



Laurentian
Pilotage
Authority

2019

ANNUAL REPORT

Canada



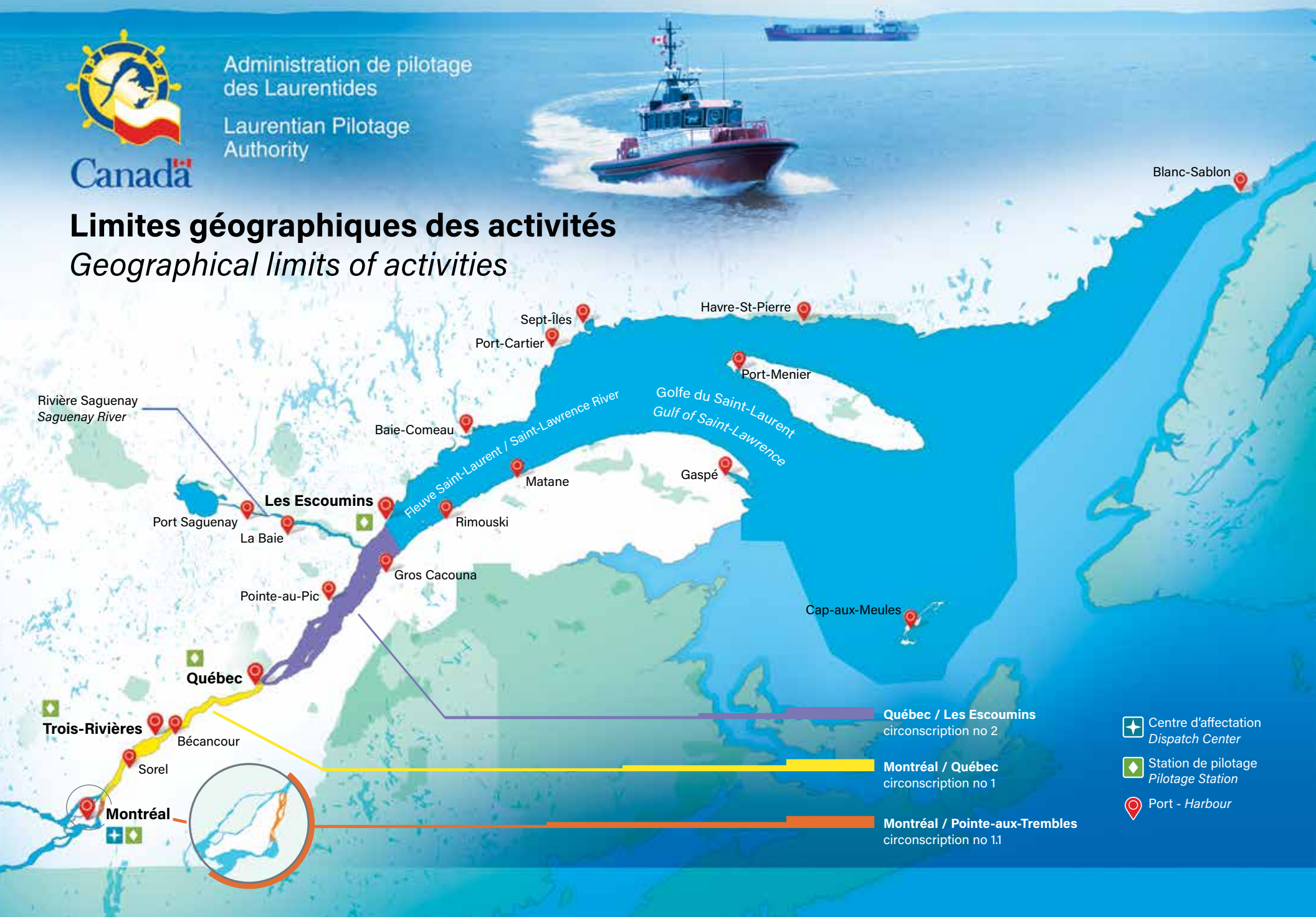
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Limites géographiques des activités

Geographical limits of activities







Mandate and activities

WHO WE ARE

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

As the gateway for marine pilotage services on its territory, the Authority is responsible for all aspects related to pilotage, making it a turnkey organization. Its legislative mandate also gives it the responsibility to set the tariffs of pilotage charges, which must remain reasonable and fair to its customers while allowing it to operate on a self-financing basis. In this regard, its legislative mandate is based on the following principles and objectives:

- 1** that pilotage services be provided in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and that protects human health, property and the environment;
- 2** that pilotage services be provided in an efficient and cost-effective manner;
- 3** that risk management tools be used effectively and that evolving technologies be taken into consideration;
- 4** that an Authority's pilotage charges be set at levels that allow the Authority to be financially self-sufficient.

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

VISION

By exercising its leadership role in the maritime sector, the Laurentian Pilotage Authority 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 Authority'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

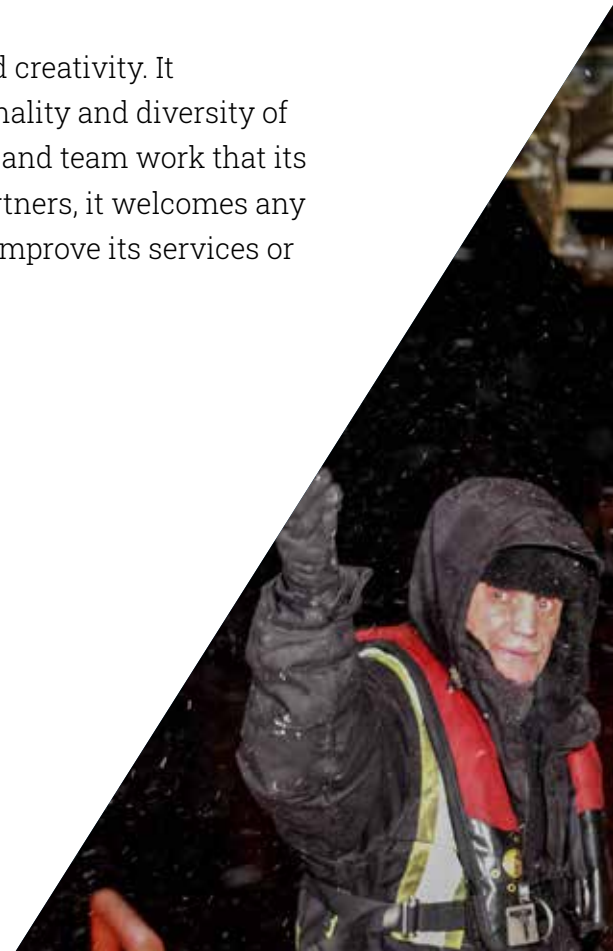
Collaborating with partners, including those in the marine shipping industry, the pilots and their representative organizations is key to achieving the LPA's vision and mission. The LPA strives to maintain positive relationships and collaborates with all its partners to better serve the public interest.

Accountability

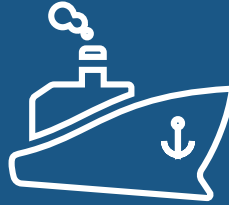
The LPA's team members are committed to effectively using the resources made available thereto, to complying with the regulations governing the organization, and to adhering with the policies, procedures and mission thereof.

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 its uses its resources.



Highlights



985
ships served



99.96%
incident-free
assignments



24,670
assignments



99.3%
service efficiency
(delays)



0
major accidents



\$108.3 M
revenues





Message from the chairperson of the Board of Directors

The highlight of 2019 will certainly have been the adoption, last June, of the amended Pilotage Act by the Government of Canada, which brought closure to consultations, discussions and exchanges launched in 2017 during which different points of view were expressed by all industry partners. The Government made the necessary arbitrations and invited us to continue to work together, in the next few years, at drafting. The federal election in October will have seen Minister Marc Garneau reappointed as Minister of Transport, ensuring continuity and a rapid assumption of our political mandates. We thank you all in advance for your cooperation in ensuring the complete fulfillment of

our mandate of ensuring the safety, effectiveness and efficiency of marine transportation on the St. Lawrence River.

The Board of Directors of the Laurentian Pilotage Authority completed its first year without any changes to its membership and the integration of new members was successfully completed. I would like to emphasize the commitment of all members to the success of the organization as well as their dedication and ongoing collaboration. I thank them all, both for the work done and for that to be done. However, this will be a short period of stability, since the cycle of renewing the directors' terms of office will resume as of 2020.

Stability is also the sign of our various partners' governance. Within the marine industry, no major changes have occurred in 2019. However, the Corporation of Lower St. Lawrence Pilots (CLSLP) saw Captain Yves Plourde take over from Captain Carl Robitaille as President of the organization. We welcome Captain

Plourde and thank Captain Robitaille for his collaboration during his mandate. We are confident that the presence of Captain Plourde, along with that of Captain Simon Pelletier and Captain Alain Arsenault, will help fuel the debates necessary within the marine ecosystem to meet current and future challenges.

Canada is experiencing its longest period of economic growth and this is reflected in this annual report. The financial and statistical information presented in this report provides an insight into the effervescence that reigns in our sector and into the day-to-day work of those who support the industry as a whole and who are the true architects of our success. The recruitment, development, retention, support and recognition of personnel are just a few of the human resources management challenges we must all focus on. In this



regard, I wish us all the greatest success for the well-being of all Canadians.

On behalf of myself and all members of the Board of Directors, I wish to thank Mr. Fulvio Fracassi, Chief Executive Officer of the Laurentian Pilotage Authority, the entire management team and all employees for the work accomplished in 2019. This annual report, beyond its figures, is proof of the professionalism and dedication of our personnel and partners in the fulfillment of our mandate.

I would like to conclude by thanking all our partners in the industry in which we operate, including the pilot corporations, the Government of Canada and the various departments and agencies, as well as all their employees who allow us to be proud of a mission fully accomplished.



Ricky Fontaine, Adm. A., GFAA, ASC
Chairperson of the Board of Directors

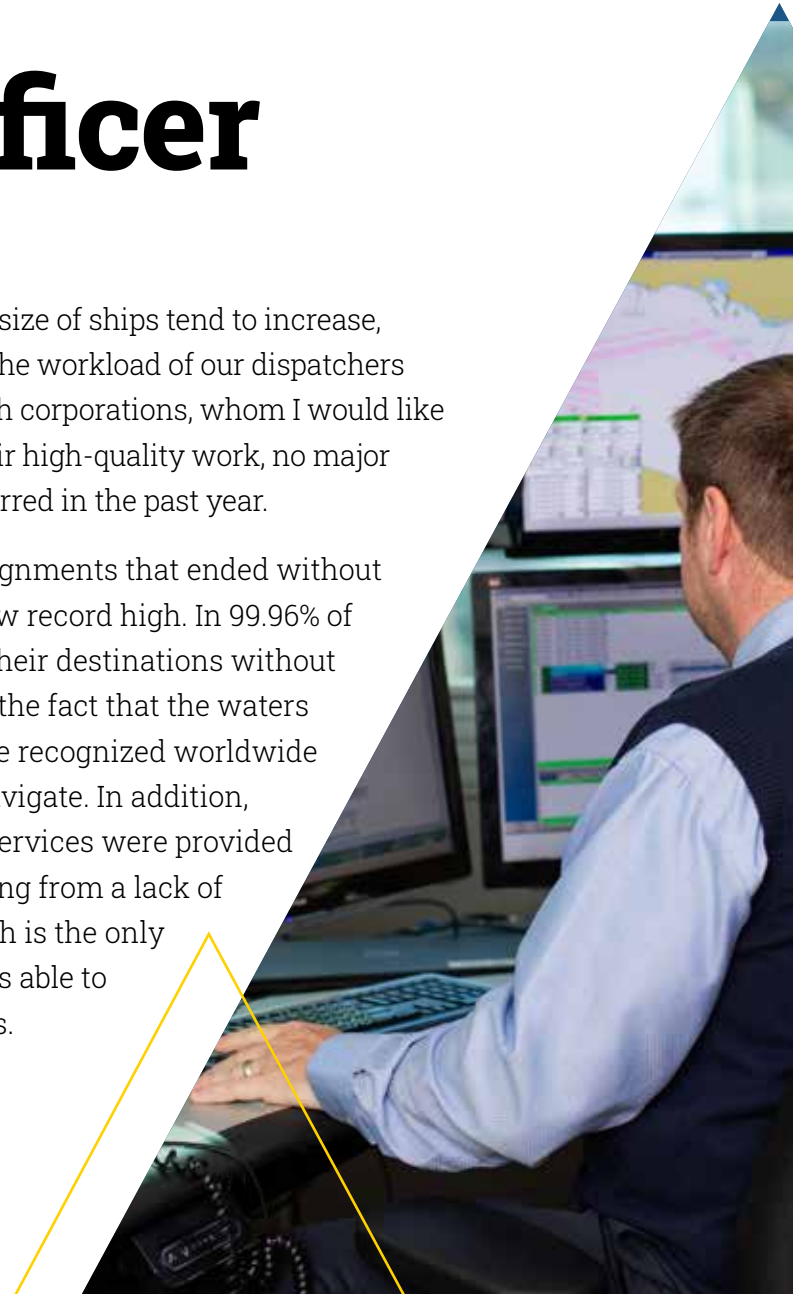
Message from the Chief Executive Officer


On behalf of myself and the Laurentian Pilotage Authority team, I am pleased to invite you to read our annual report, which outlines the activities carried out by our organization over the past twelve months. The fiscal year ended December 31, 2019 saw the LPA execute major projects for the benefit of the marine industry here in Quebec. The many and sometimes ambitious initiatives that have been taken to ensure the safety of navigation in order to optimize the efficiency of our delivery of pilotage services with a view to protecting the public interest and maintaining our financial self-sufficiency are signs of great challenges that have been successfully met and are a visible demonstration of leadership.

In 2019, a total of 24,670 assignments were carried out on the St. Lawrence and Saguenay Rivers, bringing us only a few lengths away from the record set the previous year with 24,950 pilot deployments. As years go by, both

marine traffic and the size of ships tend to increase, which also increases the workload of our dispatchers and of the pilots of both corporations, whom I would like to congratulate for their high-quality work, no major accidents having occurred in the past year.

