



Great Lakes Pilotage  
Authority

Administration de pilotage  
des Grands Lacs

## **2025 First Quarter**

## **Financial Report**

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For the period ended March 31, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) outlines the Great Lakes Pilotage Authority (GLPA) financial results and operational changes for the quarter ended March 31, 2025. This discussion should be read with the unaudited interim financial statements for the period, which have been prepared in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and Internal Accounting Standard 34 – *Interim Financial Reporting* (IAS 34). We also recommend reading this information in conjunction with the GLPA's annual financial statements and annual report for the year ended December 31, 2024.

GLPA management is responsible for the information presented in the MD&A and unaudited interim financial statements. All references to "our" or "we" are references to the management of the GLPA. The Board of Directors, on the recommendation of its Audit Committee, approved the content of this MD&A and the unaudited interim financial statements. The financial results discussed in the MD&A are rounded to the nearest thousand.

## MATERIALITY

In assessing the information to be provided in the MD&A, management applies the materiality principle as guidance for disclosure. That is, management considers the information to be material if it is considered probable that omission or misstatement would influence decisions that users make based on financial information.

## FORWARD-LOOKING STATEMENTS

The MD&A and unaudited interim financial statements contain forward-looking statements that reflect management's expectations regarding the GLPA's objectives, plans, strategies, future growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "plans," "anticipates," "expects," "believes," "estimates," "intends," and similar. These forward-looking statements are not facts but estimates of future results. These are based on factors or assumptions regarding expected growth, results of operations, performance, business prospects and opportunities. While management considers the assumptions to be reasonable based on available information, these may prove to be incorrect. The estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the GLPA expects.

## DESCRIPTION OF THE OPERATIONS AND OBJECTIVES

Under the Pilotage Act, the GLPA is mandated to ensure safety by operating a marine pilotage service in all Canadian waters within the provinces of Ontario, Manitoba, and Quebec, south of the northern entrance to the St. Lambert Lock. Vessels entering this region must engage in compulsory pilotage by GLPA employed pilots. Furthermore, the GLPA oversees a pilotage certification program, that includes about ~250 certificate holders. This program ensures that Canadian vessels required to undergo compulsory pilotage are under the guidance of a valid certificate holder, especially when pilot services are not requested, in accordance with the *General Pilotage Regulations*.

The GLPA must coordinate its efforts and operations with those of many other organizations, such as; The St. Lawrence Seaway Management Corporation (SLSMC), the Great Lakes St. Lawrence Seaway Development Corporation (GLS), and the Canadian Coast Guard traffic controls systems within the region. The GLPA coordinates with the US Coast Guard Pilotage directorate, pilotage regulations matters in international waters of the Great Lakes.

The GLPA is responsible for providing pilotage services with a commercial framework aimed at achieving and maintaining financial self-sufficiency. Additionally, it must align with the government's ESG policies.

## SIGNIFICANT CHANGES AND BUSINESS DEVELOPMENTS

The GLPA continues to closely monitor the impact from the US tariffs on its financial performance and maritime transportation in the Great Lakes region. The collective agreement with the PSAC group expired in June 2024 and negotiation are planned for the second quarter of 2025.

The GLPA incorporates a range of strategic and operational key performance indicators as vital components of its decision-making framework. The subsequent evaluation provides an overview of the GLPA's cumulative performance for the first 3 months of 2025, offering a comparative analysis versus established targets and the corresponding performance in 2024.

STRATEGIC PERFORMANCE INDICATORS	Q1 QTD-2025	Target	Vs Target	Q1 QTD -2024	Vs 2024
<b>1 - NAVIGATIONAL SAFETY</b>					
Number of major marine incidents	0	0	<input type="checkbox"/>	0	<input type="checkbox"/>
Number of minor marine incidents	1	0	<input type="checkbox"/>	0	<input type="checkbox"/>
% of incident-free assignments	99.7%	99.9%	<input type="checkbox"/>	100.0%	<input type="checkbox"/>
<b>2 - PILOTAGE RELIABILITY</b>					
Number of vessel delays due to shortage of pilots (hours)	5	0	<input type="checkbox"/>	0	<input type="checkbox"/>
<b>3 - FINANCIAL SELF-SUFFICIENCY</b>					
Net income (in millions)	(\$1.4)	(\$1.0)	<input type="checkbox"/>	(\$1.2)	<input type="checkbox"/>
OPERATIONAL PERFORMANCE INDICATORS	Q1 QTD-2025	Target	Vs Target	Q1 QTD -2024	Vs 2024
<b>4 - PILOTAGE ASSIGNMENTS</b>					
Navigational season	365	307	<input checked="" type="checkbox"/>	307	<input checked="" type="checkbox"/>
Winter work	133	104	<input checked="" type="checkbox"/>	104	<input checked="" type="checkbox"/>
<b>5 - FINANCIAL SELF-SUFFICIENCY</b>					
Cost per assignment	\$9,081	\$9,324	<input checked="" type="checkbox"/>	\$9,527	<input checked="" type="checkbox"/>

