



Administration de pilotage des Laurentides  
Laurentian Pilotage Authority

# CORPORATE PLAN SUMMARY

*2021–2025*



2021-2025 Corporate Plan Summary  
2021 Operating Budget | 2021 Capital Budget



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# EXECUTIVE SUMMARY

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The Laurentian Pilotage Authority (the “Authority” or “LPA”) completed two record years in 2018 and 2019 in terms of income and number of assignments, as Canada experienced its longest period of growth at the end of 2019. Like all businesses the world over, the Authority has had to deal with the health crisis brought on by COVID-19 in 2020. Although it has been financially impacted by these events, the LPA is expected to make it through this crisis with minimal impact. Among the hardest hit economic sectors such as tourism, restaurants, arts and construction, none of them represent a predominant source of assignments for the region served by the Authority. Moreover, the sound financial management practises put in place over the years has enabled the LPA to achieve a solid financial footing enabling it to weather difficult times. Although the crisis will lead the Authority to conduct a review of its work methods and postpone certain projects, it should be able to manage well.

Despite the effects of the crisis, the Authority will pursue its vision to be a world leader in marine pilotage. To do so, the LPA will focus on continued improvement, the collaborative strength of its multidisciplinary team, and optimizing services through new technologies. It will also strive to expand its outreach to the industry and to the Canadian population. Moreover, the amendments to the *Pilotage Act* (the “Act”) will enable the LPA to consolidate its leadership role and implement certain strategic initiatives to improve safety and marine transport efficiency for its region, and diversify its service offering while protecting the public and the environment.

Key initiatives allowing the LPA to reach these objectives set out in the 2021–2025 Plan include the implementation of the new provisions set out in the revised *Pilotage Act*, the enactment of the proposed national pilotage regulations, and the renewal of service contracts with the pilot corporations according to the new principles set out in the *Act*. In addition, the rollout of the LPA’s navigation simulator action plan, and the advent of optimized pilotage services while ensuring the safety of navigation, including the Gulf of St. Lawrence and other improvement projects presented in this Corporate Plan will also play a key role in achieving our strategic objectives.

These strategic and operational objectives cannot be achieved without the LPA maintaining its sound financial health. The Authority will continue to maintain the sound financial management of its operations by striking the right balance between controlling costs, realizing adequate margins, and mitigating financial risks. This includes making sound investments decisions regarding asset renewal and new technology acquisitions. This approach has enabled the Authority to fulfill its mandate, make investments, and maintain a favourable balance sheet while keeping tariffs at a reasonable and acceptable level and we will continue to do so.

Accordingly, in order to enable the Authority to fulfill its obligations and preserve sufficient liquidity to fund the maintenance and upgrade of assets and invest in order to meet its strategic objectives and mandate, a tariff increase of 2% was implemented in April 2020. Despite this, the LPA will nevertheless post a loss in 2020 and the forecasts for an economic recovery in the short term are

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### *Executive Summary*

uncertain. Consequently, the Authority plans to increase its pilotage charges by 3% for 2021. In this regard, the Authority is currently reviewing its pilotage charges program to ensure that it continues to serve the public interest in terms of mitigating financial risks and maintaining the financial self-sufficiency of the Authority, while keeping costs for industry at a reasonable level.

The financial forecasts presented in this corporate plan are the result of projections which take into account priorities and key issues, along with their inherent constraints and opportunities. These forecasts are also subject to fluctuations resulting from an uncertain economic environment. The COVID-19 health crisis is ongoing and continues to be a significant issue weighing heavily on the global economy and on local businesses. Despite these challenges, the Authority remains confident that it can continue its momentum and work with its partners to achieve its vision to become a world leader in pilotage.

# 1. OVERVIEW OF LAURENTIAN PILOTAGE AUTHORITY

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## 1.1 Mandate

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

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

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

## 1.2 Vision Statement

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

## 1.3 Mission Statement

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

### I.4 Main Activities

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

#### Map of Compulsory Pilotage Districts and LPA Territorial Waters



#### Ships subject to compulsory pilotage

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

## 2021–2025 Corporate Plan Summary

### *Overview of Laurentian Pilotage Authority*

#### **Service offering**

Pilotage services offered in each of the three districts are provided by the Authority through contract pilots from two separate corporations: the Mid St. Lawrence Pilot Corporation (CPSLC), and the Lower St. Lawrence Pilot (CPBSL), Corporation under separate service contracts negotiated between the Authority and each corporation. There are currently almost 200 pilots and apprentice pilots covering the compulsory pilotage waters served by the Authority.

Pilots are assigned to ships by the Authority's Dispatch Centre, which operates 24 hours a day, 365 days a year and serves all pilotage districts. The Authority manages and operates the Dispatch Centre from its headquarters in Montreal, which also houses marine safety and efficiency services as well as financial and administrative personnel.

The supervision and oversight of pilotage services are handled by the Authority's marine safety and efficiency department. This department is also responsible for developing policies and procedures pertaining to pilotage and navigation safety, investigating marine accident/incidents involving pilots, developing exemplary pilotage practises, approving pilot training and assessment program, and recruiting apprentice pilots.

Lastly, the Authority uses five pilot boarding stations for its licenced pilots. These boarding stations are used to ferry pilots from shore to ship, and vice versa. The Quebec City, Trois-Rivières, Sorel and Montreal stations are owned and administered by Groupe Océan, with whom the Authority has a service contract. The fifth station, in Les Escoumins, is owned and operated by the LPA. The boarding station has two pilot boats, which are also owned by the LPA.

## 2. OPERATING ENVIRONMENT

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Unlike other industries where companies have the capability to attract more clients and adjust their expenses accordingly, the LPA must provide service to all ships subject to compulsory pilotage transiting its waters. The LPA has no discretion as to the number of ships requiring its services. Traffic is influenced by a variety of factors such as the strength of the economy, trade agreements, the cost of natural resources, competition with other modes of transport, etc.

However, the Authority cannot unilaterally establish the pilotage charges billed to its clients nor the fees paid to pilot corporations. These are to be established following procedures set out in the *Pilotage Act*, both of which can be disputed or contested. More specifically, service contracts with pilot corporations are subject to final offer arbitration if the parties are unable to arrive to an agreement. The pilotage charges proposed by the Authority are established by a Board of Directors resolution according to a methodology whose underlying principles are set out by the *Act*. The charges can be contested by industry before the Canadian Transportation Agency for non-compliance with the methodology or requirements of the *Act*.

It is in this environment over which it has limited control over various factors having a significant impact on its operations that the Authority must determine its budgets. The Authority's financial situation should enable the continuation of the provision of quality service at fair rates to its clients, ensure navigation safety and maintain its financial self-sufficiency.

In this environment, the Authority's strategic issues gravitate largely toward challenges related to the management of the pilotage system and provision of pilotage services in order to maintain safe, effective and efficient navigation in the region served. The main strategic issues facing the Authority are the following:

### **Revised *Pilotage Act***

The content of the revised *Pilotage Act* was much anticipated by the LPA. The Authority made numerous *Act* amendment proposals involving significant impacts on its operations. Ultimately, the amended *Act* takes many of the LPA's recommendations into account. The following aspects are the principal changes that affect or will affect operations:

- **Governance:** Integration of the principles upon which the *Act* has been revised; these principles determine how the Authority's mission is to be interpreted in terms of efficiency, environmental protection, protection of the public and property, etc.

