



**Great Lakes Pilotage
Authority**

**Administration de pilotage
des Grands Lacs**

CORPORATE PLAN SUMMARY 2021 to 2025

Approved by the Board
November 10, 2020

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1. EXECUTIVE SUMMARY

The Great Lakes Pilotage Authority (GLPA), an essential service provider in the movement of goods for the Canadian population, has ensured continuous uninterrupted operations since the beginning of the navigation season in March 2020 while dealing with the impacts of COVID-19. The GLPA worked in close collaboration with federal and provincial government departments and agencies as well as industry stakeholders to ensure business continuity and the safety of its employees and crew members. GLPA pilots are equipped with the required protective personal equipment and they follow the necessary sanitation and safety protocols to reduce the risk of contracting or spreading the virus to vessel crew members while performing pilotage duties in Canadian and American waters.

The GLPA has developed its 2021-2025 Corporate Plan against the backdrop of the ongoing impacts of COVID-19 on the world economy and the marine industry. 2020 traffic is forecasted to decline by approximately 18% in comparison to 2019 due in large part to the ongoing impacts related to COVID-19.

The *Pilotage Act* requires the GLPA to operate in a financially self-sufficient manner. Since 2003, the GLPA has strived to eliminate its accumulated deficit which was at \$1.8 million at the start of 2020. Historically, the GLPA has facilitated the movement of traffic and strived to minimize vessel delays in the Great Lakes region by dispatching pilots to vessels despite the financial impacts to the GLPA; as almost 45% of the pilotage services in 2019 were provided on overtime. The previous model was not sustainable and resulted in the need to adopt a different approach to recover costs. In considering the GLPA's financial position, its current needs, and the requirement of maintaining a reasonable financial reserve, the GLPA modified its approach to tariff setting in 2020 by introducing a more targeted cost-recovery approach. Implementation of the new approach resulted in the Shipping Federation of Canada, which represents most of the ocean shipping industry, filing a Notice of Objection to the GLPA's 2020 tariff amendments with the Canadian Transportation Agency. This matter is currently being adjudicated by the Canadian Transportation Agency.

The GLPA continues to be challenged with a limited pool of pilots. The GLPA historically benefitted from a stable pilot workforce with minimal turnover. However, similar to other stakeholders in the maritime industry, the GLPA has been facing challenges with workforce shortages due to an aging workforce and a growing industry. The high level of pilot retirements experienced in the last 5 years and anticipated during the planning period have resulted in pilot succession planning and pilot recruitment to be top of mind for the GLPA. In order to achieve financial self-sufficiency, the GLPA must predict how much revenue it will generate to pay for its salaried pilots. This has proven difficult given the number of pilot retirements, and an increased demand for pilotage services since 2013.

Based on the above environment expected for 2021 and over the planning period, the following are the GLPA's main challenges:

COVID-19 Employee Health/Safety and Business Continuity

The GLPA continues to effectively work with its employees, marine industry stakeholders, government agencies and service providers to ensure proper safety and preventative protocols are in place to keep its pilots and customer crew members healthy and safe while ensuring business continuity in providing pilotage services in the Great Lakes region. As the number of COVID-19 cases has been increasing as of

late in 2020, the GLPA will need to assess how Canada and the world will react to a potential second wave of this pandemic and its resulting impacts on the GLPA's operations, especially given the reliance on essential travel to and from the United States to provide pilotage services as the GLPA is required to operate in international waters. The GLPA will continue its collaborative approach with all parties to ensure pilotage services are provided in a safe and effective manner.

Financial Self-Sufficiency and Pilotage Charge Strategies

The GLPA operates in an environment of cost-containment and is striving to eliminate its accumulated deficit and build a modest reserve over the planning period. While the GLPA was expecting to make sufficient profits in 2020 to eliminate its accumulated deficit, driven by the new cost-recovery approach for its tariffs, the adverse reduction in traffic due to the impact of COVID-19 on the global economy will not make it possible for the GLPA to achieve this goal. However, the 2020 tariff strategy focusing on a targeted cost-recovery approach has partially limited the adverse financial impact. The GLPA plans to maintain this cost-recovery approach for its 2021 pilotage charges so as not to burden all customers with higher general pilotage charges.

In the event that an unfavourable decision is made by the Canadian Transportation Agency on the GLPA's 2020 tariffs, the GLPA will need to further adjust its 2021 pilotage charges. In addition, there is a need for the GLPA to have its statutory borrowing limit increased to ensure sufficient cash in-flows to meet financial obligations.

Pilot Succession and Recruitment

As outlined above, pilot succession continues to be one of the GLPA's main challenges. Currently the GLPA provides pilotage services using 65 full-time and part-time pilots. However, in order to effectively meet the anticipated demand for pilotage services over the short to medium term, ensure delays are kept at a minimum and contain costs, the GLPA is planning to increase its full-time and part-time pilots by approximately 15-20% by the end of the planning period.

2. OVERVIEW

2.1 CORPORATE MANDATE

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

To carry out its responsibilities under the *Pilotage Act*, the GLPA 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.

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

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

2.2 PUBLIC POLICY ROLE

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

As the St. Lawrence Seaway Management Corporation (St. Lawrence Seaway), which extends from Montreal to the middle of Lake Erie, is only open from mid-March to the end of December (also known as the navigation season), the GLPA primarily provides pilotage services during this timeframe as the vast majority of the services are provided to ocean-going vessels. In addition, domestic vessels also navigate in the Great Lakes during the St. Lawrence Seaway's non-navigation season with GLPA pilots mainly providing service to tankers as the other domestic vessels are mostly serviced by certificate holders.

In 2011, the *Great Lakes Pilotage Regulations* were amended, introducing a requirement that all Canadian officers who intend to perform pilotage duties in the Great Lakes hold a valid pilotage certificate issued by the GLPA (also known as certificate holders). As such, the GLPA 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*.

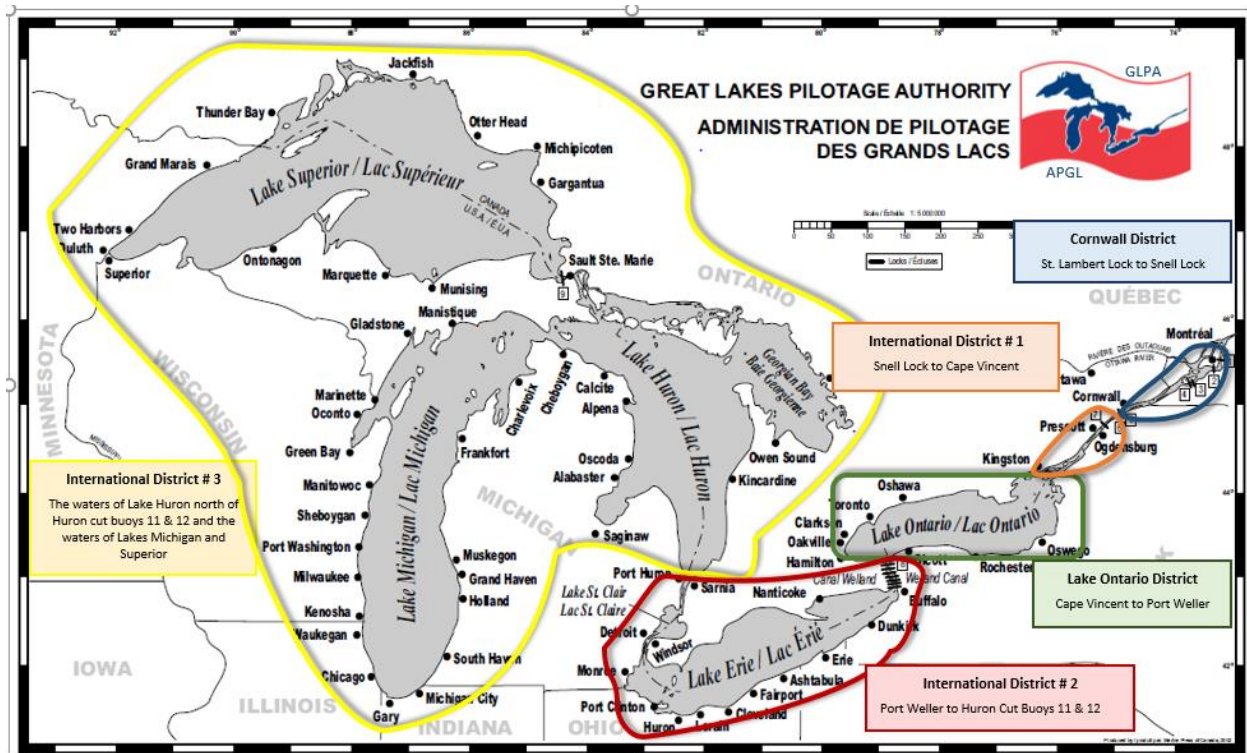
2.6 FURTHER INFORMATION

Further corporate information regarding the GLPA can be found in its 2019 Annual Report, available at <http://www.glpa-apgl.com/reports-and-documents/financial-reports>.

3. OPERATING ENVIRONMENT

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

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



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

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

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

3.1 INTERNAL ENVIRONMENT

(1) Organizational Structure, Pilot and Management Succession

The GLPA's anticipated workforce for January 1, 2021 is as follows:

Bargaining Unit	Number of employees	Expiry date of collective agreement
(Cornwall District) <i>Corporation des Pilotes du Fleuve et de la Voie Maritime du Saint-Laurent</i>	57 full-time pilots 10 apprentice-pilots 8 part-time pilots	March 31, 2022
International District 1 Corporation of the Upper St. Lawrence Pilots		March 31, 2022
Lake Ontario District The Pilots' Corporation, Lake Ontario and Harbours		March 31, 2017
International Districts 2 and 3 Corporation of Professional Great Lakes Pilots		March 31, 2022
Dispatchers and Clerical Staff		
Dispatchers and clerical staff The Public Service Alliance of Canada	8 full-time dispatchers 3 part-time dispatchers 3 full-time clerical staff	June 30, 2022
Office Staff		
Non-Unionized Employees	3 executives 7 employees	N/A
TOTAL	95 employees	

The GLPA is currently in negotiations with *The Pilots' Corporation, Lake Ontario and Harbours*. The GLPA must carefully balance cost containment efforts with reasonable and competitive compensation in order to attract and retain skilled employees, particularly marine pilots.

Pilot succession continues to be the GLPA's most significant risk. Similar to the other stakeholders in the maritime industry, the GLPA faces challenges with workforce shortages due to an aging workforce and a growing industry. The high level of pilot retirements experienced in the last 5 years and anticipated during the planning period, coupled with the need to increase pilot numbers to more effectively service traffic demands and reduce delays has resulted in the GLPA planning to recruit and license a significant number of apprentice-pilots over the planning period.