<input checked="" type="checkbox"/> Target Met	<input type="checkbox"/> Target Not Met
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## TRAFFIC

The GLPA provided pilotage services during the winter months in District 2 (the waterway between Port Colborne, Ontario and Port Huron, Michigan). The demand for pilotage during the winter months were 133 assignments, which is comparable to the 104 assignments in 2024.

The 2025 St. Lawrence Seaway navigation season began with the first ship entering the seaway system at the St. Lambert Lock on March 22, 2025, mirroring the start date of the 2024 season.

From the beginning of the first quarter, there were 365 assignments serviced under compulsory pilotage compared to 307 assignments in 2024. This represents an 19% increase in traffic compared to 2024, attributed to mild winter conditions and the absence of appreciable ice cover on the Great Lakes, which facilitated early-season traffic movement.

## PILOTAGE RELIABILITY

### Recruitment, training and retention of apprentice pilots

Through its enterprise risk management assessment, the GLPA continues to view pilot succession planning as crucial, given that approximately 17 pilots are expected to retire in the next 5 years. To mitigate this risk, the GLPA continues to plan for a high level of pilot recruitment and training.

The GLPA continues to effectively utilize its Apprentice Pilot Training Program. Three (3) Apprentice Pilots have been hired in 2025. Six (6) Apprentice Pilots are expected to be licensed by year end. Additional recruiting efforts will continue in 2025.

## FINANCIAL SELF-SUFFICIENCY

First-quarter revenues and earnings are significantly lower than those of other quarters due to seasonal factors, such as the closure of the seaway during the winter months, typically from January to March.

In the first quarter of 2025, the GLPA recorded revenues of \$3.1 million—marking an increase of \$0.4 million compared to the same period in 2024. Operating and administrative expenses also increased by \$0.6 million. Both revenue and expenses increased compared to the previous year, which can be attributed to the new employees hired in the second of half of 2024 and the rise in number of assignments during the navigational season, with 365 in the first quarter of 2025 versus 307 in the corresponding period of 2024.

The following table illustrates the GLPA's performance for the first quarter of 2025 compared to the same period in 2024.

(in thousands of Canadian dollars) Three months ended March 31	2025 Actual	2024 Actual	Variance	2025 Budget	Variance
Revenue	\$ 3,089	\$ 2,695	\$ 394	\$ 2,800	\$ 289
Operating costs	3,645	3,129	515	2,872	773
Administrative costs	827	786	41	960	(133)
<b>Surplus (loss)</b>	<b>\$ (1,383)</b>	<b>\$ (1,220)</b>	<b>\$ (163)</b>	<b>\$ (1,032)</b>	<b>\$ (351)</b>
Other comprehensive income (loss)	-	-	-	-	-
<b>Comprehensive profit (loss)</b>	<b>\$ (1,383)</b>	<b>\$ (1,220)</b>	<b>\$ (163)</b>	<b>\$ (1,032)</b>	<b>\$ (351)</b>

## Cash flow

The GLPA posted a cash balance of \$539K and no short-term investments at the end of the first quarter of 2025. This compares to a \$5.3 million cash balance and no short-term investments for the same period of 2024. To support its operations, the GLPA drew upon \$20K from its \$5.0 million line of credit during the first quarter.

## GOVERNANCE AND ACCOUNTABILITY

### Board of Directors

As of March 31, 2025, the Board of Directors consisted of the chair of the Board of Directors and 5 directors appointed by the Governor in Council. The Board is responsible for overseeing the strategic direction and management of the GLPA and reports on the organization's operations to Parliament through the Minister of Transport. The board is evenly balanced in terms of gender.

### Board meetings

During the first quarter of 2025, 3 Board meetings and 2 committee meetings were held. The attendance rate of Board members at these meetings was 89%. Cumulative fees paid to Board members during the first quarter of 2025 totalled \$6,098 (versus \$8,600 for the same period in 2024).

