

Laurentian
Pilotage
Authority

2023
2027

Corporate Plan Summary

Operating Budget 2023
Capital Budget 2023



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1.0 / EXECUTIVE SUMMARY

Over the past two years, the Laurentian Pilotage Authority (the Authority or LPA) has, like most businesses around the world, been impacted by the effects of the global pandemic. Even though unlike many, its operations were able to continue, the organization had to review its work practices and deal with a significant drop in traffic which resulted in financial losses. However, the strong pre-crisis financial position made it possible for the LPA to weather the storm and continue advancing its projects and without having to increase pilotage charges.

Even though the pandemic is not quite over, the worst appears to be behind us, and economic activity is picking up. While there are disruptions, to an already weakened supply chains and high inflation, this will not prevent the LPA from staying on course in achieving its vision of becoming a world leader in marine pilotage. To this end, the organization will analyze its service offering to develop new value-added niches for its clients, while optimizing its existing activities through new technologies. The Authority will also take the lead in developing its first sustainable development plan and will challenge the status quo by working with Transport Canada (TC) to improve navigation safety in the Gulf of St. Lawrence. This Plan presents the details of the key initiatives to achieve the organization's objectives.

Consequently, these strategic and operational objectives cannot happen without strong financial results from effective financial management. The Authority will continue to manage its operations soundly while striving for the right balance between controlling costs, achieving adequate margins and mitigating financial risks. With regard to more substantial expenditures, sound investments will be required particularly in asset renewal and new technology acquisition. For these reasons, the Authority will for the first time, set different pilotage charges increase for each district. The planned increases are 5% for districts No. 1 and No. 1.1, and 7.5% for District 2. With these increases the Authority will be able, despite the increased cost of service contracts, to be cost effective and continue to make the investments necessary to ensure safe navigation throughout waters under its jurisdiction. The current program will continue to serve the public interest in terms of mitigating financial risk while ensuring the Authority's financial self-sufficiency.



The financial forecasts presented in this Plan are based on projections that factor in the organization's priorities and key issues, as well as their underlying constraints and opportunities. These forecasts are subject to fluctuations resulting from a fragile economic environment recovering from a global crisis. The Authority fully expects to maintain its momentum and together with its partners' help, chart new courses to develop the organization, further advancing its vision of becoming a global benchmark in marine pilotage. All the actions found in this Plan share the singular goal of ensuring the safety of navigation by providing an effective and efficient pilotage service, while contributing to the protection of maritime personnel, the public, property, and the environment.



2.0 / OVERVIEW OF LAURENTIAN PILOTAGE AUTHORITY

2.1 / MANDATE

As the gateway for marine pilotage services in its region, the Laurentian Pilotage Authority is responsible for all aspects related to pilotage, making it a turnkey organization. The legislative mandate guiding the Authority's activities is based on the following principles and objectives:

- > The provision of pilotage services contributes to navigation safety, including the safety of the public and marine personnel; it is also aimed at protecting human health, property and the environment.
- > Pilotage services are provided in an efficient and cost-effective manner.
- > Efficient use of risk management tools that takes technological evolution into account.
- > The Authority's pilotage charges are set at levels that enable it to be financially self-sufficient.

The Authority reports to the government through the Minister of Transport and is accountable to the Parliament of Canada for its actions.

2.2 / PUBLIC INTEREST ROLE

The Authority plays an important role in the public interest of Canadians by ensuring that goods transit efficiently and effectively in its economic corridor while ensuring public safety, environment, and maintaining reasonable costs.



2.3 / VISION STATEMENT

By assuming a leadership role in the marine sector, the Authority strives for excellence and continuous improvement in the provision of effective and efficient pilotage services which contribute to navigational safety, environmental protection, and the marine industry's competitiveness.

2.4 / MISSION STATEMENT

The Authority's mission is to serve the interests of the public and marine personnel by operating, maintaining, and managing for the safety of navigation, an effective and efficient pilotage service on the St. Lawrence and the Saguenay rivers, while safeguarding its financial self-sufficiency. The Authority employs sound risk management and state-of-the-art technology in order to ensure the protection of human health, property and the environment.

2.5 / PRINCIPAL ACTIVITIES

To fulfill its mandate, the Authority has established three compulsory pilotage districts where the use of professional pilots is required: Port of Montreal (District No. 1.1) waters, the navigable waters between Montreal and Quebec City (District No. 1), and navigable waters between Quebec City and Les Escoumins, including the Saguenay River (District No. 2). These districts cover a distance of 265 nautical miles between Montreal and Les Escoumins and another 70 nautical miles on the Saguenay River.



Ships Subject to Compulsory Pilotage

Ships are subject to compulsory pilotage based on several criteria established through regulations. For Canadian-registered ships navigating districts No. 1 or No. 1.1, compulsory pilotage applies to those over 70 metres in length and more than 2,400 gross tons. For Canadian-registered ships navigating District No. 2, compulsory pilotage applies to ships over 80 metres in length and more than 3,300 gross tons. Lastly, for ships not registered in Canada, all ships over 35 metres in length are subject to compulsory pilotage, regardless of the district.

Map of Compulsory Pilotage Districts and Waters under LPA jurisdiction





Service Offering

Pilotage services in each of the three districts are provided by the LPA through pilots grouped into two corporations, the Corporation of Mid St. Lawrence Pilots (CPSLC) and the Corporation of Lower St., Lawrence Pilots (CLSPL). The service contracts negotiated between the Authority and each of these corporations are separate. These documents are now public following the renewal of the Pilotage Act. Over 200 pilots and apprentice pilots cover the compulsory pilotage areas served by the LPA.

Dispatchers at the Laurentian Pilotage Authority Dispatch Centre in the Montreal headquarters are responsible for assigning pilots to vessels. The LPA Dispatch Centre serves all three districts and is operational 24 hours a day, 365 days a year. In addition to senior management activities, the Montreal headquarters is also home to the Marine Safety and Efficiency, Finance and Administration, Talent and Communications, and Legal departments.

The Marine Safety and Efficiency department oversees pilotage services and supervises operational activities. It is also responsible for issuing policies and procedures related to the safety of pilotage services and navigation safety, as well as reviewing marine incidents and accidents involving a pilot. It is also responsible for developing best practices in pilotage, approving the training program and periodic evaluation of pilots' skills, and recruiting apprentice pilots. This branch is also responsible for the development and operation of the LPA's Marine Simulation Centre, located in Montreal, which features a main navigation bridge and two secondary bridges.

To transport each licensed pilot from shore to ship or ship to shore, the LPA uses a variety of pilot boats located in five pilot stations. The stations in Quebec City, Trois-Rivières, Sorel and Montreal are owned and operated by Ocean Group through service contracts with the Authority. The fifth station, located in Les Escoumins, is owned and operated by the LPA. Transfer operations are carried out by two pilot boats, the *Taukamaim* and the *Grandes-Eaux*, both owned by the Authority.

Three other pilotage authorities provide similar services in Canada. Although the clientele may be the same at times, each Authority has its own jurisdiction in the waters for which it is responsible.



2.6 / FINANCIAL SITUATION

Since 2020, the global pandemic has had a significant impact on the LPA's financial results. The economic downturn in 2020 caused a decline in vessel traffic, which directly impacted the revenue generated during the year. The impact was also felt in the organization's direct expenses, which saw a marked decrease in pilotage charges as a result of a significant decrease in pilot assignments. However, since 2021 the economy has recovered, and traffic is back to normal for most types of vessels. The organization still experienced unplanned financial losses in 2020 for the first time in over 10 years, which was also the case for 2021.

Despite this, the Authority maintains a strong financial position as a result of rigorous management in place for over a decade. To date, losses have been absorbed by the LPA's financial reserves, without imposing special charges and without compromising its strategic plans.

For more information on the Authority's activities and its most recent financial results, please refer to its latest annual report, available on its website at

<https://www.pilotagestlaurent.gc.ca/en/financial-reports.html>, under the tab "Reports".



3.0 / OPERATIONAL ENVIRONMENT

3.1 / INTERNAL ENVIRONMENT

Workforce

As of December 31, 2022, the LPA had 69 employees including its Montreal headquarters, the pilot boarding station in Les Escoumins and on the Ville-Marie shuttle serving the Port of Montreal. A total of 39 employees are covered by collective agreements; the remaining 30 are non-unionized. Although the turnover rate rose slightly over the past two years, it remains relatively low, and the number of employees is likely to stay fairly constant over the next few years.

The Authority's organizational chart can be found in Appendix 10.

Employee breakdown

	ACTUAL	FORECAST	PLAN				
	2021	2022	2023	2024	2025	2026	2027
Executive committee	5	6	6	6	6	6	6
Administration	14	16	16	16	16	16	16
Operation and dispatch	28	28	28	28	28	28	28
Ship's crew	17	19	19	19	19	19	19
Total	64	69	69	69	69	69	69



The LPA also counts on more than 200 contract pilots and apprentice pilots organized into two pilot corporations to provide pilotage services to the marine industry and fulfill its mandate. The relationship with pilot corporations is principally governed by service contracts and the Act.

Breakdown of Pilots and Apprentices

	ACTUAL	FORECAST	PLAN				
	2021	2022	2023	2024	2025	2026	2027
Licensed Pilots	195	187	189	189	188	190	192
Apprentice	19	19	14	12	12	12	12
Total	214	206	203	201	200	202	204

Labour Relations and Compensation

The Authority works in conjunction with two unions, the Canadian Merchant Service Guild (Guild) representing ship's officers and the Public Service Alliance of Canada (PSAC) representing the other unionized employees. The collective agreement covering Guild-affiliated employees, renewed in 2018, expired on June 30, 2022. Negotiations for its renewal began in the summer of 2022. The collective bargaining agreement for PSAC-affiliated employees will expire on June 30, 2024.

With respect to compensation, the LPA is up-to-date and attentive to best practices. To offer equitable compensation and ensure employment equity, the Authority ensures that positions are assessed when created and reassessed as required. In 2020, the LPA and a specialized compensation firm conducted a thorough job classification and salary scaling exercise. This multi-



phase exercise is ongoing in 2022 and due to be completed in 2023. All new positions are assessed based on this classification process.

Talent Development, Retention and Attraction

The Authority continues to evolve by adapting its workforce, planning and working on its branding allowing the organization to attract high-potential individuals and retain key components of its current talent pool. The Authority's engagement and mobilization initiatives rely on personnel development, continuous improvement, and occupational health and well-being to retain talents.

Level of Engagement

The LPA has innovated in the area of engagement and mobilization by implementing tools to track changes more precisely, including metrics such as on-the-job motivation, belonging, recognition, etc. Semi-annual meetings animated by senior management and coffee breaks with the Chief Executive Officer are good examples of this. The Authority has also increased its employee communications on various topics throughout the year. According to the latest engagement survey, conducted in December 2020, the level of engagement is 77%. Ongoing employee surveys find that engagement levels are holding steady and even showing slight improvement in certain areas of the organization.

New Products or Services

Pursuing its goal to become a leader in its industry and improve the efficiency and effectiveness of its services, the Authority recently began deploying two new services. The first service consists of using a marine navigation simulator to analyze incidents/accidents. The LPA will also be able to use the simulator to provide consulting services in its areas of expertise. The second service is a



result of the development and use of the pilotage optimization tool developed for the Authority. This tool makes it possible to improve marine traffic flow and optimize factors that are important for clients, such as transit times, pilotage costs, fuel consumption and frequency of stops during transit. By reducing fuel consumption and costs, optimizing transit also advances the LPA's sustainable development objectives. These services enable the LPA to diversify its revenue sources as well.