Following an organizational optimization exercise initiated in 2019, the final report was presented to the Board in January 2020. The independent consultants concluded that the GLPA's current organizational structure and limited resources may not enable the GLPA to meet its mandate and drive the organization's current and future strategic and operational objectives.

While the June 2019 amendments to the *Pilotage Act* leads to some pilotage functions being assumed by Transport Canada, there is no significant concentration of these administrative responsibilities in any one of the GLPA's individual roles. Thus, the GLPA is unable to implement headcount reductions to offset administrative fees being charged by the Minister of Transport.

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

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

Since 2003, the GLPA has been working at eliminating its accumulated deficit and started fiscal 2020 with a \$1.8 million accumulated deficit. As part of its revamped 2020 strategy to achieve financial self-sufficiency, the GLPA embraced a more targeted cost-recovery approach instead of the historical universal tariff amendments. As a result, the Shipping Federation of Canada, which represents most of the ocean shipping industry, filed a Notice of Objection to the GLPA's 2020 tariff amendments with the Canadian Transportation Agency. An unfavourable Canadian Transportation Agency decision would further hamper the GLPA's ability to be financially self-sufficient.

In addition to the Notice of Objection filed on the GLPA's proposed general tariff amendments, the Shipping Federation of Canada also filed a Notice of Objection with the Canadian Transportation Agency on the GLPA's surcharge to recover the *Pilotage Act* administrative fees being charged by the Minister of Transport. The Shipping Federation of Canada filed similar objections with the other three pilotage authorities. The four pilotage authorities provided the Canadian Transportation Agency with a joint response to the objection in April 2020. At the time of writing this Corporate Plan, a decision had not been communicated to the parties involved.

A welcomed change to the *Pilotage Act* in 2019 is that the pilotage authorities now have the authority to set their pilotage charges without the lengthy regulatory process. This will provide the GLPA with the flexibility to address the previous tariff process shortfalls and allow for more timely pilotage charge adjustments to recover new and unanticipated costs. The GLPA developed and communicated its charging methodology to its main stakeholders in 2020 prior to establishing/revising its 2021 pilotage charges.

For this planning period, the GLPA 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.

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

(3) *Pilot Numbers and Capacity*

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

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

Even with the recent decrease in traffic as a result of COVID-19, the forecasted traffic over the next five years is still greater than that experienced between 2008 and 2014. As a result, the GLPA plans to increase pilot numbers for the planning period. This increase also factors in the high level of retiring pilots to provide for more fluid pilot succession and training for apprentice-pilots. Refer to *Appendix L* for the proposed pilot headcount.

(4) *Technology*

In 2020, the GLPA had initiated the procurement process to replace the pilots' Portable Pilotage Units in

time for the start of the 2021 navigation season. These Portable Pilotage Units, which 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, generally have a 4-year useful life. However, as a result of the COVID-19 pandemic, pilot testing could not be conducted and the GLPA's revenues and cash flow were significantly reduced. Following a careful assessment of the situation, it was determined that the current Portable Pilotage Units' life could be extended and, therefore, the GLPA is committed to sourcing new Portable Pilotage Units in time for the start of the 2022 navigation season.

Following the system security maturity assessment conducted as part of the GLPA's internal audit in 2019, the organization developed a future state roadmap in 2020 for its information systems. The new information system strategy focuses on mitigating the GLPA's exposure to cybersecurity threats and intends to roll-out the strategy during the planning period.

3.2 EXTERNAL BUSINESS ENVIRONMENT

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

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

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

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

In addition, preventive protocols and social distancing, including working from home, ensures a safe workplace for the dispatchers and office staff to support operational needs without disruption. Signage was also prominent at the GLPA's head office in Cornwall and visitors were monitored and kept to a minimum as much as possible with most meetings occurring via teleconference.

(2) *Economy and Traffic*

The Great Lakes region is vast with some 250,000 km² of navigable waters. Marine traffic in the Great Lakes is driven mainly by grain, iron ore, oil and gas, dry bulk, liquid bulk, general cargo, and passenger cruises. The GLPA's ability to accurately forecast traffic is very much dependent upon the feedback received from industry stakeholders. Container contracts with many Canadian and United States ports are not negotiated well in advance therefore this limits the ability of the GLPA to forecast traffic needs into future years. In

addition, the GLPA starts its corporate plan process in June to meet government timelines while industry has very limited traffic forecasts to share at that time for the upcoming fiscal year. The efficient management of pilot resources in the Great Lakes region is, in part, a function of receiving reliable, timely and accurate information from users. Budget traffic dictates pilot staffing and appropriate pilotage charges, both highly critical elements to allow the GLPA to be financially self-sufficient given pilot compensation is primarily fixed. As shown in the chart below, there have been significant deviations from planned assignments since 2009.

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actual pilot assignments	9,928	8,798	7,636	7,020	7,166	7,462	6,403	6,358	6,389	6,059	4,468
Planned pilot assignments	8,076	7,700	7,067	6,700	6,531	6,100	6,100	6,100	5,325	4,217	5,800
Deviation from Plan	22.9%	14.3%	8.1%	4.8%	9.7%	22.3%	5.0%	4.2%	20.0%	43.7%	-23.0%

The cruise industry in 2020, which historically represented approximately 5% of GLPA's assignments, has been non-existent due to COVID-19 and it is expected that it will take several years for the industry to recover. The pandemic has also led to a reduction in the demand for oil and gas in 2020 but the demand for Canadian grain has increased substantially as countries stockpile during the pandemic. The uncertainty of the COVID-19 impacts beyond 2020, especially given the increased COVID-19 concerns in the United States, compounds traffic unpredictability in the Great Lakes for the 2021 navigation season.

(3) Relationships with Industry Stakeholders

The GLPA is viewed as a collaborative partner by its industry stakeholders as evidenced by its leadership in providing expert counsel 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 GLPA addresses customer concerns in an honest and transparent manner while respecting the best interests of its customers. While customers appreciate that pilotage services are safe, they have voiced concerns with respect to service costs, vessel delays and double pilotage at the beginning and closure of the season.

(4) Pilotage Act Reform

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

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

The GLPA will continue to work in close collaboration with Transport Canada in the transition of the corresponding responsibilities and the development of its regulations. To this end, the GLPA has submitted, in August 2020, its views in response to Transport Canada's Discussion Document as part of the work undertaken by departmental officials in the *Pilotage Act's* regulatory transformation. The GLPA will also be developing an integrated management system to support the National Regulatory Framework.

(5) Climate Challenges

Changes in climate patterns have led to more frequent and severe environmental conditions such as high winds, extreme ice conditions and high-water levels, to name a few. These climate change events create

significant operational challenges for the GLPA in its ability to provide safe, efficient, and cost-effective pilotage services. For example, extreme ice conditions lead to the decommissioning of the pilot boats used to transport pilots to their assignments, and therefore, pilots are required to embark/disembark further down the river, which leads to the reduction of pilot resource availability and higher costs. The resulting melting ice and large amounts of precipitation can lead to high-water levels, as seen in 2019 on Lake Ontario. To negate these water levels, the Canada-United States bi-lateral governing body (International Joint Commission) imposes an increased water outflow strategy in the St. Lawrence River in an effort to bring the water-level back to normal. This strategy forces a slowdown of all vessels which in turn means longer trip times and reduced pilot resource availability, also leading to higher pilotage costs.

(6) *Technology*

Domestic customers have recently been using a Draft Information System (DIS) as a tool to provide mariners with better information about under keel clearances to increase the vessel's draft when transiting safely in the St. Lawrence Seaway, which in turn, maximizes efficiency and profitability. Foreign customers are now starting to consider this technology. An increase in draft leads to multiple safety concerns that are partly addressed by reducing the vessel speed. As a result, additional costs are incurred by the GLPA which must provide additional pilot compensation for longer transits.

3.3 COMPLIANCE WITH FEDERAL DIRECTIVES AND ALIGNMENT WITH GOVERNMENT PRIORITIES

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

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

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

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

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

The OAG also conducts an annual audit of the GLPA's financial statements. It verifies that they fairly reflect the operating results and position, and that transactions have been carried out according to International Financial Reporting Standards (IFRS), and Part X of the *Financial Administration Act*. The GLPA received an unqualified opinion and its 2019 audited financial statements are available at <http://www.glpapl.com/reports-and-documents/financial-reports/>.

In compliance with the *Financial Administration Act*, the GLPA conducts periodic internal audits to strengthen accountability, risk management, resource stewardship, and good governance. The results of an internal audit focusing on values and ethics were presented to the GLPA Board of Directors in August 2020. The report highlighted recommendations to strengthen the controls to improve the GLPA maturity level. Management's action plans are being developed with implementation to begin in 2021.

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

4.1 CORPORATE STRATEGIC OBJECTIVES

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

- To 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) *Navigation Safety*

The GLPA's primary objective for 2021-2025 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 GLPA 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 Portable Pilotage Units in 2022 to replace the current units that will have reached the end of their useful life at the end of 2021. The GLPA believes such aids in the restricted waters of the Great Lakes have many benefits and have increased navigation safety; and
- begin to roll out the newly developed pilot fatigue management plan to all pilots.

The GLPA had eight minor marine incidents, and no major incidents in 2019. As of June 30, 2020, the GLPA has reported six minor marine incidents compared to two during the same period in 2019. None of these 2019 or 2020 incidents resulted in loss of life, serious injuries, or any environmental spills. Despite the number of minor incidents, the effectiveness of the pilot training program and the use of Portable Pilotage Units have allowed pilots to effectively course-correct and minimize incident severity. Even with the planned increase in pilot numbers, the GLPA is expecting that total incidents will remain within historical results at a 99.9% incident-free assignment rate over the planning period due to the investments in its apprentice-pilot training program.

(1.2) *Canadian Ships Transit Monitoring*

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

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

Of all the 2019 and June-YTD 2020 audits of transits by Canadian ships subject to compulsory pilotage that have not requested pilotage services, all transits were under the conduct of a valid certificate holder except for one Canadian vessel that was not in compliance in 2019, resulting in two transits not meeting the

regulatory requirement. As a result, the shipping company was informed and charged the pilotage charges as if the ship had been under the conduct of a licensed pilot per section 44 of the *Pilotage Act*.

(2) *Pilotage Reliability*

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 GLPA is committed to economic improvement, a stronger middle class, and assisting Canadian manufacturers to get goods to market on a timely basis.

