigenous Relationships*

The Authority provides pilotage services in waters that border many Indigenous communities along the St. Lawrence River, the Great Lakes, and the Port of Churchill. The Authority must consider how its business decisions and operations impact those communities, especially with regard to their traditional food sources, ecosystem, and ceremonial practices.

The Authority is committed to gaining a better appreciation of Indigenous culture. With the many communities along the St. Lawrence River, the Great Lakes, and the Port of Churchill, the Authority participated in the 2018 Akwesasne International Pow-Wow. Joining First Nations from across Canada and the United States has provided the Authority with the opportunity to obtain more insights and foster a stronger bond of peace and friendship. The Authority plans to meet with the Mohawk Council of Akwesasne in the near future for a closer look at their growth and development initiatives related to a clean and sustainable Akwesasne economy.

### *Sustainable Development and Greening Government Operations*

The core of the Authority's objectives is to provide 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 Authority employees. Training policies for all apprentice-pilots, active pilots and pilotage certificate holders are designed to ensure that proper levels of knowledge and experience are in place. The Authority 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 Authority has been sending its pilots to complete simulator training on 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 a slow rudders or crew responses. The Authority reviews incidents and trends to continually re-assess the training program.

The Authority also takes part in various joint initiatives and associations to keep up-to-date on emerging safety concerns and best practices.

Through its participation in the *International Marine Pilots' Association's* conference every two years, the Authority interacts with other pilotage authorities 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 Authority also gains benefits from its interaction with the Canadian Marine Pilots' Association.

While putting more focus on pilotage safety in the Great Lakes region, the Authority is an active member of the Seaway Safety Committee, which has representation from the St. Lawrence Seaway Management Corporation, the U.S. St. Lawrence Seaway Development Corporation, the U.S Coast Guard, and the U.S. Pilotage Association.

In consultation with the Canadian Marine Pilots' Association, the Transportation Safety Board, and the Great Lakes pilot groups, the Authority formalized a post-incident protocol in 2015. Since implementation, this has been used 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 U.S. pilots in this district. The Canadian pilots belong to the *Corporation of the Upper St. Lawrence Pilots*.

A *Memorandum of Arrangements* between Canada and the U.S. 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 U.S. 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 a *Memorandum of Arrangements*, Canadian and U.S. 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 Arrangements* 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 Authority 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 ships to guide them to their final destination.

The *Memorandum of Agreements* between the United States Coast Guard and the Authority does not specify the division of assignments between Canadian and U.S. 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 U.S.

### *Port of Churchill*

The Port of Churchill, Manitoba falls under the Authority'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 Authority's Canadian Lake Ontario pilots are licensed to perform all pilotage duties in the Port of Churchill on an as-needed basis.

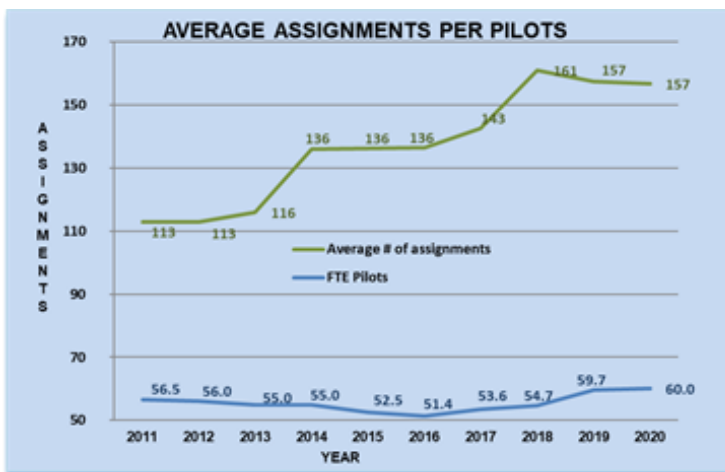
## **K.1 PILOTAGE CAPACITY**

The assignments by district, with the exception of the Port of Churchill have increased since 2014 and have remained fairly consistent with an upside in 2017.

Just a few months into the 2019 navigation season, the Authority experienced a 20.5% increase in assignments at the end of June. Based on this favourable demand, the Authority expects that assignments for 2019 will be 22.1% higher than the 7,700 assignments previously budgeted.

Industry consultation has determined that pilot assignments for the planning period should be kept around 9,000 to 9,400. Being able to reasonably predict traffic volume is crucial if the Authority is to serve customers effectively and help the manufacturing and agriculture companies get goods to and from foreign markets.

While assignments per pilot should be maximized, the Authority must ensure this stays within a reasonable average assignment range, otherwise there is a potential risk of pilot fatigue and possible safety concerns. Since 2014, pilot assignments have consistently run 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 136-143 going as high as 161 in 2018. This is a substantial jump compared to the 116 average assignments per pilot experienced in 2013.

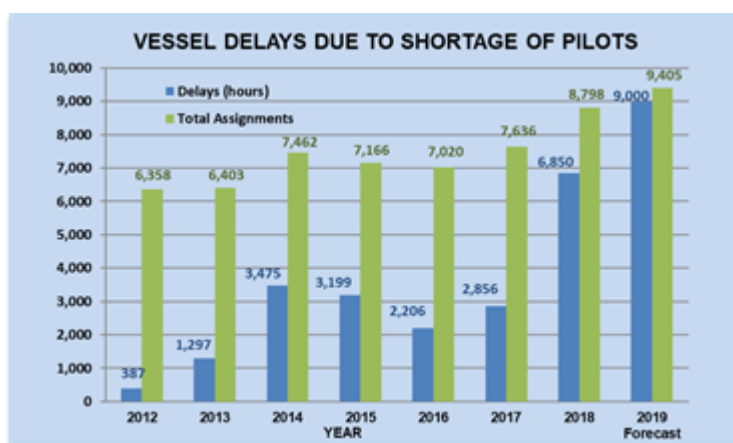


With the 2019 forecast assignments slightly higher than 2018, pilot workload is expected to reach 157 assignments per pilot. These unanticipated traffic increases in recent years were handled with an average of 55 full-time equivalent pilots – the same complement when traffic only averaged about 6,400 assignments per year. Managing these high levels while minimizing ship delays has cost more than \$5.0 million in pilot overtime.