3.2 / EXTERNAL ENVIRONMENT

Changes in Marine Traffic

Over time, merchant vessels have become larger and traffic volumes tended to increase for many vessel types, even though there was a decline in 2020 and 2021. Because of this, the Authority has had to adapt its service delivery to be effective, efficient and safe. This adaptive process includes developing systems to improve the management of pilotage services, managing assignments to optimize transit under the conduct of a pilot, and implementing protocols or applications to help coordinate certain tasks.

Pilot Corporations

As previously stated, the LPA works with two pilot corporations to fulfill its mandate. These corporations are bound by service contracts with the LPA. The current service contract with the CPSLC has been renewed for a three-year period ending June 30, 2023. The amended *Pilotage Act* was instrumental in improving the service contract by removing matters covered by Transport Canada's regulatory authority, including those related to navigation safety. The removed safety rules are now part of the LPA's policies and management system, and are posted on the website. With regard to the CLSLP contract which ended on December 31, 2021, negotiations began in the fall of 2021 but failed to result in an agreement. Mediation between the two parties also proved



unsuccessful. The parties are now awaiting arbitration, whereby an arbitrator will select one of the final offers submitted by each party. The LPA remains open to signing an agreement before the arbitrator's hearings begin.

Business Partners

The LPA wishes to maintain solid relationships with various marine industry stakeholders. The Authority believes that maintaining good relations—with groups representing shipowners such as the Shipping Federation of Canada and the Chamber of Maritime Commerce, or with pilot corporations and other industry partners, port Authorities, other pilotage authorities, the Canadian Coast Guard, and Transport Canada are essential for the LPA to effectively carry out its mandate. These good relationships allow open information flows and solutions to difficult situations easier to be worked out.

Suppliers

Other than services provided by pilot corporations, the Authority's main service provider is Ocean Group. This company provides pilot boarding services on behalf of the LPA in Montreal, Sorel, Trois-Rivières and Quebec City. A call for tenders for the provision of these services was launched in the fall of 2021, in anticipation of the end of the service contracts with Ocean Group. A call for tenders was also launched for the potential acquisition of one or two pilot boats.

Following these calls for tender, the Authority again selected Ocean Group to provide pilot boarding services at the aforementioned ports. However, new, more stringent contracts were signed, including specific expectations in terms of service quality. The LPA also decided to purchase a new pilot boat to be able to charter one of the vessels in its fleet to Ocean Group to provide pilot boarding services at the Port of Trois-Rivières.



Technological Changes

The LPA closely monitors technological changes in commercial navigation and is positioning itself to play a leadership role on pilotage related aspects. The LPA is examining how technologies and software currently being developed or already available would allow pilotage services and ship transits to be more efficient. Accordingly, the LPA is leading a development project to optimize ship transits under the conduct of a pilot. This project will also position the Authority to play a role in remote pilotage projects and the potential arrival of Marine Autonomous Surface Ships (MASS). The Authority is also leading a technology working group, under the auspices of the National Pilotage Committee, to conduct a strategic watch on current and future technologies in the maritime community.

Environmental Changes / Sustainable Development

Environmental changes can have a significant impact on the Authority's operations. For example, as these changes could lead to an increase or decrease in the available water column, speed restrictions may need to be implemented in certain sections to prevent shoreline erosion or to protect marine ecosystems. The Authority is aware of the environmental issues related to the current climate crisis. This is why it will work with other industry partners to improve the way it operates to protect the environment. The Authority is working with a consultant to fine-tune its sustainable development strategy, set new objectives and define concrete actions to be integrated into our operations and management.

Recent and Pending Legal Issues

On June 1, 2021, the fourth and final order was issued bringing into force the remaining provision of amended Act. The draft national pilotage regulations are under development by Transport Canada, and the Authority is actively participating in all discussions with TC and the industry to facilitate the publication of modern regulations, in keeping with the spirit of the Act and in support



of its vision and mission. TC is aiming for a first publication in the Canada Gazette at the end of 2022 or early 2023. In parallel and as part of the drafting of the regulatory project, the LPA has started to develop its management system as required under the Act.

In 2021, the Authority did not receive any requests related to the Access to Information Act or other complaint.

Public Positioning

The Authority and its mandate are still relatively unknown by the general public, as well as certain stakeholders and public authorities. It is imperative that the Authority improve its public positioning, increase awareness of its role, ensure that it is the primary point of contact and reference with regard to pilotage and marine safety matters in its region. This includes being more visible and involved with the population as well as with government authorities at all levels.

3.3 / EXTERNAL ECONOMIC AND OPERATIONAL ENVIRONMENT

Markets and Competition

The Authority operates under an Act requiring clients to use its services and is therefore in a monopoly position. The Authority's customers, on the other hand, compete with all other types of transportation as well as with the United States Eastern Seaboard ports. This competition can have a positive or negative influence on the level of traffic and services managed and provided by the Authority, and therefore its revenues.



Macroeconomic Outlook

According to the latest quarterly economic indicators, Canada's production level was within 1.7% of its pre-pandemic level, placing the country second among G7 countries. The outlook is very encouraging for the second quarter and the remainder of 2021. Many economists are expecting weak but sustained growth from 2022 onwards, which should be favourable to the Authority.

Marine Industry Outlook

The global pandemic has negatively impacted several sectors of activity, including the marine transportation industry. However, the economic recovery is gaining momentum and should continue in 2022. Most marine traffic has resumed and appears to be back to pre-pandemic levels. Cruise ships will however, not be allowed to operate until the end of fall 2021 and the Authority does not expect normal traffic to resume until 2023. Liquid bulk traffic is expected to take a few more years to get back to 2019 levels. This sector has been affected by the pandemic and by a price war in the oil sector; however, activity in this sector can change quickly.

3.4 / STRATEGIC ISSUES

The Authority has limited control over many factors that can have a significant impact on its operations. For example, it has no control over the level of marine traffic and only limited control over service contracts with pilot corporations, which can opt for arbitration or contest by industry to changes to pilotage charges. Despite this context, the LPA must generate sufficient cash flow to continue for the provision of quality services at fair rates while ensuring navigation safety and maintaining its financial self-sufficiency.

Changes made in the recent update to the Act are, overall, opportunities for the LPA, but certain factors remain to be clarified at this time, particularly with respect to the regulatory framework for



management systems. Regulatory powers are now held by TC and the LPA is required to comply. The Authority will continue to work closely with TC, each playing its respective role. The new regulations under development will require pilotage authorities to implement a management system, which will provide the LPA with additional management tools related to the provision of pilotage services. The LPA has started to develop such a system required under the Act.

3.5 / ADDITIONAL INFORMATION

Organization's Performance

In recent years, sound financial management has generally resulted in the LPA achieving better financial performance than budgeted. However, for the year 2020, losses were generated where a profit had been budgeted. For 2021, higher than budgeted losses were recorded. These unplanned losses were directly related to the pandemic, which negatively affected marine traffic. For the year 2021, this loss was \$1.36 million, compared to a budgeted loss of \$492,000 presented in the 2021-2025 Corporate Plan. For the current year, the LPA projected a surplus of \$690,000 in its Corporate Plan; this amount is expected to be revised downward in the next forecast, showing a loss in the results. The organization's strong financial health has so far allowed to absorb losses related to the economic downturn and to maintain sufficient financial reserves to carry out projects and maintain its asset base. Nevertheless, the capacity to deal with contingencies in the coming years will be hampered, particularly regarding higher costs of required investments.

In terms of operational performance, the Authority managed to keep key indicators at a very satisfactory rate. In 2021, the number of incidents/accidents was the lowest in the last five years, with only eight minor incidents reported. Lastly, the percentage of pilotage missions completed without delays attributable to the pilotage system was 99.9%, a score meeting the highest quality standard.



Internal/External Audits

The Authority conducts annual internal audits to validate and improve processes in place. In addition, its financial statements are audited annually by the Auditor General of Canada (AGC). The LPA has received unqualified opinions for its audits in recent years and the Finance team has been commended. As required by law, the LPA is undergoing in 2022 a special examination by the AGC, which must be conducted every 10 years. This exercise covers all the LPA's non-financial processes, with an emphasis on the organization's governance and marine safety operations. The most recent examination took place in 2013.

Leadership Role

It is imperative that the LPA be positioned as a leader and an influential member of the marine community on all issues having an impact on pilotage and on the Authority's ability to ensure the safe and efficient movement of marine traffic. Not providing leadership in this area risks compromising the adequate application of the safety and efficiency measures put in place by the Authority and required by the Act.

Government of Canada Support

As a federal Crown corporation, the Authority complies with the requirements of applicable legislation and policies. Detailed information can be found in Appendix 8, "Compliance with Legislation and Policy Requirements." The LPA endorses and supports the government's priorities and initiatives, particularly those related to economic development and protecting the environment and marine ecosystems. The related activities can be found in Appendix 9, "Government Priorities and Directions."



4.0 / OBJECTIVES, ACTIVITIES, RISKS, DESIRED RESULTS AND PERFORMANCE INDICATORS

4.1 / OBJECTIVES AND ACTIVITIES

The Authority's mandate is achieved by establishing strategic objectives grouped into three orientations based on its mandate. For the current five-year Plan, the LPA mainly renewed the actions identified in the previous Plan. The description of these activities has been revised to reflect their progress, where applicable.

Priority 1: Optimize the establishment, operation, maintenance and management, for navigation safety, of an effective and efficient pilotage service in the navigable waters under its jurisdiction and ensure sound risk management taking technological developments into account.

Optimized Pilotage Services, Phases I and II Rollout

The LPA provides advice to clients navigating its waters to facilitate and optimize transit under the conduct of a pilot. Depending on a vessel's main characteristics, such as its draft, air draft, length or beam, it is subject to several constraints, such as air clearance below bridges, water column availability according to tides, or meeting or passing zone prohibition. Other factors such as tidal currents, speed restrictions, availability of docks or anchorage, and availability of tugs or pilots also influence transit fluidity. In the past, this work was carried out manually, but the Authority has opted to develop a software tool using real-time data and make it available to clients.



This tool will enable clients to optimize vessel transit under the conduct of a pilot and improve fluidity and safety along the Les Escoumins - Montreal section. More specifically, it will help to optimally plan trips by defining the best transit windows and speeds to maintain. This tool will allow clients to plan an uninterrupted passage, reduce trip duration or stopover, and even time spent alongside, or wait time for lockage or anchorage. Clients can also choose to reduce their fuel consumption, thereby reducing greenhouse gas emissions. Users may also choose to maximize draft, ensure adequate air clearance and minimize pilotage costs, making the system more competitive. Tool users will have the option to choose what best suits their needs.

The development of such a service and software contributes to the LPA's mandate to provide efficient pilotage services, contribute to the protection of the public interest and reduce the environmental footprint of vessels transit.

Phases I and II of this project have considered several important factors and the product is currently undergoing testing with clients. For wider use will follow sometime in 2023. A third phase is also slated to begin in 2023 and will include a web-based rollout and further development including vessel traffic and availability of berths and other infrastructure.