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- **Contract with corporations:** now public, these contracts may no longer deal with matters or topics covered by regulatory powers. Moreover, the amended *Act* indicates to potential arbitrators that they must now take into account the principles and objectives set out in the *Act* with respect to the effectiveness and efficiency of pilotage services in their decisions and final offer selection.
- **Regulation:** regulatory powers will be fully repatriated to Transport Canada. (“TC”) by 2022. However, the Authority will administer and apply the regulations, without hinderance from service contracts with pilot corporations given the expected removal of regulatory subject matters from the contracts. The amended *Act* will also allow the implementation of management systems by the pilotage authorities through regulatory means—a tool that was not previously available.
- **Issuance of licences and certificates:** also expected for 2022, TC will issue licences and certificates upon recommendation by a pilotage authority who will be responsible for overseeing and managing the assessment and evaluation process. The amended *Act* now authorizes, through regulatory means, the imposition of conditions for maintenance of pilotage licences and certificates, and their suspension and revocation for non-compliance with the *Act* and regulations. TC will be responsible for the suspension and revocation of licences and certificates.
- **Pilotage charges:** an Authority may now by resolution of the Board of Directors establish or modify pilotage charges, previously referred to as “tariffs,” rather than having to resort to the regulatory process. This will enable to Authority to be much more agile in applying and modifying its pilotage charges in order to meet its needs. However, a charge-setting methodology must first be published and rigorously followed. Authorities may now charge for services other than pilotage, such as providing advice and using a simulator.
- **Administrative monetary penalties:** new provisions now enable TC to impose administrative monetary penalties for failure to comply with the *Act* and regulations. This additional tool will be useful for dealing with non-compliance with the rules that pilotage authorities are required to apply and administer for the management and provision of pilotage services.

Overall, the amendments to the *Act* represent opportunities for the LPA. They clarify situations which have historically given rise to conflicts with pilot corporations, largely because of differing interpretations of the LPA’s mandate and how certain navigation safety rules should be

established. The amendments also reinforce pilotage oversight and control and thus facilitate the role of the Authority, which was previously unable to adequately apply this type of oversight.

## 2.1 Macroeconomic Outlook

The previous corporate plans were prepared while the economic outlook was positive, and the LPA was posting record years in terms of income and number of assignments. The background for the current plan is, however, totally different. Like all businesses the world over, the Authority has to deal with the health crisis brought on by COVID-19 in 2020. After appearing seemingly out of nowhere at the beginning of 2020, this crisis has rendered the growth outlook upon which the LPA was basing its forecasts totally obsolete. In an instant, countless businesses have been forced to close their doors or put their activities on hold. The catastrophic job losses experienced around the world have severely restricted many people's income and affected household spending in the short term.

At the geopolitical level, trade tensions continue to persist between countries such as China and the United States, which has had a direct impact on the Canadian economy. There has been a resurgence in protectionism in countries that have been closing their borders, such as the United States—a situation that is not without risk for Canada.

Even though it is impossible to know how long this pandemic will last, many economists believe that the biggest impact will be felt in 2020 and 2021 should see a transition toward a renewed economy. Some economic strength should return beginning in 2022, although certain sectors such as the tourist industry (travel, hotels, restaurants, etc.), arts and culture, as well as certain goods are expected to take longer to emerge from this public health crisis.

Although financially impacted by these events, the LPA is expected to make it through this crisis relatively unscathed. Among the hardest hit economic sectors, none represents a predominant source of traffic for the region served by the Authority. Moreover, sound financial management practises put in place over the years has enabled the LPA to achieve a solid financial footing enabling the Authority to weather difficult times with minimal impact. Although the crisis will lead the Authority to conduct a review of its work methods and postpone certain projects, it should be able to manage well. In this macroeconomic context, the LPA concluded the forecasts based on 2021 will be a catch-up year when compared with 2020, followed by a period of low but stable growth for future years. The Authority believes that many sectors could return to 2019 levels by 2022.

## 2.2 External Environment

### Background

The LPA understands the importance of service quality and efficiency of its services and their impact on marine transportation. Adequate financial controls must be applied in order to keep costs at an acceptable level. These elements contribute significantly to the competitiveness and economic development of central Canada. The LPA must therefore remain vigilant with respect to changes in marine traffic occurring from year to year, particularly during this public health crisis. The Authority is also keeping abreast of new technologies appearing in the marine industry and which could find their place onboard ships.

In order to fulfill its mission and meet its clients' needs—particularly in terms of safety, quality, cost and on-time performance—the Authority has developed a solid and ambitious action plan to adequately address all of these areas.

### Changes in Marine Traffic

The shipping channel served by the Authority is considered to be a difficult route to navigate. Over time, ships have become larger and traffic volume has increased—even though a drop is expected in 2020 and 2021. The Authority has little choice but to adapt to ensure that service delivery continues to be effective, efficient and safe. This adaptation involves the addition of new technologies in the Montreal dispatch centre and the development of systems to optimize pilotage services. This includes better management of assignments and transits under the conduct of a pilot and the implementation of protocols or applications to assist with the coordination of certain tasks.

Aware of changes in the industry in general, the LPA is keeping abreast of major trends such as the emergence of smart ships and other developments.

Although the Authority operates under a law requiring users to use its services, the marine transportation industry is competing with other transportation modes such as rail and trucks. However, the Authority, the marine industry it serves and port authorities in its waters are themselves subject to competition from the US eastern seaboard ports and other countries. This competition could have a positive or negative influence on traffic levels and the services managed and provided by the Authority, and thus on its income.

Considering the public health crisis brought on by COVID-19, the Authority is aware of the important role played by the marine industry in ensuring a strong economic recovery. The Authority will also have an important role to play in terms of quality services, transit efficiency and reasonable costs. These elements will contribute to a strong economic ecosystem and thus preserve the competitiveness of the St. Lawrence–Great Lakes trade corridor.

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#### **Pilot Corporations**

Service contracts with pilot corporations have become increasingly complex in recent years. In addition to pilot compensation, service contracts covered a wide variety of topics impacting navigation safety, cost and efficiency of pilotage services provided by the Authority. This includes pilotage requirements or navigation restrictions going beyond current regulations at the time of contracts signature.

However, the LPA is confident that the new provisions of the *Act* requiring the exclusion from service contracts of topics covered by the regulation making authority relating to navigation safety as well as the obligation of an arbitrator to take into the objectives and principles of the *Act* will help position the LPA, in its current and future negotiations, to make improvements to service delivery.

The current service contract with the Mid St. Lawrence Pilot Corporation expired on June 30, 2020. Negotiations, which began in winter 2020, are currently underway, although they have been slowed down by restrictions imposed by the Covid-19 pandemic. The service contract with the Lower St. Lawrence Pilot Corporation will expire on December 31, 2021.

#### **Business Partners**

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

Moreover, good relationships allow the LPA to influence these contributors and better coordinate its activities, including with the Canadian Coast Guard and Transport Canada. Consequently, this helps to mitigate risks stemming from a lack of coordination and efficiency during crisis management, such as the spring floods and buoys adrift in 2019, and in winter when adventure seekers used an ice floe to drift downriver.

Lastly, the LPA has in recent years not only consolidated its influence in working groups in which it is a member, it has also set up a pilotage advisory committee bringing together the interested stakeholders. Moreover, the Chief Executive Officer and senior executives regularly visit the Authority's principal clients.

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### *Operating Environment*

#### **Suppliers**

Other than services provided by pilot corporations, the Authority's main service provider is Groupe Océan. This company provides pilot boarding services on behalf of the LPA in Montreal, Sorel, Trois-Rivières and Quebec City.