Forecast traffic, along with increased pilot numbers for the planning period, means the average number of assignments will remain at 157 assignments per pilot for 2020 and improve over the remaining years of the planning period to achieve the Authority's objective of 110/120 assignments per pilot. The planned increase in pilot numbers is key to ensuring the Authority's continued incident-free excellence, and to improve service in support of Canadian economic growth.

The Authority 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 Authority. The Authority does not capture delay information when they are caused by the U.S. pilotage associations.



The delay hours are captured by the Authority 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 Authority expects the 2019 delays to exceed the amount forecasted in the 2019-2023 Corporate Plan due to the following factors: 1) the 2019 assignment levels are expected to be greater than 2018, 2) the assignments will be serviced by a slightly higher pilot complement (59.7 FTE pilots in 2019 vs 54.7 in 2018), 3) the extreme ice conditions at the start of the navigation season, and 4) the adverse impact on navigation due to high-water levels from May to August. However, with more pilots during the planning period, the Authority is striving to continually reduce the number of delay hours during this period to eventually bring these results to reasonable levels as seen in 2013 and prior years. As the Authority is expecting to have 74.2 FTE pilots in 2024, resulting in 121 average assignments per pilot, it is reasonable to believe that the vessel delays will decrease as targeted.

## K.2 PILOT TRAINING

### *Pilot Training – Annual*

The Authority requires all pilots to complete simulation training within a five-year cycle. For the planning period, an annual average of 20 pilots/apprentice pilots will attend week-long training sessions.

The Authority also provides annual training for the PPU's and other specifically identified needs. For 2020, this training includes pilot fatigue management.

### *Pilot Training – Apprentice*

The Authority continues to invest in the training of apprentice pilots. This includes theoretical studies, and practical on-board ship and simulator training. Associated costs are salaries/benefits, travelling expenses, and compensation to mentoring and evaluating pilots. The total cost to train a pilot is approximately \$25,000/month. 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:

<b>District</b>	<b>Length of Training</b>
Cornwall District	12 to 18 months
International District No. 1	6 to 12 months
Lake Ontario District	6 to 12 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 Authority 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 Government, shipping interests, and the pilots. The shipping interests are under the responsibility of the Federation and the Chamber, while pilot interests are handled by the four Pilot Corporations, the Canadian Merchant Service Guild, and the Canadian Marine Pilots' Association. The Government has several stakeholders, including the Minister of Transport and many of its officials, the Canadian Coast Guard, the Transportation Safety Board, the Canadian Transportation Agency, and central agencies.

All three primary stakeholders must be consulted and must support the Authority's decisions, as they have access to the 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. The Authority must manage potentially differing expectations from the various stakeholders. Striking a proper balance, while achieving the Authority's own objectives, is challenging.

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

- St. Lawrence Seaway Management Corporation (Canada)
- St. Lawrence Seaway Development Corporation (U.S.)
- Lake Ontario St. Lawrence River Board
- U.S. Pilotage organizations
- GLPA area ports and harbours
- Environmental groups
- Recreational boaters
- Private citizens living along the GLPA area of responsibility

The Authority 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 Authority will never compromise the safety of the ships and the environment to avoid a third-party issue.

During a given year, the Authority formally meets with the Federation and the Chamber. They discuss current topics, joint concerns, and proposed tariff amendments. In addition, these stakeholders and the Authority continue to discuss operational issues throughout the navigation season. In preparation for the start and the close of a season, they are consulted and informed about issues that may affect pilotage services.

To interact with pilot-interest stakeholders, the Authority holds a formal meeting with the Pilot Corporation Presidents at the start of the navigation season. There are ongoing communications with the pilot union representatives throughout the season to discuss working rules and other labour issues. This approach appears to be effective and there is little in the way of grievances for 2019.

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

The Authority visits various Canadian and U.S. Ports and Harbours during the year to discuss pilotage.

Besides the stakeholders noted above, the Authority, at all levels, meets regularly with the other three Canadian pilotage agencies to examine common topics. Additionally, the Authorities share best practices.

## L. STATEMENT OF PILOT NUMBERS

<i>HEADCOUNT ASSUMPTIONS</i>						
	FORECAST 2019	BUDGET 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
<i>Pilots</i>						
Start of Year	52	58	60	61	67	72
Reductions	(2)	(5)	(5)	(4)	(4)	(2)
Increases	8	7	6	10	9	6
End of Year	58	60	61	67	72	76
<i>Apprentice-Pilots</i>						
Start of Year	9	7	10	10	9	6
Reductions	(8)	(7)	(6)	(10)	(9)	(6)
Increases	6	10	6	9	6	6
End of Year	7	10	10	9	6	6
<i>Part Time Pilots</i>						
Start of Year	9	7	7	7	9	7
Reductions	(4)	(2)	(1)	(2)	(2)	(5)
Increases	2	2	1	4	0	0
End of Year	7	7	7	9	7	2