Simulation Centre Development Plan

The LPA's navigation simulation centre was brought to "Pilot Grade" level in July 2020 and continues to be upgraded to meet the Authority's and partners' needs. To maximize its use, the LPA mandated a revised marketing plan and to be implemented in 2023.

The objective behind the simulation centre is to maintain and increase the safety, effectiveness and efficiency of marine passages through the use of technology. The centre's operations will also contribute to the LPA's financial self-sufficiency by offering simulation services and expertise to the marine industry and other partners while having a positive impact on the LPA's income.

Currently, the development plan has two parts. The first, regulatory in nature, will deal with the assessment of marine pilot candidates, skill demonstrations, examining incidents, specific training



for masters and pilots involved in an incident, developing good pilotage and navigation practises, and pilotage risk analysis. The second part relates to consulting services. The LPA will offer infrastructure/ship modelling services, risk analysis for the development of marine facilities, studies on fluid mechanics or human behaviour, and master training services.

Continue Developing and Implementing a Management System

To reach the objectives and comply with the principles of the Act, the Authority is developing and implementing a management system which takes into account industry best practices. In view of the complexity and importance of the subject, the LPA retained the services of a specialized firm to help develop this system. It will include policies, practises, procedures and instructions covering all of the LPA's departments and activities, and will be applicable to employees, pilots and their corporations as well as the Authority's subcontractors. To further support the development and maintenance of the system and to manage potential audits, a new position was created in August 2022.

The main objectives of the system are to ensure compliance to Acts and Regulations, provision of quality services and continuous improvement of practices and procedures. Accordingly, the draft national marine pilotage regulation, currently undergoing development and consultation by TC, includes requirements for the implementation of a management system by each pilotage authority in Canada. Once implemented, the system will help optimize the Authority's performance and ensure compliance with the sound management principles it must adhere to as a Crown corporation. At the end of this project, to ensure that the system is working properly and that everyone is in full compliance, spot audits will be carried out in the field.

The drafting of this system should be completed in 2023.



Fatigue Risk Study Recommendation analysis and South Shore Ports Risk Analysis

The Authority hired a consulting firm to carry out a risk analysis on pilot fatigue in District No. 2. This study was completed in the summer of 2021 and the resulting report and recommendations were shared with the CLSLP, shipowners' associations and TC. The LPA is currently consulting with the above partners and clients to obtain their feedback on the findings and recommendations. Following these consultations, the LPA will determine which, if any, of the recommendations to adopt or modify. All to promote safe navigation and the provision of effective and efficient pilotage services.

In 2020, the Authority began a risk study of the main South Shore ports of the St. Lawrence. The process concluded that a more in-depth risk study should be conducted for the ports of Rimouski, Matane and Gaspé. This phase is set to take place in the fall of 2022. The final report is expected in 2023, and the Authority will assess the various conclusions and will work in collaboration with TC for the implementation of these deductions.

IT Master Plan Implementation

To support the Authority in implementing its Corporate Plan and to comply with the Act's requirement to take into consideration the evolution of technologies, the LPA's IT Master Plan was updated at the end of 2021. The Plan covers a range of areas such as operational continuity, cybersecurity, asset renewal and technological development to support and optimize management and operations. The various IT Master Plan elements will be implemented over the period covered by this Plan.



Priority 2: Maintain the Authority's financial self-sufficiency in order to reach strategic objectives, ensure the sustainability of assets, cover unforeseen circumstances and provide quality services while maintaining fair and reasonable pilotage charges.

Review Strategy to Establish Financial Needs and Define an Adequate and Reasonable Cash Position

The financial needs of the LPA will need to be reviewed taking into account the amendments to the Act now in effect, the scope of upcoming pilotage regulations as well as planned and anticipated projects. With approximately 90% of costs originating from contractual obligations, and revenues impacted by economic conditions and the level of marine traffic, which are beyond its control, the LPA operates in a context of limited financial flexibility. Taking this into account, the LPA will need to review and redefine what constitutes an adequate and reasonable reserve position to fulfill its mandate.

For the past number of years, the Authority's cost structure and revenues forecasting and financial strategies have worked to the advantage of the organization and enabled the LPA to maintain a good financial position.

However, the current uncertainties and developments in the marine industry, traffic variations and upcoming projects require that we review the current approach to determine if it still meets our future needs. Projects related to service optimization or stemming from contractual or legislative obligations will need to be taken into account. It is therefore important to redefine the LPA's target cash based on these changes and considerations.



Overhaul of our Billing and Revenue Calculation System

The process by which the Authority calculated pilotage charges was established when pilotage authorities were created and has not been revised since, even though vessel types, dimensions and navigation technology have substantially evolved. In 2022, the LPA will conduct an in-depth analysis of the current approach to determine if it is still relevant and will make changes if necessary. New elements such as a vessel's risk, manoeuvrability, available technological equipment, seasonality and winter or nighttime navigation conditions could be factored into a new methodology, which could move it closer to a user-pay concept. The Administration could favour, in certain respects, ships with better environmental performance.

Develop Pilotage Charge Program for Year 2024

Applicable principles and objectives of the Act require that pilotage charges be fair and reasonable for all LPA clients. To achieve these objectives and address related risks, ongoing sound financial management is required. The Authority is seeking to present a fair pilotage charges program, which includes stable increases, meeting its obligations, carry out the necessary investments set out in this Plan and comply with the principles of the Act. Based on the results of the overhaul of pilotage charges described above, the Authority will revise the pilotage charge program to ensure that the present program continues to serve the public interest. This program is expected to come into effect in early 2024.

Continue Exploring Other Sources of Income/Subsidies Where Appropriate

The modernized Act now allows pilotage authorities to bill for services other than compulsory pilotage. For example, providing the use of a navigation simulator or advisory consulting services could become a new source of income. Given that approximately 90% of income derived from pilotage activities are redistributed in fees paid to Pilot Corporations, authorities have very few financial resources to fund new projects or activities. For this reason, the LPA is seeking to diversify



its income sources as permitted by the Act. Moreover, the Authority is exploring potential eligibility to specific subsidy programs for qualifying projects. The LPA intends to apply for a grant program in the near future, if possible, to develop its sustainable and social development program.

Priority 3: Support the Government's objectives with respect to safety, the efficiency and effectiveness of the marine transportation system, the safety of marine personnel and the protection of the public, property and the environment in keeping with the policies, directives and instructions of the Minister of Transport and the Government of Canada.

LPA's Sustainable Development Plan Implementation

LPA employees and management are mindful of the environment and committed to protect it. For this reason, the Authority reacted positively to the new environmental protection objective in the amended Act and the carbon neutrality target set by the Government of Canada for 2050 in keeping with the Paris Accord. To position itself as a world leader in marine pilotage, the LPA must set an example in this regard. This is why it intends to adopt a sustainable development plan and develop its organizational culture along these lines. In addition, it intends to put in place the tools required to support sound environmental and social governance (ESG). To do so, a work team has been set up and is being assisted by a firm specializing in the field. The Authority will adopt an environmental policy and a green charter, raise awareness among its employees and partners and monitor the various initiatives via an environmental dashboard. In the short term, the Ville-Marie shuttle will carry out the necessary tests to join the other two LPA vessels in Green Marine.



Service Contracts negotiations

The service contract with the CLSLP ended on December 31, 2021. Renewal negotiations began in the fall of 2021 and continued into the winter of 2022. Unfortunately, the parties were unable to reach an agreement and as a result, arbitration was slated to take place in the fall of 2022.

The amended Act prohibits a service contract from including provisions subject to TC regulatory authority, such as double pilotage, regulatory notices to obtain the services of a pilot, and navigation safety rules. Therefore, several contractual changes are required to the existing contract.

With respect to the current service contract with the CPSLC, it will expire on June 30, 2023. The parties are expected to begin discussions in the fall of 2022. As this will be the second contract renewal under the amended Act, the operational changes associated with the amendment to the Act are already reflected in the current contract.

North Shore Ports Compulsory Pilotage Implementation Plan

Following risk studies conducted in the four main North Shore ports, a recommendation was submitted to TC to establish compulsory pilotage in these four ports to be regulated in accordance with the Act. TC is expected to launch consultations with stakeholders on regulating pilotage in those locations. The LPA will support this process and provide advice and expertise to TC. Moreover, the LPA will begin planning and budgeting for the possibility of providing services to the ports concerned, including pilot transfer arrangements.

The Authority will also work with TC to develop an action plan regarding consultations with stakeholders and to prepare for the eventuality of providing pilotage services in the concerned ports. In this exercise, the LPA must take into account the particularities of the region, stakeholders involved and related operational challenges. It should be noted that pilots will have the option of becoming LPA employees, independent contractors, or organizing themselves into pilot corporations.



Continue to support the government in its goals to promote mental health in the workplace, diversity and inclusion

The LPA applies policies and practices to promote a healthy workplace that enhances overall employee well-being, diversity and inclusion. Programs and outreach are ongoing to promote mental health in the workplace. The expansion of the Employee and Family Assistance Program service offering is an example of a concrete practice to support our employees. The Authority also recognizes the importance of maintaining and enhancing the multicultural heritage of Canadians.

For this purpose, the LPA is committed to ensure equality of all Canadians within the organization. The Human Resources Strategic Plan and Internal Policies and Practices are adapted to epitomize our commitments and vision.

Strategic HR Plan and Resource Optimization

Especially in today's resource-scarce environment, developing policies, programs and practises that promote employee engagement, commitment and retention is critical to the LPA's success. In 2021, the 2019-2023 strategic plan was updated to clearly define our strategies in this respect and is being deployed across the organization. Diversity and Inclusion along with Integration of Environmental, Social and Governance (ESG) criteria have also enhanced the HR strategic plan.

A planned and strategic approach to managing health and wellness is essential to achieving the objectives set out in the Corporate Plan and implementing best practises in personnel management. The LPA intends to maintain its status as an employer of choice by innovating and maintaining high corporate standards.

The Authority believes that strategic talent management and the development of the organization's high potential (succession), combined with ongoing efforts to enhance the employee experience and engagement will drive its success.



The Authority strives to build a diverse and inclusive environment where people can grow securely and confidently to meet and exceed organizational objectives.

4.2 / RISKS

The LPA uses a corporate risk management framework to ensure that risks are properly identified, measured, corrected, controlled, and adequately monitored on a regular basis. The operational, strategic, reputational, and financial components are reviewed annually. This effective risk management approach, approved by the Board of Directors, enables the Authority to reach its strategic objectives and limit financial losses, service outages, reputational harm, work incidents, accidents and environmental damage.

In general, the Authority is mainly exposed to six categories of risk. Each category comprises separate risks evaluated according to their probability of occurrence and potential impact. Various mitigation measures are subsequently established to reduce the occurrence probability and/or potential impact to ensure that pilotage services are maintained on the St. Lawrence and Saguenay rivers.

Operational risks refer to a possible service outage resulting directly or indirectly from processes, resources, internal systems inadequacy or failure, or external events. Operational risks can also stem from non-compliance with regulatory or legal requirements, or commercial dispute. Operational risks are analyzed, monitored and management ensures compliance with policies and procedures.

Information technology-related risks designates the risks of access loss to mission-critical IT systems or data loss or theft. Identifying likely sources of information system vulnerability and implementing appropriate control, alert and mitigation measures is essential.