#### **Leadership Role**

It is imperative that the LPA be positioned as a leader and an influential member of the marine community on all issues having an impact on pilotage and on the Authority's ability to ensure the safe and efficient movement of marine traffic. This requires close cooperation with the marine community, and with pilot corporations in particular. Although they are not employees, pilots account for the quality of the services provided by the LPA. Not providing leadership in this area risks compromising the adequate application of the safety measures promulgated by the Authority and required by the *Act*.

Accordingly, a number of initiatives have been implemented. These include maintaining an advisory committee chaired by the Chief Executive Officer and composed of key industry stakeholders and government partners. The Authority has, in recent years, joined committees and working groups involved in navigation, environmental protection and marine transportation competitiveness which may have a direct or indirect influence on pilotage, and to share its expertise and make recommendations.

As marine safety is not limited to areas currently served by the LPA, its leadership and involvement with navigation safety in its waters including those adjacent to the Gulf of St. Lawrence is a key issue of interest and concern for the Authority.

#### **Public Positioning**

The Authority and its mandate are still relatively unknown by the general public as well as certain stakeholders and public authorities. It is imperative that the Authority improve its public positioning, increase awareness of its role, ensure that it is the primary point of contact and reference with regard to pilotage and marine safety matters in its region. Moreover, it is in the LPA's interest to promote its wider mandate regarding protection of the public, property and the environment for the benefit of navigation. The risks stemming from a failure in that regard are similar to those related to leadership development.

## 2.3 Internal Environment

### **Background**

The Authority is actively pursuing its initiatives to maintain its position in its activity sector in terms of managing marine pilotage services within the waters under its responsibility and as a key player in marine safety and efficiency. The LPA has established an organizational structure enabling the renewal and maintenance of essential competitive expertise to fulfill its mission. In addition to taking part in committees and working groups in the marine, environmental protection and economic development sectors, the Authority keeps abreast of best practises to deploy innovative initiatives in its area of expertise in order to become the main point of contact for marine pilotage.

### **COVID-19**

Despite the challenging context the organization has operated in since March 2020, the Authority has stood out by helping industry players get through this crisis and by quickly adapting to the changes needed. The Authority has continued to provide quality services by protecting the health and well-being of its employees, pilots and stakeholders. The Authority plans to innovate and seize available opportunities to develop its people management practices such as teleworking and health and wellness initiatives to drive the organization forward and become an industry leader in human resources management.

### **Talent Development, Retention and Attraction**

In the industry in which the LPA operates, technical expertise is important and scarce, and recruiting the talent needed to meet labour requirements can prove difficult. The Authority continues to develop by adapting its labour management plan and working on its brand. This will enable it to attract high-potential individuals and retain key elements of its current talent pool. The LPA has in recent years been able to staff important positions requiring specialized skills in navigation or information technology and has innovated by relying its experts to reach new heights in smart pilotage services. This has included playing a key role in the areas of navigation simulation and advisory services for the benefit of its partners and stakeholders. The Authority's engagement and mobilization initiatives rely on personnel development, continuous improvement, and occupational health and well-being to attract and retain talent.

As the LPA is also responsible for recruiting apprentice pilots, it must strive to attract more candidates to the profession ensuring there are sufficient resources to continue providing quality services in a timely manner. The Authority has set up an initiative involving corporate partners with the objective to implement best recruiting practices and to manage current and future risks.

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## *Operating Environment*

### **Workforce**

The LPA will have a total of 64 employees as of December 31<sup>st</sup>, 2020. These employees work at its Montreal headquarters, its pilot boarding station in Les Escoumins, and its Ville-Marie shuttle serving the Port of Montreal waters. A total of 37 employees are covered by collective agreements while the remaining 27 are non-unionized employees. A specialist on ship transit (optimized pilotage services) joined the organization in August 2020 to explore opportunities to improve the efficiency of operations and pilotage services.

It should be noted that employee turnover remains relatively low and, despite difficulties in hiring for certain positions, the LPA has been able to obtain the services of competent, experienced and reliable resources to fill vacant positions.

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

The Authority's organization chart is attached.

### **Labour Relations and Compensation**

The LPA works collaboratively with the Public Service Alliance of Canada (PSAC) and the Canadian Merchant Service Guild (the Guild) that represent certain of the Authority's employees. PSAC represents dispatching and billing employees, as well as deckhands at the pilot boarding station at Les Escoumins, while the Guild represents masters and marine engineers at the same pilot boarding station.

The collective agreement covering employees represented by PSAC was renewed on April 24, 2020, for a period of five (5) years (2019–2024). The collective agreement covering Guild-affiliated employees was renewed in April 2018 and will expire on June 30, 2022.

The work and negotiations with unions provide an opportunity for the LPA to maintain good relations with the people carrying out its mission, while optimizing various aspects of its operating reality which sometimes bring personal challenges for employees or management (night shifts, rotating schedules, etc.).

The LPA keeps abreast of best practices with respect to compensation. Following an analysis of its pay structure and the arrival of new job assessment tools, the Authority has ensured that duties are evaluated when created and are re-evaluated as needed. This is being done in order to offer equitable compensation and ensure employment equity. In the past year, the LPA hired a specialized firm to evaluate equity compliance and provide advice on optimizing job classification

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and the pay scale determination process. This will enable the Human Resources Department to better determine parameters for new positions, as applicable.

#### **Commitment to Employees**

The LPA has innovated in the area of employee engagement and mobilization by implementing tools to more precisely track changes in the internal environment, including metrics relating to on-the-job motivation, sense of belonging, recognition, etc. Bi-annual meetings with employees, including presentations by senior management, and organized coffee breaks with the Chief Executive Officer are examples of initiatives put in place as a result of the feedback received from our employees. The Authority has also increased its employee communications on various topics throughout the year.

The employee engagement program was set up in 2018 and is updated through ongoing monitoring of emerging trends and initiatives to help improve employee engagement. To achieve and surpass team organizational objectives, the LPA has made employee engagement a core component of its priorities by enabling employees to better balance their personal and professional lives and support everyone's overall health. The LPA implemented a zero-tolerance policy in 2019 to provide a workplace free of discrimination, harassment, and violence. This policy applies to interactions between employees as well as interactions with clients, partners, and stakeholders.

Programs have also been set up to take action regarding strategic health management, diversity and inclusion and to monitor changes in these metrics in parallel with the engagement initiatives previously mentioned. This will allow the LPA to offer unique working conditions and to be an empathetic organization which generates a true sense of belonging. The Authority strives for continuous improvement and the development of tools, policies and initiatives to promote a healthy workplace in order to become an employer of choice.

#### **Support for Pilots and Their Corporations**

Given the essential role played by pilots and their corporations in fulfilling its mandate, the LPA provides them with the support, equipment and infrastructure needed to carry out their pilotage missions safely, effectively and efficiently. This includes supplying, maintaining and upgrading the latest pilotage technologies, communicating new pilotage developments and research results through meetings or training sessions, dispatching and coordinating pilotage missions, providing key information on ships, movements or trips required, as well as establishing guidelines and best practices.

In addition, the LPA monitors technological developments relative to new pilotage software and stays informed of developments on the river by monitoring the alert networks and taking the

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necessary measures to ensure safe and efficient pilotage missions. It should also be noted that, since the start of the pandemic, marine traffic has been analyzed and each ship entering our compulsory pilotage area classified according to the risk it represents. The results of this analysis are provided to the pilot corporations and, if necessary, measures are put in place by the LPA.