## INTERNAL CONTROLS AND PROCEDURES

During the first quarter of 2025, there were no changes in the internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, GLPA's internal controls.

## **RISKS AND RISK MANAGEMENT**

GLPA's management considers risks and opportunities at all levels of decision-making and has implemented an enterprise risk management approach. The 2024 annual report provides a description of these risks.

## **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

Contractual obligations and commitments were explained in Note 17 – *Commitments* of the 2024 Audited Financial Statements. There were no material changes to the contractual obligations and commitments during the first quarter of 2025.

## **RELATED PARTY TRANSACTIONS**

The GLPA conducts a variety of transactions with related parties in the normal course of business. These transactions are not materially different from what was reported in Note 16 – *Related Party Transactions* of the 2024 Audited Financial Statements.

## **SUBSEQUENT EVENTS**

In management's opinion, there are no material subsequent events following the end of the first quarter that have not been reflected in the financial statements for the quarter.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Critical accounting estimates and judgments are described in Note 5 – *Critical accounting estimates and judgments* of the unaudited interim third-quarter financial statements ended March 31, 2025. Management's opinion is that there are no changes to the underlying estimates used to prepare the first-quarter financial statements that would have a significant impact on the first-quarter results.

## **APPROPRIATIONS**

Since 1998, the GLPA has been prohibited from receiving parliamentary appropriations, per section 36.01 of the *Pilotage Act*. The GLPA adheres to the principle of financial self-sufficiency and regularly endorses a strategy that ensures this strategic goal remains among its highest priorities.

# UNAUDITED FINANCIAL STATEMENTS

Quarterly Results  
Three months to March 31, 2025

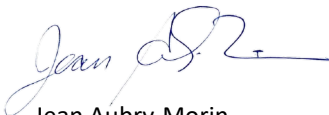
## GREAT LAKES PILOTAGE AUTHORITY

202 Pitt Street, 2nd floor  
Cornwall, Ontario K6H 5R9

### Statement of Management Responsibility:

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown corporations and for such internal controls as management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on my knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of the operations, and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Jean Aubry-Morin  
President and Chief Executive Officer



Nick Csirinyi CPA CGA  
Chief Financial Officer

Cornwall, Ontario  
May 22, 2025

# GREAT LAKES PILOTAGE AUTHORITY

## Statement of Financial Position (in thousands)

### **Unaudited**

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
ASSETS		
<b>Current</b>		
Cash and cash equivalents	\$ 539	\$ 8,250
Trade and other receivables	1,740	7,629
Prepays	38	290
	<u>2,317</u>	<u>16,169</u>
<b>Non-current</b>		
Property and equipment	580	628
Intangible assets	22	24
Right-of-use assets	155	172
	<u>\$ 3,074</u>	<u>\$ 16,994</u>
LIABILITIES		
<b>Current</b>		
Accrued salaries and benefits	\$ 1,958	\$ 13,212
Other accounts payable and accrued charges	1,207	2,250
Employee benefits	(13)	264
Lease liability	85	82
	<u>3,237</u>	<u>15,808</u>
<b>Non-current</b>		
Employee benefits	1,983	1,929
Lease liability	74	94
	<u>5,294</u>	<u>17,831</u>
EQUITY		
Accumulated deficit	(2,220)	(837)
	<u>\$ 3,074</u>	<u>\$ 16,994</u>

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

# GREAT LAKES PILOTAGE AUTHORITY

## Statement of Operations and Comprehensive Income (in thousands)

### **Unaudited**

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Pilotage charges	\$ 3,006	\$ 2,429
Interest and other income	83	266
	<u>3,089</u>	<u>2,695</u>
<b>EXPENSES</b>		
Pilots' salaries and benefits	2,293	1,965
Operations and Administration staff salaries and benefit	790	762
Transportation and travel	335	292
Pilot training and recruiting costs	262	188
Utilities, materials and supplies	187	95
Pilot boat services	154	76
<i>Pilotage Act administration fees</i>	147	45
Professional and special services	118	269
Amortization and depreciation	85	78
Communications	39	41
Portable pilotage units and navigation software	32	13
Purchased dispatching services	11	8
Pilot transfer services	7	2
Interest and bank charges	6	34
Rentals	5	20
Interest on lease liability	2	-
Repairs and maintenance	<u>(1)</u>	<u>27</u>
	<u>4,472</u>	<u>3,915</u>
Loss for the period	\$ (1,383)	\$ (1,220)
Other Comprehensive Income		
Items that will not be reclassified to net results		
Actuarial gain (loss) on employee benefits	<u>-</u>	<u>-</u>
Comprehensive loss for the period	<u>\$ (1,383)</u>	<u>\$ (1,220)</u>