Financial risks relate to the risks of financial or profitability loss following an event. Examples are: service outage, non-payment by a client, an incident resulting in physical or material damage or



a significant market disruption. Risk identification leads to the implementation of mitigation measures to prevent such a situation from occurring and the reduction of financial impact should the risk materializes, for example, by subscribing to insurance to share risks and reduce financial losses.

With regards to **reputational risks**, the Authority prefers to use a mitigation strategy, effective communication with clients and partners, the creation of stable business relationships, and proactive management. These activities convey an image of a reliable and responsible organization and ensure that proper lines of communication are available in the event of a reputational risk.

Environmental risks are mainly related to discharge of pollutants in the marine environment following a marine accident/incident from a vessel under the conduct of a pilot or from the Authority's vessels. Mitigation measures include establishing strict procedures, along with adequate training, pilot and employee skills monitoring.

Lastly, identifying and managing **occupational health and safety risks** allows to anticipate the consequences of an accident, analyze at-risk situations, and determine the likelihood of occurrence. Preventive or mitigation measures enable risks to be reduced or eliminated. For higher risks, a job safety analysis (JSA) may be carried out by segmenting every level of a task and identifying appropriate protection or mitigation measures at critical points.

Based on the most recent risk update and corresponding mitigation actions, LPA management finds that the risks are generally well controlled.



4.3 / EXPECTED OUTCOMES AND PERFORMANCE INDICATORS

As previously stated, the Authority adopted strategic priorities from which stemmed a number of activities to be carried out to bring its vision to life. Management's core success factor is completing these activities, previously presented in Section 4.1 "Objectives and Activities."

The LPA also uses other indicators to monitor corporate performance. Targets are monitored using a short time horizon for corporate activities and a longer horizon for strategic projects. Details are provided in Appendix 3, "Expected Results."

The LPA's mission, vision statement and resulting activities are consistent with its mandate and priorities set out by the Government of Canada. The measures below detail how the Authority reports to the Government of Canada on its mandate.



Objective	Measures	Target
Provide a safe, effective, and efficient pilotage service	Number of missions without incident/accident	< 10 incidents/accidents (targeting 0)
	Ratio of missions without pilotage delays	99.90%
	Number of assignments	N/a
Keep financial self-sufficiency and keep pilotage charges at a fair and equitable level	Account receivable recovery time	< 45 days
	Maintaining sufficient cash-reserve	No use of credit facilities
	Keep pilotage charges at a fair, equitable and acceptable level	N/a
	Develop a market intelligence approach to build realistic budget assumptions	N/a
	Building a balanced budget with overspending restrictions	Not be in a negative position
Ensure that the risks associated with navigation are low, including in unregulated areas and without compulsory pilotage	Maintain a risk management program	Up to date program (< 3 years)
	Conduct regular risk analyses on all waters under LPA jurisdiction including where there is no compulsory pilotage	Risk analyses conducted every 10 years
Optimize pilotage missions with the use of technology	PPU's used by all pilots	Used by 100% of the pilots
	Development use of navigation simulator allowing for the improvement of mission safety	n/a
	Development and deployment of an Optimized Pilotage Service to improve transit efficiency and reduce fuel consumption.	Used by 20% of client base
Public and Environment protection	Adjust vessel speed in targeted areas to preserve the riverbanks and their residents	Speed limit respected for all transit
	Maintain clear safety procedures for pilot boats users and visitors.	0 incident/accident
	Ensure that the Administration's vessels comply with environmental standards and certify them in the Green Marine program	Certification of Pilot boats



5.0 / FINANCIAL OVERVIEW

5.1 / FINANCIAL MANAGEMENT OF THE AUTHORITY

The Authority is a financially self-sufficient Crown corporation striving to remain profitable by the application of sound management practices and focus on traffic forecasts. The Corporate Plan must be taken into consideration in its entirety for the analysis and interpretation of the financial plan presented in this document.

The financial plan takes into consideration the Authority's future developments, including asset maintenance, the realization of its strategic plan and implementation of services over which the Authority has control. Implementation of services resulting from future decisions by TC or the Governor-in-council are not included.

Key traffic assumptions are based on internal statistical reports, financial and economic trends published by research organizations (such as the Conference Board of Canada), the Bank of Canada and other Canadian institutions, such as chartered banks. In addition, this information is supplemented by discussions with representatives and consultants involved in the marine industry and their analyses.

The LPA is committed in maintaining a sound financial situation through good management practices and stringent control measures, by setting fair and reasonable pilotage charges, and by practising sound risk management.



5.2 / FORECASTS

Pilotage charges

According to forecasts made in August 2022, pilotage charges and other revenues should reach \$115.8 million in 2023. The LPA does not foresee any significant variation in traffic for the coming years, apart from cruise ships and oil tankers. The first group is expected to return to pre-pandemic volumes in 2024 or 2025, while the second group, which is less predictable, is likely to experience continued but limited growth over the next few years. The peak experienced of 2019 will not be exceeded in the medium term.

To maintain profitability and meet its obligations, and to promote equity among the districts served, the Authority plans to set different charge increases for each district. At present, the Authority expects a 5% increase in early 2023 for districts No. 1 and No. 1.1, and 7.5% for District No. 2. For the subsequent years included in this Plan, the Authority hopes to maintain the increases at a rate comparable to the forecasted increase for fees paid to pilot corporations.

Accordingly, the Authority expects to generate between \$115 million and \$132 million in pilotage charges for the years 2023 to 2027.

Pilot corporations Fees and Pilot Boat Operating Costs

Fees paid to pilot corporations are closely linked to pilotage charges and represent approximately 90% of the Authority's expenditures. These fees are expected to reach \$88.1 million in 2023 and increase to \$103.2 million in 2027, in line with the forecasted increases in traffic and the application of fee increases provided for in pilot corporations service contracts. For their part, pilot boat operating costs are expected to be between \$12.2 million and \$13.5 million for the period covered by this Plan.



Administrative and Operational Expenses

The LPA's administrative and operational expenses are generally stable over the years. The main variations are due to wage increases and certain professional services required for risk analyses or service contract renewals. At this time, the Authority anticipates that these expenses will be \$12.9 million for 2023 and will increase to \$13.1 million by 2027. Notwithstanding what was mentioned previously, these charges could change depending on TC's upcoming decision regarding compulsory pilotage on the North Shore and the role that the Authority will have to play in this matter.

Comprehensive Income

Based on the above projections, the Authority predicts a positive comprehensive income of \$1.6 million in 2023. For each of the remaining years covered by the Plan, the LPA expects a positive comprehensive income between \$1.6 million and \$1.9 million.

Capital Budget

The Authority is planning major investments in the years 2023 to 2027 to ensure the sustainability of its assets base, optimize its services and meet its contractual commitments. All these needs are directly related to the rollout of safe services delivered effectively and efficiently. The most important project in this Plan is the acquisition of a new vessel.

Optimization of Pilot Boat Services

In 2022 the LPA acquired a new pilot boat. This acquisition will make it possible for the organization to charter one of its vessels to Ocean Group once the new service contract comes into effect. The LPA expects to receive this newly acquired vessel in the spring of 2023.



Portable Pilot Units (PPUs)

Pilots use portable pilot units (PPUs) to access a range of information about the vessel under their conduct and the current transit. These PPU are provided by the LPA to the CPSLC pilots, whereas a financial contribution is made to the CPBSL to obtain PPU for their pilots. These units are renewable every four years. The contribution to the CPBSL will occur in 2023 and 2027, and the CPSLC equipment, renewed in 2022, will be renewed again in 2026.

Loans

The Authority currently presents a debt-free balance sheet. The objective of the financial measures developed in this Plan is to maintain this position and to ensure that the LPA does not need to take on any debt to carry out its plan. On the other hand, the Administration is aware of the importance of the investments required over the next few years, the increase in already planned project costs and uncontrollable risks inherent in the economy, particularly in a post-pandemic context. Should these economic risks materialize, the financing strategy for medium and long-term projects could be affected.

Access to a Line of Credit

The Authority has a line of credit in the form of an authorized bank overdraft of a value not exceeding \$1.5 million. The APL does not plan to use this credit facility for the 2022 financial year or for the 2023 financial year.



Earnings Management and Investment Framework

The *Pilotage Act* requires the Authority to manage its operations so as to preserve its financial autonomy. Its activities must enable it to provide for a reasonable cash reserve necessary to, among other things, replace its assets.

According to section 37 of the *Act*, "An Authority may, with the approval of the Minister of Finance, invest any monies not immediately required for the purposes of the Authority in any class of financial asset."

The Authority therefore requests permission from the Minister of Finance to invest monies not immediately required in one of the following instruments:

1. Bonds issued or guaranteed by Her Majesty the Queen in Right of Canada, by a province or Canadian municipality.
2. Fixed income securities with a minimum BBB rating from Standard & Poor's or Fitch Ratings, or a Baa3 rating from Moody's.
3. Diversified funds compliant with points 1 or 2 above, including exchange traded funds but excluding leveraged funds.
4. Guaranteed investment certificates eligible for Canada Deposit Insurance Corporation insurance.



5.3 / LARGEST BUDGET ITEMS DESCRIPTION

Revenue

Pilotage Charges

Pilotage charges setting is based on important parameters related to the Authority's activities. Increases in pilotage charges and marine traffic variation based on the current context have been taken into consideration.

Fees for Administration of the Act

Since July 2020, TC has levied fees from Authorities for the administration of the *Act*. These fees are to recover costs for the implementation and application of regulations to the amended *Act*. Fees charged to LPA clients to cover those TC fees, are established by allocating the total fees charged by TC to the annual total forecasted assignments. It is to be noted that no additional costs are added to the fees.

Pilot Boarding Services

Revenues from pilot boarding services provided at the Montreal, Sorel, Trois-Rivières and Quebec City boarding stations equal forecasted expenditures under the service contracts, plus an additional 4.8% for administrative overhead.

Revenue from pilot boarding services provided at Les Escoumins boarding station is established on the basis of forecasted expenditures, plus an additional 4.8% for administrative overhead.



Expenses

Pilot corporations Fees

Fees paid to pilot corporations are calculated according to service contracts signed by the Authority and each corporation. These fees are derived from marine traffic forecasts and are closely related to pilotage charges. Training costs for pilots and apprentice pilots, communications, portable units (PPU) and Board of Examiners expenses are included in this expenditures category. Pilot training usually includes ship-handling training with simulators and scaled models. Training in handling post-Panamax ships is also provided at the Maritime Simulation and Resource Centre in Quebec City. This centre also provides additional training for higher Pilot licences.

For apprentice pilots related expenses, the Authority covers all costs for both corporations.

Pilot Boarding Services

Projected expenditures for pilot boarding stations in Montreal, Sorel, Trois-Rivières and Quebec City are based on contracts in effect with Groupe Océan entities which provide the services. These contracts were negotiated for a 10-year period and came into effect on January 1, 2014. The new contracts coming into effect in 2024 were recently awarded and will be signed shortly. As such, the costs for the years 2022 to 2027 have been estimated based on rates agreed upon between the Authority and Ocean Group.

With regards to pilot boarding services provided by the Authority at Les Escoumins, these costs include several types of expenses, and the following assumptions were used:

- > Projected salaries are forecasted based on provisions contained in existing collective agreements. When not covered by collective agreements, salaries take into account an estimated increase in the Consumer Price Index (CPI).