In fact, the rate of assignments that ended without incident reached a new record high. In 99.96% of cases, ships reached their destinations without any problems despite the fact that the waters of the St. Lawrence are recognized worldwide as being difficult to navigate. In addition, 99.3% of the pilotage services were provided without delays resulting from a lack of pilot availability, which is the only variable that the LPA is able to control to avoid delays.





For the second consecutive year and for the second time in its history, the Authority ended its fiscal year with revenues of over \$100 M. Prosperous economic activity justified by growing imports, high ship traffic on the Seaway, and sound internal financial management generated record revenues of \$108.3 M in the last year.

Beyond the achievement of convincing results at the operational and financial levels, the members of the LPA team initiated, in 2019, multiple projects and actions to better serve our clients and our various industry partners.

Furthermore, it has undertaken a study on the tension of mooring lines and one on the situational awareness of pilots at the controls of ships, in addition to a risk analysis of pilot fatigue, all aimed at increasing the level of safety in the conduct of operations. Acquired in the fall of 2018, the navigation simulator underwent major modifications that will, over time, make it more realistic and efficient for use in training and situational simulations.

Taking a number of parameters into account, the Authority has also developed a tool to calculate the

transit times between Les Escoumins and Quebec City, thereby optimizing both the service and the number of pilots available for other assignments in this sector.

For the well-being of its employees, the Authority has implemented several tangible measures contained in an action plan tailored to the organization's departments according to their sometimes distinct realities. Other initiatives to promote mental health in the workplace such as a zero tolerance policy towards violence, harassment and discrimination have been adopted.

Finally, a first phase of the amended Pilotage Act, which was completed in the summer of 2019, came into force in the fall, strengthening the concepts of navigational safety, protection of human health, property and the environment, provision of pilotage services in an efficient and cost-effective manner, integration of technologies and maintenance of the financial self-sufficiency of all pilotage authorities.

As you consult the following pages, you can learn about some of the other promising projects carried out over the past year.

In closing, I would like to mention the hard work and accomplishments of the entire LPA team in Montreal and Les Escoumins, which contributes greatly, through their expertise, to the success of the organization.

I would like to congratulate each and every one of its members, thanks to whom we can accomplish our worthy mission and reach our many goals.

I would also like to thank the licensed pilots and our two partners, the pilot corporations, for their full cooperation. Without their expertise in navigation and

in-depth knowledge of the waterways, the initiatives put forward by the LPA to ensure safe and efficient navigation in the Laurentian territory would not have the same impact.

In 2020, I am hopeful that we can continue to work as a team to provide an even safer, more reliable and more efficient pilotage service. I hope that we will continue to build on our momentum and that together we will find new avenues to pursue our development and thus become a world benchmark.



A handwritten signature in black ink, reading "Fulvio Fracassi". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Fulvio Fracassi, LL.M.

Chief Executive Officer

The year in figures

RESULTS SUMMARY AND STATISTICS

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)

	2019	2018	2017	2016	2015
Revenues	\$108,293	\$105,902	\$95,017	\$91,430	\$86,229
Expenses	\$107,680	\$106,512	\$94,709	\$89,890	\$82,597
Comprehensive income	\$613	\$(610)	\$308	\$1,540	\$3,632
Working capital	\$13,182	\$11,810	\$13,890	\$14,341	\$8,506
Retained earnings	\$29,441	\$28,828	\$29,438	\$29,130	\$27,590
Number of assignments	24,670	24,950	22,732	22,432	21,495

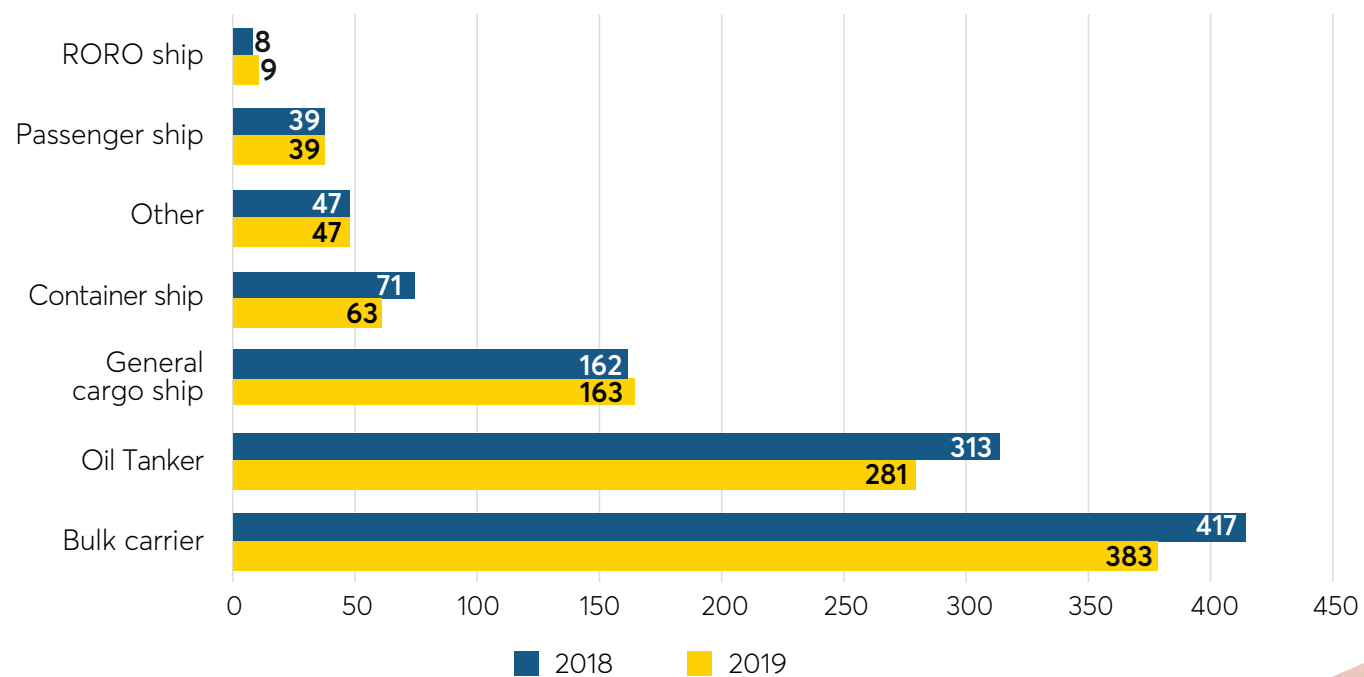
HUMAN RESOURCES

	2019	2018	2017	2016	2015
Management	5	7	6	5	5
Administration & Operations	15	14	15	13	12
Dispatch	19	15	17	15	17
Boat Crews	15	13	11	12	11







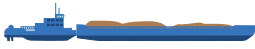
PILOTS AND CERTIFICATES

	2019	2018	2017	2016	2015
Contract Pilots	180	174	173	169	174
Apprentice Pilots	14	17	19	16	10
Pilotage Certificate Holders	2	2	2	4	4

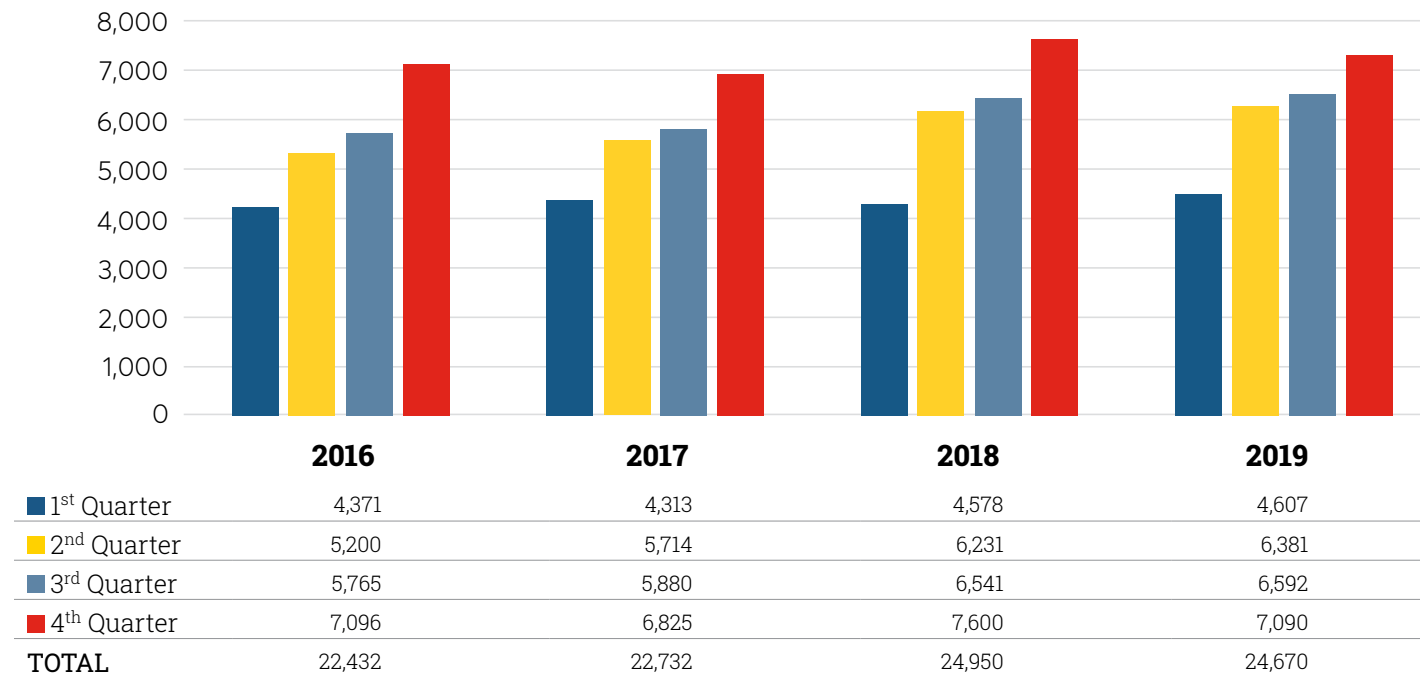
**NUMBER OF DIFFERENT SHIPS SERVED BY THE AUTHORITY,
REGARDLESS OF THE NUMBER OF VOYAGES MADE**



NUMBER OF VOYAGES MADE BY TYPE OF SHIP

2018				2019	
2,827	38.6%		Bulk carrier	2,651	35.6%
2,095	28.6%		Oil Tanker	2,084	27.9%
857	11.7%		Container ship	938	12.6%
803	11.0%		General cargo ship	939	12.6%
387	5.3%		Passenger ship	387	5.2%
127	1.7%		RO-RO ship	127	1.7%
224	3.1%		Other	331	4.4%
7,320	100.00%			7,457	100.00%

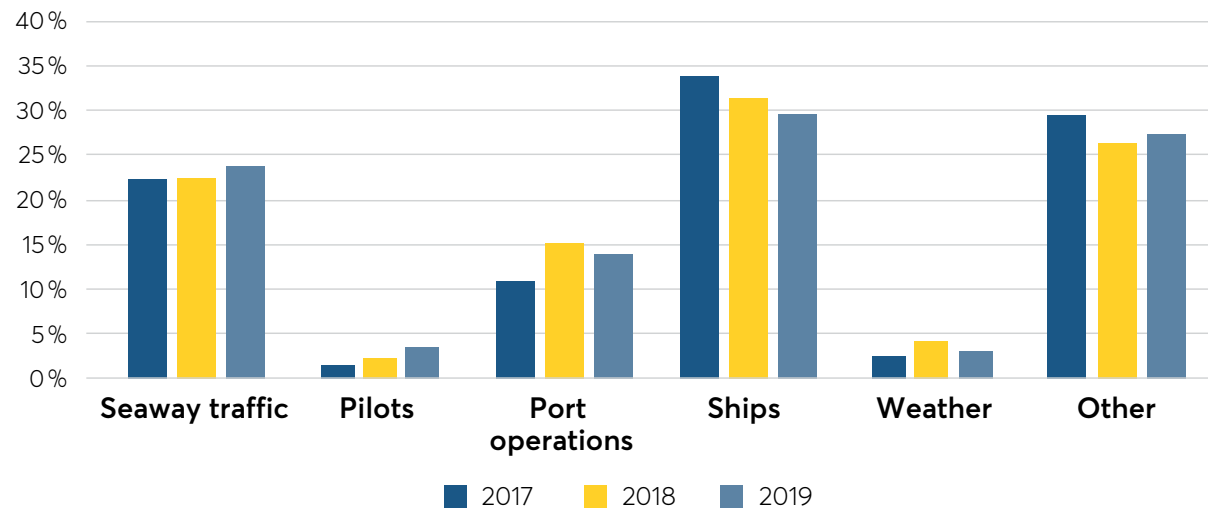
NUMBER OF ASSIGNMENTS PER QUARTER



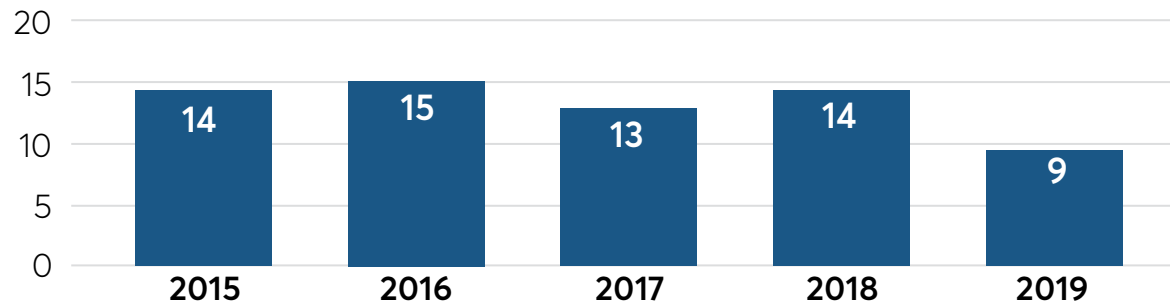
SERVICE EFFICIENCY

	% of pilotage missions with no pilot-related delays	% of pilot-related service delays	
2019	99.3%	6.2%	(434h)
2018	99.5%	5.6%	(438h)
2017	99.8%	1.6%	(92h)