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



# GREAT LAKES PILOTAGE AUTHORITY

## Statement of Changes in Equity (in thousands)

### Unaudited

	Three months ended March 31,	
	2025	2024
Accumulated surplus, beginning of period	\$ (837)	\$ 94
Loss for the period	(1,383)	(1,220)
Accumulated (loss) surplus, end of period	<u>\$ (2,220)</u>	<u>\$ (1,126)</u>

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

# GREAT LAKES PILOTAGE AUTHORITY

## Statement of Cash Flows (in thousands)

### **Unaudited**

	Three months ended March 31,	
	2025	2024
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,383)	\$ (1,220)
Adjustments to determine net cash (used in) provided by operating activities:		
Employee benefits	(223)	15
Amortization and depreciation	85	78
Changes in non-cash working capital items:		
Decrease (increase) in receivables	5,889	5,665
Decrease (increase) in prepaids	253	14
Increase (decrease) in accrued salaries and benefits	(11,254)	(15,670)
Increase (decrease) in other accounts payable and accrued charges	(1,044)	(717)
Net cash used in operating activities	<u>(7,676)</u>	<u>(11,835)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment and intangible assets	<u>( 19)</u>	<u>( 9)</u>
Net cash used in investing activities	<u>( 19)</u>	<u>( 9)</u>
<b>FINANCING ACTIVITIES</b>		
Payment of the lease liability	<u>( 16)</u>	<u>( 6)</u>
Net cash used in financing activities	<u>( 16)</u>	<u>( 6)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net Decrease in cash during the period	(7,712)	(11,851)
Balance, beginning of period	8,250	17,116
Balance, end of period	<u>\$ 539</u>	<u>\$ 5,264</u>
Represented by:		
Cash	\$ 539	\$ 5,264

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

# GREAT LAKES PILOTAGE AUTHORITY

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

### 1. The Great Lakes Pilotage Authority and its objectives

The Great Lakes Pilotage Authority, Ltd. (the Authority) was established in February 1972 pursuant to the Pilotage Act, incorporated as a limited company in May 1972, and was continued under the Canada Business Corporations Act. Until October 1st, 1998, it operated under the name of Great Lakes Pilotage Authority, Ltd. and was a subsidiary of the St. Lawrence Seaway Authority. Pursuant to the Canada Marine Act, which received Royal Assent on June 11, 1998, the name of the Authority was changed to Great Lakes Pilotage Authority and the Authority was established under subsection 3(1) of the Pilotage Act. The Authority is a Crown corporation listed in Schedule III, Part I of the Financial Administration Act (FAA).

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters.

In July 2015, the Authority was issued a directive (P.C. 2015-1114) pursuant to section 89 of the Financial Administration Act to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. The Authority continues to meet the requirement of this directive.

The Authority is exempt from income taxes.

#### Regulation of tariff of pilotage charges

The process for establishing or revising pilotage charges is set out in the *Pilotage Act*. The Authority may, by resolution, determine the charges to be paid to the Authority for the provision of services in relation to compulsory pilotage.

As per the Pilotage Act, the Authority shall pay the Minister of Transport an amount specified by the Minister for defraying the costs of the administration of the Act, including the development of regulations and the enforcement of the Act.

### 2. Basis of presentation

#### (a) Statement of compliance

These financial statements, including comparatives, have been prepared in compliance with International Financial Reporting Standards (IFRS).

#### (b) Basis of measurement

The financial statements are prepared on a historical cost basis, as set out in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

### 3. New and revised accounting standards

No new or revised standard had a significant impact on the Authority's financial statements.

### 4. Material accounting policy information

The significant accounting policies are as follows:

#### (a) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. The Authority had no cash equivalents as at March 31, 2025 (2024–nil).

#### (b) Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the assets. The estimated useful lives, residual values and depreciation methods are reviewed annually at the end of the year, with the effect of any changes in estimate being accounted for on a prospective basis. The following useful lives are used in calculation of depreciation:

<b>Asset category</b>	<b>Estimated useful life</b>
Buildings	20 years
Furniture	10 years
Leasehold improvements	Shorter of the term of the lease and the useful life of the leasehold improvement
Communication and computer equipment	Up to 5 years

Property and equipment are reviewed annually for indications of impairment or changes in estimated future economic benefits. If any such indications exist, the asset's carrying value is adjusted accordingly. Depreciation is not charged on projects in progress.

