



Laurentian  
Pilotage  
Authority

# Annual Report 2022



Canada

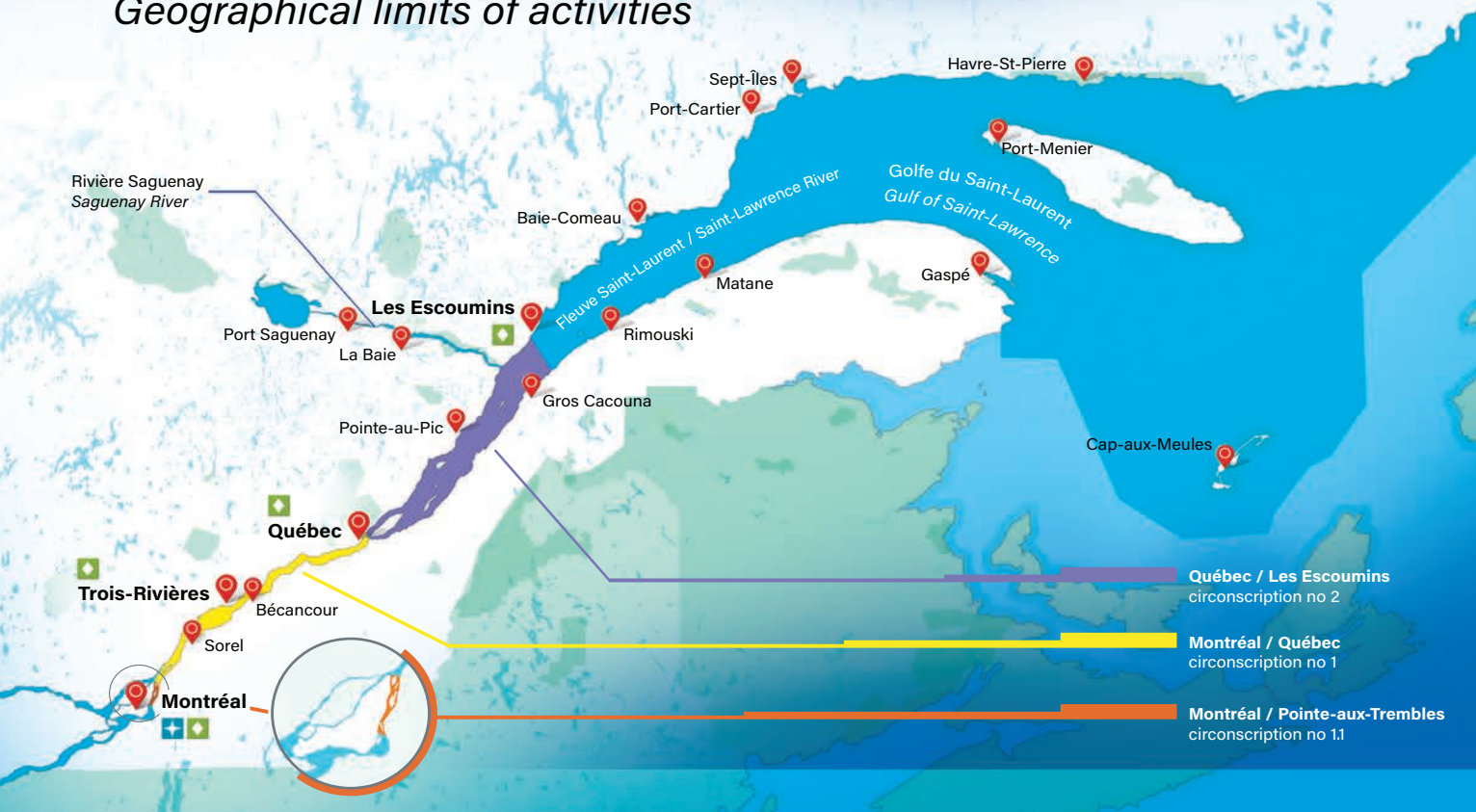


Administration de pilotage  
des Laurentides

Laurentian Pilotage  
Authority



## Limites géographiques des activités *Geographical limits of activities*







Blanc-Sablon

# Table of contents

5

Mandate  
and activities

9

Highlights

10

Message  
from the chairperson  
of the Board  
of Directors

12

Message  
from the Chief  
Executive Officer

14

The year  
in figures

22

Description  
of activities

28

Achievements  
in 2022

45

Governance  
and responsibilities

61

2023 Outlook

64

Financial  
statements





# Mandate and activities

## WHO WE ARE

The Laurentian Pilotage Authority (LPA), a federal Crown corporation created in 1972, is responsible for establishing, managing and providing marine pilotage services as well as related services in the Laurentian region waters, notably in the Gulf of St. Lawrence, the St. Lawrence River and the Saguenay River.

The LPA monitors navigation, complies to regulations and provides services for three pilotage districts that cover a distance of 265 nautical miles between Montreal and Les Escoumins and another 70 nautical miles on the Saguenay River.



## MANDATE

The LPA is the gateway to marine pilotage services on the waters of the St. Lawrence and the Saguenay Rivers. It is a turnkey organization.

Its legislative mandate is based on the following four founding principles:

1. 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;
2. The provision of pilotage services is effective and efficient;
3. Risk management tools are used effectively and technological development is taken into account;
4. The LPA's pilotage charges are designed to enable it to be financially self-sufficient.

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



## VISION

By exercising its leadership role in the maritime sector, the LPA strives for excellence and continuous improvement in the provision of effective and efficient pilotage services that contribute to navigational safety, environmental protection and the competitiveness of the marine industry.



## MISSION

The LPA's mission is to serve the interest 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 Saguenay rivers, while safeguarding its financial self-sufficiency. Its actions are guided by a concern for the protection of human health, property and the environment and are based on effective risk management and cutting-edge technology.



## VALUES

### Honesty, Integrity and Respect

The LPA's team members are committed to acting with both honesty and integrity in all their activities. They work together in the spirit of openness, honesty and transparency, thereby fostering involvement, collaboration and respectful communication.

### Professionalism and Quality Services

The LPA's team members strive for excellence in all their activities, including customer service, by constantly seeking to learn and to better themselves.

### Collaboration

Collaborating with partners, including those in the marine shipping industry, the pilots and their representative organizations is key to achieving the LPA's vision and mission. The LPA strives to maintain positive relationships and collaborates with all its partners to better serve the public interest.

### Accountability

The LPA's team members are committed to effectively using the resources made available thereto, complying with the regulations governing the organization, and adhering with the policies, procedures and mission thereof.

### Adaptability and Innovation

The LPA fosters innovation and creativity. It encourages and supports originality and diversity of ideas. As part of the individual and team work that its members carry out with its partners, it welcomes any new idea or method that may improve its services or the way it uses its resources.











# Highlights

+4.55%



**22,115**

assignments



**99.89%**

incident-free  
assignments



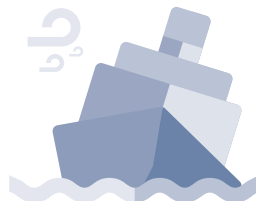
**1,083**

ships served



**99.95%**

service efficiency  
(without delays)



**1**

major  
accident

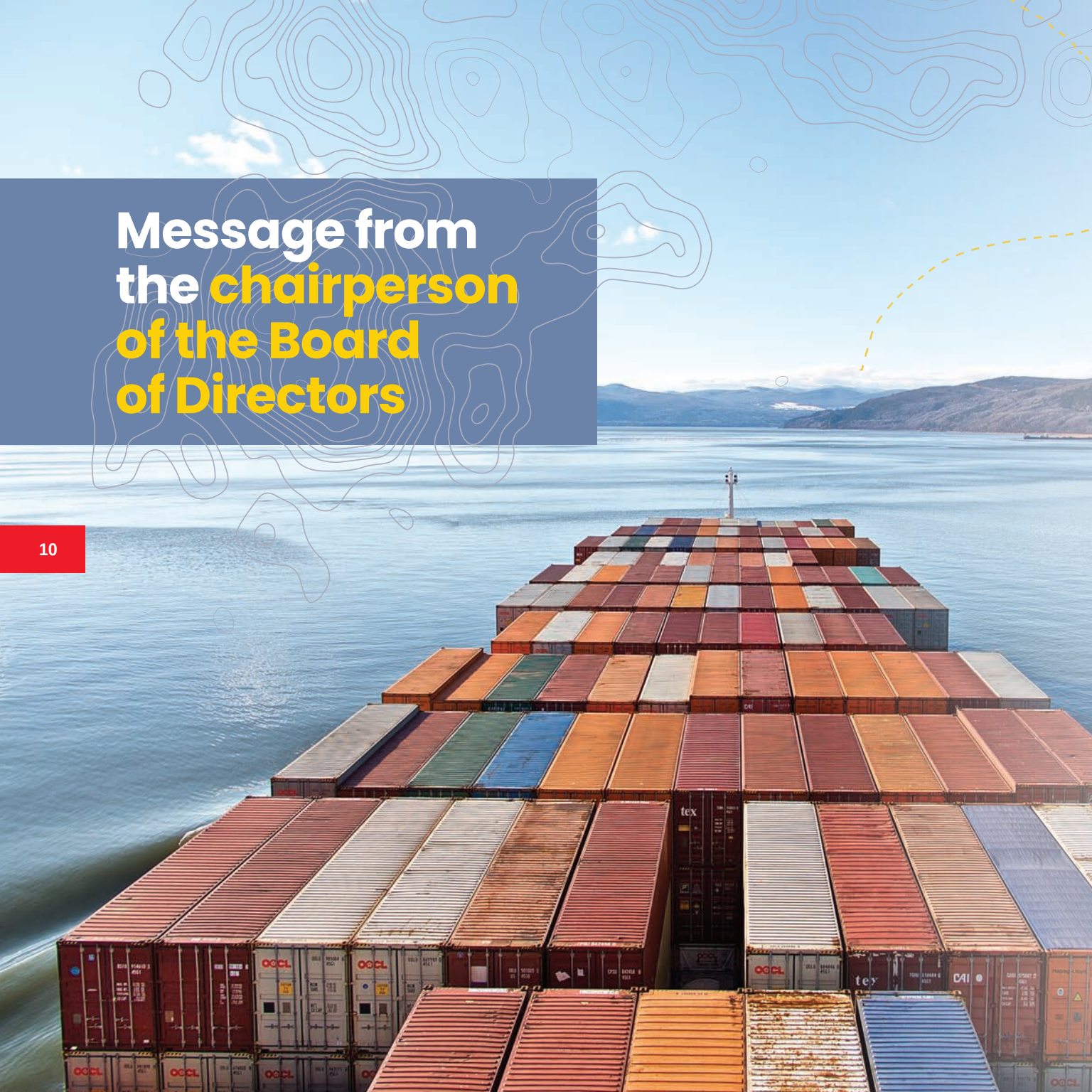
+9.36%



**\$108.2M**

revenues

# Message from the **chairperson** of the Board of Directors





On behalf of the Laurentian Pilotage Authority, it is with great pleasure that I present our operating and financial results in our 2022 annual report.

Over the past twelve months, we have been actively working to consolidate our leadership with our customers and business partners in the big maritime family. Everything we did and achieved in 2022, the year of our 50th anniversary, contributed to enhancing the safety, effectiveness and efficiency of marine navigation and pilotage on the St. Lawrence. The Board of Directors is also proud of the creation of the Sustainable Development Committee, our advances in equity, diversity and inclusion, and our various initiatives for the development and overall well-being of our employees.

At the operational and financial levels, despite the global economic slowdown and the fall in markets caused by the pandemic, the LPA is approaching the results reported before 2020 in terms of assignments. However, it is currently difficult to predict whether the trend will continue. We are living through a period of geopolitical instability with conflicts in Eastern Europe as well as the Middle East, followed by recent Sino-American tensions. The LPA's surplus in the balance sheet will allow us to make short-, medium- and long-term investments in LPA assets that will benefit the entire maritime ecosystem and the community.

The LPA has continued to work closely with Transport Canada (TC) on the enactment of the *General Pilotage Regulations* and on the development and implementation of a pilotage management system specific to our organization. Their implementation will ensure greater reliability and safety of navigation and pilotage on Canadian waters.

Last October, after ten years of service, Mr. Fulvio Fracassi left the organization. It is with gratitude and admiration for his vision and leadership that the Board of Directors wishes to acknowledge the quality of the work he has accomplished during his tenure.

In conclusion, I salute the continuation of our BOD, which retains its six members and allows us to pursue our common goal. I would also like to thank all the LPA employees, the management team, and Ms. Josée Leroux, Acting Chief Executive Officer, for their excellent work. Finally, I commend the support and collaboration of the Government of Canada, the Minister of Transport, the Honourable Omar Alghabra, and our many partners, including the St. Lawrence pilot corporations and their pilots.

Sincerely,



**Julius Spivack**  
Acting Chairperson  
of the Board of Directors



# Message from the CEO



12

On my behalf and the entire Laurentian Pilotage Authority team, I invite you to browse the content of our 2022 annual report, which recounts our most recent financial results, the main statistics relating to our operations, as well as the most important achievements from a special year during which we celebrated our 50th anniversary. It is also by stopping for a moment and looking back that we see how far we have come since our creation in 1972. Over the years, our history has been marked by many changes, always in favour of pilotage excellence, but also by close relations with our local collaborators who share the same love we have for the Rivers, namely the pilots of the St. Lawrence and their corporations.

With the mitigation of the pandemic and the gradual return to a slightly more normal life, we have seen a reversal of the downward trend in the number of pilot assignments and revenues generated that had been observed since the 2020 review. In fact, helped by the resumption of cruises, 2022 ended with an increase in assignments of around 4.55%, or 22,115, compared to 21,153 in the previous year. In turn, depending largely on the number of assignments reported and on sound budgetary management, total revenues were also up from \$98.9M in 2021 to \$108.2M, in 2022, a positive result of about 9.36%. These figures suggest some revival of maritime traffic on the St. Lawrence and Saguenay rivers, but still short from the records reached in the pre-pandemic period,

particularly in terms of the number of assignments, which had approached 25,000.

With regard to the number of incidents and delays compiled, the figures are similar to those obtained in recent years. The number of pilotage missions completed without incident reached an efficiency of 99.89%, a result that is within only a few hundredths of a percentage of the previous year. These impressive results year after year show the undoubted expertise of the St. Lawrence pilots, and their perfect mastery of the River's waters and capricious conditions. Pilotage services were 99.95% served without delay due to excellent pilot availability.

In addition to these good financial and operational results, while adopting a new work organization and experiencing significant changes in management, our team was once again very active in carrying out a multitude of projects aimed at achieving our mandate to ensure the safety of navigation, the protection of maritime personnel, the public, property and the environment, as well as a safe, effective and efficient pilotage service.

At the regulatory level, we once again served the Canadian government, citizens, partners and customers by continuing to work with Transport Canada (TC) on the coming into force of the countrywide *General Pilotage Regulations* and by working closely with its representatives



on the development and implementation of a pilotage management system based on best practices from around the world. Following a decision by TC at the very end of the year in connection with the risk studies completed for the North Shore ports, the LPA will be pleased to collaborate with the various local stakeholders to facilitate the transition to compulsory pilotage in this region.

Our team is focused on supporting the future of maritime transport and the community, and continue to develop our Montreal navigation simulator by adding components that enhance its realism. In the wake of the announcements made by the Government of Québec for the implementation of its *Advantage St. Lawrence* program, an intelligent marine transportation system, we continued to work on the evolution of our Optimized Pilotage Services (OPS), which will enter a third phase of development. These two initiatives are part of a new culture that now integrates sustainable development into the very heart of our organization's priorities.

Regarding the management of our assets, we have acquired a new pilot boat that will be used for pilot boarding at our Les Escoumins pilot station. At this station, the timber crib wharf, a popular recreational tourism emblem, has been completely rebuilt. This important project was carried out with respect for the environment and the marine mammals that live in this area.