To improve its delivery of reliable pilotage services with less than 5,500 delay hours, the GLPA will:

- recruit and train an appropriate number of apprentice-pilots, as part of its pilot succession plan, to efficiently meet the current and anticipated demand for services;
- 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;
- work with its pilot groups to jointly find acceptable ways to increase pilot availability; and
- approach the Canadian and United States Coast Guard regarding the timing of installation and removal of the navigational aids to reduce double pilotage (i.e. the need for more than one pilot on board to ensure safe pilotage).

Although the GLPA acknowledges that it must increase its pilot numbers to more effectively service the industry and reduce vessel delays due to a shortage of pilots, there are a number of unpredictable external factors that cannot be controlled but compound ship delays caused by a shortage of pilots. As an example, to effectively manage the high-water levels in Lake Ontario and return them to an appropriate level, outflows are increased to the maximum before jeopardizing navigation safety. This translates into longer transits to counter the stronger currents and has reduced pilot availability which causes delays.

(3) *Financially Self-Sufficient*

The GLPA's primary financial goal for 2021-2025 is to eliminate its accumulated deficit and to be financially self-sufficient, thus assuring Canadians that it is committed to financial responsibility and fiscal transparency during these challenging economic times.

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

- develop pilotage charge strategies during the planning period that will generate sufficient revenues to record modest annual surpluses to fully eliminate the anticipated accumulated deficit and start building a financial reserve. The strategy includes a combination of reasonable general pilotage charge increases and continued targeted cost recovery charges so as not to burden the whole industry with higher general pilotage charges; and
- control costs during the planning period.

For 2020, the GLPA is forecasting a \$0.5 million profit (\$2.3 million was initially budgeted) partly attributable by the anticipated 14.3% decrease in the initial budgeted pilot assignments, driven by lower trade resulting from the COVID-19 pandemic. This assumes that the GLPA obtains a favourable decision from the Canadian Transportation Agency regarding the Notice of Objection of the 2020 tariff amendments filed by the Shipping Federation of Canada. Should the Shipping Federation of Canada be successful in its objection, the \$0.5 million forecasted profit will translate into a \$4.0 million loss. More concerning is that the GLPA

will be at risk of insufficient cash flows to meet its financial obligations, and thus, will require Government approval for additional borrowings through an increase in its line of credit to continue its operations.

(4) *Organizational Efficiency*

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

- support the *Pilotage Act transformation* framework, including the transition of regulatory functions to Transport Canada and the development of its integrated management system over the next few years in support of the National Regulatory Framework;
- work with Transport Canada to finalize the proposed *Great Lakes Pilotage Regulations* amendments to address current business needs;
- implement the various phases of its future state information systems to reduce the risks of cyber security threats; and
- develop action plans and begin implementation following the 2020 customer satisfaction survey to improve upon the results of the 2015 customer satisfaction survey.

(5) *Good Labour Relations*

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

- revisit phase 2 of its organizational optimization initiative in 2021-2022;
- develop succession planning for senior management;
- continue to partner with the pilot unions to effectively address operational issues; and
- develop action plans and begin implementation following the 2020 employee engagement survey.

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

4.3 RISKS

The GLPA is committed to identifying, assessing, and mitigating, when deemed appropriate, all risks. It applies an Enterprise Risk Management (ERM) approach to its strategic planning process. The GLPA conducts an annual review of all risks as part of its strategic planning session (every three years) and its priority setting session (all other years). Identified risks are monitored and updated throughout the year. Following the recent update of its risks and mitigating measures, the GLPA believes its risks are, in general, well controlled.

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

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

As previously highlighted, an adverse Canadian Transportation Agency decision regarding the Notice of Objection of the GLPA's 2020 tariff amendments filed by the Shipping Federation of Canada will significantly impact the GLPA's 2020 financial results as approximately \$4.5 million of revenue will be in jeopardy and will add another \$4.0 million loss to the GLPA's current \$1.8 million accumulated deficit. More concerning

is that the GLPA currently does not have sufficient borrowing authority to meet its anticipated cash outlays starting in May 2021. This financial impact could be further compounded should the Canadian Transportation Agency not render its decision prior to the GLPA setting its 2021 tariffs with pre-consultations which started in October 2020.

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

The COVID-19 pandemic in 2020 caused many challenges for the GLPA to ensure employee safety and business continuity, in addition to adverse financial implications. The GLPA quickly responded to these new realities and successfully dealt with the first wave by keeping its pilots and other employees safe from contracting the virus as well as being able to continually operate without any business interruptions. The GLPA's business continuity could be at risk should an important number of pilots contract the COVID-19 virus, negatively impacting the GLPA's ability to maintain an adequate number of pilot resources to meet regular pilotage demand. In addition, should a second wave of the pandemic lead to drastic measures to contain and reduce the spread of the virus in Canada, government decisions including closing the Canada/United States border to marine pilots, considered as essential service workers for the efficient movement of goods, will result in the GLPA's inability to provide pilotage services as it is not currently structured to facilitate pilot transfers stationed in the United States.

In addition, should traffic levels significantly decrease in 2021 from those experienced in 2020, an equally significant loss of revenue will be experienced and will further the GLPA's inability to be financial self-sufficient and may lead to additional cash flow risks as the GLPA may not have a sufficient cash flow to meet its future financial obligations.

(3) Pilot Succession Planning

Although no longer the top risk for the GLPA given its success to meet its hiring targets, navigation safety risks remain at the forefront of the GLPA's decision-making processes. The GLPA's most important challenge for ensuring safe and reliable pilotage services is pilot succession and recruitment. The GLPA is anticipating an above average number of pilot retirements given the age of its pilots. This reality is currently common in the marine industry. Should the GLPA not effectively plan and manage pilot succession, it runs the risk of not having a sufficient number of licensed pilots to efficiently service the pilotage demand and may place some additional burden on existing pilots, potentially putting them in unsafe conditions (i.e. pilot fatigue). In addition, the lack of sufficient pilots leads to pilotage unreliability driven by increased delays and drives up pilotage costs as excessive overtime compensation will be required for pilots working on their scheduled rest days.

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

5. FINANCIAL OVERVIEW

As the GLPA is forecasting a \$0.5 million profit for 2020, its accumulated deficit will decrease to \$1.3 million. However, the 2020 forecasted profit assumes the GLPA will receive a favourable Canadian Transportation Agency decision regarding the Shipping Federation of Canada objection to the 2020 tariff amendments. The GLPA's financial objective is to generate sufficient annual profits during the planning period to eliminate the accumulated deficit and start building a reasonable reserve by the end of fiscal 2025. To achieve this goal, the GLPA has developed annual pilotage charge strategies to cover its operational expenditures while containing pilotage costs.

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

Once the GLPA eliminates its accumulated deficit, the financial goals for the remaining years are to generate annual profits ranging between \$0.5 million to \$0.7 million until a \$3.0 million financial reserve is achieved. Once this reaches approximately 5% of gross revenue, the GLPA will strive for annual balanced budgets.

5.1 MAJOR ASSUMPTIONS

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

(1) Pilotage Assignments

Based on discussions with industry stakeholders and factoring that the COVID-19 pandemic will still have adverse impacts on the 2020 year-to-go traffic similar to what has been experienced earlier in the year, the GLPA forecasts 8,056 pilot assignments for the 2020 navigation season. This represents a 18.9% traffic decrease over 2019, with 229 pilotage assignments during winter navigation. The GLPA further assumes 8,084 pilotage assignments for 2021 and similar traffic forecasts for the remainder of the planning period. Given previously noted traffic forecasting challenges, anything beyond one year is difficult to predict.

(2) Pilotage Charges

The GLPA's main source of revenue is derived by pilotage charges. For the planning period, the GLPA continues its strategies of a combination of general increases and targeted cost-recovery charges for services rendered so as not to burden all customers with excessive general tariff increases. As the base for the 2021 strategy is consistent with the GLPA's 2020 tariff strategy, for which the Shipping Federation of Canada has filed a Notice of Objection with the Canadian Transportation Agency, the GLPA has assumed it will be successful in defending its 2020 strategies and obtain a favourable decision.

The GLPA further assumes that the Shipping Federation of Canada's Notice of Objection filed with the Canadian Transportation Agency in 2020, to oppose the introduction of a *Pilotage Act* administration surcharge, will also lead to a decision in the GLPA's favour. Thus, this annual surcharge will continue through the planning period.

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

(3) Headcount and Wage Increases

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

The current headcount for dispatchers and office staff will remain unchanged for the planning period. As for the non-unionized staff, an additional headcount will be added in 2021 following the recommendations from the independent consultant as part of the organizational optimization exercise concluded in early 2020.

Three of the four pilot collective agreements have been ratified and expire March 31, 2022. The GLPA is currently in negotiations with the last pilot group. The collective agreement for the dispatchers and office staff was ratified in 2019 and expires June 30, 2022. Wage assumptions are consistent with negotiated agreements or negotiation strategies for those agreements not yet ratified.

5.2 SENSITIVITY OF PROJECTIONS TO CHANGES

The GLPA'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 the below noted assignment levels means the pilotage revenue, operating expenses, and the surplus or deficit of the GLPA could vary as follows:

Variation in Pilotage Assignments	Variation in Pilotage Revenue	Variation in Operating Expenses	Resulting Change to Surplus or Deficit
15% reduction in traffic	(\$5.2) million	(\$3.6 million)	(\$1.6 million)
15% increase in traffic	\$6.8 million	\$6.0 million	\$0.8 million

5.3 DEBT ANALYSIS

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

6. APPENDICES TO THE CORPORATE PLAN

- A. Federal Mandate Letter or Direction
- B. Corporate Governance Structure
- C. Performance and the Chief Executive Officer Results Commitment
- D. Chief Financial Officer Attestation
- E. Financial Statements and Budgets
- F. Borrowing Plan
- G. Investment Framework
- H. Risk and Risk Responses
- I. Compliance with Legislative and Policy Requirements
- J. Government Priorities and Direction
- K. Business Environment
- L. Statement of Pilot Numbers
- M. COVID-19 Pandemic

A. FEDERAL DIRECTION

The GLPA 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 GLPA'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* 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 *Financial Administration Act*. 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.

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 *Financial Administration Act*. The other Directors are appointed by the Minister of Transport with the approval of the Governor in Council. There were 13 Board meetings in 2019 with a 98% attendance rate and six in 2020 (June YTD) with a 92% attendance rate.