BREAKDOWN OF THE NUMBER OF DELAYS BY CAUSE



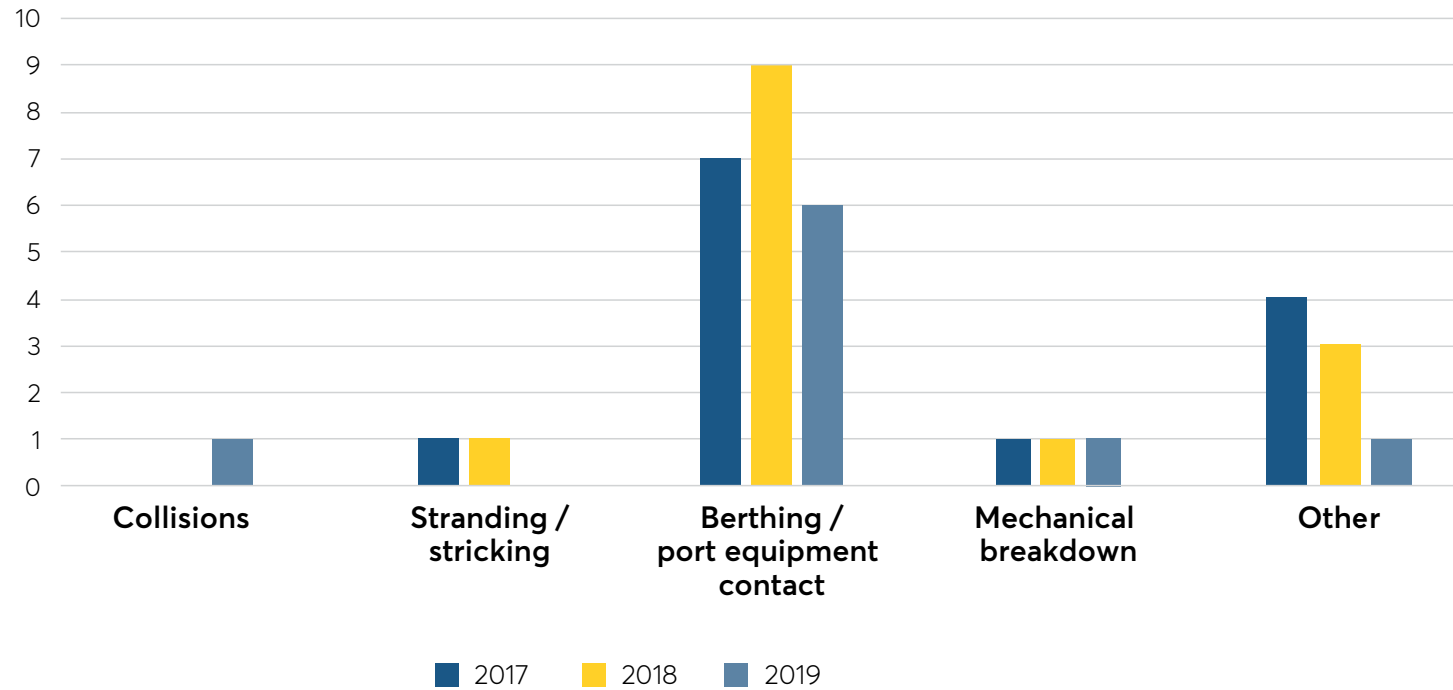
NUMBER OF INCIDENTS/ACCIDENTS



* In 2019, pilots from both corporations (CMSLP and CLSLP) were involved in only nine incidents or accidents, which sets a new efficiency record in terms of safe pilotage services.



BREAKDOWN OF THE NUMBER OF INCIDENTS/ACCIDENTS BY CAUSE



The background features a photograph of a ship, possibly a tugboat or a small cargo vessel, navigating through choppy blue water under a cloudy sky. The ship is white with red accents and has a complex mast with various antennas and equipment. Overlaid on the right side of the image are several large, semi-transparent geometric shapes: a large yellow triangle pointing downwards, a smaller blue triangle pointing downwards within the yellow one, and a larger blue triangle pointing upwards. The overall design is modern and professional.

Description of activities

SOUND MANAGEMENT AND AN EFFICIENT TEAM

The Laurentian Pilotage Authority's management is centralized at its head office located in downtown Montreal, where specialized resources grouped under three distinct executive directorates, namely Marine Safety and Efficiency, Finance and Administration, and Legal Affairs and General Secretariat, ensure sound management that is adapted to the specific characteristics of the marine industry. It is also from this location that the many assignments of pilots on the St. Lawrence and Saguenay Rivers are carried out.

The boarding station owned and managed by the LPA is located in the municipality of Les Escoumins in eastern Quebec, near the confluence of the two bodies of water. This location is occupied by both the administrative team and the crews assigned to the two LPA-owned pilot boats that transport pilots on merchant or cruise ships. Elsewhere on the St. Lawrence and Saguenay Rivers, at the ports of

Quebec City, Trois-Rivières, Sorel and Montreal, the boarding service is provided by a subcontractor that works with the Authority.

At its head office in Montreal and at Les Escoumins pilot station, the total number of the LPA's employees working in management and in the Administrative, Operations, Dispatch, and Operations and Maintenance departments amounts to 63. In addition to the LPA's personnel, 180 licensed pilots and 14 apprentice pilots, grouped under two pilot corporations, namely the Corporation of Mid St. Lawrence Pilots (CMSLP) and the Corporation of Lower St. Lawrence Pilots (CLSPL), with which the Authority has services contracts, guide ships to their destinations on a daily basis.

UNINTERRUPTED SERVICE

The LPA is responsible for the management, delivery and supervision of the marine pilotage services provided in the three districts extending from Les Escoumins to Montreal. Navigation on its territory takes place 365 days a year, 24 hours a day, despite the sometimes difficult weather conditions and the inherent characteristics of the St. Lawrence River, which is known to be capricious and one of the most dangerous waterways in the world. Upon entering the waters regulated by the Authority, the ship masters from here and elsewhere leave the controls to the pilots who are transferred by our pilot boats or those of our business partners.

Today, the recognized expertise of the pilots, the implementation of new methods and the development of new technologies by both the LPA and the industry are helping to reduce the number of incidents and thus increase the level of efficiency and safety of navigation on Laurentian waters.

ENSURING SAFE NAVIGATION

To achieve its objectives of managing and providing effective and efficient pilotage services for the safety of navigation, general regulations may be proposed, introduced, administered and enforced by the Authority.

The Authority may also, in its capacity as a public authority in the pilotage sector, issue policies, practices and procedures applicable to pilots and to the marine industry to assist it in fulfilling its legislative and regulatory mandate.

Finally, it must also prescribe fair tariffs of pilotage charges that guarantee its financial self-sufficiency and sustainability. These regulations, policies and tariffs are available online, on the LPA's website at www.pilotagestlaurent.gc.ca.

ENSURING THE COMPETENCE OF PILOTS AND PROMOTING THE PROFESSION

Before issuing a licence to a pilot or apprentice pilot, the Authority ensures that the candidate meets the regulatory requirements and has all of the training and knowledge required to obtain his/her licence. This also includes the Authority's approval of training and periodic evaluation programs for licensed pilots, as well as chairing the examination board responsible for assessing the competence of pilotage candidates. The Authority oversees the training provided to pilots to ensure that they acquire the abilities and skills required to practice their profession. The Authority may also require refresher courses or updates to the pilots' training program.

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



THE LPA'S STRUCTURE

Full-time employees*

Montreal	Montreal	Montreal and Les Escoumins	Partners
Headquarters and Operations Centre	Dispatch Centre	Pilot Stations, Pilot Boat and Shuttle Operation	Pilot Stations
Management, supervision and provision of marine pilotage services	Monitoring of maritime traffic in our territorial waters	Pilot boarding and shuttle service	Subcontracted pilot boarding services
Enforcement of regulations and development and implementation of 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	Quebec City Trois-Rivières Sorel Montreal (Saint-Lambert)
Approval of plans regarding the training and periodic evaluation of pilots	Open 24/7	Managed and administered by the LPA	
Issuance, suspension and revocation of pilotage licences and certificates			
20 employees	19 employees	15 employees	180 pilots 14 apprentice pilots 2 certified And numerous other business partners



The background image shows the interior of a ship's bridge. A large cargo ship is visible through the main window, sailing on the water under a sunset sky. The bridge has various instruments, a radar display, and control panels. Overlaid on the right side of the image are several large, semi-transparent geometric shapes: a large red triangle pointing downwards, a smaller blue triangle pointing downwards, and a pink triangle pointing downwards. A thin yellow line runs diagonally across the upper right portion of the image.

Achievements 2019

A MAJOR CHANGE FOR CANADIAN PILOTAGE AUTHORITIES

Revision of the Pilotage Act and Coming into Force of the First Amendments Thereof

The Pilotage Act review, finalized at the end of 2018, was completed in the summer of 2019. The Government of Canada introduced Bill C-97, which contains many of the recommendations made by the LPA during the consultation process that was organized to conduct the Pilotage Act Review in 2017-2018. This is a very important step for the pilotage authorities and the resulting changes have significant impacts.

The Bill received Royal Assent on June 21 and a first part of the Act came into force on August 7. The new provisions reaffirm the importance of the following: navigational safety, protection of human health, property and the environment, provision of pilotage services in an efficient and cost-effective manner, evolving technologies, as well as continued financial autonomy of the pilotage authorities. The remaining provisions of the amended Act will be phased in gradually, with the next one expected to come into force in 2020.

The coming into force of certain provisions contained in the Pilotage Act as amended last August led the LPA's legal department to conduct a comprehensive review of its internal regulations and policies. In 2019, work was carried out to ensure that the LPA is well positioned to welcome the full range of changes to the Act that are being phased in, all in parallel with the continuation of the project to modernize the LPA's regulations aligned with the recent legislative changes.

FOR THE SAFETY OF NAVIGATION

Safety, Effectiveness and Efficiency

In 2019, the navigational safety results, obtained by calculating the ratio of incident-free pilotage missions to the total number of missions carried out, were exceptional. Out of 24,670 completed assignments, 99.96% ended without incident or accident, which is an improvement over 2018.

The expertise, professionalism, cooperation and availability of all pilots, dispatchers and the operations team enabled the LPA to provide pilotage services of impeccable quality during a year in which maritime traffic on the St. Lawrence and Saguenay Rivers continued to be important. Only 106 delays occurred, which translates into a rate of transits without delay or on schedule of 99.3%.

Policies on Information Exchange and Sharing of Voyage Plans

The LPA and the two pilots corporations have worked together on the development of policies on the exchange of information between pilots and captains, and on the development and sharing of voyage plans. The implementation of these new measures dictates and provides a framework for the dynamics of communications prior to the transfer of control from one ship to the other. A structured step-by-step method ensures consistency at the operational level and contributes to enhancing safety during the movement of ships. The policies and voyage plans will soon be available on the Authority's website.

Recommendation for the Supervision of Pilotage on the North Shore

Following a risk study completed in 2018, the LPA recommended that Transport Canada regulate pilotage by making it mandatory in certain ports on the North Shore, namely Havre-Saint-Pierre, Sept-Îles, Port-Cartier and Baie-Comeau. The increase in maritime traffic in these ports, the size of the ships in circulation and the presence of ecologically sensitive areas make it necessary to establish a pilotage regime that complies with the Pilotage Act, employing pilots duly licensed by a public authority that is accountable to Parliament.

Signing of a Memorandum of Understanding with the Canadian Coast Guard

The Canadian Coast Guard and the LPA have developed a memorandum of understanding that formalizes the cooperation and coordination of the activities related to the common objectives of navigational safety on the St. Lawrence and Saguenay Rivers. The areas covered include strategic priorities, operational procedures and crisis management procedures when a situation arises that requires an emergency response on the waterways. Such memorandum is scheduled to come into force in the winter of 2020.

Risk Analysis of Pilot Fatigue

In partnership with the Corporation of Lower St. Lawrence Pilots, the LPA initiated a risk analysis of the fatigue of the pilots in District 2, namely from Les Escoumins to Quebec City. During the year, an inquiry, a focus group and an ambulatory follow-up monitoring the sleep/wake periods during a work cycle were conducted among the pilots. The recommendations that will be made after analysis of the study could lead to a change in practices and procedures related to the safe duration of a voyage undertaken by a single pilot for night departures.

Navigation simulator evolution

A few components of the navigation simulator, which was implemented at the end of 2018, went through some configuration work in order to give it a degree of realism similar to the pilotage particularities observed on the St. Lawrence and Saguenay Rivers. Although this configuration work is not entirely completed, multiple projects are already under way: a study on mooring line tension and a different study on the pilot's situation awareness when at the wheel of a vessel were carried out.

Pilot Situational Awareness Study

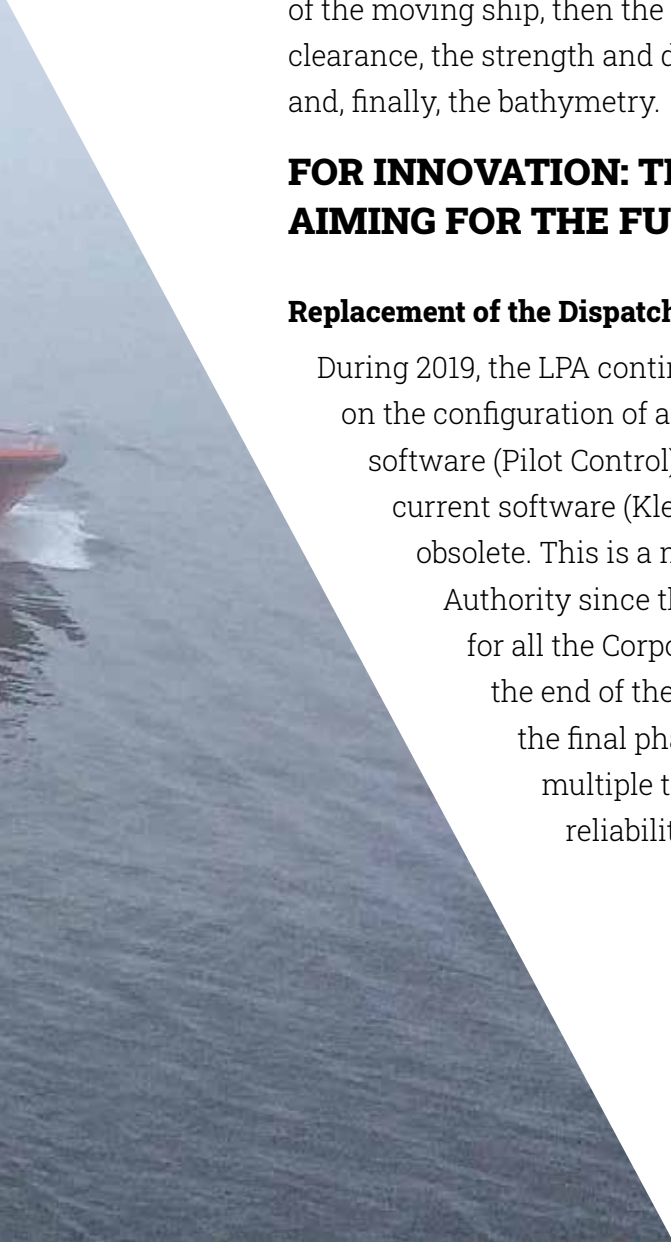
In collaboration with Polytechnique Montréal, the LPA has initiated a study to develop tools to measure a pilot's level of advertence in various situations that could arise while at the helm of a ship. In another phase of development, the objectives of this project is to contribute to sensory acuity training, to assist in the selection of the best candidates or to resolve an investigation when an incident occurs that is caused by human error.