Given the importance of our personnel, the implementation of a strategic HR plan and adoption of several measures to promote employee well-being, development, advancement and mobilization over the past year, have contributed to LPA nomination, for a second year in a row, as one of Top 100 best employers in Montreal. As we believe in the many benefits of equity, diversity and inclusion, we continue to increase our efforts on that front.

These projects listed are only some of the efforts we have carried out over the past year. When reading the following pages, you will be able to observe the busy year we had.

In closing, I would like to sincerely thank the Board of Directors for the confidence shown in me since my appointment as Acting Chief Executive Officer. I would also like to acknowledge the excellent work done by my team in Montreal and Les Escoumins. The successes of our organization are the result of my management team, but also of my colleagues who work in administration, operations and assignments, not to mention those from operations, namely our captains, our engineers and crew members. To the Government of Canada, the federal and provincial departments of transportation, the Corporation des Pilotes du Saint-Laurent Central (CPSLC) [Corporation of Mid St. Lawrence Pilots], the Corporation des Pilotes du Bas Saint-Laurent (CPBSL) [Corporation of Lower St. Lawrence Pilots] and the pilots of the St. Lawrence, your absolute support and your full cooperation allow us to look forward to the future with great optimism.

Enjoy reading,



**Josée Leroux**  
Acting Chief Executive Officer





# The year in figures

## RESULTS SUMMARY AND STATISTICS

14

*In figures, an analysis of the LPA's comprehensive income compared to previous years. The results must be read in conjunction with the audited Financial Statements and accompanying notes.*



Fiscal year ended December 31 (in thousands of dollars)

	2022	2021	2020	2019	2018
Revenues	\$108,177	\$98,914	\$93,971	\$108,293	\$105,902
Expenses	\$107,551	\$100,269	\$96,535	\$107,680	\$106,512
Comprehensive income	\$626	\$(1,355)	\$(2,564)	\$613	\$(610)
Working capital	\$6,039	\$11,321	\$11,370	\$13,182	\$11,810
Retained Earnings	\$26,148	\$25,522	\$26,877	\$29,441	\$28,828
Number of assignments	22,115	21,153	21,215	24,670	24,950

Human Ressources

	2022	2021	2020	2019	2018
Management	6	5	5	5	7
Administration and Operations	21	19	17	15	14
Dispatch	21	20	22	19	15
Boat Crews	17	18	14	15	13

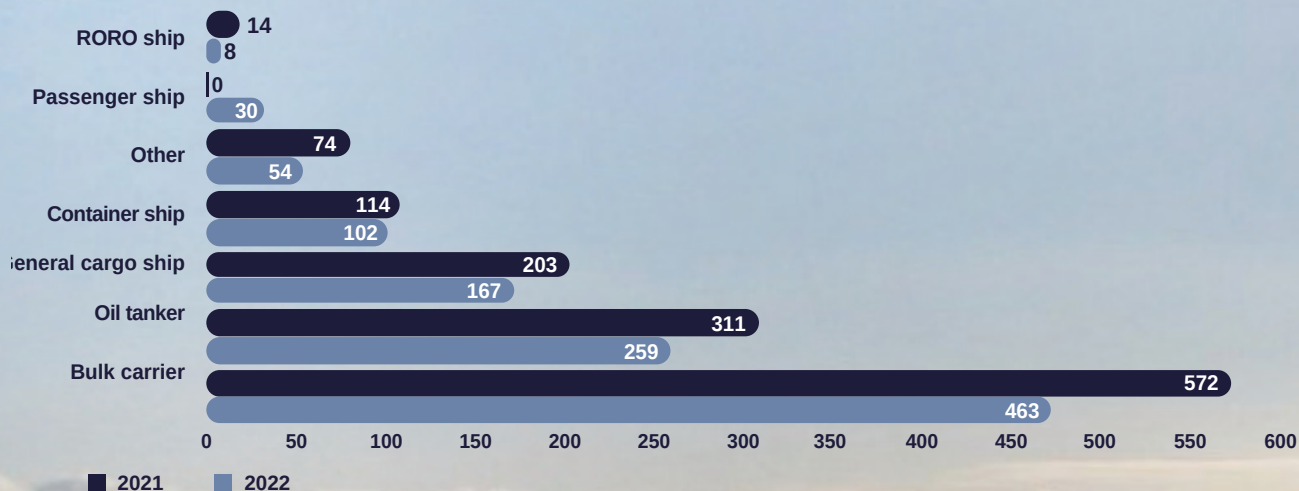
Pilots and Certificates

	2022	2021	2020	2019	2018
Contract Pilots*	204	198	195	180	174
Apprentice Pilots	10	20	19	14	17
Pilotage Certificate Holders	2	2	2	2	2

\*Number of active licences, in pilot years. This figure is adjusted to account for suspended licences (long-term disability, etc.), semi-retirements and for pilot corporation directors.







## LEVEL OF SERVICE

Number of different ships served by the LPA, regardless of the number of voyages performed





Number of voyages performed by type of ship

		2022		2021	
Bulk carrier		2,830	40.83 %	2,924	44.20 %
Oil tanker		1,807	26.07 %	1,711	25.87 %
Container ship		812	11.72 %	774	11.70 %
General cargo ship		879	12.68 %	919	13.89 %
Passenger ship		250	3.61 %	–	0.00 %
RORO ship		158	2.28 %	174	2.63 %
Other		195	2.81 %	113	1.71 %
		6,931	100.00 %	6,615	100.00 %

# Number of assignments per quarter



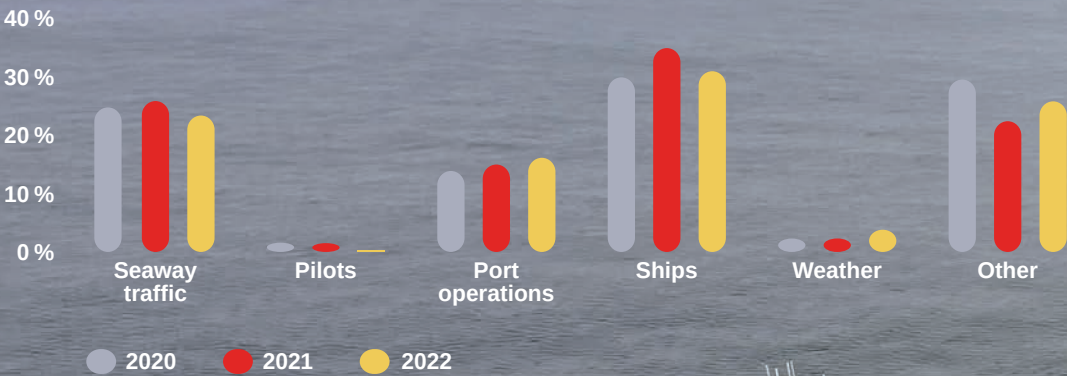
## SERVICE EFFICIENCY

	% of pilotage missions with no pilot-related delays	% of pilot-related service delays	
2022	99.9 %	0.13 %	(9h)
2021	99.9 %	0.98 %	(51h)
2020	99.9 %	0.96 %	(44h)





Breakdown of the number of delays by cause





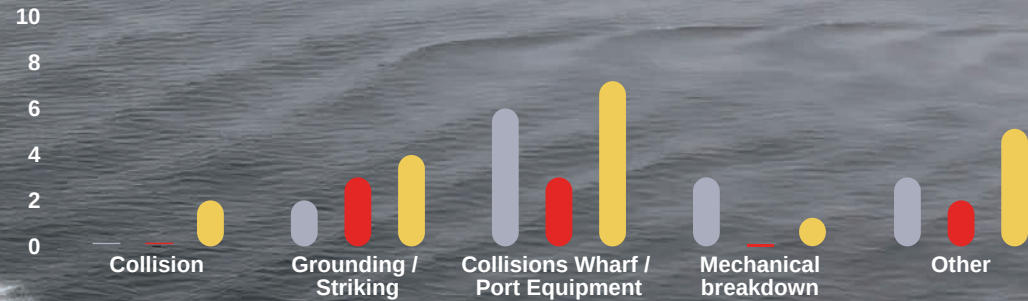


# SAFETY AND MARINE OCCURRENCES – INCIDENTS/ACCIDENTS

Number of incidents/accidents



Breakdown of the number of incidents/accidents by cause



2020	0	2	6	3	3
2021	0	3	3	0	2
2022	2	4	7	1	5

# Description of activities



## FROM MONTREAL TO LES ESCOUMINS

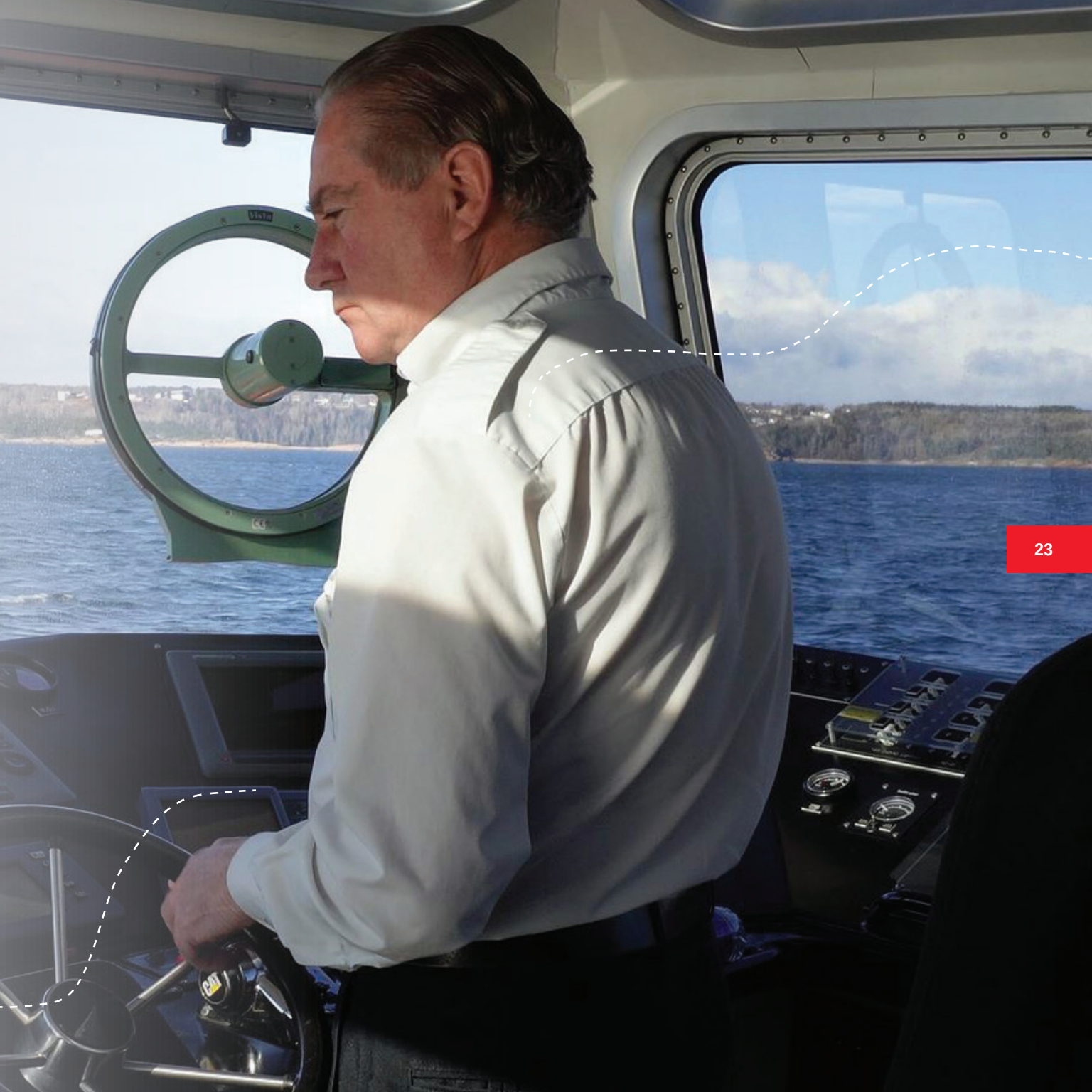
22

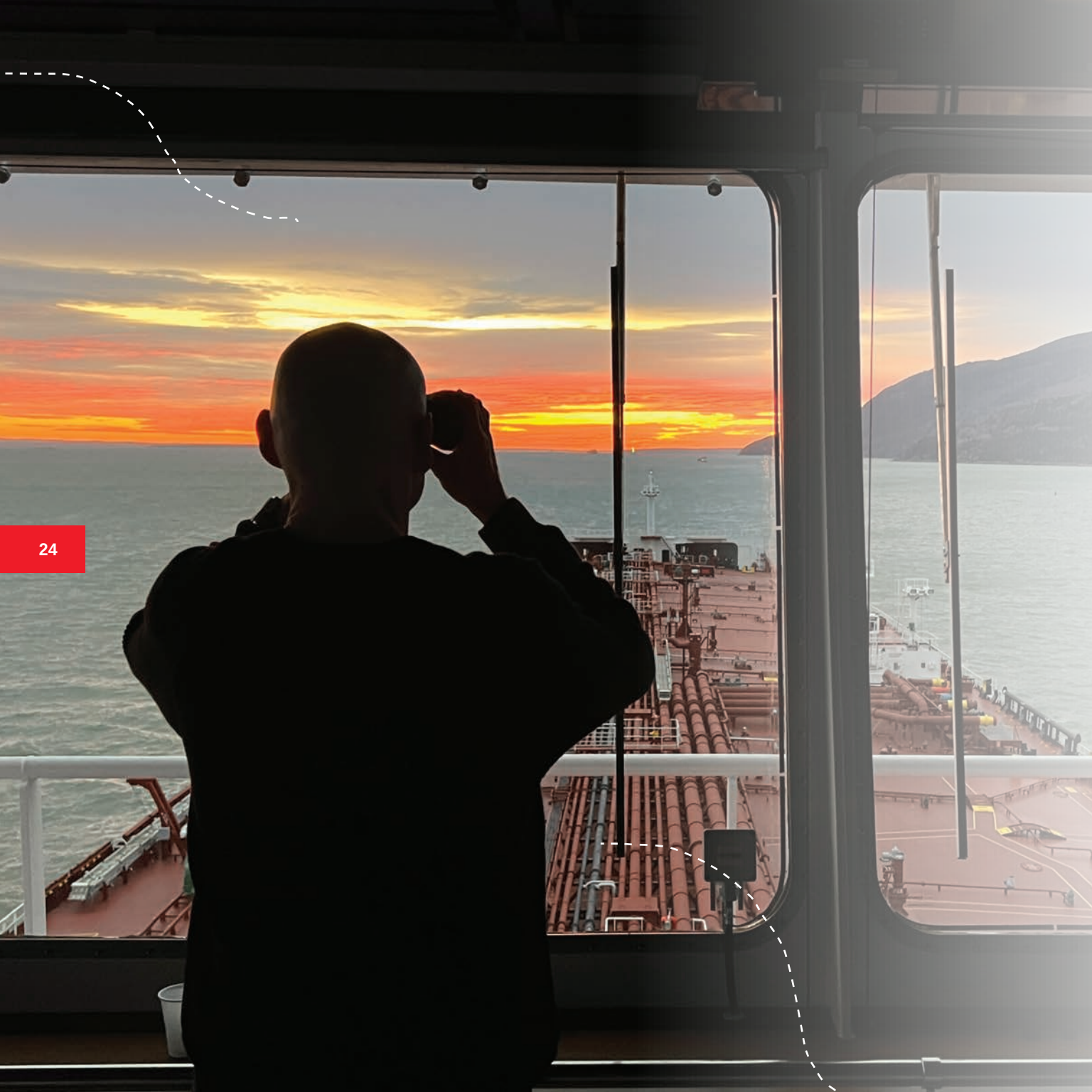
The LPA's management is centralized at its head office located in downtown Montreal, although the hybrid way of working and the technological tools in place also allows for remote operations. The LPA's core talent, grouped under four executive branches, namely *Marine Safety and Efficiency*, *Finance and Administration*, *Talent and Communications* and *Legal Affairs and General Secretariat*, ensure that it carries out its mandate and mission effectively and professionally. Assigning marine pilots, who are responsible for operating ships sailing on the St. Lawrence and Saguenay rivers, are at the heart of the LPA's activities, along with the operation of its maritime simulation centre.