The following table represents the Board composition as of February 28, 2020:

<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>James Pound, Acting Chairperson</i>	<i>2022-12</i>	<i>5 years</i>	<i>St. Catharines, Ontario</i>	<i>GC, RC, Ex officio - AC</i>
<i>Josée-Christine Boilard</i>	<i>2021-06</i>	<i>2 years</i>	<i>Montreal, Quebec</i>	<i>GC, RC</i>
<i>Vered Kaminker</i>	<i>2021-06</i>	<i>2 years</i>	<i>Toronto, Ontario</i>	<i>AC, RC</i>
<i>Teena Fazio</i>	<i>2022-06</i>	<i>2 years</i>	<i>Westmount, Quebec</i>	<i>GC</i>
<i>Julie Mills</i>	<i>2022-06</i>	<i>2 years</i>	<i>Ottawa, Ontario</i>	<i>AC, RC</i>
<i>Ginette Brindle</i>	<i>2023-01</i>	<i>2 years</i>	<i>Essex, Ontario</i>	<i>AC, GC</i>

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

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

The Vice-chairperson has been acting in the Chairperson role since June 2019 when the Chairperson position became vacant. The Federal government is in the process of completing the appointment process for this position.

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

Committees

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

Role of the Audit Committee

The Audit Committee is a standing committee. Its duties, outlined in section 148 (3) of the *Financial Administration Act*, are to advise the Board on matters relating to financial statements, internal audits, the annual auditor's report, any special examination reports and resulting plans, and other functions as assigned by the Board or the GLPA's by-laws. The Audit Committee is composed of at least three members

of the Board. This committee meets a minimum of four times a year. The Audit Committee met four times in 2019 with a 100% attendance rate and three times in 2020 (June YTD) with a 100% attendance rate.

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

Role of the Governance and Human Resources Committee

The Governance and Human Resources Committee is a standing committee. Its duties are to advise the Board on matters relating to governance and human resources issues, these include: the GLPA's succession plan, CEO performance management, the Board member skills matrix for renewal of appointments by the Minister of Transport or the Governor in Council, and the stewardship of the GLPA's by-laws and directives. The committee is composed of at least three Board members. This committee meets a minimum of four times a year. The Governance and Human Resources Committee met nine times in 2019 with a 97% attendance rate and two times in 2020 (June YTD) with a 100% attendance rate.

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 GLPA's risk appetite and tolerance, review risk management strategies, review resource allocation for risk monitoring and mitigating activities and review risk management plans and policies. The Risk Committee is composed of at least three members of the Board. The committee meets a minimum of three times a year. The Risk Committee met five times in 2019 with a 94% attendance rate and two times in 2020 (June YTD) with a 100% attendance rate.

Reporting

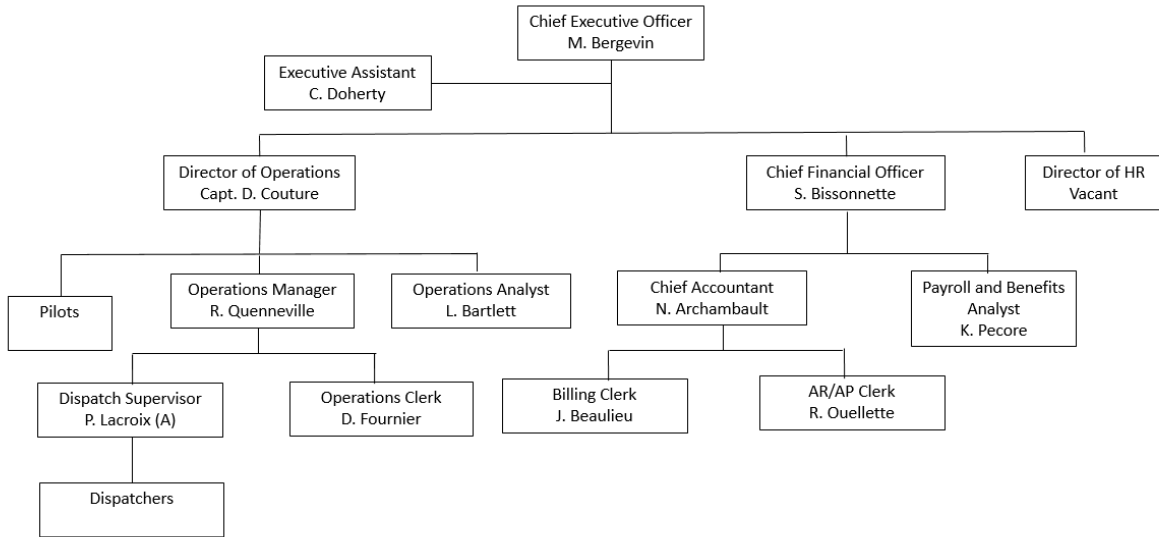
The Officers of the GLPA are the CEO and the Chief Financial Officer (CFO). The Officers report to the Board, through the Chair, on various areas of their responsibilities at each meeting of the Directors. Ongoing and new policy matters are discussed, and corporate direction is provided.

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

B.2 ORGANIZATIONAL STRUCTURE OF THE GLPA

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

Here is the GLPA’s organizational chart:



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

Name	Title
Michèle Bergevin	Chief Executive Officer
Stéphane J.F. Bissonnette	Chief Financial Officer
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		2019 ACTUALS		2020 FORECAST		2021 TARGET
1 - NAVIGATION SAFETY						
1-1	Number of major marine incidents	0	■	0	■	0
1-2	Number of minor marine incidents	8	■	10	■	8
1-3	As a % of incident-free assignments	99.9%	■	99.9%	■	99.9%
2 - PILOTAGE RELIABILITY						
2-1	Number of vessel delays due to shortage of pilots (hours)	8,166	■	6,000	■	5,500
3 - FINANCIAL SELF-SUFFICIENCY						
3-1	Net income (in millions)	(\$1.3)	■	\$0.5	■	\$0.5
OPERATIONAL PERFORMANCE INDICATORS		2019 ACTUALS		2020 FORECAST		2021 TARGET
1 - NAVIGATION SAFETY						
1.3	Number of pilots not compliant with 5 yr mandatory training	0	■	0	■	0
1-4	Number of audited Canadian vessel transits	1,379	■	1,500	■	1,334
1-5	Certificate holder monitoring - up-to-date	YES	■	YES	■	YES
2 - PILOTAGE RELIABILITY						
2-2a	Number of new apprentice-pilots recruited	7	■	9	■	9
2-2b	Number of new pilots trained and retained	6	■	6	■	11
2-2C	Number of apprentice-pilots not completing their training program	2	■	2	■	1
3 - FINANCIAL SELF-SUFFICIENCY						
3-3	Revenue per assignment	\$4,015	■	\$4,551	■	\$4,808
3-4	Cost per assignment	\$4,141	■	\$4,273	■	\$4,746
3-5	Containing administrative costs (as a % of total cost)	4.70%	■	5.80%	■	8.00%
4 - GOOD LABOUR RELATIONS						
4-1	Number of grievances	4	■	6	■	5
4-2	Average number of sick days	3.7	■	3.6	■	3.5
5 - ORGANIZATIONAL EFFICIENCY						
5-1	Number of physical intrusions by unauthorized personnel	0	■	0	■	0
5-2	Number of cyber intrusions by unauthorized personnel	0	■	1	■	0
5-3	Number of complaints filed under the Privacy Act	0	■	0	■	0
5-4	% compliance with Access to Information Request response timelines	100%	■	100%	■	100%
5-5	% compliance with whistleblowing complaint response timelines	100%	■	100%	■	100%
5-6	% of harassment/discrimination concerns appropriately resolved on time	100%	■	100%	■	100%
5-7	% of code of conduct concerns appropriately resolved on time	100%	■	100%	■	100%
5-8	Number of days of business interruption within GLPA control	0	■	0	■	0

■	Performance on or above target	■	Performance slightly below target	■	Performance significantly below target
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Navigation Safety

Incident Reporting

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

of operations for more than one month.

Strategies to Achieve the Objective

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

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

During the winter of 2020, the GLPA began the roll-out of its pilot fatigue management awareness program with the intention to have all pilots complete the training prior to the beginning of the navigation season however, due to the COVID-19 pandemic, only about half of the pilots completed the training. It is expected that before the start of the 2021 navigation season, the remaining pilots will attend the required pilot fatigue management awareness training.

C.1 PERFORMANCE ASSESSMENTS

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

Short-Term Performance Assessments			
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
To become financially self-sufficient	Generate a surplus for fiscal 2021.	Surplus of \$0.5 million.	Monthly internal financial statements / Annual audited financial statements.
Successfully defend the 2020 tariff amendments that are under a CTA objection.			
Hire and train an appropriate number of apprentice pilots to meet current traffic demands to reduce the hours of vessel delays due to a shortage of pilots.	Number of apprentice pilots recruited, trained and retained.	9 apprentice pilots to recruit for 2021 and 11 newly licensed pilots trained and retained for 2021.	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 agreement 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 one business day to avoid business interruptions.	Various IT systems and third party system contractors.
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 2021.	Industry consultations.

Medium-Term Performance Assessments

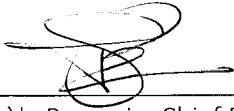
Outputs/ Outcomes	Performance Indicators	Targets	Data source and methodology
Generate annual financial surpluses.	Financial results	Eliminate the long standing accumulated deficit in 2022.	Monthly internal financial statements / Annual audited financial statements.
Develop pilotage charge amendment strategies (general and surcharge) that are sufficient to allow for safe and efficient pilotage services while keeping charges fair and reasonable.	Avoidance of an objection by the industry.	Over time, develop strategies that will limit annual increases within a reasonable rate of inflation.	Industry consultations.
Viewed as a valued maritime partner by our customers.	Review the 2020 Customer satisfaction survey results to develop and implement action plans to address expectation gaps.	In a follow-up survey, achieve an 85% favourable customer experience result.	Customer satisfaction survey conducted by a third party.
Viewed as an employer of choice.	Review 2020 Employee engagement survey results to develop and implement action plans to address expectation gaps.	In a follow-up survey, achieve a 85% favourable employee engagement result.	Employee satisfaction survey conducted by a third party.