Mooring Line Tension Study

Using its simulator, the LPA undertook a study to prevent impacts and damage caused by moving ships to those moored at the dock. By collecting the digital data obtained from the various simulated scenarios, the LPA was able to create analysis tools and forecasting models.

The objective of such research is, once the aforementioned digital data compared with those obtained in the field using tensiometers, to find solutions to increase navigational safety and minimize the damage that can be caused by the suction and





pushing effects generated by a moving ship. The variables taken into consideration in the study are the distance between ships, the speed, size and tonnage of the moving ship, then the effects of under-keel clearance, the strength and direction of the currents and, finally, the bathymetry.

FOR INNOVATION: THE LPA AIMING FOR THE FUTURE

Replacement of the Dispatch and Billing Software

During 2019, the LPA continued to work with SAAB on the configuration of a new dispatch and billing software (Pilot Control) that will replace the current software (Klein), which has become obsolete. This is a major change for the Authority since this system is the basis for all the Corporation's operations. At the end of the year, the project was in the final phase of development while multiple tests of robustness and reliability were still in progress.

The solution acquired from SAAB required long hours of development and programming, as well as fine tuning to ensure that the various dispatch, pilot file management and billing modules would meet the LPA's particularities and the requirements in terms of reliability, integrity and availability. The new computerized tool, accessible via an Internet portal, will provide stability and increased efficiency for users, who will find it more user-friendly. Training will be offered to all users so that they can quickly become familiar with the new tool.

Transit Time Calculator for the CLSLP

In the spring of 2019, in collaboration with Innovation maritime and SAAB, the LPA developed and implemented a transit time calculator for the Corporation of Lower St. Lawrence Pilots (CLSLP). Based on the tide and existing ocean currents and considering the speed of a ship, it is now possible to accurately calculate the duration of a voyage between Les Escoumins and Quebec City (District 2). In accordance with the LPA's Regulations, the result

obtained by the interaction of these three parameters makes it possible to assign the required number of pilots to ships making long transits. The effectiveness of the application could result in a larger pool of pilots being available for other assignments if the study on said application is conclusive.

Upcoming Operation of Autonomous Ships

As a member of the Canadian delegation, the LPA's Chief Executive Officer travelled to London to attend the World Maritime Organization's Maritime Safety Committee, where the topic of autonomous ship operations was discussed at meetings proposed to the 174 member states. The forthcoming commissioning of the intelligent ships requires the various players in the marine industry to position themselves and prepare for the integration of the new technologies currently under development and, subsequently, to properly manage the change. On the global scale, all are aware of the importance of preserving the safety of navigation while minimising operating costs in a context where there is a shortage of skilled labour that is widespread across multiple sectors.

FOR THE MAINTENANCE OF PERFORMANCE AND SMOOTH RUNNING OF OPERATIONS

Recruitment and Training of Apprentice Pilots

In order to replenish its bank of apprentice pilots and thus have an adequate workforce to maintain the quality of its service offer for Districts 1 and 2 (Montreal and Quebec City, then Quebec City and Les Escoumins), the LPA published a recruitment notice in November. During the year, six new candidates joined the ranks of the two corporations and began their ongoing training to become licensed pilots.



New Shuttle Service at the Port of Montreal

Last summer, a shuttle service for the pilots assigned to the Port of Montreal was set up. Since June, this service has been offered 24 hours a day, 7 days a week. Until November, the Ville-Marie had carried out more than 800 trips, thereby reducing the travel time of pilots in the port by using the waterway and helping them avoid traffic jams. It thus offers shipowners better schedule availability on the part of pilots, allows for more flexibility in assignment rules, reduces the risk of delays and contributes to alleviating the shortage.

Before offering a permanent shuttle service, the LPA had to purchase a boat and upgrade it to the standards set by Transport Canada. It also had to hire personnel and train a new qualified crew during the pilot project that was tested in 2018.

Efficient Traffic Management during the Cruise Season

The observed increase in the number of cruise ships operating on the waterway in the fall period has led to an increase in the demand for pilots. The LPA, in committee with the two pilotage corporations, has found innovative solutions to optimally manage the arrivals, departures and transit times of said ships. Shipping agents and other partners also helped facilitate the operations during the peak cruise season. Increasingly popular destinations, several Quebec port cities attract a good number of cruise passengers year after year and are becoming a favourite vacation destination. The data recorded by the various port authorities along the St. Lawrence River bear witness to this.



Ice Jam Management

In January and February, navigation had to be interrupted three times, for a total of nine days, on Lake Saint-Pierre between Sorel-Tracy and Trois-Rivières, due to ice jams. These service interruptions caused many headaches for the various actors in the supply chain as well as for several Quebec manufacturers that depend on the delivery of various materials and raw materials to maintain their operations. Together with its partners in the marine community, the LPA has put in place a team of key stakeholders to ensure the safety of navigation and the efficiency of the pilotage service. Several meetings were held, both during the day and at night, in order for the maritime traffic to be managed efficiently. For its part, the LPA's team had to juggle the work schedules of the two corporations' pilots to ensure that operations resumed quickly, without significant consequences.

Drifting Buoys

At the end of the year, twenty-six summer buoys that must be removed and replaced by winter buoys were reported missing, stranded or adrift on several sections of the St. Lawrence River because of early ice formation. The inability to locate these buoys is a real danger to navigation since the broken chains that normally connect them to their respective anchors can jam a ship's propellers, cause major breakage and lead to accidents. Aerial patrols by the Canadian Coast Guard were necessary to locate these buoys, which it eventually recovered. During this period, the LPA led a coordination committee to mitigate the impact of such a situation and to maintain safe and efficient ship traffic. Constantly on the alert, the LPA did not have to interrupt navigation during this period.

Interruption of Traffic for the Preservation of Safety

Safe, effective and efficient navigation is at the heart of the LPA's operations. When appropriate, the Authority does not hesitate to take the necessary measures to protect human life, whatever the circumstances. In March 2019, with the agreement of its partners, the LPA had to interrupt navigation between Quebec City and Trois-Rivières due to an expedition on a drifting ice floe initiated by three men. As a safety measure and despite the significant financial and operational impact on the regional economy, ten ships had to be immobilised for several hours to prevent the protagonists of this adventure from being hit by a moving ship. In winter, more capricious weather conditions, vast spaces and the presence of numerous drifting ice floes considerably reduce the probability of locating individuals on the river, especially at night.

FOR HUMAN CAPITAL AND HUMAN RESOURCES

Risk Prevention Program

In accordance with the LPA's obligations under Part II of the Canada Labour Code, the Occupational Health and Safety Committee at headquarters continued its initiatives with the intention of identifying inherent risks to employees and eliminating them at the source. The nine meetings held in the past year provided an opportunity for stakeholders to discuss, manage and correct the traditional, atypical or emerging risks that may arise.

Employee Engagement and Promotion of Mental Health in the Workplace

Taking into account the results of an employee engagement survey conducted in 2018, an internal committee was appointed during the year to develop and coordinate a global action plan at the LPA, which was later adapted to the various departments according to their respective realities. Among the many initiatives taken, the organization of team meetings and the provision of training

and conferences for all employees are particularly noteworthy. Consultation sessions are also put forward and give everyone the opportunity to express their opinion according to their expertise and thus participate concretely in the corporation's strategic decisions. The promotion of health, well-being and healthy lifestyles is also part of the action plan, while physical activity, healthy meals and telecommuting are encouraged internally.

Using an online platform, the human resources department surveys employees on a weekly basis on their level of personal well-being and job satisfaction by asking them to complete a short questionnaire, which must be answered anonymously. The data collected, which fall into various categories, is used to accurately assess the state of mind of the team members and, when necessary, to initiate reflection, find possible solutions and guide actions to solve a problem, reduce an irritant or promote the notion of happiness within the organization.

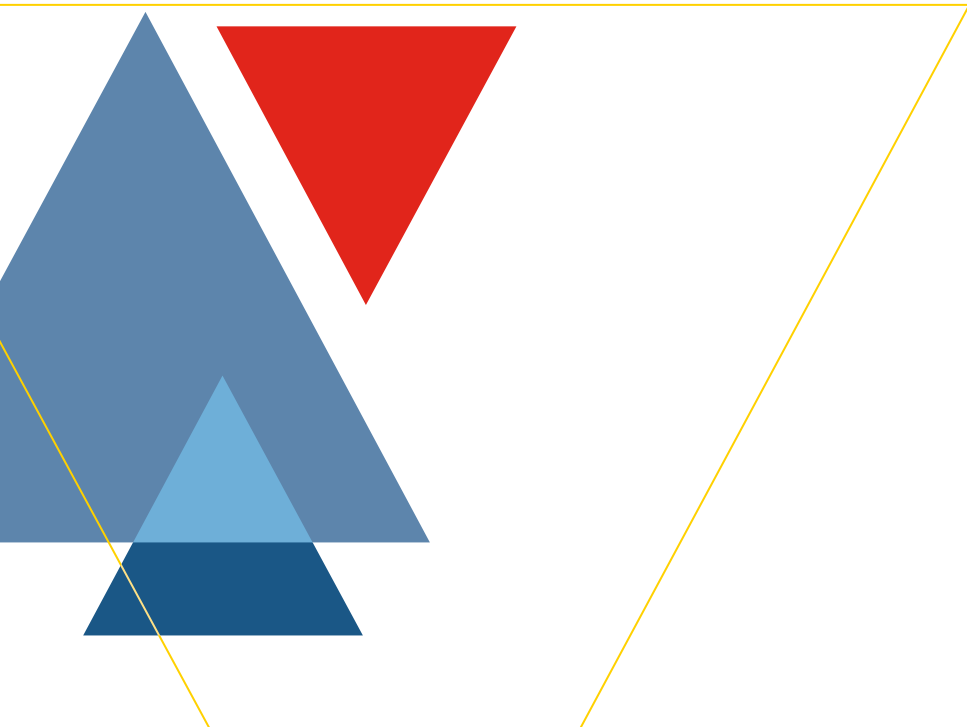
At the end of the year, management undertook an initiative to raise awareness among its employees of the importance of adopting a zero-tolerance attitude

towards violence, harassment and discrimination in the workplace. The document, which promotes the right of every employee to a healthy work environment in which he or she feel respected and where his or her role is valued, was distributed internally. It encourages any victim or witness of wrongdoing to report it.

These actions are designed to provide the LPA's employees with a healthy, stimulating and mobilizing work environment so that everyone has the opportunity to fully develop professionally, to the great benefit of the organization.

Reorganization of the Dispatch Centre

The function of dispatchers is a particularly demanding one. On a schedule of twelve consecutive hours of work, with no more than a few minutes away from their workstation, employees in this position must remain focused on their screens in an enclosed environment so as not to impair their concentration. In order to optimize workplace ergonomics and the comfort of dispatchers, the latter were consulted to identify their needs. As a result, the LPA purchased adjustable standing furniture from a local supplier and refurbished the headquarters dispatch centre. The new furniture allows the dispatchers to perform their tasks comfortably, at the desired height, while sitting or standing. The ability to work in more ergonomic positions helps reduce the stress they may experience as well as the fatigue caused by variable schedules and long, consecutive hours of work. The brightness of the four workstations and that of their common area has also been optimized.



Negotiation of a New Collective Agreement with PSAC Union Representatives

In the fall, the Authority's bargaining committee and the union representatives of the 28 employees of the LPA who are members of the Public Service Alliance of Canada (PSAC) began negotiations for the renewal of the collective agreement that expired on June 30. Management's objectives during these meetings were to provide a healthy work environment, promote work-family balance and maintain a high level of employee engagement. Legal, monetary and schedule management issues were discussed and resolved by mutual agreement.

FOR ASSET MANAGEMENT

Implementation of the New IP System

The station's facilities in Les Escoumins had to undergo major refurbishment work to be able to accommodate the new IP telephone service. New landlines had to be set up between the wharf and the building and the cabling system inside the building had to be upgraded.

The LPA's head office has also integrated this system across its entire surface area. The adoption of this type of telephony allows a reduction in communication costs and maintenance operations, as well as greater flexibility in terms of mobility and scalability.



Rejuvenation Cure at the Les Escoumins Boarding Station

Over the past year, the main building and some of the station's outdoor facilities have been renovated. Both the preservation of the good condition of the assets and the comfort of the employees and users of these facilities are at the basis of this work. As a result of the bad weather that hit the Upper North Shore region in the winter, the wooden wharf, which acts as a bulwark to preserve the shoreline, has suffered numerous breakages. In fact, the wharf had to be consolidated with cement and subsequently covered with new flooring in certain sections, because the old one was causing water infiltration and premature wear of its structure. The electrical system of the two removable walkways used to dock the pilot boats was completely redone. The switches that lower or raise said walkways have been replaced.

Pilot Boat Maintenance

To maintain its assets in the best of conditions and to ensure that it meets the criteria required for Green Marine certification, the LPA applies a rigorous maintenance program for its boats.

For example, the Taukamaim, a pilot boat in Les Escoumins, required various types of maintenance work. With respect to electronic equipment, the LPA had to replace a radar following a malfunction observed inside the cabin. The LPA also had to install new flooring and caulk the auxiliary light ports after the crew noticed that sea water had infiltrated through that lighting system.