The pilot boarding station owned and operated by the LPA is located in Les Escoumins, near the confluence of both rivers. On site, an administrative team, as well as crews consisting of certified captains, crew members and engineers, provide boarding services of pilots between the shore and vessels with two pilot boats owned by the LPA. Pilot boarding services at the ports of Québec City, Trois-Rivières, Sorel and Montreal are provided by an LPA's subcontractor. The LPA also operates a shuttle service in Port of Montreal waters to ferry pilots aboard ships docked at terminals.

The LPA can count on 65 permanent employees with varied expertise who contribute daily to the mission of the LPA both at the head office in Montreal and at the Les Escoumins station. In addition, the LPA works with 204 licensed pilots and 10 apprentice pilots, who are members of the Corporation of Mid St. Lawrence Pilots (CPSLC) and the Corporation of Lower St. Lawrence Pilots (CPBSL), and with which it has service contracts. These pilots have the conduct of the ships and guide them to their destinations safely at all hours of the day and night.











## A SAFE, EFFECTIVE, EFFICIENT AND UNINTERRUPTED PILOTAGE SERVICE

The LPA is responsible for the management, delivery, and supervision of marine pilotage services provided in districts 1, 1.1 and 2, which extend from Les Escoumins to Montreal including the Saguenay River. Navigation takes place year-round in these sectors despite the sometimes difficult weather conditions and the inherent characteristics of the St. Lawrence River, which is known to be unpredictable and one of the most challenging waterways in the world. Upon entering the LPA's compulsory pilotage areas, the masters of domestic and foreign flagged vessels hand over the vessel's conduct to licenced pilots.

The LPA may, in its capacity as a public pilotage LPA, establish practices and procedures applicable to pilots and the shipping industry in keeping with its regulatory and legislative mandate, to maintain navigation safety and the efficiency of pilotage services.

The expertise of pilots, the research and implementation of new work methods and the use of new technologies developed by the LPA and its marine industry partners are helping to reduce the number of incidents and thus increase the efficiency and safety of navigation on Laurentian waters.

The LPA is required to set pilotage charges that are fair and reasonable while ensuring its financial self-sufficiency and sustainability. The regulations, policies and charges are available online at the LPA's website at [www.pilotagestlaurent.gc.ca](http://www.pilotagestlaurent.gc.ca).



## COMPETENT PILOTS TO THE HIGHEST STANDARDS

Before a licence or permit is issued to a pilot or apprentice pilot, the LPA ensures that the candidate meets the regulatory requirements and has all the training and knowledge required to navigate safely. The LPA approves periodic training and assessment of licensed pilots and chairs the board of examiners responsible for assessing the skills of pilotage candidates. It also ensures that the training dispensed to pilots provides them with the skills and qualities needed to practise their profession. The LPA's role also allows it to require refresher courses and updates to the pilot-training program.

The LPA also acts as a promoter of both the pilot profession and leads the recruitment of apprentice pilots and ensures that pilotage activities achieve high standards of excellence in terms of safety and performance, in keeping with the public interest.

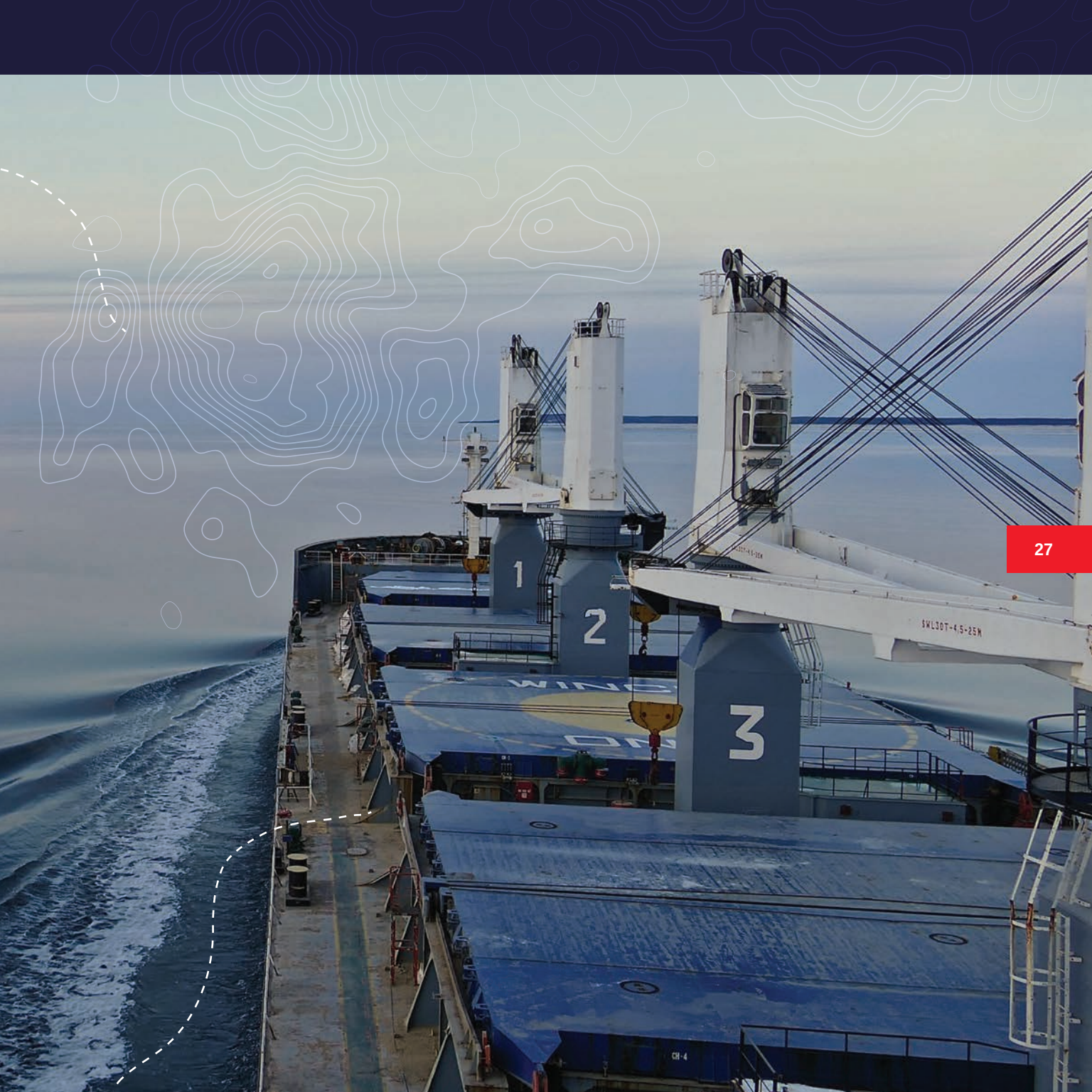


## LPA'S STRUCTURE

### Full-time employees

Montreal	Montreal	Montreal and Les Escoumins	Partners
Headquarters and Operations Centre	Dispatch Centre	Pilot Station, Pilot Boats and Shuttle Operations	Pilot Stations
Management, supervision and provision of marine pilotage services	Monitoring of maritime traffic in waters under the LPA's jurisdiction	Pilot boarding and shuttle service	Subcontracted pilot boarding services
Development, implementation and oversight of regulations, pilotage policies and procedures	Point of contact for customers' pilotage service requests	Operation of two pilot boats and of a shuttle	Standards set by the LPA and set out in service contracts
Review of incidents/ accidents	Dispatch of pilots according to licence category and type of ship	Point of contact with customers	Québec City Trois-Rivières Sorel Montreal (Saint-Lambert)
Approval of training plans and programs including the periodic evaluation of pilots' competencies	Open 24/7	Managed and administered by the LPA	204 pilots  10 apprentice pilots  2 certified  And many other businesses and service partners
Operation of the marine simulation centre	21 employees	17 employees	
27 employees			





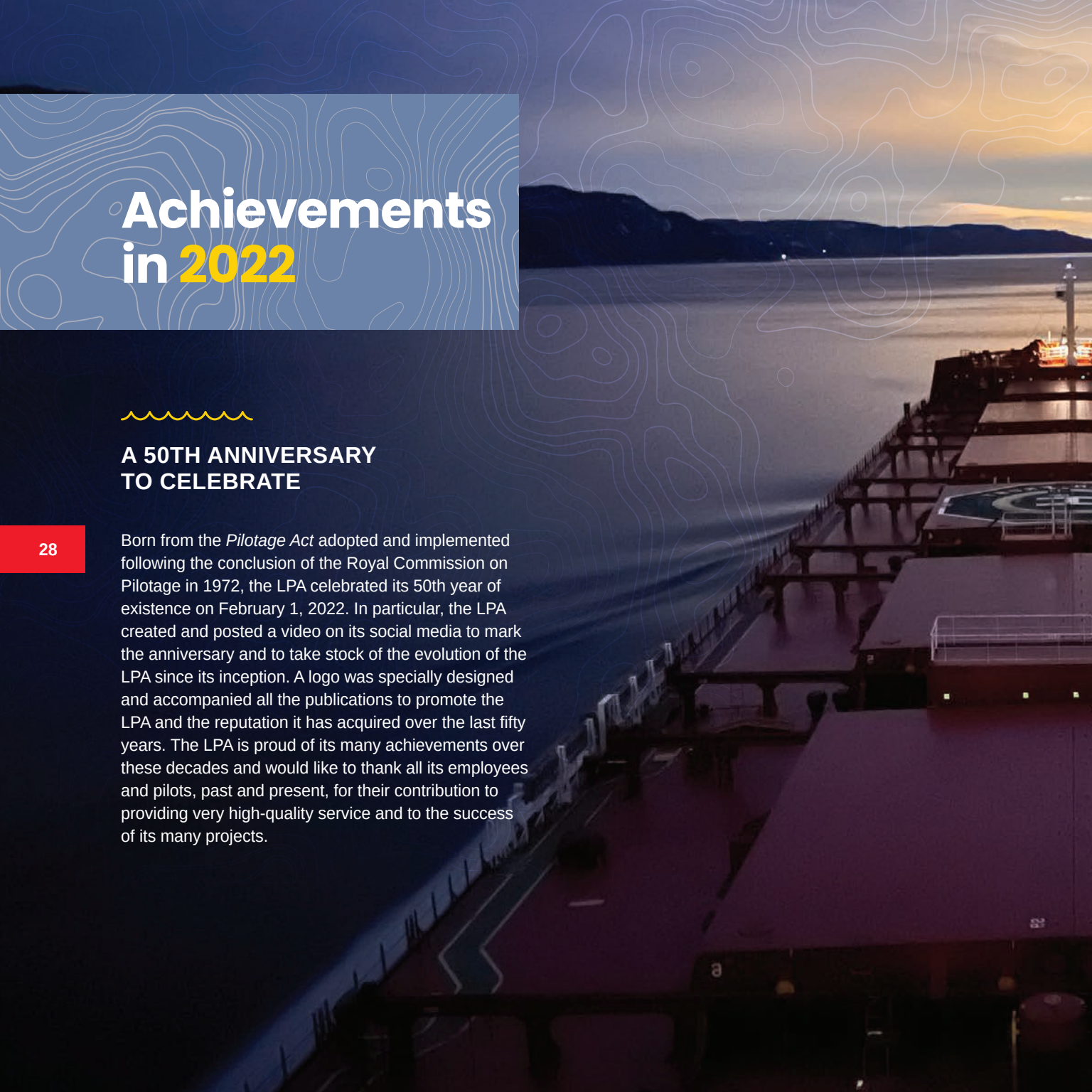
# Achievements in 2022




## A 50TH ANNIVERSARY TO CELEBRATE

28

Born from the *Pilotage Act* adopted and implemented following the conclusion of the Royal Commission on Pilotage in 1972, the LPA celebrated its 50th year of existence on February 1, 2022. In particular, the LPA created and posted a video on its social media to mark the anniversary and to take stock of the evolution of the LPA since its inception. A logo was specially designed and accompanied all the publications to promote the LPA and the reputation it has acquired over the last fifty years. The LPA is proud of its many achievements over these decades and would like to thank all its employees and pilots, past and present, for their contribution to providing very high-quality service and to the success of its many projects.







## OPTIMIZE OPERATIONS

### **New work organization against the backdrop of a return to near-normality**

The pandemic reality has forced organizations to drastically change their ways of working. For more than two years, full-time remote working, with the challenges and opportunities that come with it, has led the LPA to rethink the ways of doing things. Renewed approaches and new technological tools have been introduced to ensure the sustainability of daily operations. When governments lifted health guidelines, the LPA made the decision to maintain the accomplishments of its creativity and agility, and to adopt a hybrid way of working, first in the form of a pilot project, and then, after six months of successful testing, on an ongoing basis. Since the adoption of this new work style, which provides two days of physical attendance in the workplace and three days of remote working per week, management periodically ensures that this makes it possible to achieve the objectives set and that it functions optimally while meeting the employees' expectations in relation to work-life balance. The LPA would like to acknowledge the work of employees who cannot fulfill their responsibilities remotely and who continue to contribute to the workplace at all times.



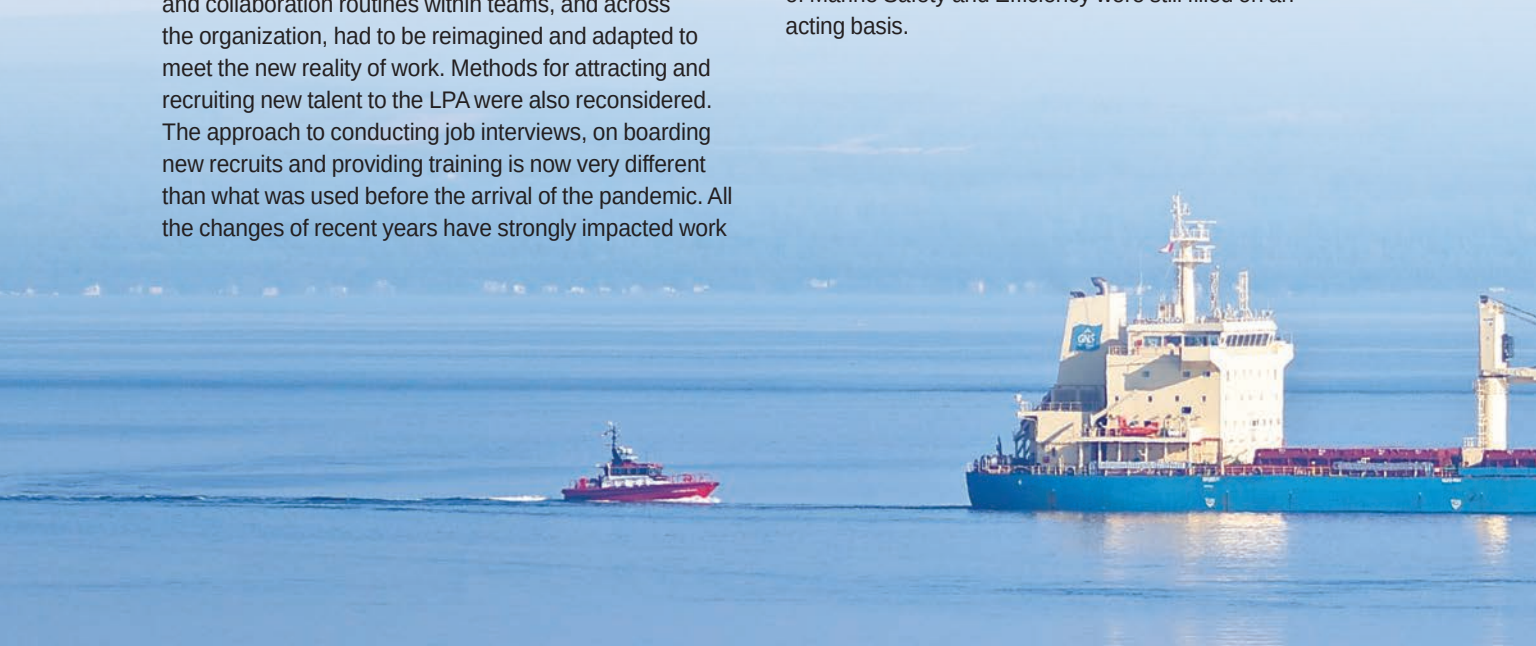
At the end of the year, the resurgence of respiratory viruses and the start of construction on the Louis-Hippolyte-Lafontaine tunnel convinced management to temporarily modify the hybrid working formula put in place. The LPA was concerned about the physical and mental health of employees, and offered them, on a monthly basis, two days of mandatory attendance in the office, one of which is the same for everyone. This is called “Anchor Day”, and helps to strengthen ties, promote collaboration and maintain cohesion between work teams. The LPA believes in the importance of adapting its practices while ensuring that it meets operational needs and continues to listen to the needs of its employees. This co-construction of the way of working offers agility and a common understanding of the guidelines put forward.