Long-Term Performance Assessments

Outputs/ Outcomes	Performance Indicators	Target	Data source and methodology
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
Hire and train an appropriate number of apprentice pilots to meet current traffic demands to reduce the hours of vessel delays due to a shortage of pilots.	Number of apprentice pilots recruited, trained and retained.	An additional 23 apprentice pilots to recruit and 28 newly licensed pilots trained and retained for the remaining years of the planning period.	Data is available on a daily basis.
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 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 VTMISS-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 goods get 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 GLPA has strategies to become financially self-sufficient during challenging economic times.	Financial results.	Achieve an approximate \$3.0 million financial reserve at the end of the planning period 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

November 10, 2020

Date

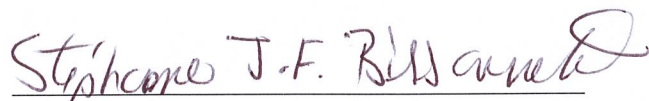
D. CHIEF FINANCIAL OFFICER ATTESTATION

November 10, 2020

In my capacity as Chief Financial Officer of the *Great Lakes Pilotage Authority*, I have reviewed the 2021-2025 *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

November 10, 2020
Date

E. FINANCIAL STATEMENTS AND BUDGETS

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

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

	ACTUAL 2019	FORECAST 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025
REVENUES							
PILOTAGE CHARGES	\$ 40,139	\$ 37,732	\$ 39,025	\$ 39,126	\$ 39,049	\$ 39,467	\$ 39,205
DISPATCHING AND PILOT BOAT INCOME	177	121	121	121	121	121	121
INTEREST AND OTHER INCOME	164	60	24	146	146	146	146
TOTAL	\$ 40,480	\$ 37,913	\$ 39,170	\$ 39,393	\$ 39,316	\$ 39,734	\$ 39,472
EXPENSES							
PILOT SALARIES AND BENEFITS	\$ 31,697	\$ 26,845	\$ 27,756	\$ 27,417	\$ 27,148	\$ 27,632	\$ 27,163
TRANSPORTATION AND TRAVEL	3,770	3,262	3,273	3,521	3,609	3,710	3,775
OPERATION SALARIES AND BENEFITS	1,471	1,733	1,836	1,890	1,900	1,966	2,013
PILOT BOAT	1,676	1,930	1,853	1,917	1,953	1,983	2,014
ADMINISTRATION SALARIES AND BENEFITS	1,110	1,123	1,223	1,247	1,281	1,306	1,343
PURCHASED DISPATCHING SERVICES	150	189	131	131	131	131	131
PROFESSIONAL FEES	413	533	566	310	186	186	206
AMORTIZATION AND DEPRECIATION	283	324	238	437	441	404	365
AMORTIZATION ON CAPITAL LEASE	61	62	63	64	66	99	72
UTILITIES, RENTALS, REPAIRS AND SUPPLIES	273	316	385	425	435	452	462
PILOT TRANSFER SERVICES	302	321	329	333	336	340	343
PILOT TRAINING AND RECRUITING COSTS	230	306	416	462	364	393	382
PILOT LAP TOP AND NAVIGATION SOFTWARE	97	164	135	140	142	144	147
COMMUNICATIONS	102	114	150	165	165	169	174
INTEREST AND BANK CHARGES	24	12	12	13	13	13	12
INTEREST ON CAPITAL LEASE	8	6	4	3	1	14	13
INTEREST ON LINE OF CREDIT	-	-	25	26	27	5	5
INTEREST ON BORROWING	-	-	-	24	19	12	7
TRANSPORT CANADA ADMINISTRATION FEE	-	157	266	277	255	255	255
TOTAL	\$ 41,667	\$ 37,397	\$ 38,661	\$ 38,802	\$ 38,472	\$ 39,214	\$ 38,882
PROFIT (LOSS) FOR THE YEAR	\$ (1,187)	\$ 516	\$ 509	\$ 591	\$ 844	\$ 520	\$ 590
OTHER COMPREHENSIVE INCOME:							
ACTUARIAL GAIN (LOSS) ON EMPLOYEE BENEFITS	(64)	-	-	-	-	-	-
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(1,251)	\$ 516	\$ 509	\$ 591	\$ 844	\$ 520	\$ 590

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

STATEMENT OF FINANCIAL POSITION

	ACTUAL 2019	FORECAST 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025
ASSETS							
CURRENT							
CASH AND CASH EQUIVALENTS	\$ 10,323	\$ 7,196	\$ 8,445	\$ 3,962	\$ 2,961	\$ 2,261	\$ 1,989
INVESTMENTS	1,079	-	-	5,000	6,000	7,000	7,000
ACCOUNTS RECEIVABLE	5,434	5,000	4,200	3,700	3,900	4,100	3,800
PREPAIDS	25	20	50	20	20	20	20
	<u>16,861</u>	<u>12,216</u>	<u>12,695</u>	<u>12,682</u>	<u>12,881</u>	<u>13,381</u>	<u>12,809</u>
NON-CURRENT							
PROPERTY AND EQUIPMENT	598	559	520	1,386	1,025	770	531
INTANGIBLE ASSETS	250	164	92	169	213	170	125
RIGHT-OF-USE ASSETS	249	191	132	71	6	285	218
	<u>1,097</u>	<u>914</u>	<u>744</u>	<u>1,626</u>	<u>1,244</u>	<u>1,225</u>	<u>874</u>
TOTAL ASSETS	<u>\$ 17,958</u>	<u>\$ 13,130</u>	<u>\$ 13,439</u>	<u>\$ 14,308</u>	<u>\$ 14,125</u>	<u>\$ 14,606</u>	<u>\$ 13,683</u>
LIABILITIES							
CURRENT							
ACCRUED SALARIES AND BENEFITS	\$ 15,925	\$ 11,051	\$ 11,214	\$ 10,723	\$ 10,573	\$ 10,595	\$ 9,882
OTHER ACCOUNTS PAYABLE AND ACCRUED CHARGES	1,205	900	715	725	730	740	735
EMPLOYEE BENEFITS	262	183	493	493	300	461	461
LEASE LIABILITY	66	72	74	64		70	72
SHORT-TERM PORTION OF BORROWING				321	278	284	
	<u>17,458</u>	<u>12,206</u>	<u>12,496</u>	<u>12,326</u>	<u>11,881</u>	<u>12,150</u>	<u>11,150</u>
NON-CURRENT							
EMPLOYEE BENEFITS	2,081	2,062	1,643	1,593	1,289	1,027	582
LEASE LIABILITY	208	135	64			238	170
LONG-TERM BORROWING	-			562	284		
	<u>2,289</u>	<u>2,197</u>	<u>1,707</u>	<u>2,155</u>	<u>1,573</u>	<u>1,265</u>	<u>752</u>
TOTAL LIABILITIES	19,747	14,403	14,203	14,481	13,454	13,415	11,902
EQUITY							
RETAINED EARNINGS (ACCUMULATED DEFICIT)	(1,789)	(1,273)	(764)	(173)	671	1,191	1,781
TOTAL LIABILITIES AND EQUITY	<u>\$ 17,958</u>	<u>\$ 13,130</u>	<u>\$ 13,439</u>	<u>\$ 14,308</u>	<u>\$ 14,125</u>	<u>\$ 14,606</u>	<u>\$ 13,683</u>

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

STATEMENT OF CHANGE IN EQUITY

	ACTUAL 2019	FORECAST 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025
RETAINED EARNINGS (ACCUMULATED DEFICIT) BEGINNING OF YEAR	\$ (538)	\$ (1,789)	\$ (1,273)	\$ (764)	\$ (173)	\$ 671	\$ 1,191
PROFIT (LOSS) FOR THE YEAR	(1,187)	516	509	591	844	520	590
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(64)	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,251)	516	509	591	844	520	590
RETAINED EARNINGS (ACCUMULATED DEFICIT) END OF YEAR	\$ (1,789)	\$ (1,273)	\$ (764)	\$ (173)	\$ 671	\$ 1,191	\$ 1,781

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

STATEMENT OF CASH FLOW

	ACTUAL 2019	FORECAST 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025
OPERATING ACTIVITIES							
PROFIT FOR THE YEAR	\$ (1,187)	\$ 516	\$ 509	\$ 591	\$ 844	\$ 520	\$ 590
ITEMS NOT AFFECTING CASH:							
Employee benefits	(60)	(98)	(109)	(50)	(497)	(101)	(445)
Amortization and depreciation	283	324	238	244	437	441	404
Amortization of right-of-use assets	61	62	63	64	66	99	72
CHANGES IN NON-CASH WORKING CAPITAL ITEMS:							
Decrease (Increase) in accounts receivable	(1,288)	434	800	500	(200)	(200)	300
Decrease (Increase) in prepaids	2	5	(30)	30	-	-	-
Increase (Decrease) in accrued salaries and benefit	3,231	(4,874)	163	(491)	(150)	22	(713)
Increase (Decrease) in other accounts payable and accrued charges	227	(305)	(185)	10	5	10	(5)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,269	\$ (3,936)	\$ 1,449	\$ 898	\$ 505	\$ 791	\$ 203
INVESTING ACTIVITIES							
PURCHASE OF INVESTMENTS	(2,426)	-	-	(5,000)	(6,000)	(7,000)	(7,000)
DISPOSAL OF INVESTMENTS	5,180	1,079	-	-	5,000	6,000	7,000
ACQUISITION OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	(265)	(199)	(127)	(1,187)	(120)	(143)	(120)
CASH PROVIDED (USED) IN INVESTING ACTIVITIES	\$ 2,489	\$ 880	\$ (127)	\$ (6,187)	\$ (1,120)	\$ (1,143)	\$ (120)
FINANCING ACTIVITIES							
PROCEEDS FROM BORROWING				1,000			
PAYMENT OF THE LEASE LIABILITIES	(74)	(71)	(73)	(77)	(65)	(70)	(71)
REPAYMENT OF BORROWING				(117)	(321)	(278)	(284)
CASH PROVIDED (USED) IN INVESTING ACTIVITIES	\$ (74)	\$ (71)	\$ (73)	\$ 806	\$ (386)	\$ (348)	\$ (355)
CASH AND CASH EQUIVALENTS							
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	3,684	(3,127)	1,249	(4,483)	(1,001)	(700)	(272)
CASH, BEGINNING OF YEAR	6,639	10,323	7,196	8,445	3,962	2,961	2,261
CASH, END OF YEAR	\$ 10,323	\$ 7,196	\$ 8,445	\$ 3,962	\$ 2,961	\$ 2,261	\$ 1,989

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

CAPITAL BUDGET

	ACTUAL 2019	FORECAST 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025
CONSTRUCTION IN PROCESS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BUILDINGS	\$ 165	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -
FURNITURE AND FIXTURES	\$ 11	\$ 30	\$ 20	\$ 23	\$ 20	\$ 20	\$ 20
LEASEHOLD IMPROVEMENTS	\$ -	\$ 53	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
COMPUTER AND COMMUNICATION EQUIPMENT	\$ 40	\$ 96	\$ 42	\$ 904	\$ 35	\$ 58	\$ 35
SOFTWARE	\$ 49	\$ 18	\$ 45	\$ 240	\$ 45	\$ 45	\$ 45
TOTAL	\$ 265	\$ 199	\$ 127	\$ 1,187	\$ 120	\$ 143	\$ 120

Overview of Significant Capital Expenditure Plan

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

No other capital expenditures represent significant costs to the GLPA.