On the pilot boat Grandes-eaux, repairs had to be made to the cooling and lubrication piping system of the propulsion shaft bearings following the appearance of corrosion on sections of the system.

The aforementioned maintenance work ensured that the reliability and performance of the two LPA pilot boats were maintained and that they passed the compliance tests required by Transport Canada to obtain the necessary certification to operate these ships in eastern Quebec.

A photograph of a man with grey hair, wearing a light blue button-down shirt, standing at a ship's control panel. He is looking intently at the controls. The background shows the interior of a ship's bridge with various equipment and a window. The image is partially obscured by a large blue triangle on the left and a yellow triangle on the right.

FOR THE ORGANIZATION'S OUTREACH AND VISIBILITY

Visit of the Minister of Infrastructure and Communities

In July, the LPA and the CLSLP accompanied the Minister of Infrastructure and Communities, the Honourable François-Philippe Champagne, on a 10-hour trip on a pilot boat and container ship between Quebec City and Les Escoumins. During his time aboard the MSC POH LIN, Mr. Champagne had the opportunity to become familiar with the profession of pilot on the St. Lawrence River and learn more about the marine industry, both in terms of the functioning of the logistics chain and the key role of the LPA in maintaining the efficiency and safety of navigation.

Public Presence and Notoriety

Over the past year, the LPA participated in two cultural events in eastern Quebec. First, it took part in the “Rendez-vous de la culture maritime: partons la mer est belle” in June in Tadoussac and, in August, in the “Fête des chants de marins” in Saint-Jean-Port-Joli. These two events, which attract thousands of visitors each year, also welcome several partners from the marine industry. The LPA's presence allowed festival-goers to learn more about its activities and the particularities of the pilotage service. During the first event, the Authority opened the doors of its station and gave visitors access to its pilot boats. The LPA's participation in this type of event enables it to contribute to the promotion of the pilot profession and to make known the importance of its role within the marine shipping industry.

In the fall, the LPA participated in The National Job Fair and in The National Education Fair at Place Bonaventure in Montreal. This event, which is the largest of its kind in Canada, attracting more than 28,000 visitors annually, promotes hiring and career development for the young and not-so-young. On site, the members of the Authority who hosted a kiosk presented the careers available at the LPA and informed participants about the predominant role it plays in the economy and in their daily lives.

Last November, the LPA was a speaker at the Forum québécois en sciences de la mer in Rimouski, organized jointly by Technopole maritime Québec and Réseau Québec maritime. The objective of this annual event, which brings together more than 300 players in the marine sector, is to enable them to exchange ideas and provide solutions to the challenges of sustainable and responsible maritime development. Invited as an expert, Captain Alain Richard, Executive Director, Maritime Safety and Efficiency at the LPA, spoke to the audience about software applications and the optimization of transits on the St. Lawrence.

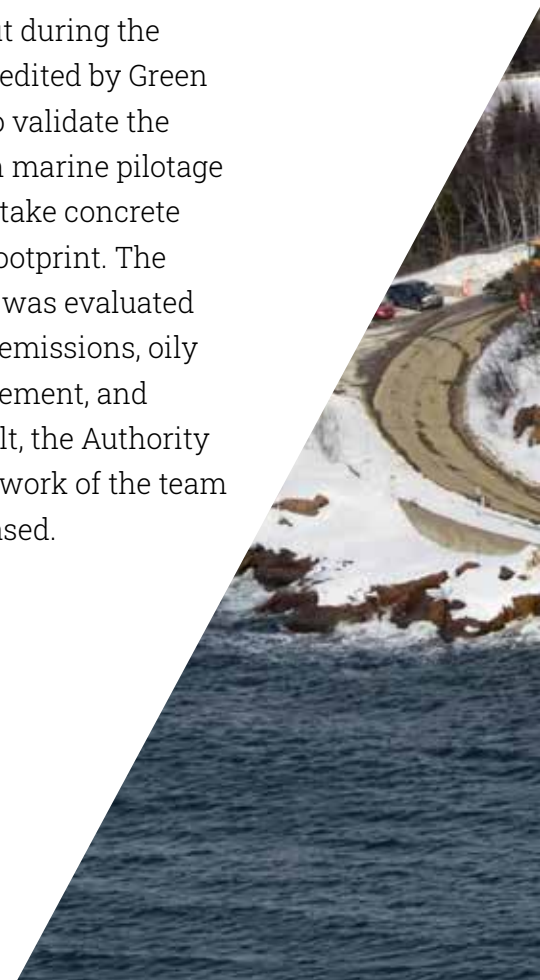
OnLine Presence

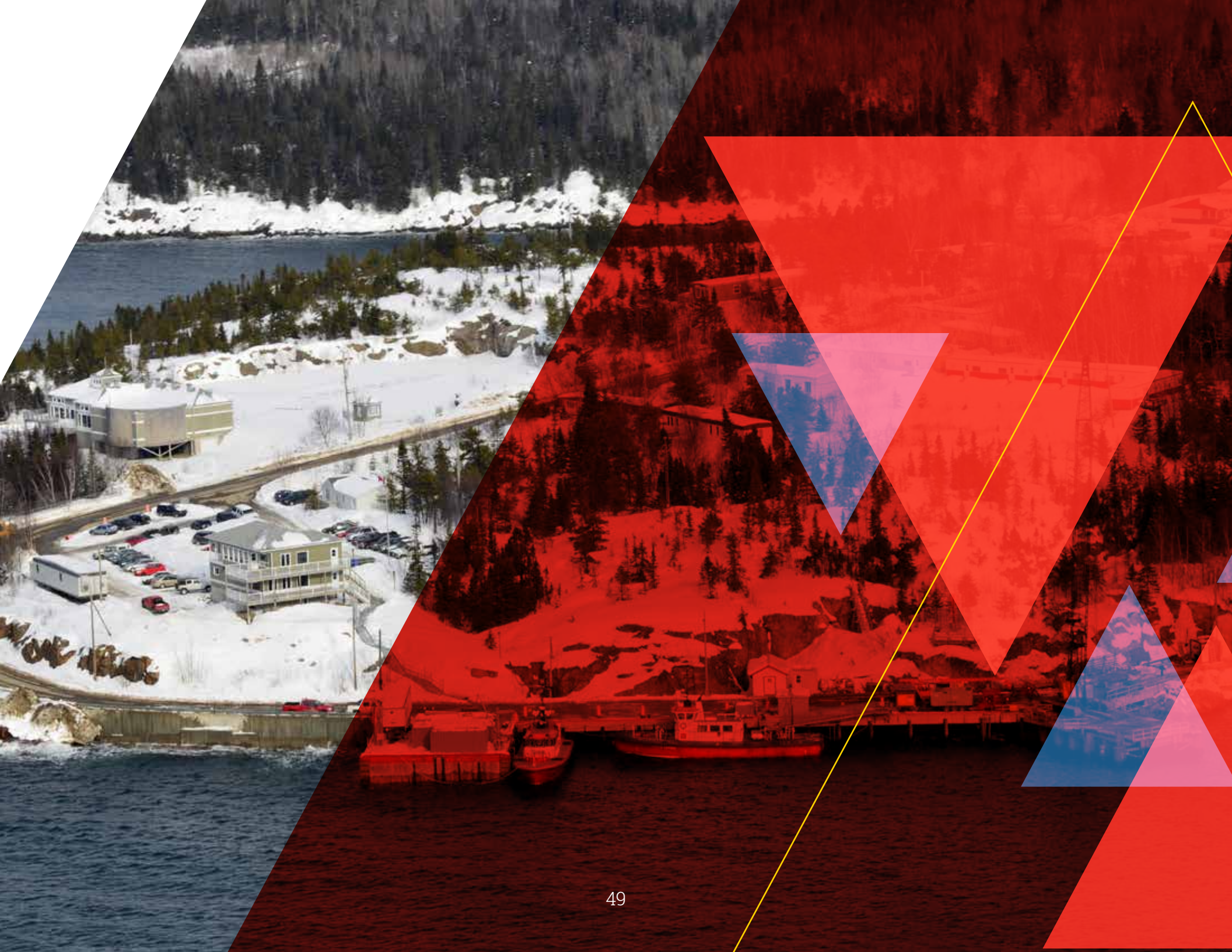
With a view to making the organization's role and activities better known and increasing its visibility among its clients and collaborators, but also among different audiences, the LPA has increased its presence on social media. Over the past year, the LPA's Facebook and LinkedIn pages have seen increases of respectively more than 130% and 153% in the number of subscribers. An increased frequency of publication and a diversification of publications have made it possible to arouse and maintain the curiosity and attention of visitors. The two pages deal with the organization itself as well as topics of public interest that concern either its partners or the maritime community, whether at the local or global level. They are intended to be a place of promotion and information where media and recreational facts are combined.

FOR THE ENVIRONMENT

Obtaining Green Marine Certification

In July, the LPA's boarding station located in Les Escoumins obtained the environmental certification awarded by Green Marine to the members of the North American marine industry that meet the performance indicators defined by the organization. The self-evaluation for membership in the environmental program was sent out during the winter. An independent auditor accredited by Green Marine subsequently came on site to validate the results. The LPA is the first Canadian marine pilotage authority to join the program and to take concrete action to reduce its environmental footprint. The criteria against which the Authority was evaluated were air emissions, greenhouse gas emissions, oily water management, garbage management, and underwater noise. Proud of this result, the Authority would like to acknowledge the hard work of the team on which these achievements are based.







Governance and responsibilities

COMPLIANCE WITH GOVERNMENT POLICIES AND REGULATIONS

Both the members of the LPA's team and its management personnel maintain constant and ongoing contact with designated Government of Canada jurisdictions. The Authority's operations complies with the policies and instructions issued by the Government of Canada.

Government Policies

The Authority's management complies with the laws and regulations that are governed by the federal government and respects the government measures submitted thereto. It supports the government by implementing 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. He 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 2019, 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 2019	Expenses Incurred in 2018
Travel	\$86,603	\$75,047
Hospitality	\$6,113	\$2,485
Conferences	\$8,014	\$2,433
Total	\$100,730	\$79,965

GOVERNANCE PRACTICES

Board of Directors

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

The Board of Directors consists of seven men and women who hold the positions of Chairperson, Vice-Chairperson and directors. Members are appointed by the Minister with the approval of the Governor in Council, 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

for directors. The LPA's Chief Executive Officer, who is a full-time officer, reports to the Board of Directors.

In 2019, the constitution of the Board of Directors remained unchanged and no new members were added. The Board met seven times, including on May 15, 2019, for the LPA's annual public meeting.

During the past year, the Board paid particular attention to updating the organization's strategic risks as well as to regulatory reviews, including those related to the LPA and to pilotage tariffs, and to the implementation of the amended Pilotage Act.

In carrying out its responsibilities, the Board has established two committees composed of three of its members.

Governance and Human Resources Committee

The Governance and Human Resources Committee is responsible for reviewing the LPA's practices, policies and procedures that apply to governance and human capital. During the Committee's four meetings held in 2019, the topics of interest particularly concerned the review of legal documents, including the Authority's administrative by-laws, the Board and Committee Charters, the Authority's Employee Management Policy Manual, and the Procedures Manual. The Committee also reviewed the roles and responsibilities of Board members and updated the strategic human resources issues.



Audit Committee

The Audit Committee is responsible for monitoring, analyzing and supervising the LPA's financial position and management practices. The Committee notably carries out all financial controls and ensures both the

compliance with strategic planning and the proper functioning of its information systems. In addition, it is mandated to conduct an audit on the state of internal control in accordance with the Financial Administration Act (FAA). In 2019, the Committee met five times.

Governance and Human Resources Committee

Mr. Frank Di Tomaso (Chair)
Mrs. Sophie-Emmanuelle Chebin
Mr. Michel Tosini

Audit Committee

Mr. Julius Spivack (Chair)
Mrs. Christiane Chabot
Mr. George J. Pollack

Biographies of Board Members



Ricky Fontaine,
Adm. A., GFAA, ASC
Chairperson of the Board

Mr. Ricky Fontaine holds a Bachelor degree in Administration from the Université du Québec à Trois-Rivières, a Master's degree in Finance from the Université de Sherbrooke and a certification in governance from the Collège des administrateurs de sociétés de l'Université Laval. In addition, he has completed training with the Banff School of Management and Harvard-MIT University. Mr. Fontaine has held numerous senior management positions in national, regional and local organizations in the private, public, para-public and non-governmental sectors. Since 2013, he has served as Director General of Uashat mak Mani-Utenam local government.





Julius Spivack,
B. Comm.
Vice-Chairperson

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.



Michel Tosini,
Director

Mr. Michel Tosini, a graduate in logistics, holds an certificate in Executive Management from the Richard Ivey School of Business of the University of Western Ontario. Since 2006, he has been Executive Vice President at Federal Marine Terminals Inc, a division of Fednav Limited. He is Chairman of the Board of Directors of SODES and also serves 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.



Frank Di Tomaso,
FCPA, FCA, 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.



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 Quebec 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.



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 Quebec 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.



Management

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

Management meets monthly in an internal management committee. At these meetings, subjects pertaining to the organization's operations and current affairs are discussed. Management also holds meetings and maintains constant contact with representatives of government authorities, as well as with the pilotage corporations and the various partners and clients in the marine industry. Senior management also meets at regular intervals to discuss the Authority's strategic issues.

BIOGRAPHIES OF MANAGEMENT MEMBERS



Fulvio Fracassi
LL. M.
Chief Executive Officer

Mr. Fulvio Fracassi has been Chief Executive Officer of the Laurentian Pilotage Authority since September 24, 2012. Prior to joining the Authority, he was Director General of Transport Canada's National Marine Security Program. Mr. Fracassi is a graduate of McGill University in civil and common law and obtained a Master of Laws Degree from Osgoode Hall Law School. He is a member of the Quebec and Ontario Bars and holds a commercial pilot licence (air).