Experience of recent years, the operational restrictions imposed by Covid-19 and realities of remote work have led to a renewed vision of human resources management practices, and to their transformation. Communication and collaboration routines within teams, and across the organization, had to be reimagined and adapted to meet the new reality of work. Methods for attracting and recruiting new talent to the LPA were also reconsidered. The approach to conducting job interviews, on boarding new recruits and providing training is now very different than what was used before the arrival of the pandemic. All the changes of recent years have strongly impacted work

processes and revealed the need to review and clarify roles and responsibilities; work on this started during the year. A study on the organizational climate, in which everyone was encouraged to participate, highlighted tangible avenues for improvement to enhance the quality of internal practices and the employee experience at the LPA.

## Significant Changes in Management

In recent months, the LPA has experienced significant changes in management. The expertise of existing employees and managers, a thorough knowledge of their skills, good workforce planning and an updated succession plan have enabled the transition for the continuation of ongoing projects and the maintenance of daily operations. In the spring, the LPA announced the hiring of a new Executive Director, Talent and Communications to lead talent management and internal and external communications strategies. At the end of the year, the positions of Chief Executive Officer and Executive Director of Marine Safety and Efficiency were still filled on an acting basis.





## SERVING THE CANADIAN GOVERNMENT, CITIZENS, PARTNERS AND CLIENTS

### Entry into Force of the *General Pilotage Regulations*

On May 20, the *General Pilotage Regulations* came into force. At the same time, the *Laurentian Pilotage Authority Regulations*, like those of other Canadian pilotage authorities, were repealed. Essentially, the content of the repealed regulations has been incorporated into four new sections of the *General Pilotage Regulations* specific to each pilotage authority. The implementation of these amended regulations required many months of cooperation between Transport Canada and the Laurentian, Atlantic, Great Lakes and Pacific pilotage authorities. The continued collaboration of all Canadian pilotage authorities and Transport Canada contributes to the maintenance and improvement of a reliable pilotage system that meets the highest safety standards.

### Pilotage Management System Development and Implementation

After providing comments and recommendations to Transport Canada in 2021 on the proposed national marine pilotage regulations currently under development, the LPA received the first drafting instructions for the upcoming management system. A system structure based on best practices from other pilotage authorities around the world and including the LPA's operational features has been developed, in accordance with the requirements set out in the drafting instructions.

The LPA needs support for the completion of such a project, and has retained a consulting firm to develop the system in accordance with the previously established structure. Clauses removed from the pilot corporations' employment contracts to comply with the *amended Pilotage Act* have been transferred to the management system. The recruitment of a permanent resource to work on the application and maintenance of this system began at the end of last year.





## Satisfaction Survey for Services Provided

A satisfaction survey was conducted to evaluate four areas: general perception and overall satisfaction with the organization, satisfaction with the boarding service, satisfaction with the service offered by the assignment centre, and satisfaction with the service offered by the billing department.

This survey, completed in 2021, had an overall satisfaction rate of more than 90%, however, it also indicated that improvements could be made to the boarding services offered outside the Les Escoumins area. In particular, safety issues have been raised and corrections have since been made by the supplier concerned following additional findings and analyses carried out by the specially formed working committee in 2022.

Overall, the LPA is proud of the results achieved during this exercise, but remains open to seizing opportunities to improve the services offered.

## SERVICE CONTRACTS AND COLLECTIVE AGREEMENTS


### Negotiations for the signing of new service contracts with the St. Lawrence pilot corporations

Negotiations were initiated in 2021 for the renewal of the Corporation of Lower St. Lawrence Pilots service contract and continued over the past year, followed, in the fall, by arbitration sessions; the final decision is expected in the spring of 2023. The LPA would like to emphasize that the collaboration between the two parties during this process remains cordial and constructive.

With respect to the renewal of the service contract with the Corporation of Mid St. Lawrence Pilots, which will end on June 30, 2023, the LPA negotiating committee has begun its preparation for the first meetings scheduled to start early next year. In 2021, the LPA and the Corporation of Mid St. Lawrence Pilots signed an agreement retroactive to July 1, 2020, for a period of three years.

### Collective Agreement Renewal With the Canadian Merchant Service Guild

The LPA and the Canadian Merchant Service Guild (CMSG), including the captains and engineers of Les Escoumins, have begun negotiations for the signing of a new collective agreement that expired June 2022. At the beginning of November 2022, an agreement in principle was reached between the two parties and was submitted to the members of the Guild for a vote. This was rejected by the members, and the matter will be referred to mediation in early 2023.



## **SAFETY AND EFFICIENCY OF PILOTAGE, NAVIGATION AND OPERATIONS**

### **Maritime Simulation Developments**

In its Montreal office, the LPA has a maritime simulation centre being developed to contribute to the improvement of the safety, effectiveness and efficiency of pilotage and maritime transits. Over the past twelve months, it has continued to expand its database to improve its performance. The design team worked on the creation of new ships, improving port visuals along the St. Lawrence and of Québec North Shore, also integrating, for greater realism, data relative to marine currents. Among the collaborations and services offered by the centre, LPA's partners made use of its facilities to train captains while another continued its marine incident prevention studies.

### **Optimized Pilotage Services Developments**

Over the past year, the LPA has continued to develop its Optimized Pilotage Services (OPS). Following the recommendation from partners to whom a first version of the software was presented, the interface was modified to better meet their needs. Secondary ports, tidal data and other ship models were added, as were seasonal navigation rules.

The next phase of development will include dock availability and marine traffic. This will enable optimization of the various navigation scenarios proposed to the program users. This project is part of the "Advantage St. Lawrence" initiative, the new maritime vision of the Québec Government, who is working towards implementing a smart economic corridor. As a reminder, this software brings together administrative, regulatory and physical parameters in order to offer the best passage window to vessels,

therefore reducing fuel consumption and greenhouse gas emissions.

This innovation has been the subject of presentations to various authorities and business partners who have shown great interest in its possible uses.

### **North Shore Ports Pilotage Services**

The evolution of maritime traffic and the increase in the size of ships in recent years have led to the completion of a risk study in the ports of Havre-Saint-Pierre, Sept-Îles, Port-Cartier and Baie-Comeau. Right after, the LPA has sent Transport Canada its recommendations for a regulatory framework for the pilotage service on the North Shore. At the end of 2022, Transport Canada confirmed to the LPA its desire to introduce compulsory pilotage at the four ports concerned. For the LPA and its employees, this will be a major project to be launched in the coming year.



## South Shore Ports Risk Study

The LPA is always committed to ensure navigation safety at all ports within the geographical limits governing the LPA's operations, and initiated the first phase of the navigation risk study in 2021 at the ports of Rimouski, Matane, Les Méchins, Gaspé, Cap-aux-Meules and Seleine Mines. Two distinct conclusions emerged from this study. It was first established that the ports of Les Méchins, Cap-aux-Meules and Seleine Mines do not have to implement compulsory pilotage since navigation in these areas are considered to be safe.

Secondly, with respect to the ports of Rimouski, Matane and Gaspé, a more in-depth study was undertaken to assess whether the risks present are sufficiently mitigated or whether additional measures, such as compulsory pilotage must be put in place to reduce risk to a reasonable level according to the *Pilotage Risk Management Methodology* (PRMM).

## Pilot Fatigue Risk Study

Completed in 2021, the recommendations contained in the report on the safe duration of a trip between Les Escoumins and Québec City by a single pilot made it possible to test a series of measures leading to the adoption of a new policy. These measures were welcomed by the stakeholders concerned. From the completion of the pilot fatigue risk study to the implementation of the various advisories issued, the LPA has worked closely with Transport Canada, the Corporation of Lower St. Lawrence Pilots and other stakeholders in the marine industry.

## Recruitment of Apprentice Pilots

In order to maintain the number of pilots and to position itself favourably to continue to offer its customers quality service in the future, eleven new pilots successfully completed their apprenticeship in 2022. In addition, four new apprentice pilots, three at the Corporation of Lower St. Lawrence Pilots and one at the Corporation of Mid St. Lawrence Pilots for the Port of Montreal sector, began their apprenticeships on April 1 and September 1, respectively. In collaboration with the two St. Lawrence pilot corporations, the LPA has continued its efforts to promote maritime jobs to the population while this sector is highly affected by a shortage of highly specialized labour.

In 2022, with the objective of promoting the next generation, the LPA, in consultation with the Institut Maritime du Québec (IMQ), committed to finding effective ways to support the initiatives of the education centre.



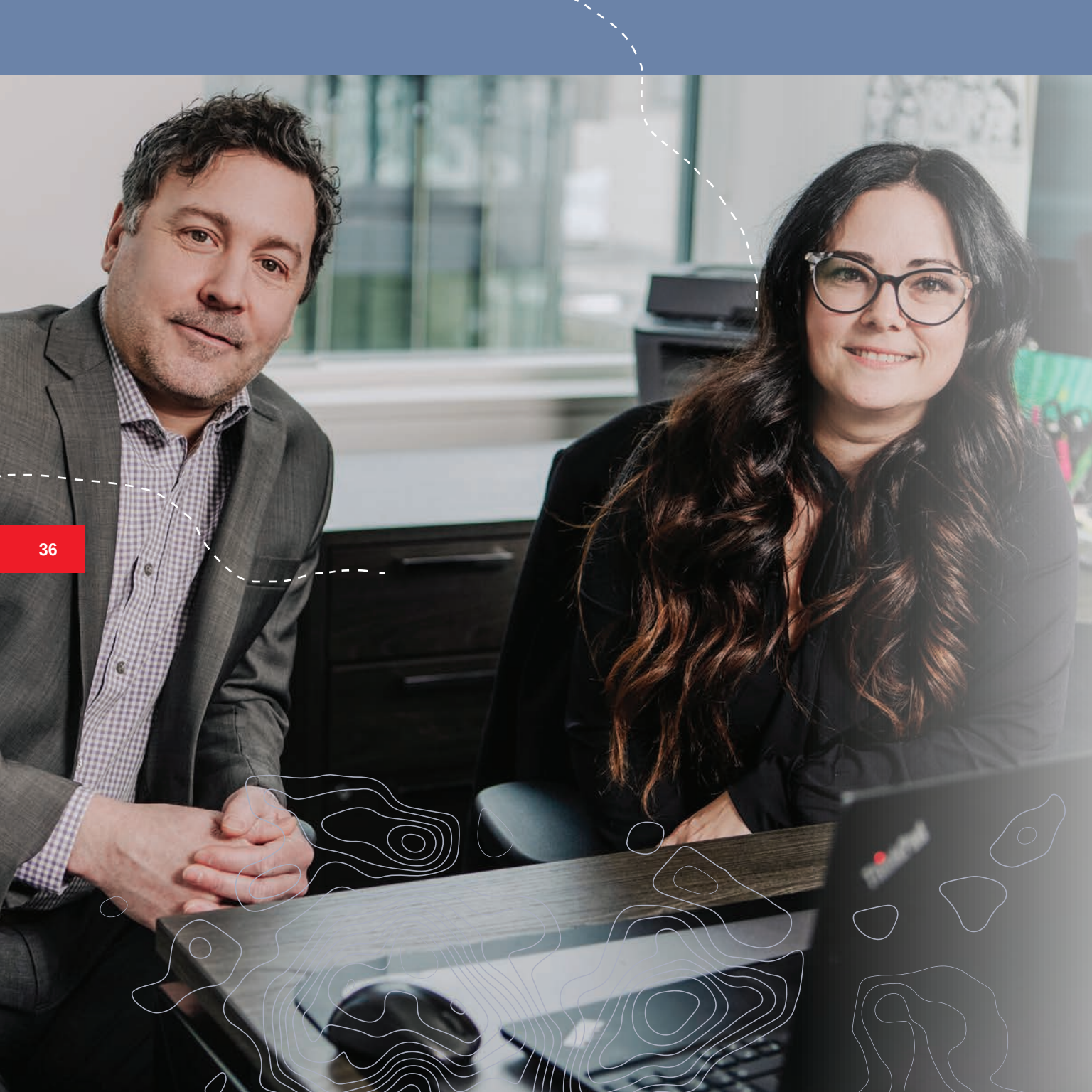
## Pilot Mobility Measures for Montreal

Since its launch in the spring of 2019, the “Ville-Marie” shuttle has consistently seen an increase in its usage. Over the past year, 2,660 Corporation of Mid St. Lawrence Pilots pilots were ferried in and around the Port of Montreal waterway between May and November, a net increase of 62.1%. This service, offered 24/7, allows pilots to avoid car traffic congestion and offers greater scheduling flexibility as well as an easing of assignment rules.

Among other measures taken for pilot mobility in Montreal, the intra-port shore shuttle service was renewed. In the fall, this transport offer expanded with the start of major renovations to the Louis-Hippolyte-Lafontaine tunnel. To mitigate the consequences of these challenges pilots of the Corporation of Mid St. Lawrence Pilots and the LPA have collaborated on the implementation of various mitigation measures. Maintaining service quality and pilot well-being is a primary concern for both organizations.







## Information Technology Master Plan Implementation

The IT plan developed by the LPA addresses the risks and issues associated with the organization's business continuity, cybersecurity, asset renewal and technological development. In 2022, management proceeded with the drafting of an IT governance framework that will be implemented simultaneously with the measures relating to the management system.

The LPA continuously strives to integrate technological change into its operations and has completed the development of its business intelligence system. The interactive dashboard, which was launched at the end of 2021 which gave senior management and the Board of Directors the opportunity to monitor financial results and operational performance indicators in near real time, has since improved. With the implementation and refinement of business intelligence, managers are better equipped to refine their analyses, make projections, make informed decisions and closely monitor the performance of the organization.

LPA recognizes that cyber security is now a risk to be addressed as a priority, and reviewed its IT risk management strategy. In order to monitor the security of the network and intervene in the event of a crisis, the LPA brought in a firm specializing in cybersecurity. The LPA takes this issue very seriously, and a series of cyber security training courses were offered to employees and unannounced phishing campaigns were launched to test their knowledge. In addition, network systems were strengthened, as were redundancy and business continuity measures. New technological tools have also been proposed to employees to facilitate and optimize their work. Management is confident that this framework will provide a reliable and secure IT environment.



## ASSET MANAGEMENT

### New Pilot Boat Acquisition

Over the past two years, the LPA has been working to review its pilot boarding service to ensure that an effective and efficient service is maintained and optimized. The decision to acquire a new pilot boat was one of the results of the analyses carried out. Early in 2022, the LPA worked to define the technical specifications before proceeding with the acquisition of a new pilot boat that meets its operational realities. After site visits and vessel trials, the LPA chose to entrust the mandate to build a three-season pilot boat to a shipyard in Estonia.