The Authority also created a new committee comprised of the LPA, the Mid St. Lawrence Pilot Corporation (CPSLC) and the Lower St. Lawrence Pilot Corporation (CPBSL) in 2020 to increase coordination and collaboration with the corporations, improve services and make pilotage on the St. Lawrence a world benchmark.

### Number of Employees and Licenced Pilots (Contractual)

	ACTUAL	FORECAST	PLAN				
	2019	2020	2021	2022	2023	2024	2025
<b>Employees</b>							
Management	5	5	5	5	5	5	5
Administrative	14	14	14	14	14	14	14
Operations and dispatch	27	27	28	28	28	28	28
Boat crews	17	17	17	17	17	17	17
<b>Total</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>
<b>Pilots</b>							
Licenced	186	186	188	188	192	196	200
Apprentices	13	14	22	21	19	19	19

### Performance and Exams

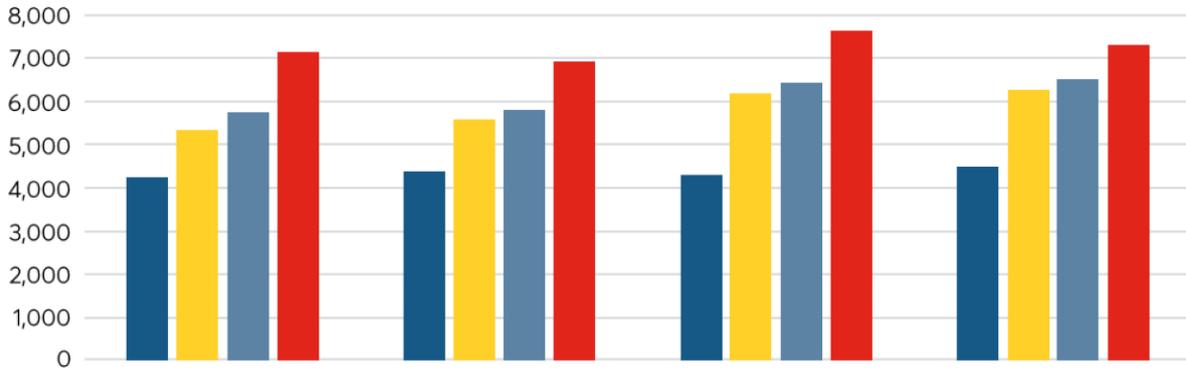
The Authority practises sound management of its finances, which in recent years has enabled the LPA to achieve a better financial performance than budgeted. In 2019, despite revenues that were close to \$3 million lower than expected, the Authority generated a comprehensive income of \$613,000, compared with a budgeted comprehensive income of \$167,000 presented in the 2019–2023 Corporate Plan. Moreover, administrative and operational expenses were \$337,000 lower than budgeted. This sound management enabled the Authority to maintain an adequate financial reserve to deal with contingencies, carry out its projects and the maintenance of its assets.

With respect to organizational performance of its operations, the number of incidents/accidents fell to its lowest rate in the past five years, despite a substantial increase in traffic. Over 99% of missions were performed without pilotage service delays, which also demonstrates exemplary service efficiency.

# 2021–2025 Corporate Plan Summary

## Operating Environment

### Number of Assignments per Quarter

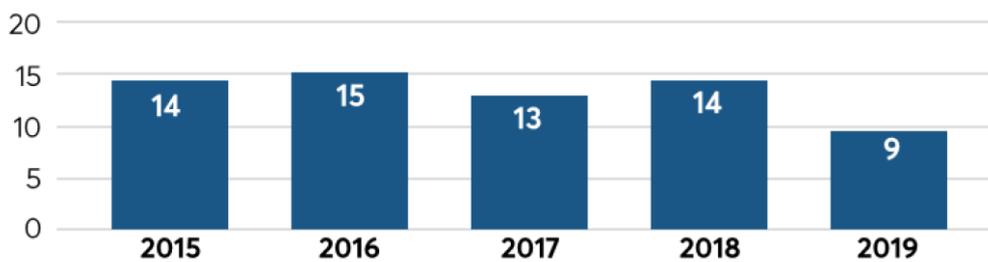


	2016	2017	2018	2019
■ 1 <sup>st</sup> Quarter	4,371	4,313	4,578	4,607
■ 2 <sup>nd</sup> Quarter	5,200	5,714	6,231	6,381
■ 3 <sup>rd</sup> Quarter	5,765	5,880	6,541	6,592
■ 4 <sup>th</sup> Quarter	7,096	6,825	7,600	7,090
<b>TOTAL</b>	<b>22,432</b>	<b>22,732</b>	<b>24,950</b>	<b>24,670</b>

### Service Efficiency

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

### 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.

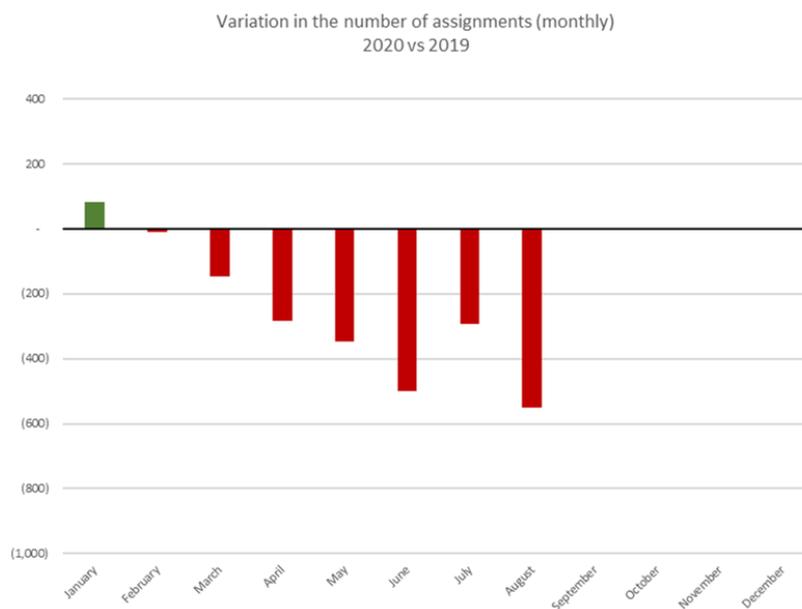
### 2.4 COVID-19 Health Crisis

Like all Canadian companies and most businesses around the world, the Authority has not been spared by the crisis caused by the COVID-19 pandemic. Beyond financial impacts, operations have been reviewed, health measures have been put in place and new work methods have been developed. This section describes the principal impacts covid-19 on the LPA.

#### Impacts of the Pandemic

##### On Activities

As marine traffic is affected by the Canadian economy, the pandemic has had a significant impact on the number of assignments carried out by the Authority for the first eight months of 2020. At the end of August, the LPA had 2,000 fewer assignments, or around 13.4% less than at the same date the previous year, representing \$8 million reduction in revenue. Fortunately, as most of the Authority’s expenditures are variable, the impact in terms of margins remains manageable, while the Authority lost around \$1 million in gross margins; the traffic mix resulted in a gross margin reduction of around 1%. It is important to note that the Authority’s revenues have very little connection to the tonnage on board the ships served. Thus, it makes little difference to the Authority if a ship is moving at full capacity or at only 50% capacity, as the revenue generated will not vary by much.



The types of ship having seen the greatest change in terms of traffic for the Authority are tankers (bulk liquid), cruise ships and container ships. Shipowners operating oil tankers have to deal with a dual problem: an economic crisis related to the pandemic and a secondary crisis specific to the

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### *Operating Environment*

oil sector. In addition, passenger ships undertaking voyages of more than one day were prohibited by the Minister of Transport from entering in Canadian waters until the end of September 2020. The LPA therefore expects to lose 100% of the revenue generated by these vessels. Lastly, container ships were not being significantly affected in our region until May. After eight months, the Authority's revenues have dropped by more than \$2 million.