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

With more than 25 years of experience, Josée Leroux has, throughout her career, held various strategic positions in federal and provincial Crown corporations as well as in private companies. Until recently, she worked at The Jacques Cartier and Champlain Bridges Incorporated as Director of Finance. She also played a role in the Corporation's strategic planning. Ms. Leroux has also held management positions within the Loto-Québec group. She has also been a member of the Board of Directors of the Financial Management Institute of Canada – Montreal Chapter for the past four years. Accountant by trade, she worked for many years with an accounting firm in the Greater Montreal Area. Ms. Leroux holds a Bachelor degree in Business Administration, with a CA specialization, from the Université du Québec à Montréal and is a member of the Ordre des comptables professionnels agréés du Québec.



Alain Richard,
CLC, B. Ecn.
Executive Director,
Marine Safety and Efficiency

Captain Alain Richard holds a Master Mariner certificate, in addition to a Bachelor degree in Economics from Université Laval and a college diploma in Navigation from the Institut maritime du Québec. With more than 35 years of experience, Captain Richard has a solid background in the maritime field as captain on different types of ships, teacher at the Institut maritime du Québec, and researcher and project manager at Innovation maritime, where he notably distinguished himself by developing a software program to reduce the fuel consumption of merchant ships through the use of tides and, finally, Director of the Institut maritime du Québec. He has served as chairperson of various boards of directors, including the Institut des sciences de la mer (ISMER) and Innovation maritime.



Anaïs de Lausnay
General Counsel
and Corporate Secretary

As senior legal counsel, Anaïs de Lausnay heads the corporation's legal affairs and ensures that solutions to various issues are implemented that respect the corporation's business 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 Authority since the summer of 2019, Anaïs de Lausnay previously held a position as a lawyer for Groupe Robert as well as for a non-profit organization in the area of early childhood.



Management's comments and analysis

GENERAL COMMENTS

The amendment to the Pilotage Act in 2019 led the LPA to modify its mission and incorporate new strategic objectives. Providing a safe, effective and efficient pilotage service on the waterways under its jurisdiction remains at the heart of the Authority's mission. However, management has enhanced the mission by incorporating therein the concepts of protection of human health, property and the environment. Finally, as now provided for in the Act, the mission also includes a commitment to risk control and to the development of leading-edge technologies in its activities.

In concrete terms, these new priorities, although always part of the LPA's usual concerns, have resulted in increased monitoring and tangible actions to protect both the individuals and the environment. This report highlights a number of achievements in this regard, and the outlook for 2020 reflects the integration of these concerns into the strategic objectives. It should be noted that the Corporation has been able to implement these strategies while maintaining its financial autonomy and ensuring its ability to invest in the sustainability of its assets and the realization of its projects.

The challenges associated with the coming into force of the amended Pilotage Act remain numerous. In the face of these challenges, the LPA intends to remain a key player in order to support the Government in its new responsibilities by putting forward the essential elements that will enable the Authority to fulfill its mission and consolidate its leadership role in the industry.

The 2019 balance sheet is unequivocal; the LPA is consolidating its position as a leader and a maritime company of high expertise. With a solid team, the completion of ambitious projects and the fact that a majority of its recommendations were taken into account into the amended Pilotage Act, the Authority is confident in its ability to maintain a high-quality pilotage service at reasonable rates for the industry.

FINANCIAL RESULTS

In the past year, the LPA recorded total revenues of \$108.3 M. Strict budget control enabled the Authority to achieve the planned financial equilibrium. Sound cash management resulted in a cash balance of \$11.9 M and an investment value of \$2.4 M.

PILOTAGE SERVICE PRICING

With the approval of the Governor in Council, the LPA has the mandate to set the tariffs of pilotage charges to be paid by its customers. Such tariffs must be fair and reasonable while allowing the Authority to self-finance its operations and to replace its assets.

PILOTAGE SERVICES

The pilotage services for the three districts are provided by contract pilots (non-employee) represented by two corporations, namely the Corporation of Mid St. Lawrence Pilots (CMSLP) and the Corporation of Lower St. Lawrence Pilots (CLSPL), with whom the LPA negotiates service agreements.

The Pilotage Act, which does not allow competition, forces the Authority to negotiate with pilot corporations, which hold a monopoly. In the event of a conflict situation, the Act provides a dispute resolution mechanism that makes it possible for the business relationship to continue without affecting the customers' commercial activities.

The costs associated with these pilotage contracts represent over 80% of the Authority's total expenses. Therefore, the outcome of contract negotiations has a major impact on the current and future status of the organization.

MARITIME TRAFFIC

Maritime traffic on the St. Lawrence and Saguenay Rivers varies 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 territorial waters of 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. In the fall, during the fourth quarter, traffic reaches its peak with the arrival of several cruise ships. In addition, before the upcoming winter, the bulk carriers leave or enter filled with cereals, legumes, salt, sugar, ore, aluminum and steel.

Fluctuating maritime traffic is an important factor in planning cash inflows to meet the LPA's financial obligations, as are ship size and transit times.

Although the Authority assesses the market condition and estimates the generated revenues on an annual basis, it cannot accurately predict or even influence

the volume of traffic for the coming year. The main factors that affect traffic volume and over which the LPA has no control are the following:

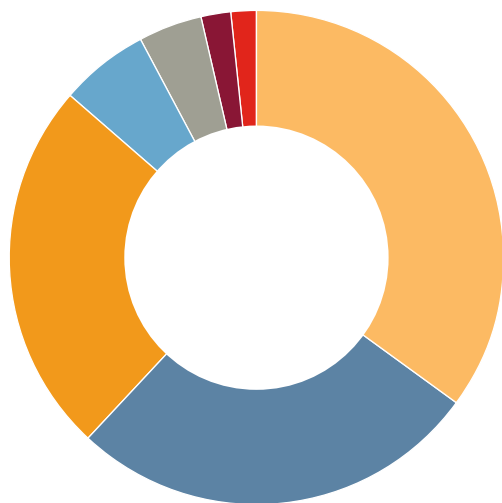
- provincial, federal, North American and global economic conditions
- weather conditions
- value of the Canadian dollar on the international market
- inflation and interest rates
- competition from other modes of transportation
- competition from American ports

PILOTAGE REVENUES AND CHARGES

In December, the LPA made a proposal for a tariff increase for the year 2020. The proposed change in pilotage charges is in the order of 2%, a percentage considered fair and that is equivalent to the Consumer Price Index (CPI). This change is necessary in order to allow the Authority to be self-sufficient, ensure its sustainability, and carry out its activities to the best of its ability while maintaining its assets.

With respect to fees, the LPA is bound by service contracts with the CMSLP and the CLSLP, the first of which expires on June 30, 2020 and the second on December 31, 2021.

REVENUE DISTRIBUTION BY TYPE OF SHIP (2019)



Oil Tankers	35.06%
Bulk Carriers	26.91%
Container Ships	24.47%
General Cargo Ships	5.91%
Cruise Ships	4.28%
Other	1.96%
RoRo	1.41%

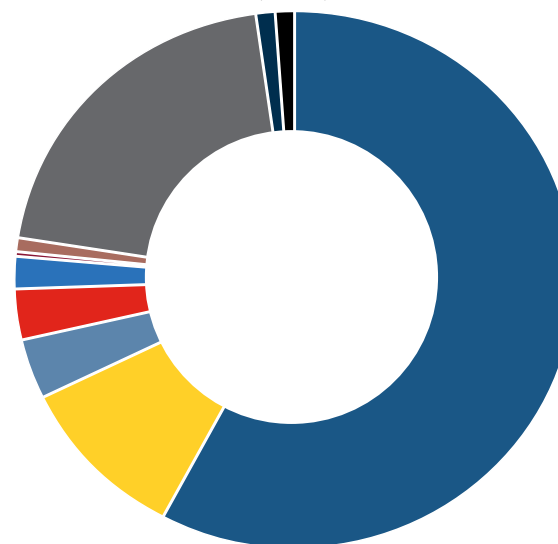


ADMINISTRATIVE EXPENSES

The distribution of administrative expenses is mainly concentrated on the remuneration of the LPA's personnel and on amortisation. These expenses represent 78.1% of the Authority's total expenses.

DISTRIBUTION OF ADMINISTRATIVE EXPENSES

(2019)



■ Employee salaries and benefits	57.8%
■ Professional and special services	10.0%
■ Rents	3.6%
■ Utilities, materials and supplies	3.2%
■ Transportation, travel and hospitality	2.0%
■ Maintenance	0.2%
■ Communications	0.8%
■ Amortisation	20.3%
■ Finance charges	1.2%
■ Other expenses	0.9%

RESULT ANALYSIS

Revenues

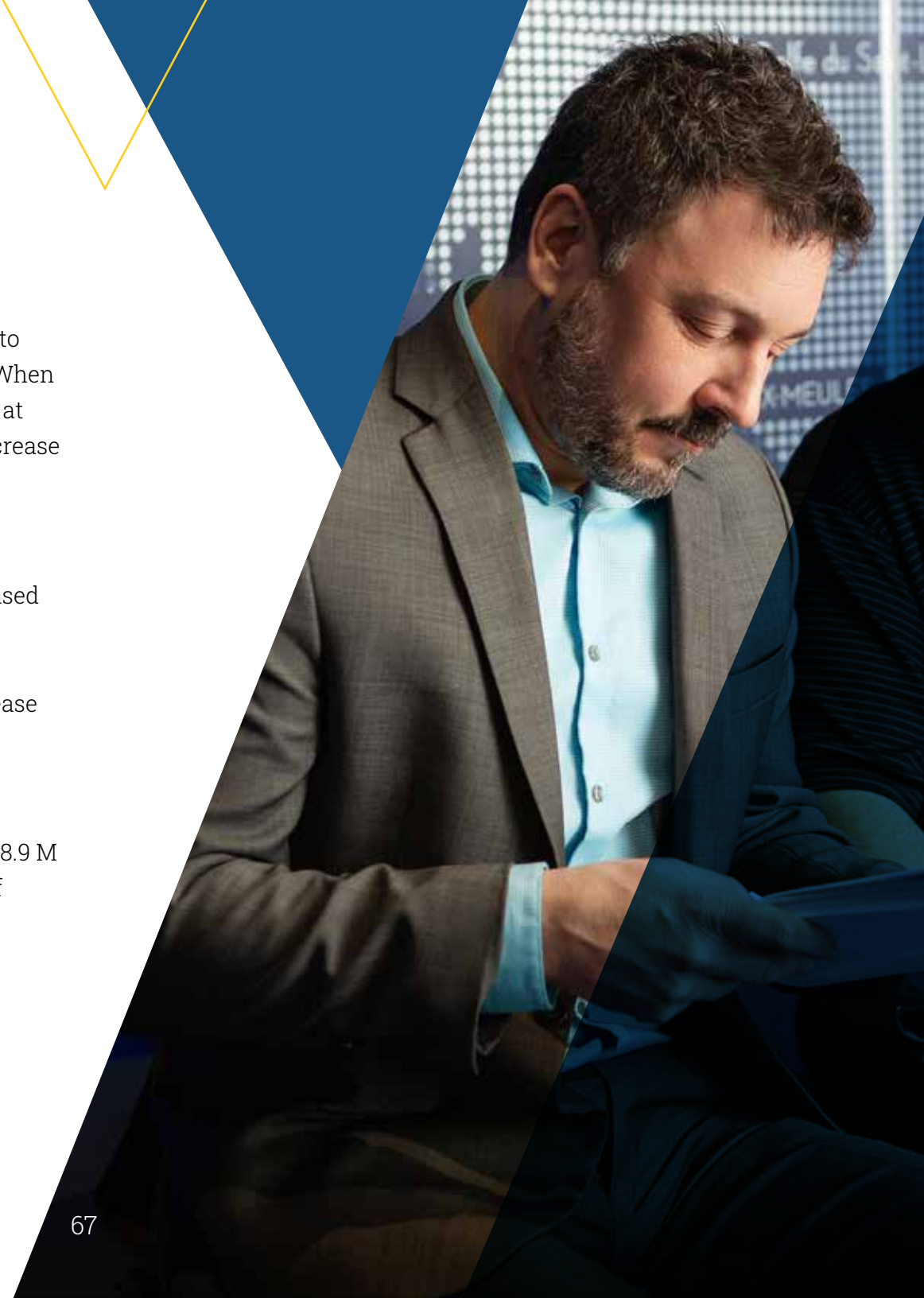
Pilotage revenues increased by \$2.3 M to amount to \$108 M in 2019, a net increase of 2.19% over 2018. When the budget was prepared, inflows were estimated at \$111.4 M. This increase can be explained by an increase in tariffs.

Fees

Pilotage fees and pilot boat operating costs increased by \$481,680 to amount to \$99 M (+0.5%). When the budget was prepared, these outflows had been estimated at \$103.4 M. This is justified by an increase in pilotage fees.

Administrative and Operating Expenses

Administrative and operating expenses totalled \$8.9 M in 2019 compared to \$8.2 M in 2018, an increase of 8.4%; this represents a difference of \$337,000 less than budgeted.



Risk management

In order to ensure the continued safe, effective and efficient provision of pilotage services, the Authority's management, on an annual basis, conducts a review of the risks thereby incurred. The exercise carried out to identify and analyze the ten risks to which the LPA is exposed makes it possible to prioritize said risks and to propose mitigation measures according to the degree of importance thereof. All the necessary energy is subsequently deployed to implement actions that help the organization maintain its financial self-sufficiency, its reputation and its credibility. Since 2019, the concept of risk management is integrated into the LPA's mission.





2020 Outlook

Context

2019 will have been a successful year during which many projects will have been born. Some of these projects have been carried out to position the LPA for the years to come. The benefits are not always tangible in the immediate term but rather, in this case, steps towards the achievement of either broader objectives or objectives that are part of the very foundations of continuous improvement. In all cases, the organization succeeded in fulfilling its mission, which consists in ensuring the safety of navigation while providing an effective and efficient pilotage service with due regard to the public interest, during a year in which the number of ships on the waterways was again very high.

Strategic Priorities

To carry out its mission, the LPA has three strategic priorities that guide it judiciously in the choice of actions to be undertaken for the current year and that will help it position itself for subsequent years:

- 1** optimizing the establishment, operation, maintenance and management, for the safety of navigation, of an effective and efficient pilotage service in the navigable waters under its jurisdiction;
- 2** maintaining the Authority's financial self-sufficiency in order to ensure the maintenance and renewal of its assets, to invest to achieve its strategic objectives, and to maintain its operations with the capacity to deal with important and unforeseen situations;
- 3** supporting the government's goal of a safe and efficient marine transportation system and complying with the policies, directives and instructions of the Minister of Transport and the Government of Canada.