The Shipex<sup>®</sup> is expected in the spring of 2023 and will be used at the Les Escoumins pilot station, replacing the Grandes-Eaux which will be chartered for pilot boarding operations at Trois-Rivières.

### Construction of the New Wharf

At the LPA pilotage station at Les Escoumins, the wharf that serves as a breakwater to preserve the shoreline and to protect pilot boats required a complete reconstruction of its structure due to deterioration caused by the sum of the weather and the weight of the years. In accordance with the conditions issued by Transport Canada and Fisheries and Oceans Canada, work on this major project began in March and was completed in October. Reconstructing this wharf was not only necessary to protect LPA's assets and the shoreline, but was also part of the LPA's desire to be able to offer the Les Escoumins region a safe recreational-tourism area for local fishermen as well as tourists.



## HUMAN RESOURCES

### Strategic HR Plan Implementation

Employees are at the heart of management's concerns and great importance is given to improving human resources policies and practices that enhance employee experience and well-being. The Strategic HR Plan is intended to be an anchor to establish the organization's guidelines, objectives and values in terms of talent management.

The LPA's Strategic HR Plan, developed in 2020 and covering a period up to 2024, targets broad guidelines to implement a culture focused on continuous improvement and talent development. Management is working to integrate new strategies that focus on attracting and retaining talent mobilized in an inclusive culture. Practices aimed at enhancing the employee experience, developing a strong employer brand and integrating ESG principles into these practices are also at the heart of the guidelines that will be integrated into the strategic plan. Identifying the initiatives that meet these new guidelines that the LPA wishes to take, began in the last months of the year.

### Talent Development

In an effort to develop employee talents and encourage them to increase their knowledge and interpersonal skills, the LPA undertook a comprehensive assessment of their potential in addition to developing customized skills development plans.

Furthermore, the LPA encouraged employee contribution to the continuous improvement of the processes and the organization's ways of doing things, with the objective of accentuating the synergy between all departments and, consequently, its overall performance. Opinions from all levels of the LPA were considered in order to be fairly representative of the diversity of points of view, which is essential for informed decision-making to improve the organizational climate. A comprehensive action plan was developed in 2022, aimed at optimizing the use of work tools and linking the work processes between the various stakeholders who contribute to delivering high-quality services. The development of knowledge and skills and the evolution of the leadership approach used within the LPA are essential levers for the implementation of this action plan. Finally, the co-construction of the plan and the co-responsibility of its implementation make it a promising project for all LPA employees. Efforts will continue in 2023 to implement the initiatives provided for in the action plan.



## Employee Engagement

Over the past year, the current management team has reviewed the results of an employee engagement survey conducted by a specialized firm to improve employee engagement. On an ad hoc basis, employees have been asked to participate online on a platform that periodically asks them thematic questions to acquire information on their general well-being and their level of commitment. The answers collected from these periodical surveys guide management's reflections and allowed for immediate response on issues identified. Furthermore, the platform can also measure employee satisfaction and gather retroaction of the decisions made in the form of feedback. Taking into account employees' considerations and including them in the search for solutions is constructive and improves the work climate. The LPA places great importance on the means that are in place to allow for continuous feedback and dialogue with employees.

The data gathered through the survey and the online platform facilitated the management team's reflection, thus allowing the development of an action plan whose first resolutions were implemented in 2022.

Regular meetings with the union representatives of the *Canadian Merchant Service Guild* (CMSG) and the *Public Service Alliance of Canada* (PSAC) allow for open and transparent dialogue and more effective management of day-to-day operations, exceptional situations and the quality of labour relations.

## Employer of Choice

The LPA is extremely proud to have been selected, for the third year in a row, as one of Montreal's top employers by *Canada's Top 100 Employers*. The LPA was selected in particular for offering progressive and cutting-edge programs for the benefit of its employees. The LPA was evaluated on several criteria, but stood out for its excellence in work-life balance, its adherence to a flexible way of working combining remote and in-person working, and for its openness to consulting with its employees to strengthen the feelings of belonging, well-being and happiness within it. Renewing this distinction of the employer of choice remains one of the LPA's main objectives for 2023.





## Promoting a Healthy Workplace

Maintaining the mental health of employees is a priority for the LPA. In light of the major transformation resulting from the adoption of new hybrid work model, various initiatives were put in place to contribute to the overall physical and mental well-being of employees.

In 2022, the LPA strengthened its Employee Assistance Program (EAP) by adding a virtual care service, giving them and their families quick access to a health professional when needed. The LPA continued to promote physical activity among its employees and to encourage healthy lifestyle habits.

Managers were also supported in adopting this new management reality. This hybrid work style can cause a decrease in human contact and a feeling of isolation. Regular communications between management and employees were initiated at the height of the pandemic and are part of the concrete solutions maintained to strengthen the bonds between team members.

## Equity, Diversity and Inclusion

In terms of diversity, the LPA always wishes to attract a skilled and diverse workforce for its organization. The LPA recognizes the benefits of diversity and is gradually incorporating measures to achieve a fair representation of visible minorities within its organization according to the priorities set by the Government of Canada. Among these measures, managers as well as the human resources have been introduced and sensitized of the richness that diversity brings through activities and information sessions.

In terms of equity and inclusion, sound practices were adopted and all employees were encouraged to share their ideas and opinions on various issues and thus participate in certain management decisions.

This past fall, the LPA was pleased to launch the “Equity, Diversity and Inclusion” scholarship fund, which was awarded to two deserving students from the *Institut Maritime du Québec* (IMQ) who distinguished themselves in a non-traditional field of study. The two winners, each in their own way, have overcome obstacles related to these societal challenges during their academic careers and have demonstrated exemplary commitment. This scholarship is concretely in line with the vision of the LPA, which seeks to encourage equity, diversity and inclusion within its organization, but also more broadly in the maritime environment.





## ENVIRONMENT AND COMMUNITY

### **Integrating Environmental, Social, and Governance (ESG) Principles**

Recognizing the strategic importance of ESG challenges, the Board of Directors created a new committee on sustainable development. This committee has initiated a review of the organization's values and define the LPA's pillars supporting the implementation of a culture of sustainable development, whilst integrating environmental, social and governance principles. The ESG Committee will work with the management team and the selected expert firm to finalize, for Board approval, an ESG strategic framework with a roadmap and objectives for the short, medium and long term, in relation to environmental, social and governance issues, all aimed at making LPA an organization that is ready to face the challenges of tomorrow.

### **Environmental Initiatives and Social Responsibility**

The in-depth analysis of the LPA's ESG practices, initiated in 2021, convinced senior management to contract a specialized consulting firm to develop an ethical and sustainable action plan. The first objective pursued, namely the measurement of GHG emissions resulting from operational and current activities, in addition to the development of the action plan, is an objective shared by the four pilot authorities in Canada. The findings will help to define and prioritize the actions to be implemented to support the federal government in its goal of decarbonization.

Since 2019, the Les Escoumins pilot station is the recipient of the certification awarded by the Green Alliance of Canada. The LPA is also pursuing the objective of obtaining this certification for its new boats, the Ville-Marie shuttle and the new pilot boat currently under construction.





## THE LPA'S VISIBILITY

### The LPA's Digital Presence and Promotion

The LPA recognizes that the mandate and role of the Canadian pilotage authorities are still not very well-known to the general public, and wishes to increase its presence by promoting its activities and also those of other partners in the marine industry as a whole.

The LPA has had an active presence on social media over the past year to increase its visibility with both the maritime community stakeholders and the population. Numerous publications have been posted on digital platforms such as LinkedIn and Facebook; these publications mainly promote the organization's mandate,

activities and operations, and serve to recruit talent and highlight our maritime partner's achievements. The number of visitors, views of publications and interactions increased compared to the previous year. The number of subscribers to these media increased by 30.1% and 15.4% respectively.

Throughout the year, the LPA seized many opportunities to participate in committees organized by different maritime community stakeholders. Several information campaigns were also put forth in partnership with specialized media to broaden our audience.







# Governance and responsibilities



## CONFORMITY WITH GOVERNMENT POLICIES AND LEGISLATION

The members of the LPA's team and its management personnel maintain regular contact with designated Government of Canada authorities. The LPA respects government policies and instructions, and its financial management complies with the *Financial Administration Act*.

### Government Policies

The LPA complies with the Acts and regulations enacted by the federal government and complies with government directives to which it is subjected. It supports the government by applying the various government-wide priorities communicated thereto, such as those relating to transparency and access to information, gender equality, diversity and employment equity, Aboriginal communities and sustainable development.

## Audit Regime

The Auditor General of Canada acts as the LPA's auditor. The Auditor General conducts an annual audit of the organization's activities in accordance with the *Financial Administration Act* by auditing the financial statements and ensuring that they comply with the *International Financial Reporting Standards (IFRS)*.

## Access to information | Travel Expenses

In 2022, no access to information requests were filed with the LPA. In accordance with the Travel, Hospitality, Conference and Event Expenditures Policy (Order in Council P.C. 2015-1114), the expenses incurred for the past year are presented in the following table.

	Expenses Incurred in 2022	Expenses Incurred in 2021
Travel	\$40,961	\$16,131
Hospitality	\$2,969	\$1,577
Conferences	\$0	\$0
<b>Total</b>	<b>\$43,930</b>	<b>\$17,708</b>





## GOVERNANCE PRACTICES

### Board of Directors

Under the *Pilotage Act*, the LPA has a Board of Directors responsible for approving its strategic plan, including the recommendation of its corporate plan, finances and general stewardship.

The Board of Directors is normally comprised of seven members who sit as chairperson, vice-chairperson and board members. The members are appointed by the minister upon Governor-in-Council approval, who selects the chairperson for a fixed term. The terms of the other members of the Board are for a duration of up to four years with the possibility of renewal, since the *Pilotage Act* does not provide for a limit on the number of renewals. The LPA's Chief Executive Officer, who is a full-time officer, reports directly to the Board of Directors.

Over the past year, the Board of Directors met ten times, which included seven regular meetings, a special meeting, an annual meeting and an annual public meeting. During the attendance of the three oversight committees (audit, governance and human resources, and sustainable development), the members focused on negotiations for the Corporation of Lower St. Lawrence Pilots service contract, risk management, the LPA's financial statements and the replacement of the Chief Executive Officer position. Other subjects included equity, diversity & inclusion, sustainable development, cyber security, as well as the development of LPA Simulator and Optimized Pilotage Services.

The LPA held its annual public meeting in Montreal on June 17, 2022, for its maritime community stakeholders. During this meeting, the Acting Chairperson of the LPA Board of Directors, the LPA Chief Executive Officer, the Acting Executive Director of Marine Safety and Efficiency, the Executive Director of Finance and Administration, and the General Counsel and General Secretary, briefed alternatively the activities carried out in 2021, which also included the guidelines and strategic objectives for 2022. In the days following this annual public meeting, a video recording of the meeting was posted online.







## Committees

### Audit Committee

Mr. Julius Spivack (President)  
Ms. Christiane Chabot  
Mr. George J. Pollack

The Audit Committee mandate is responsible for monitoring, analyzing and supervising the LPA's financial situation and management practices. This includes various financial controls, compliance with strategic planning and proper functioning of information systems. The mandate also includes an audit of the state of internal compliance under the *Financial Administration Act* (FAA). In 2022, this committee met six times in regular sessions.

### Governance and Human Resources Committee

Ms. Sophie-Emmanuelle Chebin (President)  
Mr. Frank Di Tomaso  
Mr. Michel Tosini

The Governance and Human Resources Committee is responsible for reviewing LPA's practices, policies and procedures that apply to governance and human capital. In 2022, this committee met five times, four of which were regular sessions.

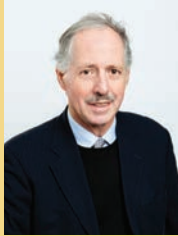
### Le Comité sur le développement durable

Ms. Christiane Chabot (President)  
Ms. Sophie-Emmanuelle Chebin  
Mr. George J. Pollack

This new committee is responsible for identifying best practices and trends on issues related to the LPA's environmental protection, sustainable development and environmental responsibility. Its role includes providing recommendations to the Board of Directors and other committees. In 2022, its members met only once.



## Biographies of Board Members



**Julius Spivack**  
**B. Comm.**  
**Acting Chairperson of the Board**

Mr. Julius Spivack has been a consultant and involved in international trade for more than 30 years. He has managed several Canadian companies over the years. Mr. Spivack has been a director of organizations based in Africa.



**Christiane Chabot**  
**B.Sc.**  
**Director**

Ms. Christiane Chabot is an experienced career manager specializing, notably, in project, risk and process management as well as communication, and has developed a particular expertise in the food industry. Ms. Chabot has successfully led and developed teams of professionals within several renowned companies and has participated as a member of numerous industry-government advisory committees. She holds a Bachelor of Science degree from McGill University and also has a background in business administration. Ms. Chabot now acts as an independent strategic advisor and has also been a jury member for several years for the Retail Council of Canada's Canadian Grand Prix New Product Awards.



**Sophie-Emmanuelle Chebin**  
**LL. L., MBA, IAS. A**  
**Director**

Ms. Sophie-Emmanuelle Chebin is a seasoned administrator with 20 years of experience and recognized for her vision and expertise. She is a founding partner of Arsenal Conseils, where she specializes in governance, strategy and risk management. Ms. Chebin previously worked at KPMG-SECOR, Pratt & Whitney Canada and Canadian National Railway Company (CN), where she developed an in-depth knowledge of the transportation industry. Ms. Chebin is a member of the Québec Bar, holds an MBA from HEC Montréal and a DESS in Health Law and Bioethics from the Université de Bordeaux I. She also holds a diploma in governance from the Institute of Corporate Directors.



**Frank Di Tomaso**  
**FCPA, IAS. A**  
**Director**

Mr. Frank Di Tomaso is a Chartered Professional Accountant and holds the Fellowship and IAS. A designation. He is a corporate director and was a partner and consulting partner at Raymond Chabot Grant Thornton LLP until 2013. In addition to being a director of the Laurentian Pilotage Authority, he is also a director of several other companies. He is involved in both the business world and the community. In this regard, he received, in 2004, the Award of Distinction from Concordia University's John Molson School of Business in recognition of his outstanding contribution to the business world and the community.



**George J. Pollack**  
**LL. B., LL. L.**  
**Director**

Mr. George J. Pollack is a partner at Davis Ward Phillips & Vineberg. He is one of Canada's leading transportation lawyers, representing

and advising public and private companies on a wide range of complex commercial issues, including governance, civil liability and insurance matters. A member of the Québec and Ontario Bars, Mr. Pollack is a graduate of the Université de Montréal and McGill University. He is also a member of the Canadian Maritime Law Association and the Canadian Board of Marine Underwriters.



**Michel Tosini**  
**Director**

Michel Tosini, a graduate in logistics, holds a certificate in executive management from the Richard Ivey School of Business of the University of Western Ontario. From 2006 to

2019, he was the Executive Vice-President at Federal Marine Terminals Inc., a division of Fednav Limited. He has also been chairman of the Board of Directors at SODES and also served on the Board of Directors of the Maritime Employers Association (MEA). He was appointed to the Board of Directors of the Laurentian Pilotage Authority in 2007.

## Management

The management team reports to the Chief Executive Officer. Its primary responsibilities are to define the LPA's strategies, provide leadership thereto, and ensure stewardship of its financial and human resources in order to achieve its objectives and fulfill its mission. The CEO is supported in his duties by three executive directors and a general counsel/corporate secretary.

Every three weeks, management holds an Internal Management Committee meeting which includes a dozen employees representing all departments. At these meetings, subjects pertaining to the LPA's operations and current affairs are discussed. Senior management also meets at regular intervals to discuss strategic issues and future directions. It maintains close ties at all times with government representatives, pilotage corporations and the various partners and clients in the marine industry.