### **On Employees**

In March 2020, Quebec's public health institute—the Quebec National Institute of Public Health—decreed a general lockdown for the province and strongly recommended that businesses offering essential services encourage working from home. The LPA, which is considered an essential service, implemented its operations continuity plan and put measures in place to enable employees to work remotely when possible. New computer equipment was procured to enable employees to work remotely. Although there were a number of challenges specific to the dispatch center—which is the Authority's nerve centre—the dispatchers have been able to move their activities from the downtown Montreal office and work from home. New work methods had to be developed, but ultimately, all operations are running smoothly. The Authority has proudly maintained the employment status of all its active employees, thereby helping to preserve Canadians' jobs.

A working committee was set up in the summer of 2020 to consider a plan for a gradual return to work. This plan would be presented to senior management in September and subsequently communicated to employees. It should be noted, however, that Quebec National Institute of Public Health allows offices to be staffed to a maximum of 25% capacity, which for the LPA means 13 people.

### **On Services Offered**

As previously indicated, the Authority's activities were quickly recognized as essential services. Having activated its operations continuity plan and transitioned its office staff to work from home, the LPA has been able to maintain its usual service offering after taking the measures required to ensure the safety of its pilot boat crews and the health of its pilots and commercial partners.

## **Actions Taken to Ensure Safety**

### **Pilot Boarding and Shuttle Services**

To maintain safety, the largest pilot boat is used for boarding at the Les Escoumins pilot station in order to maintain adequate physical distancing between people on board. Moreover, the pilot

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boat is cleaned after each mission and protective equipment is provided as needed. Management has also opted to space out ships arrival in order to conduct one transfer mission for each outing, thereby reducing the number of people aboard the pilot boat. For the same reason, the Authority has stopped the practice of taking additional personnel (e.g. tonnage gaugers) aboard pilot boats. Lastly, crews have been made aware of the health measures put in place and the need to comply with them.

With respect to the pilot boarding services provided by Groupe Océan, Plexiglas partitions have been installed between each seat on the pilot boats to allow of the carriage of three passengers at a time and, if the weather permits, a fourth passenger may remain on deck. Seats have been designated for pilots on pilot boats. Groupe Océan has also had a washbasin installed outside its Quebec City station, and at the Trois-Rivières station a stowage locker has been installed so that pilots' cases can be stored outside the accommodations.

The Ville-Marie shuttle is disinfected by the skipper after each pilot shuttle operation. A transparent curtain has also been installed to separate the skipper and the pilot as the interior space does not allow a physical distance of two metres to be maintained.

Lastly, a pilot transportation service has been provided within the limits of the Port of Montreal, from section 110 to the St. Lambert Lock since April. This internal transportation service is provided by a designated driver and is reserved for pilots who need to retrieve their vehicle or board a ship within the limits of the Port of Montreal. This service replaces an equivalent service provided by the Port of Montreal before the pandemic and which urgently required replacement.

### **On Board Ships**

The Authority has provided N95-type masks and disinfectant to every pilot, along with other washables. Pilots must cover their faces when it is not possible to maintain a two-metre distance on board ships. Notices have also been sent out to the industry so that the zones and surfaces to which pilots must be exposed are cleaned, and require the toilet facility on the bridge to be reserved exclusively for pilots while they are on board. Ships must also advise the authorities and the LPA if a crew member has symptoms of COVID-19.

With respect to intel, staff on duty at the LPA Dispatch Centre identifies ships entering the Authority's jurisdiction each day from the sea or from the Great Lakes. Each ship previous voyages and crew changes are analyzed. This analysis assigns a risk level to each ship, compiled into a list. This list is shared with pilots, Les Escoumins personnel and dispatchers.

#### **Administrative Office and Les Escoumins Pilot Station**

Instructions have been issued for the head office and Les Escoumins pilot station and signs have been put up to raise awareness and remind people of the rules to be followed. Protection and disinfection materials have also been made available to employees at the sites.

#### **Crisis Management**

A number of committees have been set up since the start of the health crisis to ensure coordination with all partners and focus on operational continuity efforts. These meetings, which were initially held at various intervals according to an established schedule, are now held as needed. The LPA has played a leadership role and participated in the following committees:

- **COVID management committee:** LPA and presidents of pilot corporations
- **COVID operations committee:** LPA and administrators of pilot corporations
- **Transports Québec COVID unified command**
- **Seaway COVID unified command**
- **COVID Unified Command Center:** command centre for the Great Lakes (Canada and the United States)
- **Transport Canada Covid management**

The Authority is keenly aware of the important role played by the marine industry in the global and Canadian economies. The LPA must play an equally important role by providing high-quality and efficient services at fair rates in order to preserve a competitive St. Lawrence–Great Lakes trade corridor.

### 3. PRINCIPAL ISSUES, OBJECTIVES AND INDICATORS

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Each year, the Authority initiates and implements various initiatives to further its leadership role and pursue its vision to become a world leader as set out in its corporate mandate.

In terms of operations, the priority is to offer a safe, effective and efficient pilotage services. The changes made to the *Pilotage Act* have given rise to new objectives and principles. Although previously implied, these principles have now been integrated into the LPA's mandate. In this regard, the provision of pilotage services must support navigation safety as well as the safety of the public and marine personnel. It must also aim to protect human health, property and the environment. Moreover, the Authority must make effective use of risk management tools and consider the new technological developments.

The Authority must ensure that pilotage charges are set at levels that enable it to be financially self-sufficient, while keeping charges at a reasonable and fair level. The Authority's capacity to contribute to competitiveness of industry and economic development is a priority. The Authority continues to insist on the importance of maintaining an appropriate balance between controlling costs and mitigating financial risks. This is achieved by maintaining adequate margins and preserving sufficient liquidity to meet its obligations including for the maintenance and renewal of assets, and investing to achieve its strategic and operational objectives.

These changes have required the LPA to adapt its strategic priorities to ensure that its actions comply with these new requirements.

## 3.1 Objectives and Activities

The Authority's strategic priorities have been established to achieve its vision and adequately fulfill its mission. The recent changes to the LPA's mission following the adoption of the amended *Pilotage Act* has made necessary a review of its strategic priorities. Three major priorities, including the various aspects and issues related to its vision and mandate, have thus been redefined.

- **Priority 1:** Optimize the establishment, operation, maintenance and management, for navigation safety, of an effective and efficient pilotage service in the navigable waters under its jurisdiction and ensure sound risk management that takes technological developments into account.
- **Priority 2:** Maintain the Authority's financial self-sufficiency in order to reach its strategic objectives, ensure the sustainability of its assets, cover unforeseen circumstances and provide quality services while maintaining fair and reasonable pilotage charges.
- **Priority 3:** Support the Government's objectives with respect to safety, the efficiency and effectiveness of the marine transportation system, the safety of marine personnel and the protection of the public, property and the environment in keeping with the policies, directives and instructions of the Minister of Transport and the Government of Canada.

The Authority conducted a strategic planning exercise and identified a number of initiatives to adequately fulfill the aforementioned strategic issues and priorities. Moreover, the LPA has analyzed and taken into account the various amendments to the *Pilotage Act* in determining its objectives. These activities determine the Authority's strategy and comprise objectives specific to each of the three strategic priorities.