These strategic priorities act as a guideline to which are attached concrete objectives or distinct actions that will respectively be achieved or carried out by the team members and which will be subject to exhaustive monitoring by the Board of Directors. These objectives or actions are linked to seven pillars, each of which represents a fundamental principle of the LPA. Said pillars are the following:

- *Agile governance;*
- *Exemplary leadership;*
- *Relevant and targeted communications;*
- *Safety and efficiency of navigation;*
- *Human resources development;*
- *Appropriate use of information technology;*
- *Financial autonomy.*

The LPA Looking towards 2020

In order to maximize its range of pilotage services and adequately meet the needs of its various partners and clients, the LPA constantly questions itself, analyzes its methods, adapts them and, when necessary, innovates them. It seeks and develops new avenues, in addition to acting as a leader by intervening on various panels where it puts forward its concerns, submits its recommendations, defends its ideas and takes a position. It mobilizes and involves therewith several industry players with a view to increasing the safety of navigation and improving the effectiveness and efficiency of marine transportation as a whole by considering the problems, the risks inherent in pilotage as well as the many issues and regulations with which it is familiar. By being active on social media and at public events, the LPA substantially increases its influence and takes its rightful place in the sector in which it operates.

In carrying out its actions, the Authority ensures that the safety requirements, policies and rules comply with existing best practices. In fact, the Authority examines, on a regular basis, the methods thereby

employed, in addition to reviewing the security requirements to which it is subjected in the interest of its partners, clients, and the public to whom it is accountable.

To optimize ship transits on the St. Lawrence and Saguenay Rivers, the LPA is working to develop technological tools to progressively integrate "intelligent pilotage". Because of the energy deployed in its progression, its navigation simulator acquires new functionalities, has a better capacity to faithfully reproduce reality and thus becomes more and more realistic in the way it behaves.

Faced with a shortage of specialized labour, the LPA is actively working on recruiting resources with the required skills and expertise, since the achievement of its many objectives depends on it. The implementation of actions to promote mental health in the workplace and the deployment of employee engagement measures are a means of attracting and retaining the LPA's personnel. By creating and maintaining ties with its partners and clients, the Authority ensures that they are satisfied with the Authority's services.

The creation of a dashboard is the first step in the development of business intelligence, which makes it possible to improve and increase the monitoring of the organization's financial and operational indicators; the collection, use and analysis of data contributing to better decision making in the short, medium and long term.

With the legislative responsibility to be self-sufficient and financially viable, the LPA must generate sufficient revenues, while providing quality pilotage services at a reasonable cost. It is continually working to achieve the right balance in the management of its assets and the investment it makes in the present for the future. Finally, the Authority ensures that it reaches an agreement with its direct partners, the pilot corporations, by negotiating service contracts that are fair and that meet the needs and requirements of the players in the marine industry of which it is a member.

DEFINITIONS

Certain internal procedures are specific to the Authority 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-laws 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 Pilotage Act and has audited the financial statements in accordance with Canadian generally accepted auditing standards. His report outlines the nature of the audit and expresses his opinion on the financial statements of the Authority.



Fulvio Fracassi, LL.M.

Chief Executive Officer

Montreal, Canada

March 18, 2020



Josée Leroux, CPA, CA

Executive Director,
Finance and Administration

Montreal Canada

March 18, 2020



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, which comprise the statement of financial position as at 31 December 2019, 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 Laurentian Pilotage Authority as at 31 December 2019, 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 Laurentian Pilotage 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 Laurentian Pilotage 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 Laurentian Pilotage Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Laurentian Pilotage 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 Laurentian Pilotage 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 Laurentian Pilotage 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 Laurentian Pilotage 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-laws 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, except for the change in the method of accounting for leases as explained in Note 3 to the financial statements, 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, CA
Principal
for the Interim Auditor General of Canada

Montréal, Canada
18 March 2020

LAURENTIAN PILOTAGE AUTHORITY
Statement of Financial Position
as at December 31

<i>(in Canadian dollars)</i>	2019	2018
Assets		
Current		
Cash and cash equivalents	\$11,898,837	\$8,457,273
Receivables and other accounts receivable (Note 5)	14,546,320	14,699,081
Investments (Note 6)	2,391,006	5,153,213
	28,836,163	28,309,567
Non-current		
Property and equipment (Note 7)	17,404,092	16,365,926
Intangible assets (Note 8)	1,385,491	1,386,547
Total Assets	\$47,625,746	\$46,062,040
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 10)	\$15,344,336	\$16,499,276
Lease obligations (Note 11)	309,756	–
	15,654,092	16,499,276
Non-current		
Employee benefits	333,955	316,726
Lease inducement	–	418,357
Lease obligations (Note 11)	2,196,786	–
Total Liabilities	18,184,833	17,234,359
Equity		
Retained earnings (Note 14)	29,440,913	28,827,681
	29,440,913	28,827,681
Total Liabilities and Equity	\$47,625,746	\$46,062,040

Commitments and contingent liability (Notes 13 and 17)

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

Approved by the Board of Directors:



RICKY FONTAINE

Chairperson of the Board of Directors



JULIUS SPIVACK

Vice-Chairperson of the Board of Directors
and President of the Audit Committee

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

<i>(in Canadian dollars)</i>	2019	2018
Revenues		
Pilotage charges	\$107,973,694	\$105,659,666
Other revenues	319,319	242,677
	108,293,013	105,902,343
Expenses		
Pilots' fees	87,522,100	86,783,665
Operating costs of pilot boats	11,276,030	11,532,785
Employee salaries and benefits	5,136,684	4,568,712
Depreciation and amortisation	1,798,757	1,314,173
Professional and special services	890,790	1,255,430
Rents	322,100	406,035
Utilities, materials and supplies	280,401	316,612
Transportation, travel and hospitality	184,303	166,181
Finance charges	104,922	12,206
Communications	73,475	79,239
Maintenance	13,486	13,474
Other expenses	76,733	63,774
	107,679,781	106,512,286
Comprehensive Income for the Year	\$613,232	\$(609 943)

Statement of Changes in Equity
for the Year Ended December 31

<i>(in Canadian dollars)</i>	2019	2018
Retained earnings, beginning of the year	\$28,827,681	\$29,437,624
Comprehensive income for the year	613,232	(609,943)
Retained earnings, end of the year	\$29,440,913	\$28,827,681

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

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

<i>(in Canadian dollars)</i>	2019	2018
Operating Activities		
Comprehensive income for the year	\$613,232	(\$609,943)
Adjustments to determine net cash flows generated by (used for) the operating activities:		
Depreciation and amortisation	1,798,757	1,314,173
Interest on lease obligations	94,617	–
Change in long-term portion of employee benefits	17,229	7,010
Change in long-term portion of lease inducement	–	245,709
Loss (gain) on asset disposals	–	40
Interest income	(235,289)	(179,316)
Change in non-cash working capital items:		
Change in receivables and other accounts receivable	147,775	(1,578,308)
Change in accounts payable and accrued liabilities	(549,566)	2,073,907
Cash flows from operating activities	1,886,755	1,273,272
Investing Activities		
Net purchase of investment securities	\$2,762,207	(\$55,569)
Acquisitions of property and equipment	(711,292)	(1,264,206)
Acquisitions of intangible assets	(432,629)	(1,222,232)
Proceeds from property and equipment disposal	–	1,000
Interest received	240,275	159,195
Cash flows from investing activities	1,858,561	(2,381,812)
Financing Activities		
Repayment of lease obligations	(\$209,135)	–
Interest paid on lease obligations	(94,617)	–
Cash flows from financing activities	(303,752)	–
Cash and Cash Equivalents		
Change for the year	\$3,441,564	(\$1,108,540)
Balance, beginning of the year	8,457,273	9,565,813
Balance, end of the year	\$11,898,837	\$8,457,273
Represented by:		
Cash	\$9,031,733	\$8,457,273
Cash equivalents	2,867,104	–

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

Notes to the Financial Statements for the year-ended December 31, 2019

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 pilotage service within certain designated Canadian waters in and around the Province of Québec. The Act provides that tariffs of 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 has reported on the implementation of this directive in its 2019-2023 Corporate plan and complied therewith since 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 18, 2020.

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 following new standard came into effect during the year:

- IFRS 16, Leases

The Authority has adopted IFRS 16, Leases, effective January 1, 2019. In accordance with the transitional provisions of IFRS 16, the new requirements have been applied retroactively with the cumulative effect of the initial application recognized as at January 1, 2019. The Financial Statements for fiscal year 2018 have not been restated.

Previously, the Authority classified all its leases as operating leases and did not recognize assets or liabilities on the Statement of Financial Position, since substantially all the risks and rewards of ownership of the leased asset were not transferred to the Authority. IFRS 16 requires lessees to recognize the assets and liabilities on the Statement of Financial Position for all leases, unless the lease term is 12 months or less or the underlying asset is of low value and the lessee has taken advantage of this exemption from recognition.

Upon adoption of IFRS 16, the Authority recognized the lease obligations for leases that had previously been classified as “operating leases” under the principles of IAS 17, Leases. These obligations have been measured at the present value of the remaining lease payments, discounted using the Authority’s incremental borrowing

rates as at January 1, 2019. The weighted average incremental borrowing rate applied to the lease obligations as at January 1, 2019 was 3.37%. The related rights-of-use assets were measured at the amount of the lease obligations as at January 1, 2019, adjusted by the amount of lease inducements recognized as a liability as at December 31, 2018.

The adoption of IFRS 16 had the following impact on the financial position as at January 1, 2019:

Right-of-Use Assets	\$2,243,029
Lease obligations	\$2,715,677
Lease inducements	\$(472,648)
Retained earnings	0
Commitments Related to Operating Leases as at December 31, 2018	\$6,940,158
Leases where the underlying asset is of low value	\$(8,088)
Variable rents not taken into account in lease obligations	\$(3,591,212)
Effect of discounting previous amounts	\$(625,181)
Lease obligation as at January 1, 2019	\$2,715,677

The Authority has elected not to recognize as a lease obligation and a right-of-use asset those leases where the underlying asset is of low value. Payments for these leases are recognized as an expense in the comprehensive income using the straight-line method over the term of the lease.

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:

Buildings and leasehold improvements	10 to 30 years
Pilot boats and shuttle	
Hull and design	20 years
Mechanics	20 years
Electricity	15 years
Equipment	5 to 10 years
Trailer	9 to 10 years
Furniture and fixtures	5 to 10 years
Communications equipment	5 to 10 years
Computer equipment	3 to 10 years
Boarding facilities	10 to 25 years
Wharfs	
Piles and anchors	30 years
Sheet pile	30 years
Bracing steel	40 years
Concrete and stone	40 years
Fenders	25 years
Mechanical system and gangway	20 years
Fixed structure	15 years
Timber crib	12 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.

Intangible Assets

Intangible assets are recognized at cost less accumulated amortisation 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 amortisation of intangible assets is calculated on a straight-line basis, with estimated useful lives ranging from 3 to 15 years. The amortisation 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 amortised.

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 amortisation, 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:

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

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

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- 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 the receivables and the investments fall into 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*Accounting Policy Applicable before January 1, 2019*

All the Authority's leases are operating leases and, as substantially all the risks and rewards of ownership of the leased assets are not transferred to the Authority, the leased assets are not recognized on the Statement of Financial Position.

Payments made under operating leases are expensed on a straight-line basis over the term of the lease.

Accounting Policy Applicable as from January 1, 2019

The Authority recognizes 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, 2019	December 31, 2018
Financial instruments		
Receivables	\$11,985,514	\$12,771,650
Prepaid expenses	211,342	236,859
Other accounts receivable	2,349,464	1,690,572
	\$14,546,320	\$14,699,081

6. Investments

	December 31, 2019		December 31, 2018	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Provincial bonds	\$2,416,270	\$2,391,006	\$5,185,236	\$5,153,213

Interest income during the year totaled \$99,911 (\$75,691 in 2018). The annualized rates of return on these investments during the period ranged from 1.7% to 2.15% (from 0.66% to 2.15% in 2018). The provincial bond maturities range between April 11 and November 27 (February 5 and December 2, 2019 in 2018).

7. Property and Equipment

	Lands	Buildings and Leasehold Improvements	Pilot Boats and Shuttle	Furniture and Fixtures	Communication Equipment	Computer Equipment	Boarding Facilities	Wharfs	Total
Cost									
Balance as at January 1, 2018	3,300 \$	530,732 \$	8,611,425 \$	174,883 \$	83,825 \$	2,007,499 \$	81,845 \$	9,715,609 \$	21,209,118 \$
Acquisitions	-	464,880	-	137,888	7,915	1,010,820	-	-	1,621,503 \$
Disposals	-	-	-	(1,211)	(5,245)	(1,225)	-	-	(7,681) \$
Balance as at December 31, 2018	3,300 \$	995,612 \$	8,611,425 \$	311,560 \$	86,495 \$	3,017,094 \$	81,845 \$	9,715,609 \$	22,822,940 \$
Balance as at January 1, 2019	3,300 \$	995,612 \$	8,611,425 \$	311,560 \$	86,495 \$	3,017,094 \$	81,845 \$	9,715,609 \$	22,822,940 \$
Recognition of right-of-use assets on first-time application of IFRS 16	- \$	2,243,029 \$	- \$	- \$	- \$	- \$	- \$	- \$	2,243,029 \$
Adjusted balance as at January 1, 2019	3,300 \$	3,238,641 \$	8,611,425 \$	311,560 \$	86,495 \$	3,017,094 \$	81,845 \$	9,715,609 \$	25,065,969 \$
Acquisitions	- \$	22,331 \$	158,526	55,585 \$	68,841 \$	48,712 \$	- \$	- \$	353,995 \$
Disposals	-	-	-	-	-	(10,572)	-	-	(10,572)
Balance as at December 31, 2019	3,300 \$	3,260,972 \$	8,769,951 \$	367,145 \$	155,336 \$	3,055,234 \$	81,845 \$	9,715,609 \$	25,409,392 \$
Depreciation and Impairment Losses									
Balance as at January 1, 2018	- \$	159,712 \$	2,153,118 \$	127,005 \$	49,328 \$	565,521 \$	26,798 \$	2,314,128 \$	5,395,610 \$
Depreciation for the year	-	26,260	337,088	23,154	10,645	370,852	3,490	296,556	1,068,045
Disposals	-	-	-	(1,211)	(4,205)	(1,225)	-	-	(6,641)
Balance as at December 31, 2018	- \$	185,972 \$	2,490,206 \$	148,948 \$	55,768 \$	935,148 \$	30,288 \$	2,610,684 \$	6,457,014 \$
Depreciation for the year	- \$	291,523 \$	353,691 \$	27,636 \$	8,511 \$	533,687 \$	3,374 \$	340,436 \$	1,558,858 \$
Disposals	-	-	-	-	-	(10,572)	-	-	(10,572)
Balance as at December 31, 2019	- \$	477,495 \$	2,843,897 \$	176,584 \$	64,279 \$	1,458,263 \$	33,662 \$	2,951,120 \$	8,005,300 \$
Carrying Amount									
As at January 1, 2018	3,300 \$	371,020 \$	6,458,307 \$	47,878 \$	34,497 \$	1,441,978 \$	55,047 \$	7,401,481 \$	15,813,508 \$
As at December 31, 2018	3,300 \$	809,640 \$	6,121,219 \$	162,612 \$	30,727 \$	2,081,946 \$	51,557 \$	7,104,925 \$	16,365,926 \$
As at December 31, 2019	3,300 \$	2,783,477 \$	5,926,054 \$	190,561 \$	91,057 \$	1,596,971 \$	48,183 \$	6,764,489 \$	17,404,092 \$

Please see Note 11 for more information on right-of-use assets included in “property and equipment”.