## Biographies of Management



**Josée Leroux**  
**CPA**  
**Acting Chief Executive Officer**

Ms. Josée Leroux is currently holding the Acting Chief Executive Officer position since the fall of 2022. With more than 30 years

of experience, she also held various strategic positions within several federal and provincial Crown corporations, as well as in the private sector. Prior to joining as the LPA's Executive Director of Finance and Administration, she led financial services and project controls for Jacques Cartier and Champlain Bridges Inc. and also put her expertise at the service of the Loto-Québec group. Over the years, she has also served on various boards of directors. She also is a member of the Order of Chartered Professional Accountants.



**Sylvain Lachance**  
**Acting Executive Director,**  
**Marine Safety and Efficiency**

Mr. Sylvain Lachance has accumulated extensive experience in the maritime industry, mostly in the Canadian Coast Guard, where

he held several positions at sea and other management positions in the federal government at the regional and national level. After his retirement from the Director General position of Marine Safety and Security at Transport Canada, in 2016, he joined as Special Advisor to the Chief Executive Officer for the Laurentian Pilotage Authority. His vast experience and knowledge of the environment enable him to lead several projects that are important to the organization. Since June 2022, he has held the position of Acting Executive Director of Marine Safety and Efficiency. He also holds a Master of Business Administration (MBA) from the University of Ottawa.





**Bruce Harvey**  
**CPA**  
**Acting Executive Director,**  
**Finance and Administration**

Mr. Bruce Harvey joined the Laurentian Pilotage Authority in 2015. After working as a

commercial banker and as a financial director in the aeronautics sector, he has held several positions since joining the organization, first a financial analyst, then an assistant controller and now Assistant Executive Director, Finance and Administration. With a strong interest in technology, he then took charge of the LPA's Information Technology and Business Intelligence sector. He is a member of the Order of Chartered Professional Accountants



**Claudine Bishop**  
**CPHR, CAPM**  
**Executive Director, Talent and**  
**Communications**

For the past fifteen years, Ms. Claudine Bishop has worked in human resources where she has distinguished herself

both by her ability to align the employee experience with the mission and objectives of the various organizations that she has been a part of. Her expertise in placing leadership at the core of a work environment where HR is the catalyst of the organization's collective success. Before joining the Laurentian Pilotage Authority, she held the position of Senior Director of Culture and Human Resources at a private management firm. Previously, she worked as a human resources director at a financial institution in various positions dedicated to organizational development and also at a Crown corporation in the entertainment sector. Ms. Bishop is a CPHR and holds a bachelor's degree in communications as well as an MBA from the Université du Québec à Montréal. She also obtained the CAPM certification, in project management.



**Anaïs de Lausnay**  
**General Counsel**  
**and Corporate Secretary**

As senior legal counsel, maître Anaïs de Lausnay heads the LPA's legal affairs and ensures that solutions to various issues are implemented that respect

the LPA's business, strategic and governance interests. Her extensive legal expertise acquired over the years combined with a professional and human approach ensures sound and efficient management of the LPA's legal needs. An integral part of the LPA since the summer of 2019, Anaïs de Lausnay previously held a position as a general counsel at Groupe Robert as well as for a non-profit early childhood organization.



## MANAGEMENT DISCUSSION AND ANALYSIS

### General Comments

The LPA was responsible for 22,115 assignments in 2022, an increase of 962 assignments (4.5%) over the previous year. Although the economic recovery is still underway, several challenges persist at the demand side and with the supply chain. As a result, the level of activity is still below the level observed before the pandemic outbreak in 2018–2019. Regarding navigation safety, we note that 19 incidents occurred in 2022 for an efficiency rate of 99.89%. In terms of results related to pilots' punctuality of services, the rate of missions without delays was 99.95% in 2022, which clearly illustrates, once again, the high level of efficiency with regards to the LPA's services delivered.

In addition to regular operations related to pilot assignments, the LPA has also completed several major projects, participated in many activities related to its mission, and launched new initiatives to improve its processes and procedures in order to become more efficient.

Among the myriad of challenges faced by the LPA in 2022, the negotiations related to the service contract renewal with the Corporation of Lower St. Lawrence Pilots has been thorough and arbitration is ongoing. In addition, the renewal of contracts for pilot boarding services and construction of a new pilot boat to be delivered in the spring of 2023 were among the management's main concerns.

Other challenges and issues have affected the LPA's operations, including those related to leadership changes within the LPA. First, in June 2022, Captain Alain Richard announced his intention to return to his first love in the Bas-Saint-Laurent. In addition, after more than 10 years at the head of the organization, Mr. Fulvio Fracassi left his position as Chief Executive Officer last October, leaving behind an important legacy in the marine pilotage in Canada. His professionalism, diligence and determination have certainly allowed him to be a significant driving force in updating the *Pilotage Act*. Despite these changes, management is proud to note that its team has been able to overcome the challenges while maintaining a high standard of quality and reliability in performing its responsibilities.



## Financial Results

Fiscal year 2022 demonstrated that the marine industry was returning to near pre-pandemic activities. The LPA reported total revenues of \$108.2M, compared to \$98.9M in the previous year. This increase is directly linked to an increase in oil tanker traffic, the continued strong presence of bulk carriers, as well as a slight increase in containerized cargo traffic and a welcome return of the cruise ship industry. The LPA's revenues also benefited from a 3% increase in pilotage charges to fulfill its mandate. Sound budgetary control combined with the increase in revenues, have allowed the LPA to show a positive result of \$626K vs. a loss of \$1.4M in 2021.

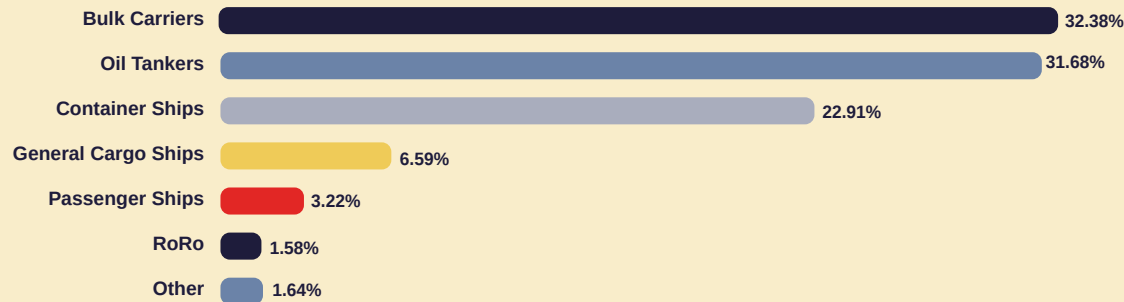
## Pilotage Charges

The LPA is mandated to evaluate and set pilotage charges payable by its clients. Such charges must be fair and reasonable while allowing the LPA to remain autonomous while sustaining operations and finance asset replacement.

A new charge review schedule was produced in 2021 to ensure that the new rates for the following year can come into effect at the very start of the year, thereby avoiding revenue reporting discrepancies. At the end of 2022, the LPA submitted a pilotage charge review notice for 2023, in accordance with the established methodology.



## Revenue distribution by type of ship (2022)



### Pilotage Services

Pilotage services for the three districts under the LPA's jurisdiction are provided by non-employee contract pilots. These pilots are represented by two corporations: the Corporation of Mid St. Lawrence Pilots and the Corporation of Lower St. Lawrence Pilots, with which it negotiates separate service contracts.

The *Pilotage Act* does not allow competition. This greatly influences the negotiation dynamic between the LPA and pilot corporations, which hold a monopoly. In the event of a dispute between the parties during negotiations, the Act provides a dispute resolution mechanism that makes it possible for the business relationship to continue without affecting customers' commercial activities.

Each year, the pilotage contracts account for more than 80% of the LPA's total expenses. The outcome of contract negotiations therefore has a crucial impact on the LPA's current and future financial situation and on its capacity to respect the stated aim of the *Pilotage Act* which requires that pilotage authorities set fair and reasonable charges while enabling them to maintain their financial self-sufficiency.

Pilotage services are supported by a pilot boarding service provided by a subcontractor to all ports, with the exception of Les Escoumins. Pilot boarding services provided by pilot boats represents around 10% of the LPA's total expenses.



## Marine Traffic

Marine traffic on the St. Lawrence and Saguenay Rivers varies significantly with the seasons. In winter, during the first quarter of the year, traffic is generally at its lowest level. Since the Seaway is closed to navigation during this period, the routes end in the Port of Montreal. Inclement weather and the presence of ice jams sometimes make navigation difficult, to the point of slowing down transits.

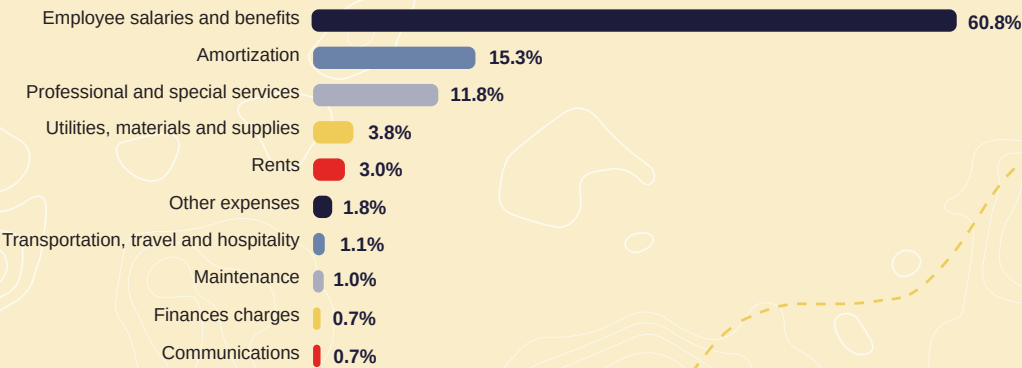
In the spring, during the second quarter, traffic gradually resumes its pace. Traffic usually peaks during the fourth quarter in the fall, with the arrival of dozens of international and domestic cruise ships. Before the winter shutdown of the Seaway, bulk carriers leave loaded with cereals, legumes, salt, sugar, ore, aluminum and steel.

Fluctuating marine traffic is an important factor in planning cash inflows to meet the LPA's financial obligations, as are ship size and transit times. Notwithstanding a detailed analysis of the state of the current market and a thorough estimate of generated income, the LPA cannot predict or influence traffic volume in the coming months. Factors that affect traffic volume and over which the LPA has no control include:

- Provincial, federal, North American and global economic conditions
- Weather conditions
- Value of the Canadian dollar on the international market
- Inflation, interest rates, import/export taxes
- Competition with other modes of transportation
- Competition from American ports and other Canadian ports

## Administrative Expenses

Administrative expenses account for approximately 10% of the LPA's total expenditure. The largest proportion of these expenses is related to employee salaries and benefits, depreciation and amortization, and professional and special services.



## Results Analysis

### Revenues

The pilotage revenues generated \$7.8M in revenue for 2022 driven by marine traffic up 3.7% and assignments up 4.5%. These revenues, which exclude those generated by the pilot boat operation, totalled \$94.2M. This increase is explained by the rise in container ship and oil tanker traffic, and the return of cruise ships to the St. Lawrence. The adjustment to pilotage charges was also a positive factor in this increase. In terms of revenues from the pilot-boat operation, they were up 10.8% compared to the previous year. For 2022, the LPA's total revenues reached \$108.2M, a net increase of \$9.3M compared to 2021.

### Pilot Corporations and Boarding Fees

Pilotage fees payable to pilot corporations operating under the LPA's jurisdictions and, pilot boat and shuttle operating costs, increased by \$6.6M, reaching a total of \$96.7M. Augmentation of maritime traffic and cost of service contracts directly influenced the accretion in cost of operations.

### Administrative and Operational Expenses

Administrative and operational expenditures totalled \$10.9M for 2022 compared to \$10.2M for 2021—an increase of 6.9%. This difference is explained in particular by statutory and annual increases in employee salaries and benefits, and by the increase in professional and special services costs. A loss on the disposal of assets was also reported during the wharf reconstruction at the Les Escoumins pilotage station.

### Net Income

Considering the revenues and expenditures detailed above, the LPA completed its 2022 fiscal year with a net income of \$626K. This income is consistent with the budgeted estimated income of \$690K.





## RISK MANAGEMENT

The LPA believes that risk management is a fundamental component of the overall management of a business. In 2021, management carried out a complete risk identification and assessment exercise, accompanied by an expert consultant. This exercise was completed in the winter of 2022, and since then the team has been working on introducing a new risk management policy and revised and adapted documentation. Management ensures the maintenance and proper functioning of all mitigation measures necessary to ensure that the LPA is not exposed to their impacts, and reports on this monitoring to the Audit Committee on a regular basis.





# 2023 Outlook

## LPA FUTURE OUTLOOK

The year 2022 will have been marked by a return to typical operating conditions with the gradual relaxation of health measures. In terms of marine traffic on the St. Lawrence and Saguenay rivers, an increase was observed with the number of pilot assignments, but did not reach the estimated levels. Canadian maritime trade picked up somewhat compared to the previous two years, but have yet to reach pre-pandemic levels. The economic recovery continues, but the risk of recession remains possible, especially with the instabilities in Eastern Europe as well as trade tensions between China and the US. At the LPA, the number of pilot assignments reported in 2018 and 2019 approached 25,000. At present, there is no indication that the 2023 numbers will come close to the results achieved in those peak years.

The LPA is enthusiastic about the years ahead. Many promising projects that will position the LPA for the future are either already in the development, preparation or in its initial stage. The technological shift recently initiated to assist it in its mandate to ensure increasingly safe, effective and efficient maritime pilotage, serve the public interest and respect the environment under its jurisdiction, is inspiring, mobilizing and promising. The

same applies to ESG initiatives, which will be undertaken with the establishment of a committee created and supported by the Board of Directors, and then with efforts dedicated to equity, diversity and inclusion challenges within the organization. In addition, a favourable decision by Transport Canada for a regulatory framework of the pilotage service for the North Shore Ports occurred at the end of 2022.

In 2023, the LPA will continue to reflect on its management practices and remain open to changes that could benefit it. Striving for excellence, the LPA will continue to be innovative in order to offer the efficient and safe pilotage service for the benefit of the maritime community and the Canadian public. In collaboration with the St. Lawrence pilot corporations and other partners in the maritime industry, the LPA will continue to play its part in the supply chain for the transport of food, construction materials, various fuels and other essential goods, regardless of the conditions.

## Principles of Strategic Priorities

The LPA's strategic priorities determine the annual objectives, allowing for favourable positioning for future years. These objectives, which are regularly reviewed by the Board of Directors, meet **seven (7) principles**:

1. Agile governance
2. Exemplary Leadership
3. Relevant and targeted communications
4. Navigation safety and efficiency
5. Human resources development
6. Appropriate use of technology
7. Financial self-sufficiency

## Strategic Priorities

The LPA has adopted **three (3) strategic priorities** to guide its decision-making and to help define and prioritize projects to be implemented by team members.

**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.**

- Roll out the optimized pilotage system on the web, launch phase III and develop the marketing plan.
- Finalize and implement the marketing development plan for the simulator and launch its expertise centre.
- Continue the development and implementation of a management system.
- Following consultations, analyze the recommendations resulting from the fatigue risk study and determine which ones will be implemented.
- Finalize the South Shore risk analysis.
- Continue reflecting on the redesign of the pilot-boat service –long-term, taking into account a possible service resumption on the North Shore and speed reductions.
- Continue to implement the IT master plan.



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

- Finalize the financial strategy needs and define an adequate and reasonable treasury position.
- Complete the analysis related to the redesign of the billing and revenue calculation system.
- Develop a pilotage charge program for early 2024 implementation.
- Continue to explore other sources of revenue/ grants, where appropriate.

**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.**

- Finalize and start implementing the LPA's "Sustainable Development Plan" covering the ESG guidelines pursued by the Sustainable Development Committee.
- Develop a plan to implement services on the North Shore (operational and budgetary).
- Continue to support the government in its goal of promoting mental health in the workplace, diversity and inclusion.
- Continue to implement the Strategic HR Plan.