## 3.2 Strategic Objectives

As previously indicated, the Authority’s objectives and activities are defined according to its three strategic priorities. Here are the details of these objectives and activities, presented by priority.

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

### Manage the COVID-19 Situation and Ensure Continuity of Operations

The COVID-19 public health crisis took everyone by surprise. The Authority has therefore been able to put its operations continuity plan to the test. Although the Authority was not initially prepared for a general shift to remote work, exceptional measures were put forth and the various teams have been able to quickly and safely continue operations from their homes. This transfer was made without any interruption to pilotage services. Although certain adjustments were necessary and others are still needed, the Authority is proud of the resilience of pilots and its teams.

Now that regular activities are proceeding smoothly, LPA management is developing a return-to-work plan to deal with a under the context of a completely new reality. On-site activities will be resumed gradually in accordance with the guidelines of the Quebec National Institute of Public Health and the various levels of government. The Authority will also conduct a post-mortem of events and adjust its operations continuity plan accordingly. It is expected that the permanent “post-COVID” organization of work will take into account the lessons learned and will enable the LPA and its employees to benefit from new work methods that allow greater agility in applying its operations continuity plan and more flexibility in facilitating work–life balance. Consequently, the risk of operations being interrupted will be significantly lower, without requiring additional investments.

### Develop and Implement Phase I of Optimized Pilotage Services

Increasing marine traffic and larger commercial ships are leading to a number of navigation constraints and challenges. These can include restrictions on the draft, air draft, the availability of docks or anchorage points, speed reductions and the availability of tugs or pilots. Added to this

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### *Risk and Performance Management*

is the challenge that wide beam ships are not allowed to meet or overtake in certain portions of the shipping channel.

To limit the above impacts on navigation and improve the fluidity of transit of ships, the LPA has started providing advisory services to various clients and stakeholders as they transit through its region. This service, described as “optimized pilotage services,” has been very well received by its beneficiaries. The Authority wishes to develop and expand this offering to its clientele in order to make it a comprehensive service offering. This option would help optimize transit of ships under the conduct of a pilot by increasing transit fluidity and safety along the Les Escoumins—Montreal section and would permit clients to potentially realize savings. This could also lead to fuel savings and potential emissions reductions.

To this end, the Authority hired a new resource in 2020—Captain Cédric Baumelle, whose primary responsibility will be to coordinate the development, implementation and operation of a tool for the provision of this service. This includes equipping the LPA with modern technologies to analyze voyage information and applicable restrictions to navigation to propose scenarios to maximize the efficiency of ship transits under the conduct of a pilot. This plan will be carried out in two phases over a period of approximately two years.

The development of such a service is in keeping with the LPA’s mandate to provide efficient pilotage services and contribute to the protection of the public interest and reduces the risk of environmental impact and the ecological footprint of ship transits.

### **Develop and Implement the Business Development Plan for the Simulation Centre**

A navigation simulator was acquired at the end of 2018. Although functional from the outset, the simulator has required additional programming in order to be enhanced to “pilot grade.” To meet this standard, the Authority has developed a number of computerized ship models and integrated databases, improved the visual environment and created ships possessing correct technical characteristics. The simulation centre reached pilot grade in July 2020 and will continue to be developed and updated to meet the permanent needs of the LPA and its partners.

The simulator has already been used for several research projects. The first of these projects concerns situational awareness among marine pilots, another deals with integrating images to enable 3D reality, and a third project pertains to interactions between moving ships. Training sessions have also been held for captains working for a maritime company operating in Arctic waters, along with various simulations for internal projects. Before the public health crisis, the Authority had planned to develop training for TC inspectors. This project has had to be postponed for several months.

The business plan will need to be updated in order to guide the various navigation simulator projects. Two areas will be covered by the plan—**Regulatory** and **Consulting** related services,

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as provided in the *Pilotage Act*. The first will deal with assessing marine pilot applicants, demonstrating skills, examining incidents or developing good practices and risk analysis for pilotage operations. Use of the simulator will optimize this process and contribute to the quality of applicant assessment and safety of navigation. The second area will focus on modelling infrastructures/ships, analyzing risks for facility development, studying fluid mechanics or human behaviours, and captain training. These latter services will also contribute to fulfilling the LPA's mission in accordance with the *Pilotage Act* and contribute to navigation safety and efficiency. The consulting and advisory services component areas of activity will be covered by a plan for the development, marketing and operation of the simulator.

#### **Development and Implementation of a Pilotage Management System**

Section 52 n) of the amended *Pilotage Act* authorizes the making of regulations relating to the adoption and implementation of a management system by pilotage authorities. Regulations covering management systems is expected to come into force in 2022. Such a system will help provide and define the overall policy and principles framework to realize the objectives set out in the *Pilotage Act* and establish a system of practises and procedures relating to the LPA's activities. This management system has an internal and external scope, which also applies to service providers such as pilots and pilot boat services and will be enforceable. The principal objectives of the management system are the improved provision of pilotage services, continuous improvement of practices and procedures, as well as ensure compliance with the *Act* and its regulations.

A number of pilotage authorities around the world have already adopted a management system of this type. This reflects global best practises and is in direct alignment with the LPA's vision to become a world leader in pilotage. Such a management system will reduce the risk of confusion surrounding the interpretation of practices and procedures to be used, optimize the Authority's performance in accordance with the requirements of the various regulations and reflect sound management principles to be observed by a Crown corporation.

#### **Finalize the Risk Study on Fatigue and Continue Moving Forward with the Risk Analysis for the South Shore**

Further to the risk analysis conducted on the safe duration of a voyage in District No. 1 in 2015, the Authority has hired the same firm to carry out a second risk analysis on pilot fatigue in District No. 2. This study will identify risks related to long-duration navigation by a single pilot and help the Authority to determine the time limit for a single pilot to have the conduct of a vessel. This study was launched in the spring of 2019 and the conclusions are expected in 2020.

As indicated in its initial plans, the Authority will also undertake a risk study at the main ports on the South Shore of the St. Lawrence. The steps to launch the risk assessment have been taken,

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including call for tenders for the signing of the contract to conduct the risk assessment. The project was commenced in 2020 and the Authority expects the various phases to continue to progress in 2021.

#### **Continue upgrading Pilot Boat Services Between Montreal and Quebec City**

Pilotage authorities are responsible for safe and efficient pilot boarding services and these must be carried out effectively and at a reasonable cost. As the service contracts with Groupe Océan expire at the end of 2023, the LPA wishes to position itself to upgrade these services, which are currently provided by the subcontractor.

#### **Reconstruction of Les Escoumins Wooden Wharf**

The LPA is the owner of a timber crib wharf adjacent to the pilot boarding station at Les Escoumins. Its primary purpose is to act as a breakwater to protect the Authority's facilities and boats. This wharf also has tourism and economic function in the region, serving as a lookout point for tourists and as a boat landing. The wharf has sustained significant damage following a number of severe winter storms. It has undergone temporary repairs in recent years to keep it safe and operational. In view of its condition, major repairs were expected to be made in 2020. However, the current health crisis has caused repair costs to increase significantly and delay the tentative schedule previously established, making it impossible to repair the wharf within the original timeframe. The Authority will therefore make further temporary repairs in 2020 to ensure the wharf remains safe until major repairs or reconstruction can be done in 2021. The cost of the reconstruction of the wharf is included in the 2021 capital budget.