- > Costs associated with the operation of pilot boats and their replacements are taken into consideration based on assumptions relative to their service life, mandatory inspections under current regulations and historical data from recent years.
- > The majority of other expenditures were estimated by taking average CPI increases for the past two years into consideration.

Administrative/Operational and Salary Expenses

Administrative and operating expenses from 2022 to 2026 are established based on actual 2020 expenditures, estimated 2021 expenditures, and assumptions made by management.

Projected salaries are forecasted based on provisions contained in the existing collective agreements. For years not covered by the collective agreements, as well as employees who are not covered by these agreements, projected salaries take into account an estimated increase in the Consumer Price Index (CPI). Employee benefits cost vary between 20% and 24% of salaries.

5.4 / VARIANCE ANALYSIS

Variance Between 2023 Budget and 2022 Forecast

Revenues

The budget for 2023 was based on several assumptions pertaining to marine traffic analyses as well as local and global economic outlooks. As a result, pilotage charges have been adjusted to reflect the Authority's estimate of growth in traffic following discussions with its partners. Generally, estimates suggest that traffic will remain similar for the year 2023, particularly in the context of a potential economic downturn. Compared to 2022, only tankers and cruise ships may see an increase. Tankers could see growth in the range of 5% while passenger ships could be at 75% of the 2019 traffic level.



The Authority therefore expects a \$5.9 million increase in pilotage charges in 2023, compared to 2021, including the increases in pilotage charges and pilot boarding costs.

Expenses

Fees paid to pilot corporations as a function of marine traffic volume and the variation in pilotage fees as determined by service contracts. With changes in traffic and service contract increases, those fees, excluding the costs of operating pilot boats, should increase by \$2.1 million in 2023.

Administrative expenses have been adjusted according to collective agreements in place for unionized employees. The cost-of-living increase has been taken into account for employees not covered by these collective agreements. Lastly, the cost-of-service contracts in place with partners has been taken into consideration. The increases in these expenses (administration, operations, and operation of pilot boats) for 2023 is \$2.1 million.

Comparison of Actual, Budget and Forecast Results – 2022

The 2022 budget showed fees paid to pilot corporations, excluding pilot boarding charges, of \$43.2 million after six months of activity. The actual results for the same period were \$43.4 million, a difference of \$0.2 million or 0.5%. Despite these adequate results, there were a few variations. First, bulk carrier traffic is higher than budgeted, and the same is true for tankers, where charges were slightly higher. Secondly, the traffic of container ships, ro-ro ships and other vessels are slightly lower than budgeted.

According to the latest budget review, the LPA now anticipates total revenues of \$109.8 million for the full year, compared to an initial budget of \$109.7 million.

Pilotage fees are following the same trend. On the CPSLC side, the rate of increase in fees was implemented at the agreed time. However, the rate change related to the contract with the CPBSL is still unknown, as the contract, which has expired, is currently in arbitration. The LPA is



therefore using estimates for the current year's rate increase. The actual results do not present an estimate of this adjustment. Pilot boat operating fees and charges are currently at \$45.1 million after six months, identical to the budget presented. In terms of administrative expenses, the Authority had a positive variance of \$0.5 million (8.8%) after six months, while actual expenses are \$5.3 million and the budget is \$5.8 million. Respectively, the latest forecasts present pilotage fees and other expenses of \$98.4 million for the 12 months of 2022, compared to a budget of \$97.7 million, and administrative and operational expenses of \$11.5 million, compared to a budget of \$11.3 million.

Lastly, with the data presented, the LPA's current position shows a negative comprehensive income of \$0.2 million after six months, compared to a budgeted negative comprehensive income of \$1.3 million. The difference is primarily due to the increase in fees to be paid to the CPBSL, which is still unknown at this time. For the full year, the initial budgeted amount predicted a positive result of \$0.7 million, whereas the latest forecast is for zero results.

Appendices





APPENDIX 1 / GUIDANCE OR MANDATE LETTER FROM THE MINISTER



Minister of Transport

Ministre des Transports

Ottawa, Canada K1A 0N5

September 6, 2022

Julius Spivack
Interim Chair of the Board of Directors
Laurentian Pilotage Authority
syljulinc@gmail.com

Dear Julius Spivack:

As you know, following the 2021 general election, I had the honour of being reappointed as the Minister of Transport. My priorities have been outlined in the mandate letter the Prime Minister shared with me in December 2021, and today I write to you to set out my expectations as to how the Laurentian Pilotage Authority (LPA) will help advance these priorities.

As the Minister accountable to Parliament for the LPA, I am committed to continuing our productive relationship to ensure that Canada's transportation system is safe, secure, efficient, and environmentally responsible. I recognise that the LPA experienced a significant drop in traffic in the wake of the COVID-19 pandemic. I appreciate LPA's efforts to pivot operations and continue to operate safely during this unprecedented time.

My priority upon my reappointment as the Minister of Transport was to enforce vaccination requirements across the federally regulated transportation sector. Thank you for the commitment you have demonstrated in developing and implementing your corporation's vaccination policy. Together, we mitigated the full impact of infection and severity of illness for travellers and workers in the transportation sector, and increased vaccine uptake, providing broader societal protection. As the COVID situation unfolds, we continue to adjust our measures accordingly, as we've done in June of this year. I appreciate the corporation's ongoing collaboration as our response to COVID-19 continues to evolve as we learn more about this virus.

Ensuring goods and people can move efficiently throughout our country with robust and reliable supply chains and transportation systems is another key priority further reiterated in Budget 2022. The LPA is an important link in Canada's supply chain, and I trust that the corporation will strive to reduce and prevent bottlenecks in Canada's transportation network. I encourage you to work with my officials to ensure the LPA continues to be prepared to proactively mitigate and respond to emerging incidents and hazards, including cyber security threats.

Canada



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Fighting climate change is a cornerstone of the government's plan to rebuild the economy, create middle-class jobs, and ensure Canadian industry remains competitive. The *Canadian Net-Zero Emissions Accountability Act* has legislated Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050. I expect the LPA to seek opportunities to advance measures that support Canada's transition to net-zero, including accelerating the transition to zero-emission vehicles and considering targets related to this cause throughout your operations.

As part of the government's strategy to combat climate change, Budget 2021 announced that Canada's Crown corporations would demonstrate climate leadership by adopting the *Task Force on Climate-related Financial Disclosures* standards, or more rigorous and acceptable standards. I encourage the LPA to start reporting its climate-related financial risks by 2024.

Another pillar of the government's plan is to continue to address the profound systemic inequities and disparities that remain present in the core fabric of our society. I expect that the LPA will join us as we walk faster and farther along the road to reconciliation, particularly through meaningful partnership and collaboration with local Indigenous communities. This should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

Diversity and equity within the LPA's workforce will improve its ability to deliver on all its objectives, and I expect that as the LPA embarks on any hiring, it implements outreach and recruitment strategies that uphold the principles of equity, diversity, and inclusion. I trust that the LPA will also continue to ensure that it is doing its part, per the *Accessible Canada Act*, to help make the transportation system more accessible for persons with disabilities.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chairperson, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council.

I expect that your short-, medium-, and long-term objectives as they relate to the government's priorities in this letter are clearly presented in your upcoming corporate plans and progress to achieving those objectives is reported in your subsequent annual reports. I also ask for your support in ensuring that, to the extent that it is within the LPA's control, future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.



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It is critical that the performance objectives of the corporation, Board and CEO flow within a consistent storyline. I ask that the measures you develop to assess your CEO's performance conform to best practices concerning the development of specific, measurable objectives, based on the observable behaviours in areas where your CEO can exercise sufficient influence to achieve the desired outcomes. The rationale included for the overall rating of your CEO should clearly identify why your Board is providing the rating and which performance objectives were weighed most heavily when arriving at the determination.

As always, the legal, fiduciary, and ethical obligations of public office holders remain. All appointees should abide by the principles found in the Prime Minister's statement on Open and Accountable Government. All boards should ensure ongoing compliance, both for their organization and for themselves, with relevant legislation, Treasury Board policies, Governor in Council and ministerial directives.

It is an honour to serve Canadians as Minister of Transport and a privilege to be able to work with key partners such as the LPA.

Sincerely,

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



APPENDIX 2 / CORPORATE GOVERNANCE STRUCTURE

Board of Directors

The Authority has a governance structure which allows for the discharge of its mandate while the Board of Directors also exercises proper authority.

Board members are appointed for an initial term of up to four years. The *Act* states that this term may be subsequently renewed for a term not exceeding four years, but there is no limit on the number of reappointments of a Board member.

The first decree of August 2019 implementing the first amendments to the *Act* prohibits representation from marine industry members on boards of directors. However, the legislation includes a “grandfather clause” allowing current members from the industry to keep their seat.

The Board of Directors is responsible for the Authority's strategic planning, including the corporate plan, finances, and overall stewardship. This includes identification of major risks exposure, succession planning and setting up an information system to meet requirements.

The Board is normally made up of seven members including a chairperson, a vice chairperson and five members, all of whom are appointed by the Minister, with the approval of the Governor-in-council. Since the departure of Ricky Fontaine in June 2020, the chairperson position has been filled on an interim basis by Julius Spivack, formerly the Vice-Chairperson, and a member of the LPA Board for several years. As of September 2022, the terms of five of the six members have expired, and the position of Chairperson remains unfilled.



Board Members and Meeting Attendance Table

Board Member	Active Since	Date of Last Appointment	Duration (ending)	Committees	Attendance	
					Jan. 1st, 2021 - Dec. 31, 2021	Jan. 1st, 2022 - July 1st, 2022
Julius Spivack Acting President (June 2020) and Chair of Audit committee	2007-06-30	2018-09-07	4 years (september 2022) expired	Board of directors	11 / 11	7 / 7
				Audit	6 / 6	3 / 3
				Governance & HR	2 / 2	s/o
Michel Tosini Member	2007-10-12	2018-09-07	3 years (september 2021) expired	Board of directors	11 / 11	7 / 7
				Governance & HR	8 / 8	2 / 2
Frank Di Tomaso Member	2011-06-23	2020-05-13	3 years (may 2023)	Board of directors	11 / 11	7 / 7
				Governance & HR	8 / 8	2 / 2
Sophie-Emmanuelle Chebin Member and Chair of HR & Governance committee (Feb. 2021)	2018-09-07	2018-09-07	4 years (september 2022) expired	Board of directors	11 / 11	6 / 7
				Governance & HR	8 / 8	2 / 2
Christiane Chabot Member	2018-09-07	2018-09-07	3 years (september 2021) expired	Board of directors	11 / 11	7 / 7
				Audit	6 / 6	3 / 3
George J. Pollack Member	2018-09-07	2018-09-07	3 years (september 2021) expired	Board of directors	11 / 11	5 / 7
				Audit	6 / 6	3 / 3

The position of Chairperson has been vacant since June 19, 2020

Total compensation for the members of the Board of Directors is subject to the actual number of committee meetings held during the year.

In carrying out its responsibilities, the Board has established two oversight committees composed of three of its members. Each of these committees meet several times per year.

Audit Committee

The Audit Committee is responsible for monitoring, analyzing, and supervising the Authority's financial situation and management practices including but not limited to, financial controls and the efficient operation of its information systems. It is also mandated under the law to ensure that internal audits are carried out and follow up on recommendations, if any. The Audit Committee maintains ties with the Office of the Auditor General of Canada (OAG) and takes cognizance of reports issued with respect to audits conducted. The Audit Committee also ensures that the



auditor's recommendations, if applicable, are implemented by management. In 2020, the Committee met six times.