Implications on cash flows and loans

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

Appropriations

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

F. BORROWING PLAN

F.1 BORROWING APPROVAL

Statutory Borrowing Limit

The GLPA is seeking approval from the Governor in Council to increase its statutory borrowing limit to \$12.0 million in order to secure \$10 million in short-term borrowings potentially needed to ensure business continuity. The GLPA is currently facing two important issues for which the outcome and/or the impact will not be fully known until well into the 2021 fiscal year. The first issue is the 2020 tariff objection filed by the Shipping Federation of Canada and for which a decision from the Canadian Transportation Agency is not expected to be rendered until after the 2020 fiscal year. Until such a decision is rendered, the GLPA is obligated to hold the anticipated \$4.5 million disputed revenue collected in 2020 for future potential reimbursements to its customers (see section 35 (4) of the *Pilotage Act*). Secondly, as the COVID-19 pandemic has resulted in an important reduction in pilotage demand (approximately 18% up to July 2020), the full impact for the remainder of the year, let alone the full impact on the 2021 navigation season, are not known at this time.

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

F.2 OVERVIEW OF BORROWING PLANS

Borrowing Limit

As stated above, the GLPA seeks an increase to its existing borrowing limit from \$6.0 million to \$12.0 million.

Line of Credit

Given the above, the GLPA also requests authorization from the Minister of Finance to increase its short-term borrowing to \$10.0 million in the form of a line of credit for 2021, pursuant to Section 127(3) of the *Financial Administration Act*. The GLPA foresees a potential need in excess of \$4.5 million of the requested \$10.0 million line of credit to fund cash outlays starting in mid-2021, until the Canadian Transportation Agency renders its decision on the appropriateness of the GLPA 2020 tariffs. The line of credit – given the nature of the GLPA's business – is also an important part of its business strategy, as it ensures funds are available to even out cash flow during fluctuations in traffic over the course of the navigation season.

Long-Term Borrowing

Although the GLPA does not anticipate long-term borrowing needs, nor giving any contingent liabilities in the form of guarantees for 2021, it will seek long-term borrowing in the amount of \$1.0 million in 2022 for the acquisition of Portable Pilotage Units given the useful life of the current units come to an end in 2021.

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

For 2020, the Minister of Finance approved the GLPA's borrowing, up to \$5.0 million, from its banker to bridge any cash flow shortfall.

The GLPA's funding activities are governed by section 36 of the *Pilotage Act* and section 127 of the *Financial Administration Act*.

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

F.3 TOTAL BORROWING – NEW AND OUTSTANDING

These tables detail shifts between short-to-long-term borrowings, and material changes year-to-year. Using a conservative approach, these tables have assumed that the GLPA will be obligated to reimburse its customers for excessive 2020 tariffs of approximately \$4.5 million.

	2019 Actual	2020 Estimated	2021 Forecasted	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Short-term borrowings	\$ -	\$ -	\$ 6.0	\$ 5.0	\$ 4.0	\$ 3.0	\$ 2.0
Long-term borrowings	\$ -	\$ -	\$ -	\$ 0.9	\$ 0.6	\$ 0.3	\$ -
Total borrowings	\$ -	\$ -	\$ 6.0	\$ 5.9	\$ 4.6	\$ 3.3	\$ 2.0

As the GLPA's collective agreements are structured in a manner that a significant amount of pilot compensation is only paid in January following the end of the navigation season, the GLPA's cash on hand at December 31 is usually substantial, but is next to non-existent at the start of the following navigation season (April). The potential reimbursement to its customers noted above will lead to the following short-term borrowings at December 31:

Split by currency	2019 Actual	2020 Estimated	2021 Forecasted	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Canadian dollar	\$ -	\$ -	\$ 3.0	\$ 2.0	\$ 1.0	\$ -	\$ -
U.S. dollar	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total borrowings	\$ -	\$ -	\$ 3.0	\$ 2.0	\$ 1.0	\$ -	\$ -

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

Table 3: Short-term borrowings available and usage at peak during the year							
(in millions of dollars)							
Split by currency	2019 Actual	2020 Estimated	2021 Forecasted	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Line of credit available	\$ 3.0	\$ 5.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0
Real use	\$ -	\$ -	\$ 6.0	\$ 5.0	\$ 4.0	\$ 3.0	\$ 2.0

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

Table 4: Long-term borrowings as of December 31							
(in millions of dollars)							
	2019 Actual	2020 Estimated	2021 Forecasted	2022 Projected	2023 Projected	2024 Projected	2025 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 GLPA anticipates entering into new leases which will require Ministerial approval. The current office lease expires January 31, 2024. As such, the GLPA will be seeking approval to enter into a new ten-year lease effective February 1, 2024.

Table 5: Information and approval for upcoming leases							
(in millions of dollars)							
	2019 Actual	2020 Estimated	2021 Forecasted	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Building lease - Head Office							
Maximum expected liability on the lease			\$ -	\$ -	\$ -	\$ 0.8	\$ 0.7
Maximum expected number of years remaining			-	-	-	9	8

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

G. INVESTMENT FRAMEWORK

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

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

Given that an important portion of cash inflow is received between September and December and given the GLPA’s significant cash outflows occur in January the following year, the GLPA cannot aggressively invest in instruments that mature beyond February. The GLPA consults with its investment experts for recommendations of investment instruments that could be purchased to maximize returns with no financial risks. As such, the GLPA plans to invest its excess moneys for periods ranging from three months to two years until it achieves a \$3.0 million financial reserve.

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

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

H. RISK AND RISK RESPONSES

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

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

Each year, the Board and management develop risk assessments for the upcoming year by:

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

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

Title / Description of the Risk	Title / Description of the Risk
	<p>Profitability Risk and Cash Flow Risk are respectively the failure to generate sufficient revenue to recover expenditures or the failure to contain costs to a reasonable level and to generate sufficient cash inflows to pay the financial obligations in the prescribed timelines even with the assistance of approved short-term borrowings.</p> <p>Catogories: Financial Probability: Medium Inherent Risk Level: Very high Residual Risk Level: High</p>

Impact and Response	<p>Impact: Direct financial loss and the inability to meet financial obligations</p> <p>Response: The Authority's tariff amendments are always subject to a potential objection by its customers. Should the CTA rule against the Authority, all revenue associated with the disputed tariffs are lost, thus the risks are inherently very high. Even with the Authority trying to limit cost increases and holding regular discussions and consultation meetings with industry stakeholders to clearly communicate the rationale for the tariff amendments as strategies to reduce these residual risks, it is difficult to fully mitigate the risks given the marine industry, as a whole, experiences constant pressures to contain costs. Thus, customers do not easily support any tariff adjustments in excess of inflation. As the Authority is trying to eliminate its \$1.8 million accumulated deficit and improve its cash flow profile, tariff adjustments need to be in excess of inflation. As such, the residual risks remain high.</p> <p>The Shipping Federation of Canada's objection to the Authority's tariff adjustments for 2020 compounds the Authority's profitability and cash flow risks. The matter is currently being adjudicated by the CTA. The Authority modified its tariff strategies in 2020 to introduce tariffs that target specific cost recovery events as the previous approach of general adjustments did not focus on the specific pilotage tasks that incurred the incremental costs.</p> <p>The Authority has been increasing its operational analysis to better understand pilotage demands and schedules to better control costs and increase efficiency opportunities.</p> <p>In addition, the Authority is requesting an increase of its statutory borrowing limit from \$6.0 million to \$12 million as part of this corporate plan submission. This would ensure the Authority has sufficient cash in-flows for 2021 while the above noted modifications to the revenue stream and cost containment can be implemented.</p>
Title / Description of the Risk	<p>COVID- 19 Employee Health/Safety and Business Continuity Risks are respectively the potential that pilots contract the virus and compromise their health while performing pilotage duties, leading to a lack of healthy pilots to provide pilotage services and the failure to modify current operational processes to allow pilots to board vessels without the need to cross into the United States should the border be closed to essential workers.</p> <p>Catogories: Human Capital, Operational, Financial Probability: Medium Inherent Risk Level: Very High Residual Risk Level: Medium</p>
Impact and Response	<p>Impact: Pilots may develop severe health issues which may also result in a lack of pilot resources to service pilotage demand.</p> <p>Response: Given pilots are required to cross the Canada/United States border to board vessels and they will have direct contact with foreign and domestic crews in tight spaces, the health/safety risk is inherently very high. Through effective social distancing protocols, wearing of personal protective equipment and collaboration with all industry stakeholders on agreed upon prevention protocols, the health/safety residual risk is reduced to high. As the St. Lawrence River and the Great Lakes are in most parts in international waters and the Authority shares pilotage services with US pilotage associations, the current operational infrastructure requires the Canadian pilot to board vessels from various stations in the United States pursuant to Memorandum of Understanding with the United States Coast Guard. The Authority is not structured to allow pilots to board vessels directly from Canada, thus a border closure leads to very high inherent and residual risks for business continuity.</p> <p>The Authority will need to develop business continuity plans in collaboration with the United States Coast Guard to explore the feasibility of changing pilot change points conducive to both nations should the borders be closed to essential service workers. The Authority would also need to source pilot boat operators on the Canadian side.</p> <p>Given the associated incremental costs and operational implications associated with these contingency plans, the Authority would involve all its stakeholders to finalize the mitigation operational plans.</p>

Title / Description of the Risk	<p>Pilot Succession Planning Risk is the potential that the Authority is not able to have a sufficient number of qualified pilots to effectively fulfill its mandate to provide safe and efficient pilotage services in an economical manner.</p> <p>Categories: Human Capital Probability: High Inherent Risk Level: High Residual Risk Level: Medium</p>
Impact and Response	<p>Impacts: There is no mandatory retirement age, making retirement predictions and a reasonable notice period uncertain; which leads to difficulties to recruit and train apprentice-pilots to replace retirees in an orderly fashion. An insufficient number of licensed pilots leads to incremental pilot compensation and safety concerns.</p> <p>Response: As the Authority's ability to effectively provide safe and reliable pilotage services is directly related to maintaining a sufficient number of qualified pilots, the pilot succession planning risk is high. Through its annual survey to gauge the pilots' potential retirement plans and revamped recruitment process resulting in meeting its targeted number of new hires, the pilot succession planning risk is medium.</p> <p>The Authority will need to continue to leverage the 300+ Canadian officers who have pilotage certificates for the Great Lakes region as a pool of potential candidates. The Authority will participate in more events at marine schools and job fairs aiming to raise awareness of the profession in the Great Lakes.</p> <p>The Authority will continue to leverage its process improvements in pilot retirement planning to anticipate upcoming retirements. The Authority works with pilots contemplating retirement to transition to a part-time status after retirement to ensure a sufficient number of pilots while apprentice-pilots complete their training.</p> <p>To mitigate the risk of apprentice-pilots not completing their training, the Authority will continue to review its training program, have training progression debriefs with the apprentice-pilots, and use its pilots in the training program to support apprentice-pilots.</p>

System Security

System security is an ongoing risk that the GLPA needs to effectively manage given systems and network infrastructure supports the GLPA's daily operations. Cybersecurity thus remains a high priority for the GLPA. A system security internal audit was completed in 2019 and the GLPA continues to work on the action plans and implementation to address the findings and recommendations.

I. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

Canada Labour Code

The GLPA fully supports all elements of the *Canada Labour Code* (Code) and embraces all new regulatory requirements for the betterment of all Canadians. Bill C-86, the *Budget Implementation Act*, No. 2 which received Royal Assent in December 2018 and Bill C-63 introduced new regulatory requirements relating to new hours of work provisions. The GLPA has completed a detailed impact assessment of these new requirements. It has complied with Employment Services Development Canada's consultation and has provided a few exemptions and modification requests as they relate to: the requirements for the 8-hour rest period between work period of shifts, subsection 169.2 (1), and the 30-minute break within every five hours of work, subsection 169.1 (1), since the pilot groups are solely responsible for the conduct of a ship during the transit. The GLPA awaits a response to the exemption/modification requests as it believes the working conditions for its employees are fair while ensuring the safety and efficiency of pilotage services.

Access to Information Act

The GLPA believes that openness and transparency help build a trusting relationship with customers, partners, and all other stakeholders. Its objective is to respond promptly, and with transparency, to all information requests from the public, the media, and all those interested in the GLPA's operations. To date in 2020, the GLPA has not received a request and does not have any outstanding requests from prior years.

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

Conflict of Interest Act

The GLPA's directive on conflict of interest is compliant with the *Conflict of Interest Act*. To date in 2020, the GLPA does not have any reported conflict of interest issues.

Canadian Human Rights Act

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

The GLPA will have a revised consolidated directive before the end of 2020, combining its directives on Respectful Workplace and Violence Prevention in the Workplace as well as its supporting programs to ensure it remains compliant with the requirements for comprehensive policies to address workplace harassment, violence, and sexual harassment under the *Canada Labour Code* in the recent Bill C-65 *Safe Workplaces*.

Employment Equity Act

The GLPA is committed to attract, hire and retain talent that reflects the diverse Canadian workforce. All of the GLPA's recruitment directives and processes respect the *Employment Equity Act*. The GLPA is not aware of any complaints made under the *Employment Equity Act*.

Pay Equity Act

Bill C-86, which received Royal Assent on December 13, 2018, introduces some amendments to the *Pay Equity Act* that came into force on June 13, 2019. Management is still in the informing phase to better understand the implications and to ensure compliance. It will be assessing the implications of these new regulatory requirements and develop action plans to ensure compliance once the Act comes into force, which is expected in late-2020 as well as to ensure the implementation of the program within the stipulated 3- year timeframe.

Official Languages Act

The GLPA's Chief Financial Officer assumes the role of Official Languages champion to promote and monitor the use of official languages in all internal and public communications. The use of both languages in the workplace prevails at the GLPA's head office in Cornwall, Ontario, where staff need to communicate with employees, customers, and government agencies in either language. As required, the GLPA reports annually to the Treasury Board Secretariat's Official Languages Centre of Excellence. To date in 2020, the GLPA does not have any reported Act-related issues.

Privacy Act

The GLPA reports annually to the Privacy Commissioner. In 2019, the GLPA revamped its privacy program to ensure compliance with this Act. To date in 2020, there are no privacy requests received by the GLPA. However, the GLPA did have one security breach in July 2020 which is being assessed/addressed. The GLPA is committed to ensuring all individuals who may be impacted by this potential privacy breach will be informed as well as provide a report to the Office of the Privacy Commissioner as required by the *Privacy Act*.

Directive on Travel, Hospitality, Conference, and Event Expenditures

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

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

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

Board's *Directive on Travel, Conference, and Event Expenditures*.

Pension Plan Reforms

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

Trade Agreements

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

Other

The GLPA supports and complies with the following legislation:

Corporate

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

Government Institutions

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

Regulatory Statutes

- *Pilotage Act*, RSC 1985, c P-14
- *Canada Labour Code*, RSC 1985, c L-2
- *General Pilotage Regulations*, SOR/2000-132
- *Great Lakes Pilotage Regulations*, C.R.C. c. 1266
- *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 GLPA has embraced, and aligns itself with the Government of Canada priorities set in the 2014, 2019 and 2020 Throne Speeches and is taking the following actions and measures:

Transparency and Open Government

The GLPA is fully committed to openness and transparency with all stakeholder interactions. It uses several communication tools to deliver on its commitment to be fully open and transparent. The GLPA respects the requirements to openly publish various reports, namely its Annual Report, Quarterly Financial Reports, Summary of the Corporate Plan, Proactive Disclosure of Travel and Hospitality Expense Reports, and Access to Information Act inquiries on its website.

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

Gender-Based Analysis Plus / Diversity and Employment Equity / Accessibility

The GLPA supports the Government of Canada's mandate to strive for gender parity and to ensure that Indigenous Canadians, minority groups and individuals with disabilities are properly represented. The GLPA is committed to developing an inclusive and barrier-free work environment in which all persons have equal access to opportunities within its organization. This is seen in the GLPA's recruitment, selection, conditions of employment, training, career development and performance management practices which focus on equity and a sense of value.

Women represent 84% of the Board of Directors, 67% of the senior management team, 56% of office staff, and 18% of dispatchers. However, given that the GLPA is required to recruit from a pool of pilot candidates that must meet the physical and qualification restrictions included in the Act and the *General Pilotage Regulations*, the current pool of candidates is predominately comprised of male Caucasians at this time. Thus, women only represent 3% of the pilot workforce.

Safe Workspaces

The GLPA has various directives and has implemented practices to ensure a healthy workplace where its employees can expect to feel secure and enjoy a safe physical and emotional work environment as well as feel respected, recognized for the work they do, and provide a sense of belonging and purpose. In the fall of 2020, the GLPA initiated an employee engagement survey to gauge the effectiveness of the current practices and to identify issues that need to be addressed. An action plan will be developed in Q1 of 2021 with implementation to be carried over 2021-22.

Fighting climate change

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

Sustainable Development and Greening Government Operations

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

The GLPA also sends each of its pilots to complete simulator training at least once in a five-year cycle. It will continue this practice as it provides pilots with a means to train on different ships, manage various conditions, and cope with specific issues, such as slow rudders or crew responses. The GLPA reviews incidents and trends to continually re-assess the training program. The GLPA also takes part in various joint initiatives and associations to keep up to date on emerging safety concerns and best practices as well as participates in the *International Marine Pilots' Association's* conference every two years where it interacts with other pilotage service providers from around the world. In discussions that promote professional standards in the interests of pilot safety, this conference encourages both consultation between its members and the exchange of technical information with other industry partners and regulators across the globe. Similarly, but on a more national level, the GLPA also gains benefits from its interaction with the Canadian Marine Pilots' Association.

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

Strengthening the middle class

As an important partner in marine commerce, the GLPA supports Canadian companies in accessing foreign markets which enables economic growth as well as helping give middle-class Canadians access to foreign goods at a lower cost. Approximately 75-85% of pilotage services deal with the import/export of goods from foreign markets.

Indigenous Relations and Walking the road to reconciliation

The GLPA is committed to gaining a better appreciation of Indigenous culture. As many indigenous communities are located on the border of the St. Lawrence River and the Great Lakes, the GLPA remains respectful of navigation impacts on these communities.

Positioning Canada for success in an uncertain world

The GLPA is committed to support Canadian companies with reliable and flexible pilotage services to facilitate these companies to seek out new opportunities for commerce.

K. OPERATING ENVIRONMENT

Cornwall District

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

International District No. 1

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

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

International District Lake Ontario

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

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

International District No. 2 (including the Welland Canal)

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

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

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

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

International District No. 3

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

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

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

Port of Churchill

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

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

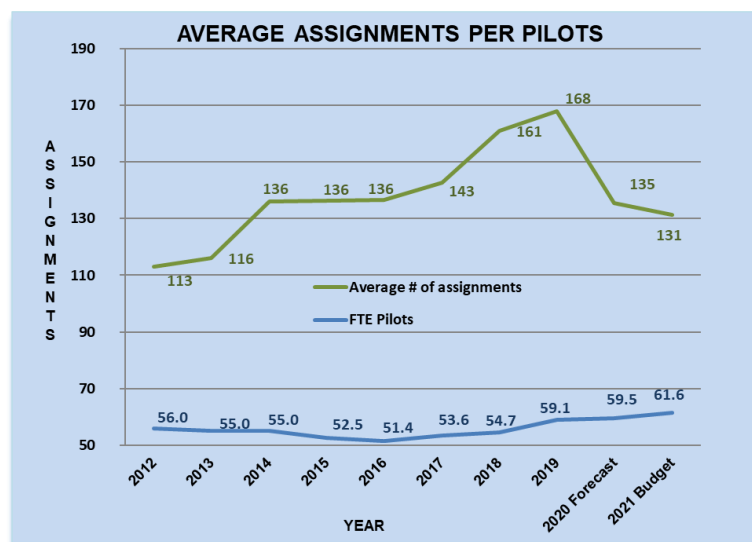
K.1 PILOTAGE CAPACITY

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

With the new realities of COVID-19 in 2020, pilotage demand has decreased by 14.3% versus the initial 2020 projections and by 18.9% versus 2019.

Being able to reasonably predict traffic volume is crucial given the GLPA plays such an important role in the movement of goods in the Great Lakes region. Preliminary industry consultations have determined that pilot assignments for 2021 are anticipated to be similar to the traffic experienced in 2020. With the uncertainty relating to COVID-19, trying to forecast traffic beyond one year is extremely difficult. The best estimate at this time for the outgoing years of the planning period is to assume a constant forecast to 2021.