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### Risk and Performance Management

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

#### **Finalize the Pilotage charges Methodology and Transition from Tariffs to Pilotage charges**

Working closely with other pilotage authorities, the LPA developed a Pilotage charge methodology in 2020 that is consistent with the *Act*. The authorities wish, as much as possible, to develop a similar pilotage charge methodology, while taking into account specific and regional needs as well as considering the different type of services offered. Consultations were held with industry representatives and certain comments have guided the finalization of the methodology. This work is in its final phase; the LPA should establish its new pilotage charges in accordance with the *Pilotage Act* beginning in the fall of 2020. The goal is to convert the current pilotage tariffs to pilotage charges, with no additional increases in 2020.

#### **Develop a Pilotage Charge Program for 2021**

To achieve its objectives and overcome related risks, ongoing sound financial management is required. Moreover, pilotage legislation requires that pilotage charges be fair and reasonable for all LPA clients. The Authority is seeking to present a fair pilotage charge program which includes stable increases, enabling the meeting of its obligations, make the necessary investments set out in this Plan and comply with the principles set out in the *Pilotage Act*.

#### **Dashboard Establishment for better Tracking of Financial and Operational Indicators**

The LPA has developed various tools and indicators over the years to help management to track work trends and operations performance. A dashboard is currently in use but needs to be improved. Such a tool will allow managers greater autonomy in tracking their department budget or projects, without having to request the financial controller’s assistance. An effective dashboard will provide a more consistent overview of the various indicators. This tool would allow tracking of operations performance and provide an indication of the effectiveness and efficiency of pilotage services. This dashboard will be put into production at the same time as the rollout of the business analysis tool and will not be rolled out until 2021.

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#### **Client Satisfaction Survey (2020)**

The LPA wishes to conduct a client satisfaction survey regarding the quality of its services. One of the objectives is to measure clients' perception of pilotage services and find out whether clients perceive these services as being safe and efficient. This survey will be rolled out to agencies, shipowners and masters as well as industry representatives such as the Shipping Federation of Canada, the St. Lawrence Shipowners, SODES and the Chamber of Maritime Commerce. The results of the survey will enable the Authority to take actions to improve service, where applicable.

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

#### **Close Involvement in the Implementation of the Amended Act and Development of National Regulations Implementation by TC and Authorities**

Having been an active participant and major stakeholder in the process to review the *Act*, the LPA wishes to work closely with TC and other pilotage authorities to develop the regulations pertaining to section 52 of the *Act*. Accordingly, the Authority has conducted an analysis comparing the regulations in effect at the four pilotage authorities. Working closely with other pilotage authorities, the LPA has submitted a proposal to develop national regulations to TC.

This includes a proposal relative to the management system for the authorities which should include new tools to enable them to carry out their mandate, particularly with respect to navigation efficiency and safety.

#### **Publish the LPA's Proposed Regulation in the Canada Gazette**

Proposed changes to the LPA's regulations have been drafted to improve safety and to meet a number of Transportation Safety Board (TSB) recommendations. The changes are also to ensure that certain essential safety rules are contained in the Authority's regulations. This will avoid any regulatory gaps as the *Pilotage Act* requires the withdrawal of safety rules from the service contracts with pilot corporations and have no equivalent in the LPA regulations.

#### **Renegotiate Service Contracts with the CPSLC (2020) and with the CPBSL (2021)**

The current service contract with the CPSLC expired on June 30, 2020. The service contract with the CPBSL will expire on December 31, 2021.

Negotiations with the pilot corporations have become increasingly complex as they cover a variety of topics impacting the cost and efficiency of pilotage services, in addition to pilot compensation. This includes double pilotage and safety requirements, and navigation restrictions which go beyond current regulations. Consequently, the conclusion of these negotiations presents financial risks for the Authority and the industry, and also entails risks that could affect navigation safety.

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With the coming into force of the amended *Act*, significant changes will have to be made to the service contracts as the *Act* prohibits the service contracts from containing provisions on topics covered by the regulatory authority, such as double pilotage, notices to obtain the services of a pilot, and navigation safety rules. The Authority expects this major change will be contentious.

The LPA has put in place a multidisciplinary committee to negotiate the contract and cost the various options and requests in order to maintain the Authority's sustainability and stability. Negotiations with the CPSLC continue in 2020 and are expected to be completed by the end of the year.

Negotiations with the CPBSL should begin in the second half of 2021. They should be less problematic as the service contract with this corporation contains far fewer provisions of a regulatory nature covered by section 52 of the *Pilotage Act*.

#### **Develop a Plan for the Potential Implementation of Pilotage Services on the North Shore**

Risk studies on the four major North Shore ports were completed in 2018. The LPA made a recommendation to the Minister early in 2020 to make pilotage compulsory in four ports of the North Shore and regulate the services in accordance with the *Pilotage Act*. An action plan for the potential provision of services by the LPA that takes into account the particularities of the region as well as the operational issues will be developed. The Authority is awaiting the Minister's decision and guidance on this matter.

#### **Continue to Support the Government's Objectives on Workplace Mental Health, Diversity and Pay Equity**

The LPA has taken concrete steps to promote a healthy work environment, raise awareness among its employees about the importance of good mental health and encourage diversity. The Authority will continue to focus on and develop tools, policies and measures to promote these important workplace initiatives.

The Authority recognizes the importance of maintaining and enhancing the multicultural heritage of Canadians. For this purpose, the LPA is committed to ensure equality of all Canadians within its organization.

A strategic human resource management plan for optimizing and developing human capital and pay equity has been updated.

# 4. RISK AND PERFORMANCE MANAGEMENT

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## 4.1 Corporate Risk Management

The Authority is exposed to various operations and management risks in fulfilling its mandate. In order to identify and mitigate these risks, the LPA has developed a risk management strategy which is reviewed annually. Moreover, a complete risk identification exercise is conducted every three to five years. The operational, strategic, reputational and financial components are reviewed as part of this exercise. Thus, the risks faced by the Authority are monitored and updated according to environmental changes (internal and external). They are then mitigated to reduce the likelihood of their occurring/or their organization impact following a materialization.

Following the recent update of risks and corresponding mitigation measures, the LPA believes that identified risks are, in general, well controlled.

## 4.2 Performance Indicators

Operational and strategic activities related to the performance of the LPA's mission and objectives are monitored through performance indicators. These objectives are categorized according to short-term targets (one-year horizon) or long-term targets (four-year horizon). Indicators stemming from these targets are presented in section 8 of this Plan.

In addition to these indicators, the LPA follows a series of other performance indicators applicable to key operational activities. Measurements specifically relate to marine safety, service efficiency and cash reserves as detailed below.

### **Safety and Efficiency**

The provision of safe, effective and efficient pilotage services is central to the LPA's mandate. Consequently, the rate of accident/incident-free pilotage assignments is carefully monitored to track safety. The LPA achieved an accident-free rate of more than 99% in 2019. Although the LPA aims for 100% of its missions to be accident/incident-free, the established objective is for an accident/incident rate of under 0.10% of these missions given that certain situations beyond the LPA's control may—and certainly will—occur.

Regarding efficiency, the Authority was able to provide pilotage services without pilot-related delays in 99.3% of cases in 2019. The ultimate objective for the current year and the period

## 2021–2025 Corporate Plan Summary

### *Risk and Performance Management*

covered by this Plan is to provide 100% efficiency in all pilotage services in terms of pilot-related service delays. However, the acceptable threshold has been set at 99.9%, which gives the Authority a margin of 0.10% for delays as it recognizes that certain situations outside of its control could affect performance.

Thanks to the efforts of the Authority and the two pilotage corporations, the LPA has in recent years been able to maintain encouraging results regarding these two metrics.