## DEFINITIONS

Certain internal procedures are specific to the LPA for operational and statistical purposes. For greater clarity, it is important to define certain expressions used in this report.

**Voyage:** a voyage is defined as a ship's movement from its point of departure to its destination, excluding movages.

**Mission:** a mission is generated at each transit through a district or from one sector to another.

**Assignment:** an assignment is generated each time a pilot is assigned to a ship.

# Financial Statements



## Statement of Management's Responsibility

The management of the Laurentian Pilotage Authority is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS") and for all other information presented in the annual report. This responsibility includes the selection of appropriate accounting principles and the exercise of careful judgment in establishing reasonable estimates. Financial information shown elsewhere in this annual report is consistent with that contained in the financial statements.

Management maintains books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and relevant information is available on a timely basis. These systems and practices provide reasonable assurance that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that the transactions are in accordance with the *Pilotage Act* and its regulations, the *Financial Administration Act* and its regulations, notably the instruction given under article 89 pertaining to its travel, hospitality, conference and event expenditures, and the by-law and policies of the Authority.

The Board of Directors is comprised of Directors who are not employees of the Authority. The Board of Directors is responsible for ensuring that management fulfill its responsibilities for financial reporting and internal control. The Audit Committee oversees the entity's systems of internal accounting and administration control. The Committee meets with management and the auditors to satisfy itself that responsibilities are properly discharged and to discuss the audit of the financial statements. The financial statements are reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The external auditor, the Auditor General of Canada, is appointed under the *Financial Administration Act* and the *Pilotage Act* and has audited the financial statements in accordance with Canadian generally accepted auditing standards. Her report outlines the nature of the audit and expresses her opinion on the financial statements of the Authority.

**Josée Leroux, CPA**  
Acting Chief Executive Officer

Montreal, Canada  
March 22, 2023

**Bruce Harvey, CPA**  
Acting Executive Director, Finance and Administration

Montreal, Canada  
March 22, 2023





## INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Laurentian Pilotage Authority (the Authority), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Compliance with Specified Authorities

### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of the Laurentian Pilotage Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, the by-law of the Laurentian Pilotage Authority, and the directive issued pursuant to section 89 of the *Financial Administration Act*.



In our opinion, the transactions of the Laurentian Pilotage Authority that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

*Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for the Laurentian Pilotage Authority's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Laurentian Pilotage Authority to comply with the specified authorities.

*Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Tina Swiderski, CPA auditor  
Principal  
for the Auditor General of Canada

Montréal, Canada  
22 March 2023

**LAURENTIAN PILOTAGE AUTHORITY**  
**Statement of Financial Position**  
**as at December 31**

(in Canadian dollars)

**Assets**

Current

Cash and cash equivalents  
Receivables and other accounts receivable (note 5)

Non-current

Property and equipment (note 6)  
Intangible assets (note 7)

**Total Assets**

**Liabilities**

Current

Accounts payable and accrued liabilities (note 9)  
Lease obligations (note 10)

Non-current

Employee benefits  
Lease obligations (note 10)

**Total Liabilities**

**Equity**

Retained earnings (note 13)

**Total Liabilities and Equity**

	2022	2021
	\$7,633,495	\$13,577,495
	15,312,597	13,031,570
	22,946,092	26,609,065
	20,556,586	14,622,528
	1,584,497	1,771,774
	\$45,087,175	\$43,003,367
	\$16,727,336	\$15,047,149
	180,013	241,278
	16,907,349	15,288,427
	401,350	382,872
	1,630,219	1,810,230
	18,938,918	17,481,529
	26,148,257	25,521,838
	26,148,257	25,521,838
	\$45,087,175	\$43,003,367

Commitments and contingent liability (notes 12 and 16)

The notes to the Financial Statements form an integral part thereof.

Approved by the Board of Directors:



JULIUS SPIVACK  
Interim Chairperson of the Board of Directors

**LAURENTIAN PILOTAGE AUTHORITY**  
**Statement of Comprehensive Income**  
**for the Year Ended December 31**

(in Canadian dollars)

**Revenues**

Pilotage charges  
Pilot boat revenue  
Other revenues

**Expenses**

Pilots' fees  
Pilot boat service – Outsourced  
Employee salaries and benefits – Boarding services  
Pilot boat and shuttle maintenance and operating costs  
Employee salaries and benefits  
Depreciation and amortization  
Professional and special services  
Rents  
Utilities, materials and supplies  
Transportation, travel and hospitality  
Finance charges  
Communications  
Maintenance  
Other expenses

**Comprehensive Income for the Year**

	2022	2021
	\$94,248,203	\$86,432,521
	13,691,662	12,355,889
	236,916	125,167
	108,176,781	98,913,577
	84,646,511	79,307,037
	9,291,181	8,476,319
	1,796,565	1,687,976
	965,254	629,810
	6,591,690	5,969,302
	1,659,591	2,105,502
	1,277,917	1,038,628
	333,552	360,341
	410,990	273,105
	114,443	52,720
	79,029	86,021
	74,085	73,459
	114,444	124,384
	195,110	84,113
	107,550,362	100,268,717
	\$626,419	\$(1,355,140)

**Statement of Changes in Equity**  
**for the Year Ended December 31**

(in Canadian dollars)

Retained earnings, beginning of the year  
Comprehensive income for the year  
**Retained earnings, end of the year**

	2022	2021
	\$25,521,838	\$26,876,978
	626,419	(1,355,140)
	\$26,148,257	\$25,521,838

The notes to the financial statements form are integral part thereof.



**LAURENTIAN PILOTAGE AUTHORITY**  
**Statement of Cash Flows**  
**for the Year Ended December 31**

(in Canadian dollars)

**Operating Activities**

Comprehensive income for the year

Adjustments to determine net cash flows generated by  
(used for) the operating activities:

Depreciation and amortization

Interest on lease obligations

Change in long-term portion of employee benefits

Loss on asset disposals

Interest income

Change in non-cash working capital items:

Change in receivables and other accounts receivable

Change in accounts payable and accrued liabilities

Cash flows from operating activities

**Investing Activities**

Net receipt of investment securities

Acquisitions of property and equipment

Acquisitions of intangible assets

Interest received

Cash flows from investing activities

**Financing Activities**

Repayment of lease obligations

Interest paid on lease obligations

Cash flows from financing activities

**Cash and Cash Equivalents**

Change for the year

Balance, beginning of the year

**Balance, end of the year**

Represented by:

Cash

Cash equivalents

2022	2021
\$626,419	\$(1,355,140)
1,659,591	2,105,502
70,818	79,056
18,478	(40,007)
75,770	337
(160,381)	(50,934)
(2,281,027)	(322,264)
1,680,187	1,164,272
1,689,855	1,580,822
\$-	\$1,001,052
(7,262,604)	(75,950)
(219,538)	(442,114)
160,381	50,934
(7,321,761)	533,922
\$(241,276)	\$(232,304)
(70,818)	(79,056)
(312,094)	(311,360)
\$(5,944,000)	\$1,803,384
13,577,495	11,774,111
\$7,633,495	\$13,577,495
\$4,615,844	\$10,610,186
\$3,017,651	\$2,967,309

The notes to the Financial Statements form an integral part thereof.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR-ENDED DECEMBER 31, 2022

## 1. Status and Activities

The Laurentian Pilotage Authority (the “Authority”) was established in 1972 in Canada under the *Pilotage Act*. Its mission is to establish, operate, maintain and manage, for the safety of navigation, an efficient and effective pilotage service within certain designated Canadian waters in and around the Province of Québec. The Act provides that the pilotage charges must allow the Authority to operate on a self-sustaining financial basis and be fair and reasonable. In accordance with the *Canada Marine Act* assented on June 11, 1998 that modified the *Pilotage Act*, the Authority no longer uses parliamentary appropriations.

The Authority is a Crown corporation listed under Part I of Schedule III to the *Financial Administration Act*. In July 2015, the Authority received a directive (C.P. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to harmonize its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations and to report on the implementation of this directive in its next Corporate plan. The Authority reported on the implementation of this instruction in its 2017–2021 Corporate Plan and complied with the instruction as of 2016. The Authority is not an agent of Her Majesty and is exempt from income tax.

The Authority’s head office is located at 999 de Maisonneuve Boulevard West in Montréal, Québec.

## 2. Basis of Preparation

### Statement of Compliance

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The issuance of these Financial Statements was approved by the Board of Directors as of March 22, 2023.

### Measurement Basis

Unless otherwise specified, these Financial Statements have been prepared on a historical cost basis.

### Functional Currency and Presentation Currency

These Financial Statements are presented in Canadian dollars, which is the Authority’s functional currency.

### Use of Estimates and Judgment

In preparing Financial Statements, management must use judgment and make estimates and assumptions that affect both the application of accounting policies and the carrying amount of assets, liabilities, revenues and expenses.

#### a. Significant Accounting Estimates

Significant accounting estimates are estimates and assumptions made by management that may result in material adjustments in the amount of assets and liabilities within the next year. In preparing these Financial Statements, management has not made any significant accounting estimates, except for the useful life of property and equipment and intangible assets.

**b. Significant Judgments**

Significant judgments regarding the carrying amount of assets and liabilities involve estimates and assumptions made by management and are based on previous experience and various other factors deemed reasonable under the circumstances. The element that is the subject of judgment is the accounting treatment related to the determination of the components and to the method used for depreciating the fixed assets.

**3. Adoption of New Accounting Standards**

The Authority did not implement any new standards during the year.

**4. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to the periods presented in these Financial Statements.

**Cash and Cash Equivalents**

Cash includes amounts held by the Authority in the bank account and cash equivalents consist of amounts deposited in a savings account with a Canadian chartered bank.

**Property and Equipment**

Property and equipment obtained from the Government of Canada when the Authority was established, were recognized at the value then assigned to them. Property and equipment subsequently purchased by the Authority are recognized at cost less accumulated depreciation and accumulated impairment losses. The cost of fixed assets built by the Authority includes design, project management, materials and shipyard construction costs. When amounts are reported as work in progress, they are transferred to the appropriate class of fixed assets when the work is completed, and are subsequently depreciated.

The depreciation of property and equipment is calculated on the depreciable amount, which is the cost of the asset less its residual value, on a straight-line basis, at rates based on the estimated useful life of the assets, except for leasehold improvements related to the leasing of buildings, which are depreciated over the lesser of the term of the lease or the estimated useful life. Where significant parts of a property and equipment have different useful lives, such parts are recognized as separate components of the property and equipment.

For the purposes of calculating the depreciation, the expected useful lives for each main class of property and equipment are the following:

<b>Buildings and leasehold improvements</b>		10 to 30 years
<b>Pilot boats and shuttle</b>		
Hull and design		10 to 20 years
Mechanics		3 to 20 years
Electricity		15 years
Equipment		5 to 10 years
Trailer		5 to 10 years
<b>Furniture and fixtures</b>		5 to 10 years
<b>Communications equipment</b>		5 to 10 years
<b>Computer equipment</b>		3 to 10 years
<b>Boarding facilities</b>		10 to 25 years
<b>Wharfs</b>		
Piles and anchors		30 years
Sheet pile		30 years
Bracing steel		40 years
Concrete and stone		40 years
Fenders		25 years
Bollards		40 years
Mechanical system and gangway		20 years
Fixed structure		15 years

The depreciation methods, useful lives and residual values are reviewed at each fiscal year-end and adjusted prospectively as needed.

The gains or losses arising from the disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and are recognized,



based on the net amount, in the comprehensive income of the fiscal year. When amounts are reported as work in progress, they are transferred to the appropriate class of fixed assets when work is completed, and are subsequently depreciated.

## Intangible Assets

Intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses, and consist in the right to use a launching ramp, located in Les Escoumins, used for the operation of the Authority's pilot boats, as well as in software and in contributions, made to pilot corporations, to purchase portable units. The amortization of intangible assets is calculated on a straight-line basis, with estimated useful lives ranging from 3 to 15 years. The amortization method, useful life and residual value of the intangible assets are reviewed at each fiscal year-end and adjusted prospectively as needed. The cost of fixed assets built by the Authority includes the design and project management costs. The amounts reported as work in progress are transferred to the appropriate class of fixed assets when the work is completed, and are subsequently amortized.

## Impairment of Non-Financial Assets

The Authority reviews the carrying amount of its non-financial assets, namely the property and equipment and intangible assets, at each fiscal year-end to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable value is estimated. For the purposes of impairment testing, the assets that cannot be individually tested are grouped together to form the smallest group of assets that generates, through continuous use, cash inflows that are largely independent of the cash inflows from other assets or groups of assets (the "cash generating unit", or "CGU"). The recoverable value of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are recognized at their present value

by applying a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its estimated recoverable value. Impairment losses are recognized in the comprehensive income. Impairment losses recognized in prior periods are assessed at each fiscal year-end to determine whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable value. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

## Employee Benefits

### Short-Term and Long-Term Employee Benefits

Employees are entitled to paid leave as provided for in their collective agreements or conditions of employment. This involves days of sick leave, which accumulate, but do not vest, enabling the employees to be paid during their absence in recognition of services previously rendered, as well as special leave. As employees render services, the value of paid leave for these services is recognized both as a liability and as an expense. Management determines the present value of the sick leave and special leave obligation based on assumptions and its best estimates, such as the discount rate, age of retirement, rate of use of days in excess of the sick leave granted annually, rate of use of the special leave, probability of employees leaving and salary review rate. These assumptions are reviewed annually. The short-term portion of the obligations is presented under Accounts Payable and Accrued Liabilities and the long-term portion is presented under Employee Benefits on the Statement of Financial Position.

## Pension Plan

All employees of the Authority are covered by the Public Service Pension Plan (the Plan), which is a contributory plan established by law and sponsored by the Government of Canada. Employees and the Authority must contribute to the Plan to cover the cost of services rendered during the fiscal year. Under current legislation, the Authority has no legal or constructive obligation to pay additional contributions to cover past services or a funding shortfall of the Plan. Consequently, contributions are charged to expenses in the fiscal year during which the employees render the services and represent the total pension obligation of the Authority. The Authority is not required by law to make up for the actuarial deficits of the Plan.

## Revenue Recognition

The Authority's revenues come mainly from pilotage charges and pilot boat operation. These revenues are based on a known price and recognized at a specific point in time, namely at the time when the Authority has fulfilled its pilotage mandate or provided the pilot boat service. In return, the Authority recognizes a receivable since the consideration is due as soon as the service is rendered.

## Financial Instruments

With the exception of receivables that are measured at the transaction price in accordance with IFRS 15, financial instruments are initially measured at fair value. The subsequent measurement depends on their classification:

The classification of financial assets depends on both:

- a. How an entity manages the financial assets in the context of its economic model; and
- b. The contractual cash flow characteristics of the financial asset.

Financial assets are measured at amortized cost if they meet the following conditions:

- c. They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- d. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method, less any impairment losses.

The Authority's cash and cash equivalents, as well as receivables other than prepaid expenses, are included in this category of financial instruments.

After initial recognition, the financial liabilities are measured at amortized cost using the effective interest rate method, except for derivative financial instruments and financial liabilities designated at fair value through profit or loss. All the Authority's financial liabilities, namely the accounts payable, are measured at amortized cost after initial recognition.

## Leases

The Authority has recognized a right-of-use asset and a lease obligation for a lease on the date upon which the underlying asset is available for use by the Authority (the "start date").

The right-of-use asset is presented on the Statement of Financial Position under Property and Equipment. The asset is initially measured at cost, which includes the initial amount of the lease obligation, adjusted for the lease payments made on or before the commencement date, plus the initial direct costs incurred and an estimate of any costs for the dismantling and removal of the underlying asset, less any lease inducement received.

The right-of-use asset is depreciated over the shorter of the useful life of the underlying asset and the lease term on a straight-line basis. In addition, the cost of a right-of-use asset is reduced by the accumulated impairment losses and, where applicable, is adjusted for revaluations of the related lease obligation.