8. Intangible Assets

	Right to use a Launching Ramp	Software	PPU Financial Contribution	Work in Progress	Total
Cost					
Balance as at January 1, 2018	200,000 \$	115,150 \$	1,244,151 \$	-	1,559,301
Acquisitions	-	1,057,702	-	358,315	1,416,017
Disposals	-	-	(964,400)	-	(964,400)
Balance as at December 31, 2018	200,000 \$	1,172,852 \$	279,751 \$	358,315 \$	2,010,918 \$
Acquisitions	- \$	20,188 \$	- \$	218,655 \$	238,843 \$
Disposals	-	-	-	-	-
Balance as at December 31, 2019	200,000 \$	1,193,040 \$	279,751 \$	576,970 \$	2,249,761 \$
Amortisation and Impairment Losses					
Balance as at January 1, 2018	96,697 \$	93,222 \$	1,152,724 \$	-	1,342,643 \$
Amortisation for the year	13,324 \$	168,070 \$	64,734 \$	-	246,128 \$
Disposals	-	-	(964,400)	-	(964,400)
Balance as at December 31, 2018	110,021 \$	261,292 \$	253,058 \$	- \$	624,371 \$
Amortisation for the year	13,411 \$	199,795 \$	26,693 \$	-	239,899 \$
Disposals	-	-	-	-	-
Balance as at December 31, 2019	123,432 \$	461,087 \$	279,751 \$	- \$	864,270 \$
Carrying Amount					
As at January 1, 2018	103,303 \$	21,928 \$	91,427 \$	- \$	216,658 \$
As at December 31, 2018	89,979 \$	911,560 \$	26,693 \$	358,315 \$	1,386,547 \$
As at December 31, 2019	76,568 \$	731,953 \$	- \$	576,970 \$	1,385,491 \$

9. 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 2019 (\$1,500,000 in 2018), 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 2018) first rank chattel mortgage on receivables. As at December 31, 2019, the Authority was not using this overdraft (nil in 2018).

10. Accounts Payable and Accrued Liabilities

	December 31, 2019	December 31, 2018
Financial instruments		
Accounts Payable	\$15,296,408	\$16,392,768
Lease inducement	—	54,290
Employee benefits	47,928	52,218
	\$15,344,336	\$16,499,276

11. Leases

Two leases are recognized as right-of-use asset and lease obligation. They are contracts for the lease for office space.

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

	Buildings and Leasehold Improvements
Balance as at January 1, 2019	\$2,243,029
Addition	0
Depreciation	(225,564)
Balance as at December 31, 2019	\$2,017,465

Lease Obligations

Balance as at January 1, 2019	\$2,715,677
Addition (interest on the lease obligation)	94,617
Lease payments	(303,752)
Balance as at December 31, 2019	2,506,542
Current portion	\$309,756
Non-current portion	\$2,196,786

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

	December 31, 2019
Less than 1 year	\$303,807
Between 1 and 5 years	1,084,617
More than 5 years	1,573,784
Total	\$2,962,208

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

	December 31, 2019
Less than 1 year	\$287,851
Between 1 and 5 years	1,210,136
More than 5 years	2,094,263
Total	\$3,592,250

Please see Note 16 for more information on the liquidity risk management.

Other Amounts Recognized in Comprehensive Income

Interest Expense on Lease Obligations	\$94,617
Expense recognized in respect of the variable lease payments not included in the lease obligations	\$292,883

Leases for Office Space

The leases have initial terms of 10 and 17 years. They are negotiated on an individual basis and contain a wide range of different terms and 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 leases for office space have renewal options that can be exercised by the Authority only. Such options are used to maximize the operational flexibility of the Authority's operations. They are 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.

12. Regulations Prescribing Tariffs of Pilotage Charges

The Authority must, with the approval of the Governor in Council, make regulations prescribing the tariffs of the pilotage charges to be paid thereto. The tariff approval process is set out in the Pilotage Act. Under such process, the Authority must first publish a proposed tariff regulation in the Canada Gazette. Interested persons who have reasons to believe that any charge in this proposal is prejudicial to the public interest may file a notice of objection, which must set out the grounds for the objection, with the Canadian Transportation Agency. Such notice must be filed within 30 days following publication of the proposed regulation in the Canada Gazette. In such a case, the Agency must conduct the investigation thereby considered necessary in the public interest, notably through the holding of public hearings. Once its investigation completed, the Agency must make a recommendation within 120 days of receipt of the notices of objection, and the Authority must govern itself accordingly.

The tariffs may come into force 30 days after publication thereof in the Canada Gazette. However, where the Agency recommends a pilotage charge that is lower than that set by the Authority, the Authority is required to reimburse the difference between such charge and that recommended by the Agency, plus interest. The Pilotage Act stipulates that the Governor in Council may vary or rescind a recommendation made by the Canadian Transportation Agency.

The tariffs of pilotage charges must be fair and reasonable, and must enable the Authority to operate on a self-sustaining financial basis. Thus, the tariffs set are intended to allow the Authority to recover its costs and to provide for a reasonable financial reserve necessary, amongst others, for the renewal of its fixed assets.

13. Commitments

As at December 31, 2019, the Authority had entered into agreements for expenditures related to pilotage services and for fixed assets. The estimated amounts payable are the following:

2020	\$1,724,060
2021	654,566
2022	254,060
2023	235,156
2024 and more	472,960
	<hr/>
	\$3,340,802 ¹

¹ Includes a total of \$776,000 for acquisitions of intangible assets. No commitment related to acquisitions of property and equipment.

As at December 31, 2018, the Authority had entered into agreements for expenses related to pilotage services in the amount of \$2,202,687.

14. 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 2019, 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, 2019, the retained earnings amounted to \$29,440,913 (\$28,827,681 in 2018) and working capital totaled \$13,182,071 (\$11,810,291 as at December 31, 2018).

15. 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:

	2019	2018
Compensation and other short-term benefits	\$924,323	\$886,329
Post-employment benefits	105,912	76,390
Severance benefits	-	3,016
	\$1,030,235	\$965,735

16. Financial Instruments

Fair Value

The financial assets and liabilities are cash and cash equivalents, receivables, investments, as well as accounts payable. The carrying amount of each such item, with the exception of investments, corresponds to a reasonable approximation of the fair value because of 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, 2019 and 2018, the cash and cash equivalents are measured at fair value based on Level 1 while receivables, accounts payable and investments are measured based on Level 2. For 2019, the fair value of the investments is \$2,416,270 (\$5,185,236 in 2018). The fair value is based on the quoted market prices as at the end of the fiscal year, obtained from independent brokers for identical assets in markets that are not considered sufficiently active.

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, 2019, no receivable is delinquent (nil in 2018). The maximum credit risk associated with receivables is \$11,985,514 (\$12,771,650 as at December 31, 2018). 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 \$11,898,837 (\$8,457,273 as at December 31, 2018). In addition, for its investments, the Authority complies with the guidelines issued by the Finance Minister by trading only in bonds or other securities of Her Majesty the Queen in Right of Canada, of a Canadian province or municipality, or thereby guaranteed. The maximum credit risk associated with investments is \$2,391,006 (\$5,153,213 as at December 31, 2018).

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, 2019, the operating credit facility was not used (nil in 2018). In addition, the Authority is exposed to interest rate risk for its investments; however, the rates of return being guaranteed, any change in the interest rate would not have a material impact on the Financial Statements.

In fiscal year 2019, the interest expense, other than on the lease obligation, is \$122 (\$254 in 2018).

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 9, 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.

17. 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.

18. Comparative Figures

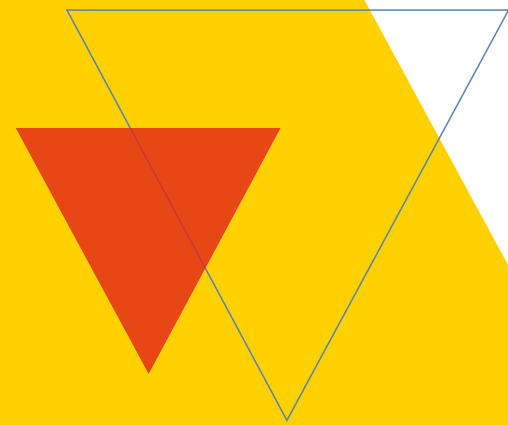
In light of the increase in the depreciation and amortisation expense in fiscal year 2019, the Authority has revised the presentation in the Statement of Comprehensive Income and now presents the depreciation and amortisation expense separately from the other types of expenses.

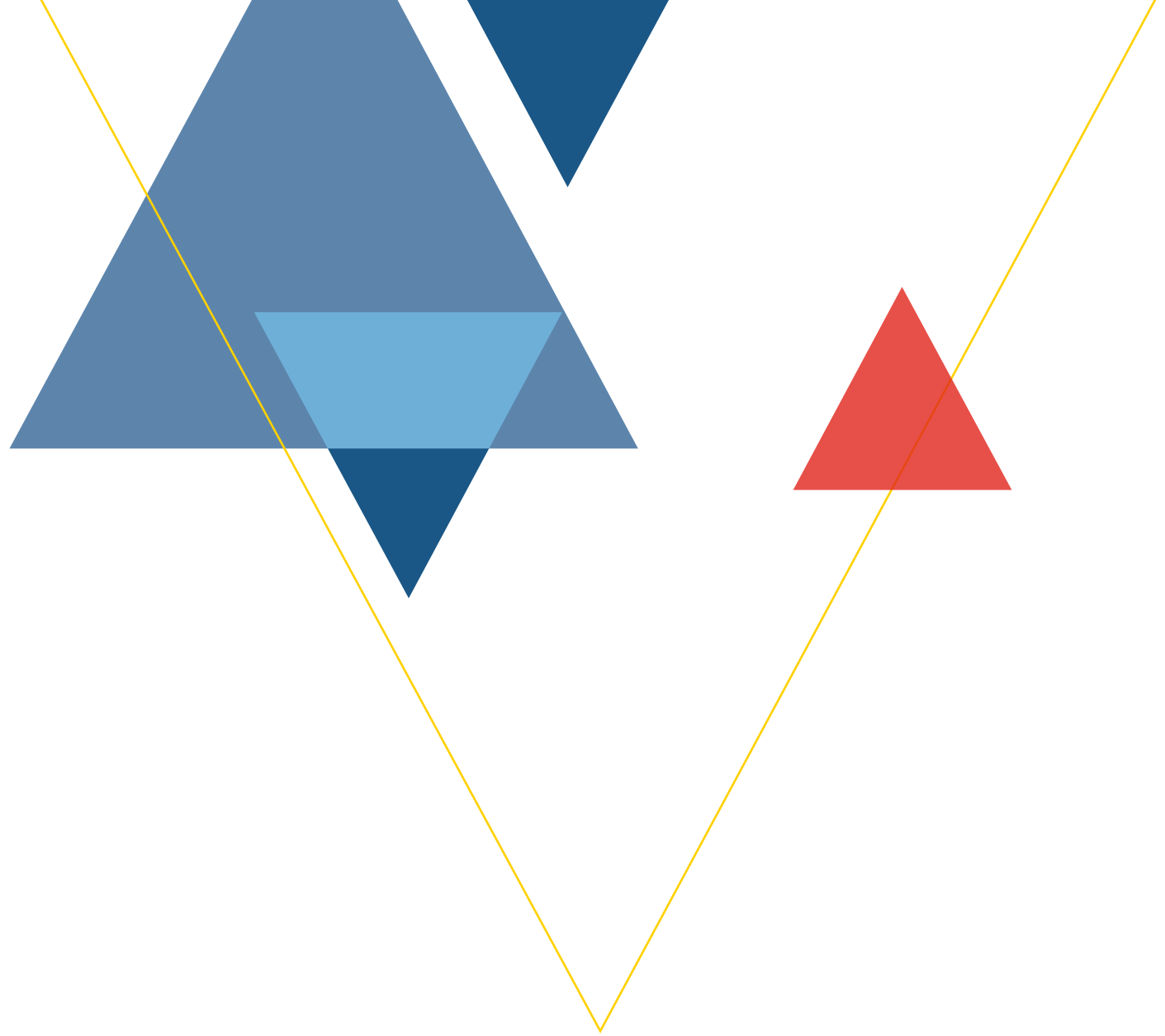
The impact on the Statement of Comprehensive Income is as follows:

Statement of Comprehensive Income

Year ended December 31, 2018

	Amount before Reclassification	Reclassification	Amount after Reclassification
Pilots' fees	\$87,348,756	\$(565,091)	\$86,783,665
Operating costs of pilot boats	12,202,077	(669,292)	11,532,785
Depreciation and amortisation	-	1,314,173	1,314,173
Other	143,564	(79,790)	63,774
Total	\$99,694,397	-	\$99,694,397





Canada

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