This committee is composed of:

- > Julius Spivack, Committee Chairperson
- > George J. Pollack, Member
- > Christiane Chabot, Member

Governance and Human Resources Committee

The Governance and Human Resources Committee is responsible for reviewing the Authority's governance and human resources practices, policies, and procedures, and analyzing and adapting the personnel management strategy. This committee is also responsible for environmental and social governance (ESG) and sustainable development. The members of this committee met eight times in 2021.

This committee is composed of:

- > Frank Di Tomaso, Member
- > Sophie-Emmanuelle Chebin, Committee Chairperson
- > Michel Tosini, Member



Board of Directors Structure and Committees



Senior Management

Since September 2012, Fulvio Fracassi, a lawyer by training, is the Authority's Chief Executive Officer. Reporting directly to the Board of Directors, his responsibilities include providing leadership to the LPA, developing the organization's overall strategy and overseeing the stewardship of the Authority's resources and assets in order to fulfill the LPA's mission pursuant to the *Pilotage Act*. Before joining the Authority, Mr. Fracassi was Director General of TC's National Marine Security Program. He chairs the Executive Committee as well as the Internal Management Committee, which is made up of all of the Authority's managers and meets on a regular basis. He is also responsible for chairing the Pilotage Advisory Committee composed of representatives from the marine industry, pilot corporations, the St. Lawrence Seaway Management Corporation, the Montreal and Quebec City port authorities and representatives from TC and the Canadian Coast Guard. Mr. Fracassi will no longer be employed by the Administration at the end of the current year. A recruitment process is underway to find his or her successor.

Mr. Fracassi is supported by five executive officers, four of whom are currently in place. Ms. Josée Leroux is Executive Director, Finance and Administration. Me Anais de Lausnay is General Counsel and Corporate Secretary. Mr. Sylvain Lachance is Special Advisor as well as Interim Executive Director, Marine Safety and Efficiency, following the departure of Capt. Alain Richard. Lastly, Ms. Claudine Bishop is newly appointed Executive Director, Talent and Communications.



Senior Management Structure





APPENDIX 3 / EXPECTED RESULTS

The Authority has set five objectives, divided into sub-objectives, in order to monitor results. Performance targets are defined for each measurable element. Details are presented in the following table:

OBJECTIVE #1			
Optimize the establishment, operation, maintenance and management, for navigation safety, of an effective and efficient pilotage service.			
Results objectives	Incident tracking through databases	2022 target	2023–2027 target
Review the continued training/evaluation program for pilots/apprentice pilots, for skill acquisition and maintenance and incident prevention	> LPA approval and review of pilot corporations' training programs.	N/A	N/A
	> Follow-up of incidents via databases and written reports provided by pilots	> Incident rate below 0.10%	> Incident rate below 0.10%
Help maintain and expand safe, effective and efficient pilotage service with business partners	> Chair the advisory committee by advocating for safety, efficiency and effectiveness of pilotage services related files	> Two (2) meetings per year	> Two (2) meetings per year



Results objectives	Strategy and indicators	2022 target	2023–2027 target
Issue and revise policies detailing standards, procedures and practices to be followed.	<ul style="list-style-type: none"> > Develop and maintain policies on exchange of information between pilots and masters (MPX), dual pilotage, winter navigation, navigation safety and the effectiveness and efficiency of pilotage services. 	<ul style="list-style-type: none"> > Develop, maintain and update policies and related documents. <hr/> <ul style="list-style-type: none"> > Policy complied by all pilots 	<p>N/A</p> <hr/> <ul style="list-style-type: none"> > Policy complied by all pilots
Carry out studies and analyses via the simulator to highlight pilotage safety, efficiency and effectiveness and the development of best practices	<ul style="list-style-type: none"> > Analyze incidents, finalize pending studies and develop or update procedures 	<ul style="list-style-type: none"> > Percentage of incidents examined by simulator <hr/> <ul style="list-style-type: none"> > Number of completed studies 	<p>> N/A</p>
Reduce delays and the causes of pilot shortages, including those related to pilots being detained aboard ships	<ul style="list-style-type: none"> > Recruit/increase the number of pilots 	<p>N/A</p>	<p>N/A</p>



Results objectives	Strategy and indicators	2022 target	2023–2027 target
	<ul style="list-style-type: none"> > Increase pilot availability by reducing detentions aboard ships not ready to depart when the pilot arrives 	<ul style="list-style-type: none"> > Number of delays less than 0.10% the number of assignments. 	<ul style="list-style-type: none"> > Number of delays less than 0.10% the number of assignments
Maintain the efficiency and reliability of pilot boats and shuttle	<ul style="list-style-type: none"> > Keep the maintenance program updated above applicable standards 	<ul style="list-style-type: none"> > 100% compliance with the program and KPIs 	<ul style="list-style-type: none"> > 100% compliance with the program and KPIs
	<ul style="list-style-type: none"> > Renegotiate service agreements with Groupe Océan and include KPIs for pilot boats and service quality 	<ul style="list-style-type: none"> > Review contract with G.O. with implementation of KPIs 	<ul style="list-style-type: none"> > Maintain KPIs
	<ul style="list-style-type: none"> > Advance work related to service contract renewal and the potential in-sourcing of pilot boarding services at one or more ports 	<ul style="list-style-type: none"> > Present a concrete action plan to the Board of Directors for approval 	<ul style="list-style-type: none"> > Implement the action plan related to the service contract renewal and/or the in-sourcing of service



OBJECTIVE #2

Implement sound risk management and adapt to technological changes

Results objectives	Strategy and indicators	2022 target	2023–2027 target
Ensure that navigation risks are low, including unregulated areas where pilotage is not compulsory	> Phase I: Prepare for the potential implementation of compulsory pilotage in North Shore ports	> Begin preparation work with TC, particularly for consultations and implementation of services	> Set up services, as required
	> Phase II: Complete risk analysis for the St. Lawrence South Shore and Gulf, and submit recommendations to TC	> Analysis 100% complete	> Recommendations provided to TC, consultations and implementation of services if required
Improvement of sleep cycles of pilots on District No. 1 further to the recommendations implemented following the risk study on the safe duration of a transit.	> Increased predictability of night transits	> Adherence to new assignment rules for night transits	> 100% compliance with night assignment rules
		> 100% pilot-vessel pairing	> 100% pilot-vessel pairing
Assess safe transit duration by a single pilot in District No. 2	> Analyze report and recommendations and undertake consultations	> Start consultations with pilots, the industry and TC	> Implement mitigation measures, if any



Results objectives	Strategy and indicators	2022 target	2023–2027 target
Maintain adequate number of pilots	> Forecast marine traffic and pilot turnover with pilot corporations	> Recruit/train 10 apprentice pilots per year	> Recruit/train 10 apprentice pilots per year
Ensure operational systems efficiency and effectiveness	> Update and monitor the IT Master Plan	> 100% followed up and updated	> 100% followed up and updated
	> Monitor new developments	> Continuous	> Continuous
Ensure that technology used by pilots meets LPA usage and safety criteria	> Agreement with the two pilot corporations on the use of PPUs	> Agreement with the two pilot corporations on the use of PPUs by 100% of pilots	> Agreement with the two pilot corporations on the use of PPUs by 100% of pilots
Provide efficient service 24/7	> Update and test emergency measures and operations continuity plan	> Test once a year	> Test once a year
Ensure monitoring and sound management of LPA's risks	> Review the LPA risk catalogue according to legislative environment changes in 2019	> Review 100% of LPA risks	> Update 100% of risks
	> Ensure that mitigation measures are kept up to date	> Review 100% of mitigation measures	> Review 100% of mitigation measures



OBJECTIVE #3

Ensure financial self-sufficiency by keeping pilotage charges at a reasonable cost

Results objectives	Strategy and indicators	2022 target	2023–2027 target
Maintain LPA expenditures at a sufficiently low level	> Determine a budget by restraining excessive expenditure	> Annual budget determined in accordance with sound financial management	> Annual budget determined in accordance with sound financial management
	> Perform periodic follow-up and forecasting	> Follow-up and update forecasts four times a year	> Follow-up and update forecasts four times a year
Maintain pilotage charges and income at a sufficient level to assume 100% of costs and investments	> Annual planning of pilotage charges review in accordance with indicators	> Once a year, according to CPI and contractual agreements	> Once a year, according to CPI and contractual agreements
	> Long-term planning and limitation of investments according to expected income (avoid special pilotage charges increases)	> Prioritize investments according to available cash forecast	> Prioritize investments according to available cash forecast



Results objectives	Strategy and indicators	2022 target	2023–2027 target
Minimize gaps between actual and budgeted comprehensive results (predictability of results)	<ul style="list-style-type: none"> > Develop a market intelligence approach allowing for the establishment of commercial budget assumptions focused on traffic 	<ul style="list-style-type: none"> > Less than 2% variance between actual and budget 	<ul style="list-style-type: none"> > Less than 2% variance between actual and budget
Maintain labour costs at a reasonable level and attract good candidates	<ul style="list-style-type: none"> > Limit pay and benefit increases (unionized and non-unionized) 	<ul style="list-style-type: none"> > Increases limited to CPI and market development 	<ul style="list-style-type: none"> > Increases limited to CPI and market development
	<ul style="list-style-type: none"> > Implement new compensation rules (classification parameters and equity) 	<ul style="list-style-type: none"> > 100% of parameters implemented 	<ul style="list-style-type: none"> > In application
Avoid losses due to bad debts	<ul style="list-style-type: none"> > Weekly follow-up of accounts and ongoing communication with clients 	<ul style="list-style-type: none"> > Less than 1% bad debts 	<ul style="list-style-type: none"> > Less than 1% bad debts



OBJECTIVE #4

Protect the public and the environment

Results objectives	Strategy and indicators	2022 target	2023–2027 target
Ensure that pilot boats meet environmental protection criteria	> Ensure Green Marine certification is maintained	> Certification maintained and 100% of inspection program passed	> Certification maintained and 100% of inspection program passed
	> Update pilot boats maintenance manual after dry dock maintenance	N/A	N/A
Contribute to the protection of shorelines and shore-side residents	> Ongoing monitoring of conditions affecting water levels and compliance with policies and guidelines to protect shorelines and shore-side residents	> 100% speed adjustment and navigation conditions during alerts	> 100% speed adjustment and navigation conditions during alerts
Protect pilot boat users and visitors (non-employees)	> Maintain clear instructions for on-board user safety	> 0% incident rate	> 0% incident rate



OBJECTIVE #5

Maintain sound and effective management and good partner relations

Results objectives	Strategy and indicators	2022 target	2023–2027 target
Increase cooperation and communication with partners	> Organize regular meetings	> Continuous	> Continuous
	> Participate in partners' works/committees	> Continuous	> Continuous
Increase LPA's public positioning	> Rollout external communication plan	> Rollout newsletter	> Quarterly newsletter issued
		> Post at least one message per week on social media	> Post at least one message per week on social media
Ensure a sufficient, competent and diversified pool of future employees	> Update of the succession and skills development plan	> Once a year	> Once a year
	> Follow-up of performance plans	> 3 meetings per year	> 3 meetings per year



Commitment by the Chief Executive Officer

I, Fulvio Fracassi, LL.M., Chief Executive Officer of the Laurentian Pilotage Authority, am accountable to the Board of Directors of the Authority for achieving the objectives of this Corporate Plan and for achieving the results described in this Plan and the various appendices. I confirm that this commitment is supported by the balanced use of all available and relevant performance assessment information.