The lease obligation is initially measured at the present value of the lease payments that have not yet been made at the start date, calculated using the interest rate implicit in the lease or, if this rate is not readily determinable, the Authority's incremental borrowing rate. Currently, the Authority uses its incremental borrowing rate as the discount rate.

The Authority has elected not to separately account for the non-lease components of the leases for office space (building). As a result, the lease payments and the lease obligation include the payments relating to both the lease and non-lease components.

The interest expense relating to the lease obligations is recognized as an expense in the comprehensive income, using the effective interest rate method.

The lease payments relating to leases with a lease term of 12 months or less and the leases with a low value underlying asset are recognized as an expense in the comprehensive income on a straight-line basis over the term of the lease. Low value assets include computer equipment and small parts of office furniture.

## 5. Receivables and Other Accounts Receivable

	December 31, 2022	December 31, 2021
Receivables	\$11,976,816	\$11,316,904
Prepaid expenses	2,006,808	322,678
Other accounts receivable	1,328,973	1,391,988
	<u>\$15,312,597</u>	<u>\$13,031,570</u>



## 6. Property and Equipment

### Cost

	Land	Buildings and leasehold improvements	Pilot boats and shuttle	Furniture and fixtures
Balance as at January 1, 2021	\$3,300	\$3,260,972	\$8,825,911	\$367,145
Acquisitions	—	—	—	—
Disposals	—	—	—	(19,060)
<b>Balance as at December 31, 2021</b>	<b>\$3,300</b>	<b>\$3,260,972</b>	<b>\$8,825,911</b>	<b>\$348,085</b>

Acquisitions	\$—	\$—	\$90,746	\$4,560
Disposals	—	(252,915)	—	—
Transfer - Work in progress	—	—	—	—
<b>Balance as at December 31, 2022</b>	<b>\$3,300</b>	<b>\$3,008,057</b>	<b>\$8,916,657</b>	<b>\$352,645</b>

### Depreciation and impairment losses

Balance as at January 1, 2021	\$—	\$766,665	\$3,213,816	\$203,112
Depreciation for the year	—	289,167	360,942	26,071
Disposals	—	—	—	(18,757)
<b>Balance as at December 31, 2021</b>	<b>\$—</b>	<b>\$1,055,832</b>	<b>\$3,574,758</b>	<b>\$210,426</b>

Depreciation for the year	\$—	\$288,032	\$370,968	\$26,311
Disposals	—	(252,915)	—	—
<b>Balance as at December 31, 2022</b>	<b>\$—</b>	<b>\$1,090,949</b>	<b>\$3,945,726</b>	<b>\$236,737</b>

### Carrying amounts

As at January 1, 2021	\$3,300	\$2,494,307	\$5,612,095	\$164,033
As at December 31, 2021	\$3,300	\$2,205,140	\$5,251,153	\$137,659
As at December 31, 2022	\$3,300	\$1,917,108	\$4,970,931	\$115,908

Please see Note 10 for more information on right-of-use assets included in property and equipment.

Communications equipment	Computer equipment	Boarding facilities	Wharfs	Work in progress	Total
\$201,299	\$3,255,220	\$81,845	\$9,793,484	\$—	\$25,789,176
3,620	12,788	—	—	59,542	75,950
(29,977)	(491,199)	—	—	—	(540,236)
<b>\$174,942</b>	<b>\$2,776,809</b>	<b>\$81,845</b>	<b>\$9,793,484</b>	<b>\$59,542</b>	<b>\$25,324,890</b>
\$—	\$48,209	\$67,750	\$4,350,806	\$2,700,533	\$7,262,604
—	—	—	(612,807)	—	(865,722)
—	—	—	59,542	(59,542)	—
<b>\$174,942</b>	<b>\$2,825,018</b>	<b>\$149,595</b>	<b>\$13,591,025</b>	<b>\$2,700,533</b>	<b>\$31,721,772</b>
\$93,852	\$2,019,573	\$37,036	\$3,291,556	\$—	\$9,625,610
32,663	563,979	3,374	340,464	—	1,616,660
(29,977)	(491,174)	—	—	—	(539,908)
<b>\$96,538</b>	<b>\$2,092,378</b>	<b>\$40,410</b>	<b>\$3,632,020</b>	<b>\$—</b>	<b>\$10,702,362</b>
\$26,942	\$188,529	\$4,132	\$347,862	\$—	\$1,252,776
—	—	—	(537,037)	—	(789,952)
<b>\$123,480</b>	<b>\$2,280,907</b>	<b>\$44,542</b>	<b>\$3,442,845</b>	<b>\$—</b>	<b>\$11,165,186</b>
\$107,447	\$1,235,647	\$44,809	\$6,501,928	\$—	\$16,163,566
\$78,404	\$684,431	\$41,435	\$6,161,464	\$59,542	\$14,622,528
<b>\$51,462</b>	<b>\$544,111</b>	<b>\$105,053</b>	<b>\$10,148,180</b>	<b>\$2,700,533</b>	<b>\$20,556,586</b>

## 7. Intangible assets

### Cost

Balance as at January 1, 2021	\$200,000	\$1,221,914	\$435,773
Acquisitions	—	246,339	—
Disposals	—	(14,136)	—
Transfer - Work in progress	—	888,717	—
<b>Balance as at December 31, 2021</b>	<b>\$200,000</b>	<b>\$2,342,834</b>	<b>\$435,773</b>

Acquisitions	\$—	\$194,303	\$25,235
Transfer - Work in progress	—	195,775	—
<b>Balance as at December 31, 2022</b>	<b>\$200,000</b>	<b>\$2,732,912</b>	<b>\$461,008</b>

### Amortization and impairment losses

Balance as at January 1, 2021	\$136,755	\$683,572	\$107,566
Amortization for the year	13,324	366,215	109,303
Disposals	—	(14,127)	—
<b>Balance as at December 31, 2021</b>	<b>\$150,079</b>	<b>\$1,035,660</b>	<b>\$216,869</b>

Amortization for the year	\$13,324	\$273,900	\$119,591
<b>Balance as at December 31, 2022</b>	<b>\$163,403</b>	<b>\$1,309,560</b>	<b>\$336,460</b>

### Carrying amounts

As at January 1, 2021	\$63,245	\$538,342	\$328,207
As at December 31, 2021	\$49,921	\$1,307,174	\$218,904
As at December 31, 2022	\$36,597	\$1,423,352	\$124,548



Work in progress	Total
\$888,717	\$2,746,404
195,775	442,114
—	(14,136)
(888,717)	—
\$195,775	\$3,174,382
\$—	\$219,538
(195,775)	—
\$—	<b>\$3,393,920</b>
\$—	\$927,893
—	488,842
—	(14,127)
\$—	\$1,402,608
\$—	\$406,815
\$—	<b>\$1,809,423</b>
\$888,717	\$1,818,511
\$195,775	\$1,771,774
\$—	\$1,584,497

## 8. Credit Facility

The Authority has a credit facility in the form of a bank overdraft, authorized to a maximum amount of \$1,500,000 in 2022 (\$1,500,000 in 2021), bearing interest at the bank's base rate per annum. This bank overdraft is available as needed and renewable annually. It is secured by a \$3,000,000 (\$3,000,000 in 2021) first rank chattel mortgage on receivables. As at December 31, 2022, the Authority was not using this overdraft (nil in 2021).

## 9. Accounts Payable and Accrued Liabilities

	December 31, 2022	December 31, 2021
Accounts Payable	\$16,676,948	\$14,997,309
Employee benefits	50,388	49,840
	<b>\$16,727,336</b>	<b>\$15,047,149</b>

## 10. Leases

An office space lease is recognized as a right-of-use asset and a lease obligation (two leases in 2021).

### Right-of-Use Assets (included in property and equipment)

	Buildings and Leasehold Improvements
Cost as at January 1, 2022	\$2,243,029
Addition	—
Disposals	(252,915)
<b>Cost as at December 31, 2022</b>	<b>\$1,990,114</b>
Accumulated depreciation as at January 1, 2022	\$(676,692)
Addition	(224,167)
Disposals	252,915
<b>Accumulated depreciation as at December 31, 2022</b>	<b>\$(647,944)</b>
<b>Net book value as at December 31, 2022</b>	<b>\$1,342,170</b>

### Lease Obligations

Balance as at January 1, 2022	\$2,051,508
Interest on lease obligations	70,818
Lease payments	(312,094)
<b>Balance as at December 31, 2022</b>	<b>\$1,810,232</b>
Current portion	\$180,013
Non-current portion	\$1,630,219

The undiscounted contract payments to be made in respect of the lease obligations are as follows:

	December 31, 2022
Less than 1 year	\$243,367
Between 1 and 5 years	1,007,021
More than 5 years	853,255
<b>Total</b>	<b>\$2,103,643</b>

Future contract payments in connection with the variable lease payments are as follows:

	December 31, 2022
Less than 1 year	\$358,937
Between 1 and 5 years	1,508,984
More than 5 years	1,317,959
<b>Total</b>	<b>\$3,185,880</b>

Please see Note 15 for more information on the liquidity risk management.

### Other Amounts Recognized in Comprehensive Income

Interest Expense on Lease Obligations	\$70,818
Expense recognized in respect of the variable lease payments not included in the lease obligations	\$303,300

### Leases for Office Space

The lease has an initial term of 17 years and contains a wide range of different conditions.

### Variable Lease Payments

The leases for office space provide for additional lease payments to reimburse a portion of the lessor's share of payments made for property taxes, insurance costs and operational costs such as energy, maintenance, administration and security costs, which vary according to the use and wear and tear of the office space. The final payment amounts are determined annually.

### Renewal Options

The lease for the office space is subject to an option to renew at the discretion of the Authority only. This option is used to maximize the operational flexibility of the Authority's operations. This option is not taken into account in the assessment of the lease obligations, as the Authority does not have reasonable certainty of exercising them. The Authority's practice is to ensure that the space meets its needs, which change over time.

## 11. Regulation of pilotage charges

The Authority must, with the approval of its Board of Directors, establish pilotage charges to be paid to it for services provided. Once approved, the Authority must publish a notice of proposal to establish or revise a pilotage charge in accordance with a methodology based on the principles dictated by the *Pilotage Act*. As set out in the said notice, as well as in the related documentation also available (Details and principles – Proposed revision of pilotage charges), any person may, on or before the date set out in the notice, make representations in writing to the Authority with respect to the proposal. The date specified in the notice must be at least 30 days after the date of publication of the notice. Any person making written representations shall include a summary of such representations, which shall be reviewed and may be made public by the Authority. In addition, any person making written representations within the time limits set out in the notice may file with the Canadian Transportation Agency a notice of objection to the proposal.

Following the end of the 30-day period for sending written submissions, if any, an announcement about establishing pilotage charges is published and the new charges may then take effect, at the end of the 60-day statutory period.

As defined by the Act, pilotage charges must be fair and reasonable and must permit the Authority to operate on a self-sustaining financial basis. Thus, the pilot charges set are intended to create a reasonable financial reserve to allow, among other things, the renewal of its capital assets.

## 12. Commitments

As at December 31, 2022, the Authority had entered into agreements for expenditures related to pilotage services and for capital assets. The estimated amounts payable are the following:

2023	\$3,455,844
2024	612,558
2025	513,462
2026	296,564
2027 and more	347,302
	<b>\$5,225,730</b>

As at December 31, 2021, the Authority had entered into agreements for expenses related to pilotage services and capital assets in the amount of \$7,986,810.



### 13. Capital Management

The Authority's capital structure consists of its retained earnings, and is governed by the *Financial Administration Act*. The Authority cannot change its capital structure nor contract debt instruments without the approval of the federal government.

The Authority manages its capital prudently in managing revenues, expenses, assets and general financial dealings to ensure that its objectives are achieved efficiently and in compliance with the different acts that govern it. In 2022, the Authority did not modify its capital management process.

As stipulated in the *Pilotage Act*, the Authority must operate on a self-sustaining financial basis and cannot use parliamentary appropriations. As at December 31, 2022, the retained earnings amounted to \$26,148,257 (\$25,521,838 in 2021) and working capital totaled \$6,038,743 (\$11,320,638 as at December 31, 2021).

### 14. Related Parties

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the ordinary course of business, under the same terms and conditions as those concluded with unrelated parties. These transactions are of no significance and do not have a material effect on these Financial Statements.

The only other related party transactions entered into by the Authority are with key executives, including members of the Board of Directors. As at December 31, the key executives' compensation was as follows:

	December 31, 2022	December 31, 2021
Compensation and other short-term benefits	\$1,753,001	\$968,467
Post-employment benefits	157,158	105,055
	<u>\$1,910,159</u>	<u>\$1,073,522</u>

### 15. Financial Instruments

#### Fair Value

The financial assets and liabilities are cash and cash equivalents, receivables other than prepaid expenses, as well as accounts payable. The carrying amount of each of these items is a reasonable approximation of fair value by their short-term maturity.



The fair values of financial instruments are classified using a hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy that applies in the determination of the fair value requires the use of observable market inputs, whenever such inputs are available. A financial instrument for which a significant unobservable input has been considered in measuring the fair value is classified to the lowest level of the hierarchy. The fair value measurement hierarchy consists of the following levels:

**Level 1:** the fair value is based on the quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** the fair value is based on input-based measurement techniques for assets or liabilities, other than the quoted market prices included within Level 1, that are directly or indirectly observable.

**Level 3:** the fair value is based on measurement techniques that are based on a significant portion of inputs that are not observable in the market.

As at December 31, 2022 and 2021, cash and cash equivalents are measured at fair value at Level 1, while receivables other than prepaid expenses and accounts payable are measured at Level 2.

## Credit Risk

Credit risk is the risk that the Authority will incur a financial loss if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. It arises primarily from the Authority's receivables.

There is no significant credit risk with the Authority's receivables as the *Pilotage Act* stipulates that the owner, master, and agent of a ship are jointly and severally liable for pilotage charges, and provides a mechanism to withhold custom clearance if pilotage charges are unpaid. As at December 31, 2022, no receivable is delinquent (nil in 2021). The maximum credit risk associated with receivables is \$11,976,816 (\$11,316,904 as at December 31, 2021). There is no concentration of receivables.

The Authority deals only with Canadian chartered banks and recognized financial institutions with higher credit ratings. The maximum credit risk associated with cash and cash equivalents is \$7,633,495 (\$13,577,495 as at December 31, 2021).

## Interest Rate Risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Authority may be exposed to interest rate risk through the use of its operating credit facility, since it bears interest. As at December 31, 2022, the operating credit facility was not used (nil in 2021).

## Liquidity Risk

The liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority must operate on a self-sustaining financial basis and cannot use parliamentary appropriations; it is therefore dependent on funding sources and cash flows from operating activities to meet its funding requirements. The Authority manages this liquidity risk by monitoring its actual and projected cash flows on a continuous basis. In addition, as presented in Note 8, the Authority has a credit facility, which is available as needed and renewable annually. The accounts payable and accrued liabilities are due within a period of three months.

None of the Authority's risk exposure, objectives, policies and processes to manage and assess the liquidity risk have changed significantly from the previous fiscal year.

## 16. Contingent Liability

In the normal course of business, the Authority is subject to various claims or legal proceedings. Management believes that the final settlement of these claims is not expected to have a material effect on the Financial Statements.







Laurentian  
Pilotage  
Authority

#### Head Office

999 de Maisonneuve Blvd. W., Suite 1410  
Montreal QC H3A 3L4  
Telephone: 514 283-6320  
Fax: 514 496-2409

#### Les Escoumins Pilot Station

40, rue des Pilotes  
Les Escoumins QC G0T 1K0  
Telephone: 418 233-2995  
Fax: 418 233-3479

[pilotagestlaurent.gc.ca](http://pilotagestlaurent.gc.ca)



Photo credits: Jessy Bedard, Jean-Maxime Chenard,  
Yves Demers, Annie Garofano, Louis Rhéaume, LPA

Canada