#### (c) Intangible asset

Intangible assets are recorded at cost. Amortization is calculated on a straight-line basis and is based on the estimated useful life of the assets as follows:

<b>Asset category</b>	<b>Estimated useful life</b>
Software	Up to 5 years

Intangible assets are reviewed annually for indications of impairment or changes in estimated future economic benefits. If any such indications exist, the asset's carrying value is adjusted accordingly. Amortization methods, useful lives and residual values are reviewed at each year end and adjusted on a prospective basis. Projects that are in progress are not subject to amortization.

(d) Right-of-use asset and lease liabilities

The Authority assesses whether a contract is or contains a lease, at inception of a contract. The Authority recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases which, at the commencement date, have a term of 12 months or less) and leases of low-value assets. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the liabilities. The cost includes the amount of lease liability recognized, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs.

Right-of-use assets are depreciated on a straight-line basis as follows:

<b>Asset category</b>	<b>Estimated useful life</b>
Building	The shorter of the term of the lease and the useful life of the building

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the lease's implicit rate. If this rate cannot be readily determined, the Authority uses the incremental borrowing rate. It is subsequently measured when there is a change in future lease payments arising from change in an index or rate, or if the Authority changes its assessment of whether it will exercise an extension or termination option.

The right-of-use asset and the lease liability are presented as separate line items in the Statement of Financial Position.

(e) Pension benefits

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

(f) Severance benefits

Employees are entitled to severance benefits, as provided under labour contracts and conditions of employment. The cost of the severance benefits earned by employees is determined annually on an actuarial basis using the projected unit credit method prorated with years of credited service and management's best estimate assumptions, such as the discount rate, rate of salary increase, inflation, retirement ages of employees and other factors. The actuarial gain (loss) is recognized in other comprehensive income and cannot be reclassified to profit in the future.

The benefit costs are determined using the cost of employee benefits for the current years' service, the interest cost on the accrued benefit obligation, the benefits paid and net actuarial gain or loss for the year.

(g) Retirees' death benefits

Former employees who retired prior to 1999 have been granted a death benefit. The liability amount for this benefit is determined annually on an actuarial basis using the projected unit credit method. The actuarial gain (loss) is recognized in other comprehensive income and cannot be reclassified to profit in the future.

The annual cost of this benefit comprises the amount of benefits paid in the year, the interest cost on the accrued benefit obligation plus the change in the actuarial liability during the year, reduced by a retiree contribution.

(h) Short-term employee benefits

The Authority's short-term employee benefits consisting of compensated absences, are evaluated on an undiscounted basis and are expensed as the related services are rendered.

(i) Revenue recognition

Revenue is recognized as control is transferred, at a specific point in time, namely when the pilot assigned to a vessel has completed the pilotage assignment. Revenues earned from pilot boat operation are recognized as services are rendered. Interest and other income are recognized using the effective interest method as they are earned.

(j) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. After initial recognition, cash and cash equivalents are measured at fair value through profit or loss and trade and other receivables are measured at amortized cost. Other accounts payable and accrued charges, accrued salaries and benefits, and lease liability are subsequently measured at amortized cost. Due to the short-term nature of these accounts, their carrying values are deemed to approximate their fair values.

(k) Impairment

For trade and other receivables, any impairment provision must be measured by applying the simplified approach as their payment terms do not include significant financing components. Under the simplified approach, the loss allowance is measured at an amount equal to the lifetime expected credit losses. The carrying amount of trade and other receivables is reduced through the use of an allowance account. When trade and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in profit or loss. Changes in the carrying amount of the allowance account are recognized in profit or loss.

## 5. Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and

revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(a) Significant accounting estimates

Significant accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next year.

Employee benefits

The Authority engaged an external actuary to evaluate its post-employment benefits as well as the death benefits for retirees. These obligations are evaluated annually on December 31.

Amortization and Depreciation rates

Refer to Note 4 (b), 4 (c) and 4(d) for estimated useful lives of property and equipment, intangible assets, and right-of-use asset.

(b) Significant accounting judgments

Management has made a significant accounting judgment in the preparation of these financial statements, see note 6.

## **6. Provisions**

The Authority recognize provisions when:

- It has a present obligation (legal or constructive) as a result of a past event.
- It is probable that it will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows. In situations where the amount of the obligation cannot be measured with sufficient reliability and unless the possibility of any outflow settlement is remote, a contingent liability is disclosed.