Fulvio Fracassi, LL.M.
Chief Executive Officer



APPENDIX 4 / DECLARATION BY THE EXECUTIVE DIRECTOR OF FINANCE

I have examined the five-year Corporate Plan and corresponding budgets, as well as supporting information that I considered to be necessary, on the date indicated below, in my capacity as Executive Director of Finance of the Laurentian Pilotage Authority.

Further to this due diligence review, I declare that:

- > The nature and scope of financial and related information and the various assumptions that may have a substantial influence on results are reasonable and justifiable.
- > The main risks which could have an influence on financial results or assumptions set out in this Plan have been identified and appropriate mitigation measures have been duly disclosed and put in place.
- > Financial resource requirements have been disclosed and comply with assumptions, and cost containment options have been considered.
- > As applicable, the necessary financing has been determined and is sufficient to meet financial requirements during the period covered by this Corporate Plan.
- > The Corporate Plan and budgets comply with applicable financial management laws and regulations, and appropriate financial management authorizations are in place.
- > The necessary financial controls are in place to support implementation of the proposed activities and the ongoing operation of the Crown corporation.

In my opinion, the financial information contained in this Corporate Plan and the corresponding budgets are generally adequate to support decision-making.

Josée Leroux, CPA, CA
Executive Director, Finance and Administration



APPENDIX 5 / 2023–2027 FINANCIAL STATEMENTS FORECAST AND BUDGETS

Statement of Comprehensive Income

2021 actual, 2022 budget and forecast and 2023–2027 budget
(in thousands \$ CDN)

	Actual	Forecast	Budget				
	2021	2022	2023	2024	2025	2026	2027
Income							
Pilotage charges	98,788	109,660	115,607	122,123	126,317	129,344	132,369
Other income	125	184	186	341	342	353	396
	98,913	109,844	115,793	122,464	126,659	129,697	132,765
Direct Expenses							
Pilot fees	79,307	86,880	89,179	95,644	99,412	101,828	104,304
Operating costs of pilot-boats	10,794	11,479	12,158	12,359	12,752	13,108	13,514
	90,101	98,359	101,337	108,003	112,164	114,936	117,818
Gross Profit	8,812	11,485	14,456	14,461	14,495	14,761	14,947
	8.91%	10.46%	12.48%	11.81%	11.44%	11.38%	11.26%
Administrative and Operating Expenses							
Personnel Costs	5,968	6,526	7,109	7,255	7,403	7,553	7,707
Professional and Special Services	1,039	1,596	1,901	1,636	1,352	1,293	1,318
Rental	360	360	360	366	372	378	384
Utilities, Supplies and Procurement	206	219	319	301	350	346	279
Transport and Communications	122	239	343	333	259	261	263
Information	63	114	145	114	130	114	130
Amortization	2,106	2,114	2,512	2,777	2,909	2,949	2,958
Repairs and Maintenance	119	131	143	133	136	139	139
Bad Debts	-	-	-	-	-	-	-
Interest	79	80	80	72	65	58	50
Other	106	101	90	154	157	161	165
	10,168	11,480	13,002	13,141	13,133	13,252	13,393
Comprehensive Income	(1,356)	5	1,454	1,320	1,362	1,509	1,554



Statement of Financial Position

2021 actual, 2022 budget and forecast and 2023–2027 budget
(in thousands \$ CDN)

	Actual 2021	Forecast 2022	2023	2024	Budget 2025	2026	2027
Assets							
Current							
Cash and cash equivalents	13,577	6,090	5,906	8,160	11,109	10,217	12,973
Accounts Receivable	13,032	14,892	15,699	16,584	17,154	17,565	17,976
Investments	–	–	–	1,000	2,000	2,000	3,000
	26,609	20,982	21,605	25,744	30,263	29,782	33,949
Non-Current							
Property and Equipment (net)	14,622	21,525	21,825	20,066	18,023	18,062	15,982
Intangible Assets (net)	1,772	1,442	2,469	2,240	1,557	1,731	1,427
	16,394	22,967	24,294	22,306	19,580	19,793	17,409
Total Assets	43,003	43,949	45,899	48,050	49,843	49,575	51,358
Liabilities							
Current							
Accounts Payable and accrued Liabilities	15,047	16,272	16,936	17,941	18,554	16,981	17,427
Lease Obligations	241	243	243	243	258	263	263
	15,288	16,515	17,179	18,184	18,812	17,244	17,690
Non-Current							
Employee Benefits	383	340	352	364	376	388	400
Lease Obligations	1,810	1,567	1,387	1,201	992	771	542
	2,193	1,907	1,739	1,565	1,368	1,159	942
Total Liabilities	17,481	18,422	18,918	19,749	20,180	18,403	18,632
Equity							
Retained Earnings	25,522	25,527	26,981	28,301	29,663	31,172	32,726
Total Liabilities and Equity	43,003	43,949	45,899	48,050	49,843	49,575	51,358



Statement of Changes in Equity

2021 actual, 2022 budget and forecast and 2023–2027 budget
(in thousands \$ CDN)

	Actual 2021	Forecast 2022	2023	2024	Budget 2025	2026	2027
Retained Earnings, Beginning of the Year	26,878	25,522	25,527	26,981	28,301	29,663	31,172
Comprehensive Income for the Year	(1,356)	5	1,454	1,320	1,362	1,509	1,554
Retained Earnings, End of the Year	25,522	25,527	26,981	28,301	29,663	31,172	32,726



Statement of Cash Flows

2021 actual, 2022 budget and forecast and 2023–2027 budget
(in thousands \$ CDN)

	Actual 2021	Forecast 2022	Budget				
			2023	2024	2025	2026	2027
Operating Activities							
Comprehensive income for the period	(1,355)	5	1,454	1,320	1,362	1,509	1,554
Adjustment to determine net cash flows generated by (used for) operating activities :							
Depreciation and amortization	2,106	2,114	2,512	2,777	2,909	2,949	2,958
Changes in long-term portion of employee benefits	(40)	(43)	12	12	12	12	12
Interest on lease obligations	79	71	63	57	49	42	34
Changes in long-term portion of the lease obligations	-	-	-	-	-	-	-
Loss (gain) on asset disposals	-	-	-	-	-	-	-
Interest Income	(51)	(60)	(60)	(110)	(150)	(170)	(190)
Changes in non-cash working capital items :							
Changes in receivables	(323)	(1,860)	(807)	(885)	(571)	(411)	(411)
Changes in accounts payable and accrued liabilities	1,164	1,225	664	1,005	613	(1,573)	446
Cash flows from operating activities	1,580	1,452	3,838	4,176	4,224	2,358	4,403
Investing Activities							
Net purchase of investments	1,001	-	-	(1,000)	(1,000)	-	(1,000)
Acquisition of property and equipment	(76)	(8,639)	(2,227)	(309)	(81)	(2,193)	(64)
Acquisition of intangible assets	(442)	(48)	(1,612)	(480)	(101)	(969)	(510)
Proceeds on property and equipment disposal	-	-	-	-	-	-	-
Interest received	51	60	60	110	150	170	190
Cash flows from investing activities	534	(8,627)	(3,779)	(1,679)	(1,032)	(2,992)	(1,384)
Financing Activities							
Repayment of lease obligations	(232)	(241)	(180)	(186)	(194)	(216)	(229)
Interest paid on lease obligations	(79)	(71)	(63)	(57)	(49)	(42)	(34)
Cash flow from financing activities	(311)	(312)	(243)	(243)	(243)	(258)	(263)
Cash							
Change for the period	1,803	(7,487)	(184)	2,254	2,949	(892)	2,756
Balance, beginning of the year	11,774	13,577	6,090	5,906	8,160	11,109	10,217
Balance, end of year	13,577	6,090	5,906	8,160	11,109	10,217	12,973



Capital asset acquisition and capital budget

2021 actual, 2022 budget and forecast and 2023–2027 budget
(in thousands \$ CDN)

	Actual 2021	Budget 2022	Forecast 2022	2023	2024	Budget 2025	2026	2027
IT infrastructure and equipment	17	2 696	2 583	1 306	391	81	3 064	526
Waiting room, boarding station and others	59	6 755	6 075	2 057	–	–	–	–
Other intangible assets	442	215	28	477	399	100	100	50
Total	518	9 666	8 686	3 840	790	181	3 164	576



APPENDIX 6 / BORROWING PLAN

Background

In accordance with Section 36 of the *Act* as well as Section 127 (3) of the *Financial Administration Act*, the LPA is required to obtain approval from the Minister of Finance to borrow funds, including the terms and conditions thereof.

Accordingly, the LPA was authorized by the Minister of Finance on December 31, 2020, to undertake short-term borrowing, up to \$1.5 million. This short-term borrowing is authorized by a chartered bank in the form of an overdraft credit facility. No changes have been requested in this Corporate Plan.

Notwithstanding the current cash reserves, LPA management wishes to maintain its borrowing authority to protect against the eventuality of a significant sum disbursement. The maturity of short-term investments could prevent such a disbursement, or an unexpected situation could require a larger unplanned disbursement. Note that financial losses generated by the global pandemic reduced the LPA's cash reserves by approximately \$3.96 million.

On the other hand, as previously noted in this Plan, the Authority has reviewed its pilot boarding strategy and purchased a new vessel, which has a direct impact on its cash flow. The Authority must also make significant cash outlays for the purchase of PPU's, tools that have become necessary to improve navigational efficiency and safety. The LPA will fund these acquisitions through its reserves but may also need the \$1.5 million bank overdraft.



Loans to be maintained

The Authority requires that the following credit facilities to be continued:

	Short term
Type	Overdraft
Lender	Any financial institution in Canada that is a member of the Canadian Payments Association
Amount:	\$1,500,000
Currency	Canadian dollars
Interest Rate	Prime
Term	One year maximum

Situation as at December 31st

Table 1: Borrowings outstanding as at December 31st

(in millions of dollars)

	2021 Actual	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

For 2021, the Authority had no outstanding loans as of December 31. For the current year and for the years included in this Plan, it also does not expect to require any long- or short-term loans, precluding an outstanding balance as of December 31.



Short-Term Loans

The LPA modified its current cash management practices in 2018 such that short-term credit is not to be used. For reasons previously indicated, management wishes to maintain its current authorizations. The following table shows pasts and forecasts use of short-term credit facilities for the period covered by this Plan. As the Authority does not expect to incur any debts in order to implement this Plan, the balances are therefore zero.

Table 2: Short-term loans

(in millions of dollars)

	2021 Actual	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Short-term borrowings—December 31st	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maximum reached during the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Maximum Borrowings During the Year

The following table shows the maximum amount to be used during the year, according to the current Corporate Plan. As the Authority does not expect to incur any debts in order to implement this Plan, the balances are therefore zero.

Table 3: Maximum Borrowings During the Year

	2021 Actual	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Maximum (or peak) amount at any point during the year



Long-term loans

No long-term loans were contracted in 2021 and no loans are contemplated for 2022. The Authority will use its cash reserves to fund the acquisition of a pilot boat and for this reason, will not need to contract any long-term loans for this acquisition. Current balances are therefore zero.