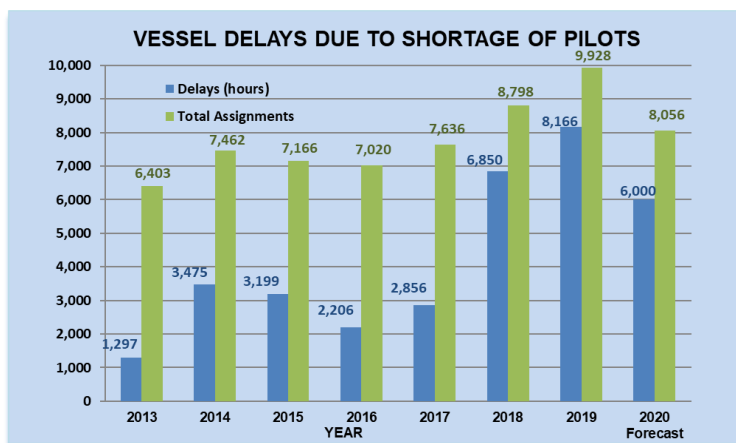
While assignments per pilot should be maximized, the GLPA must ensure these stay within a reasonable average assignment range, otherwise there is a potential risk of pilot fatigue and possible safety concerns. Since 2014, pilot assignments have consistently been higher than forecast. Instead of a reasonable average of 110-120 assignments per pilot, the annual pilot average workload has increased to an average of 135-143 going as high as 168 assignments in 2019. This is a substantial jump compared to the 116 average assignments per pilot experienced in 2013. Note: these assignments numbers exclude winter work.



With the 2020 forecast assignments anticipated to be lower than 2019, pilot workload is expected to reflect an average of 135 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 averaged about 6,400 assignments per year.

Forecast traffic, along with increased pilot numbers for the planning period, means the average number of assignments is expected to drop to 131 assignments per pilot for 2021 and improve over the remaining years of the planning period to achieve the GLPA's objective of 110-120 assignments per pilot. The planned increase in pilot numbers is key to ensuring the GLPA's continued incident-free excellence, to improve service in support of Canadian economic growth and to ensure pilot fatigue is eliminated.

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



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

The GLPA expects the 2020 delays to decrease from 2019 due to the following factors: 1) the 2020 decrease in assignment levels; 2) the assignments will be serviced by a slightly higher pilot complement (59.5 Full-Time Equivalent pilots in 2020 vs 59.1 in 2019); 3) the GLPA did not experience the extreme ice conditions experienced at the start of the 2019 navigation season; and 4) there were no adverse navigation issues due to high-water levels as experienced in 2019. With an increased pool of pilots during the planning period, the GLPA is striving to continually reduce the number of delay hours due to a shortage of pilots to eventually bring these results to reasonable levels as seen in 2013 and prior years. As the GLPA is expecting to have 70-75 Full-Time Equivalent pilots by the end of the planning period, resulting in an average of 110-120 assignments per pilot, it is reasonable to believe that vessel delays will decrease as targeted.

K.2 PILOT TRAINING

Pilot Training – Annual

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

The GLPA also provides annual training for the Portable Pilotage Units and other specifically identified

training needs, as required. For 2020, this training includes pilot fatigue management. The GLPA dispatchers will also undergo the fatigue management training in 2021.

Pilot Training – Apprenticeship

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

District	Length of Training
Cornwall District	12 to 18 months
International District No. 1	6 to 12 months
Lake Ontario District	6 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 GLPA is a Crown corporation with near-monopoly powers in terms of the provision of pilotage services. Consequently, it is important that the Board and management reach out to stakeholder organizations to ensure that important issues are identified and managed effectively.

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

GLPA's customers represented by the Shipping Federation of Canada and the Chamber of Marine Commerce must be consulted and must support the GLPA's decisions, as they have access to the Canadian Transportation Agency for a review whenever issues are not resolved satisfactorily. Solutions with consensus, when possible, are preferred versus legislated ones, as they create a win-win situation for all parties. Furthermore, the GLPA must manage potentially differing expectations from its various stakeholders. Striking a proper balance, while achieving the GLPA's objectives, can be challenging at times.

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

- St. Lawrence Seaway Management Corporation (Canada)
- St. Lawrence Seaway Development Corporation (United States)
- Lake Ontario St. Lawrence River Board
- United States Pilotage Associations
- Canadian Port Authorities in the Great Lakes region
- Ports and harbours in the Great Lakes region
- Environmental groups

- Recreational boaters
- Private citizens living along the GLPA's area of responsibility

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

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

To interact with pilot-interest stakeholders, the GLPA usually holds a formal meeting with the presidents of the pilot corporations at the start of the navigation season. However, due to COVID-19 this meeting did not occur, but monthly teleconferences are being held. There are ongoing communications with the pilot union representatives throughout the season to discuss working rules and other labour issues.

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

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

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

L. STATEMENT OF PILOT NUMBERS

<i>PLANNED PILOT HEADCOUNT</i>						
	FORECAST	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	2020	2021	2022	2023	2024	2025
<i>Pilots</i>						
Start of Year	57	57	63	66	68	71
Retirements/Terminations	(3)	(4)	(6)	(5)	(4)	(1)
Transfers	(2)	(1)	0	0	0	0
Licensed	5	11	9	7	7	5
End of Year	57	63	66	68	71	75
<i>Apprentice-Pilots</i>						
Start of Year	6	10	8	6	7	5
Licensed	(5)	(11)	(9)	(7)	(7)	(5)
Terminations	(2)	0	0	0	0	0
Transfers	2	0	0	0	0	0
New Hires	9	9	7	8	5	3
End of Year	10	8	6	7	5	3
<i>Part Time Pilots</i>						
Start of Year	7	8	5	11	8	6
Contracts Ended	(1)	(3)	(1)	(3)	(2)	(2)
New Contracts	2	0	7	0	0	0
End of Year	8	5	11	8	6	4

M. COVID-19

2020 Business Implications

The COVID-19 pandemic in 2020 caused many challenges for the GLPA to ensure employee safety, business continuity as well as adverse financial implications. The GLPA quickly responded to these new realities and successfully dealt with the first wave by keeping its pilots and other employees safe from contracting the virus as well as being able to continually operate without any business interruptions.

Business Continuity and Employee Safety

The GLPA, an essential service provider in the movement of goods for the Canadian population, ensured continuous operations since the beginning of the navigation season in March 2020. The GLPA worked in collaboration with Federal government departments and agencies as well as other industry stakeholders to ensure business continuity and the safety of its employees and crew members. Pilots were equipped with the required protective personal equipment and the necessary sanitation and safety protocols were implemented to reduce the risk of contracting or spreading the virus to vessel crew members while performing their pilotage duties in Canadian and American waters. Given the GLPA's pilots need to travel to the United States to board vessels, the increasing spread of the virus in the United States is continually monitored to ensure safety of our pilots and their families. The GLPA also worked with its counterparts at the Canada Border Services Agency to ensure pilots reach their destinations in the United States to board ships to avoid any delays to shipping. The GLPA also worked with its land transportation and pilot boat service providers to ensure protocols were in place and followed to ensure the safety of our pilots and apprentice-pilots.

In addition, preventive protocols and social distancing, including working from home, ensured a safe workplace for the dispatchers and office staff to support operational needs without disruption. Signage was also prominent at the GLPA's head office in Cornwall and visitors were monitored and kept to a minimum as much as possible with most meetings occurring via teleconference.

Traffic Implications

The cruise industry in 2020 has been non-existent due to COVID-19 and it is expected that it will take several years for the industry to recover. The pandemic has also led to a reduction in the demand for oil and gas in 2020 but the demand for Canadian grain has increased substantially as countries stockpile during the pandemic. Based on these discussions with industry, the GLPA forecasts 8,056 pilot assignments for the 2020 navigation season, a 18.9% traffic decrease over 2019.

Other Operational Implications

In 2020, the GLPA had initiated the procurement process to replace the pilots' Portable Pilotage Units in time for the start of the 2021 navigation season. However, the COVID-19 pandemic led to operational implications which no longer provided the pilots with the ability to conduct the necessary testing as well as an important reduction in revenue and cash flow due to the decrease in traffic. Following a careful assessment of the situation, it was determined that the current Portable Pilotage Unit's life could be extended and, therefore, the GLPA is committed to source new units in time for the start of the 2022 navigation season.

During the winter of 2020, the GLPA began the roll-out of its pilot fatigue management awareness fatigue

with the intention to have all pilots complete the training prior to the beginning of the navigation season however, due to the COVID-19 pandemic, only about half of the pilots completed the training. It is expected that before the start of the 2021 navigation season, the remaining pilots will attend the required pilot fatigue management awareness training.

Financial Implications

From a financial perspective, the GLPA is forecasting a \$0.5 million profit (\$2.3 million was initially budgeted) partly attributable to the anticipated 14.3% decrease in the initially budget pilot assignments, driven by lower trade resulting from the COVID-19 pandemic.

Human Resources Implications

As a federal Crown corporation, the GLPA did not entertain any employee layoffs to offset the loss in revenue due to COVID-19 given the GLPA provides essential services.

2021 Business Implications

Business Continuity and Employee Safety

The GLPA's business continuity could be at risk should an important number of pilots contract the COVID-19 virus, negatively impacting the GLPA's ability to maintain an adequate number of pilot resources to meet regular pilotage demand. In addition, should a second wave of the pandemic lead to drastic measures to contain and reduce the spread of the virus in Canada, government decisions including closing the Canada/United States border to marine pilots, essential service workers for the efficient movement of goods, will result in the GLPA's inability to provide pilotage services as it is not currently structured to facilitate pilot transfers stationed in the United States.

As the St. Lawrence River and the Great Lakes are in most parts in international waters and the GLPA shares pilotage services with the United States Pilot Associations, the current operational infrastructure requires the Canadian pilot to board vessels from various stations in the United States pursuant to the Memorandum of Understanding between the GLPA and the United States Coast Guard. The GLPA is not structured to allow pilots to board vessels directly from Canada, thus a border closure leads to very high inherent and residual risks for business continuity.

The GLPA will need to develop business continuity plans in collaboration with the United States Coast Guard to explore the feasibility of changing pilot change points acceptable to both nations should the borders be closed to essential service workers. The GLPA would also need to source pilot boat operators on the Canadian side.

Traffic Implications

The uncertainty of the COVID-19 impacts beyond 2020, especially given the increased COVID-19 concerns in the United States, compounds traffic unpredictability in the Great Lakes for the 2021 navigation season and beyond. At this time, the GLPA assumes traffic levels for 2021 and beyond to mirror those of the forecasted 2020 levels.

Financial and Borrowing Implications

Should traffic levels significantly decrease in 2021 from those experienced in 2020, a significant loss of

revenue will result in the GLPA's further inability to be financial self-sufficient and may lead to additional cash flow risks as the GLPA may not have a sufficient cash flow to meet its future financial obligations.

The GLPA is seeking approval from the Governor in Council to increase its statutory borrowing limit to \$12.0 million in order to secure \$10.0 million in short-term borrowings potentially needed to ensure business continuity. As the COVID-19 pandemic has resulted in a reduction in pilotage demand (approximately 18% up to July 2020), the full impact for the remainder of the year, let alone the full impact on the 2021 navigation season, are not known at this time. The GLPA must have sufficient short-term borrowings to ensure it can meet its financial obligations for business continuity.