Table 4: Long-term loans

	2021 Actual	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Long-term borrowings as at December 31st	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Leases

The Authority does not expect to sign any new leases during the period covered by this Plan.

Table 5: List of upcoming leases

	2021 Actual	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
No upcoming new leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Contingent Liabilities

In the normal course of business, the Authority is subject to various claims or lawsuits. At the time of writing this Plan, the Authority is awaiting arbitration of special claims with the CPSLC and CPBSL for the end of 2022 and 2023. The total amounts involved are less than \$100,000.



APPENDIX 7 / RISKS AND RELATED MITIGATION MEASURES

Corporate Risk Management

To ensure the continued delivery of safe, effective and efficient pilotage services and achieve its strategic objectives, LPA's management conducts an annual review of risks to operations. This exercise identifies the Authority's main risks and confirms that adequate mitigation measures are in place. Sound risk management allows the LPA to maintain its operations, ensure financial self-sufficiency and meet the other aspects of its mandate by the achievement of strategic objectives.

LPA management conducted a comprehensive risk management exercise in 2021. This review identified the organization's main risks, including the top ten that are monitored on a regular basis. For 2022, the review was conducted only at the senior management level.



APPENDIX 8 / COMPLIANCE WITH LEGISLATION AND POLICY REQUIREMENTS

Access to Information and Protection of Privacy Act

To ensure clear and transparent governance, the LPA provides statutory annual reports and statistical reports to the Treasury Board Secretariat concerning access to information requests and any other questions on the subject of protection of personal information. We note that in general very few requests are received by the Authority.

Official Languages Act

The LPA ensures that public communications are available in both official languages. Data from the Official Languages Information System concerning the LPA is communicated annually to the Treasury Board Secretariat. Two complaints were filed with the Official Languages Commission in the past year. These complaints were withdrawn and closed in the following weeks without any further action being required. The Commission declared itself satisfied with the explanations provided and the measures put in place.

Travel, Hospitality, Conference and Event Expenditures Directive

The LPA's internal policies on travel, hospitality, conferences, and event expenditures have been harmonized under the Treasury Board's Guideline on Travel, Hospitality, Conference and Event Expenditures. Approved information is then disclosed on the LPA's web site within 30 days following the end of each quarter.



Canada Pension Plan Act

The LPA pension plan, which is a contributory defined benefit plan sponsored by the Government of Canada, complies with the *Canada Pension Plan Act*.

Trade Agreements

The Authority applies the principle of best overall value for money in awarding contracts for goods and services, after due analysis of bids received. The LPA maintains business relationships with suppliers providing quality goods and services at competitive prices that meet its needs in a timely manner. As a Crown corporation, the LPA must negotiate supplier contracts, where applicable, through a competitive bidding process in accordance with applicable legislation, regulations, agreements, international conventions, and internal policies.

Other

The LPA has implemented several internal policies to ensure compliance with values (see the Annual Report, available online, for more information) and reflecting its commitment to and compliance with the following laws and directives: These include:

- > *Pilotage Act*
- > *Financial Administration Act*
- > Canada Labour Code
- > *Public Servants Disclosure Protection Act*
- > *Access to Information Act*
- > *Protection of Privacy Act*



- > *Canada Shipping Act, 2001*
- > *Canadian Human Rights Act*
- > *Employment Equity Act*
- > *Conflict of Interest Act*



APPENDIX 9 / GOVERNMENT PRIORITIES AND DIRECTIONS

As a Crown corporation, the Authority endorses and supports Government priorities and initiatives. The following actions and measures have thus been put forward to harmonize management practices with the stated priorities:

Transparency and Open Government

- > Increase the level of consultation and information sharing with business partners;
- > Increase the amount of information provided on significant changes impacting pilotage and concerned stakeholders.

Gender-Based Analysis

- > The female/male ratio of 31.4% is stable. It is a challenge in an unconventional industry for female personnel.
- > Review pay scales with one of the objectives being pay equity and the introduction of mechanisms required to comply with the new provisions of the *Pay Equity Act* which will come into effect on August 31, 2021.
- > Hiring process free of conscious and unconscious bias.
- > Hiring of female personnel in functions largely represented by males: two female executives as well as a female captain on the management team.

Employment Diversity and Equity

The Authority recognizes the importance of maintaining and enhancing the multicultural heritage of Canadians. Accordingly, the importance of diversity in the Canadian population in terms of race, nationality of origin, ethnic origin, colour, and religion, which is a fundamental characteristic of Canadian society is acknowledged. The LPA is therefore committed to ensure diversity within its organization by encouraging, women, indigenous people, disabled people, or members of visible minorities to apply for available positions. For this purpose, the Authority has, among other things,



published on its website, an invitation to designated groups. It should be noted, however, that the participation of women in the marine industry continues to face challenges. The LPA is in the process of identifying relevant programs with diversity objectives according to its needs, and then implement activities required to increase social and cultural diversity within the organization.

To this end, the LPA has pledged to take actions that enhance diversity within its organization, for example, by encouraging women, Indigenous peoples, people with disabilities and members of visible minorities to apply for available positions. The Authority has, for example, uses inclusive language inviting candidates from designated groups (women, visible minorities, indigenous peoples and people with disabilities) to apply for employment opportunities posted on its website. It should be recognized, however, that there are still challenges to the participation of women in the marine industry. The LPA is identifying strategies to meet its diversity objectives and is taking steps to enhance the organization's social and cultural diversity.

To achieve this goal, the LPA is implementing:

- > Recruiting practises as free as possible of conscious and unconscious bias;
- > Job postings that state the LPA's commitment to diversity and inclusion; and
- > An internal committee on active inclusion.

Programs are also getting underway in strategic management of health, diversity and inclusion to take action and track performance indicators that measure progress towards our targets and commitments. From 2022 onwards, managers must demonstrate inclusion skills as part of their performance objectives. This approach aims to entrench the importance of inclusion in the organization's governance culture and heighten managers' awareness of their role in making this culture a reality.



Indigenous Peoples

- > Details regarding the LPA's adherence to employment diversity are specified in job postings.
- > The LPA has developed a First Nations consultation and engagement strategy for future projects. Implementation has slowed due to restrictions put in place in response to the pandemic. However, a number of concrete actions have been or will soon be taken pursuant to the strategy:
 - o Pilotage consultation process widened to include First Nations (e.g., consultation on the impact of North Shore pilotage will include the Innu community).
 - o Inclusion of First Nations from the start of new LPA projects: First Nations will be consulted on the next phases of the St. Lawrence River South Shore and Gulf risk analysis.

Sustainable Development and Greening of Government Operations

- > Acquisition of environmentally responsible equipment when selecting replacement.
- > Green Marine certification granted for LPA pilot boats in July 2019 and process underway to obtain certification for the Ville-Marie shuttle.
- > Implementation of measures and practises to reduce the environmental footprint (particularly at Les Escoumins Pilot Station, in harmony with the Green Marine certification process).
- > Implementation of optimized pilotage service project. One of the is to reduce fuel consumption by vessels subject to compulsory pilotage on the St. Lawrence and Saguenay rivers.
- > Access to LPA facilities and equipment to be provided for environmental studies on flora and fauna—specifically, facilities and property at the Les Escoumins pilot station.
- > Participation, as an expert on the Federal Environmental Assessment Panel and assisting business partners on projects affecting the environment



- > Creation of a standing committee to develop an environment, social and sustainable ESG development Plan. LPA's own Green Plan.

Promoting a Healthy Workplace

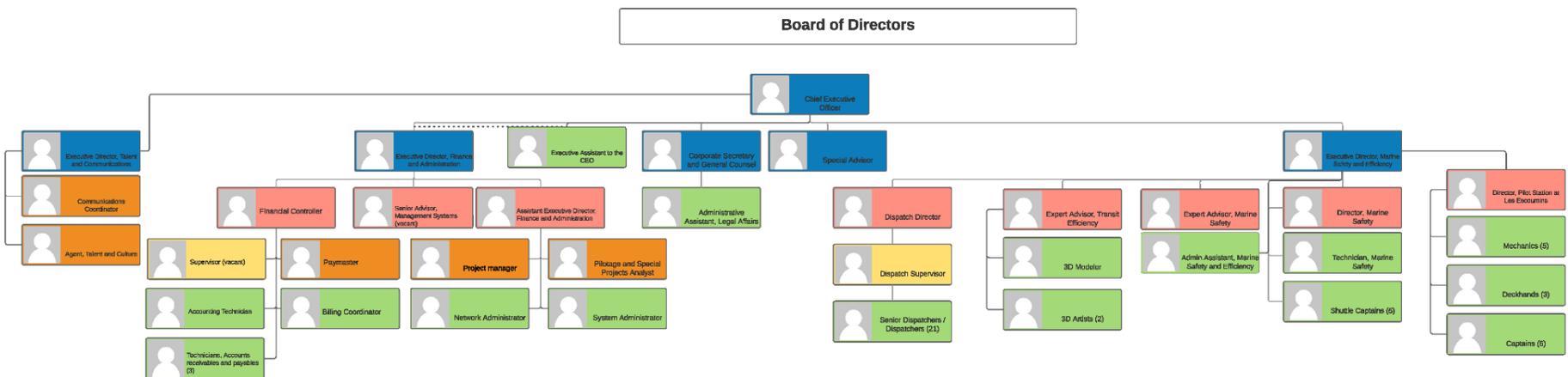
The Authority is aware of the importance of providing employees with a workplace conducive to good mental health. Engagement activities, including training sessions on tools and methods to prevent workplace civility problems have been provided. Training sessions on managing known mental health issues and workplace stress have also been carried out in recent years. These ongoing activities involving all staff are intended to educate all in the promotion of healthy work practices.

Actions and communications have been undertaken during the COVID-19 pandemic to support personnel physical and psychological health. These include tips on sanitary measures and precautions, communications on protecting mental health when working from home, and training for managers on remote team management.

Following an engagement survey carried out in spring 2018, several action plans have been drawn up for the organization's departments. At the end of 2020, a new survey was carried out to assess the results which were communicated to managers. New action plans consistent with the preceding initiatives have been produced and are being implemented to further our engagement and mobilization actions launched in 2018.



APPENDIX 10 / ORGANIZATIONAL CHART





APPENDIX 11 / COVID-19- RETURN TO OFFICE

After more than 18 months in the pandemic, during which most employees performed all of their duties remotely, discussions were held on how to safely and securely bring employees back to the office in the emerging reality we were experiencing.

To do so, a working committee was formed to address the issue by considering all the best practises on the market. Composed of a mixed group of employees and management, the committee's goal was to leverage the opportunity that returning to the workplace offered to consolidate employee mobilization and engagement initiatives. Since 2020, the labour market had been undergoing rapid changes and the LPA needed to adopt best practices to remain competitive and stand out as an employer of choice. For these reasons, the Authority focused on finding the right balance to achieve excellence in service delivery, engage those already working at the Authority and maintain its brand to attract new talent.

The working committee proposed a pilot project to return to the physical workplace for two days a week and work from home for the other days (hybrid mode). Priority was given to operational requirements, emergencies and team meetings in the choice of days to be physically present in the office. After a four-month trial period, the Administration concluded that this mode of operation met the expectations of management and employees, and consequently this new non-mandatory format was formalized.