### **Cash Position**

The LPA maintains stringent management of its cash position, which is essentially composed of accounts receivable and cash.

Receivables are primarily composed of client accounts. The average collection time of client accounts related to pilotage services is generally under 30 days. The objective set by the Authority is to maintain receivables more than 30 days past due to less than 10% of all accounts receivable.

In terms of cash position, stringent monitoring of investment and operational expense requirements serves as a basis for cash management to maximize investment income. The goal is to maintain an adequate overall cash reserve to enable the Authority to deal with unforeseen situations or major cash outflows, and renew its assets without imposing special charges while keeping its regular pilotage charges at a stable level, year after year. To do so, the LPA has developed a method to assess requisite financial reserves and assesses its needs on a continuing basis.

## 5. FINANCIAL OVERVIEW

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### 5.1 Key Assumptions and Forecasts

#### Revenue

##### Pilotage Charges

Pilotage charges have been set based on certain significant parameters related to the Authority's activities. Increases in pilotage charges and changes in marine traffic based on the current context have been taken into consideration. Traffic is forecasted on the basis of internal statistical reports, financial and economic trends published by research organizations (such as the Conference Board of Canada), the Bank of Canada and other Canadian institutions, such as chartered banks. In addition, these analyses are supplemented by discussions and analyses with various representatives and consultants involved in the marine industry.

##### Payments to the Minister for Administration of the *Pilotage Act*

Payments for the administration of the *Act* to the Minister of Transport have been in place since July 6, 2020. These payments are for the recovery of expenses incurred by the Minister of Transport from the LPA for the implementation and application of the regulations to the amended *Act*. The costs to LPA clients are determined by allocating the total payments to be made by the LPA to the total number of expected assignments. No increases or other costs are added to these payments.

##### Pilot Boarding Services

- > Pilot boarding services provided by subcontractors

Revenue from pilot boarding services provided at the Montreal, Sorel, Trois-Rivières and Quebec City boarding stations equals forecast expenditures under the various service contracts, plus an additional percentage to cover administrative overhead.

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- > Pilot boarding services provided by the Authority

Revenue from pilot boarding services provided at Les Escoumins boarding station was determined on the basis of forecast expenditures for providing the boarding services plus a recovery rate to compensate for administrative costs.

### Expenses

#### Pilot Fees

Pilot fees are calculated according to service agreements signed by the Authority and each of the pilot corporations. These fees are measured according to forecasted traffic and are closely related to the pilotage charges. Training costs for pilots and apprentice pilots, communications, portable units (PPU) and expenses of Examination Boards are included in this expenditures category. Pilot training usually includes ship-handling courses where pilots work with scaled models and simulators. Training courses in the handling of post-Panamax ships are also given at the Maritime Simulation and Resource Centre in Quebec City. This centre also offers other courses which pilots must take to obtain a higher licence.

In the case of apprentice pilots, the Authority covers all costs relating to these expenses, for both corporations.

#### Pilot Boarding Services

- > Pilot boarding services provided by subcontractors

Projected expenditures were determined based on contracts in effect with the various Groupe Océan entities which provide services in Montreal, Sorel, Trois-Rivières and Quebec City. These contracts were negotiated for a 10-year period and came into effect on January 1, 2014. The costs for 2021 to 2023 have been estimated on the basis of rates agreed upon by the Authority and contractors and are based on estimates for 2024 and 2025.

- > Pilot boarding services provided by the Authority.

These costs include several types of expenses, and the following assumptions were used:

- Projected salaries have been forecast based on provisions in the existing collective agreements. For years not covered by the collective agreements, salary increases are augmented by the estimated Consumer Price Index (CPI).

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### *Financial Overview*

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

### **Administrative/Operational and Salary Expenses**

Expenditures from 2021 to 2025 were determined on the basis of actual 2019 expenditures and estimated 2020 expenditures, as well as on the basis of assumptions made by management.

Projected salaries have been forecasted from provisions in the existing collective agreements. For years not covered by the collective agreements, as well as employees not covered by these agreements, salaries are augmented by an estimated Consumer Price Index (CPI). Employee benefits vary between 20% and 24% of salaries.

### **Operating Budget and Sensitivity Analysis**

The year 2020 was characterized by a health crisis linked to COVID-19. As planned in its pilotage charge program, the Authority was able to assume its losses through its cash reserves. With respect to the upcoming pilotage charge program for the period covered by this plan, the LPA is aiming for stable pilotage charge increases and will strive to avoid special charges to fund its projects. The Authority also expects to increase its pilotage charge by 3% in January 2021.

The drafting of budget estimates (2021 to 2025) is based on the following key assumptions: estimated Consumer Price Index; estimated volume of marine traffic; pilot fees, sizes and dimensions of ships, and the acceptance of new pilotage charges increases for future years.

Any variation in one or more of these assumptions will result in a favourable or unfavourable change in the Authority's financial position. Each 1% variation in pilotage charge represents about \$950,000 in 2021, whereas any 1% variation in the pilotage fees from service contracts represents a variation of about \$838,000. This high percentage of variable costs gives the LPA substantial financial flexibility.

Fees paid to pilot corporations account for the majority of LPA expenditures and are the direct result of contracts negotiated with the two pilot corporations.

Implementation of the Plan is a function of the assumptions made during its preparation.

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## Financial Overview

### Consolidated Statement of Comprehensive Income, Actual 2019, Forecast 2020 and Budget 2021–2025

	Actual 2019	Forecast 2020	Budget				
			2021	2022	2023	2024	2025
Pilotage charges	108,293	95,460	108,672	116,404	119,925	124,274	128,821
Direct expenses	98,799	87,913	98,365	105,493	108,628	112,523	116,668
Administrative expenses	8,881	10,329	10,799	10,888	10,914	11,027	11,072
<b>Comprehensive income</b>	613	(2,782)	(492)	23	383	724	1,081

### Capital Budget

The Authority is planning significant investments in 2021 to 2025 to ensure the sustainability of its assets, optimize its services and respect its contractual commitments. These needs are directly related to the rollout of safe service delivered effectively and efficiently. Other than the changes needed to prepare for equipment obsolescence and general optimization of services, these needs primarily consist of:

- > Optimizing the pilot-boat service

The Authority is reviewing its operation of this service.

- > Portable units (PPUs)

The Authority signed a letter of agreement with the Mid St. Lawrence Pilot Corporation in February to allow the acquisition of these members' PPUs by the LPA. This four-year agreement anticipates these units' useful life will end during the term of the agreement. As a result, the renewal of this asset is to be planned for 2021.

- > Reconstruction of the timber crib wharf at the Les Escoumins pilot boarding station

As the timber crib wharf is at the end of its life and has sustained severe storm damage, it has had to undergo a number of major repairs over the past few years. While the Authority is making temporary repairs to maintain it in a safe condition, the required investments will have to be made in 2021.

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## Financial Overview

### Debts

The Authority currently has no debt and does not anticipate any need to take on any long-term debt to carry out its plan.

### Earnings Management

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

### Access to a Line of Credit

The Authority has access to a line of credit consisting of an authorized overdraft facility of up to \$1.5 million. The LPA does not expect that it will need to use this credit facility during the 2020 fiscal year, nor does it expect to do so in fulfilling this plan.

## 5.2 Variance Between Budget 2019—Actual 2019

### Revenues

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

### Fees

Fees paid to pilot corporations and pilot boat operating costs increased by \$481,680 to amount to \$99 million (+0.5%) compared to the previous year. This is justified by an increase in pilotage charges. When the budget was prepared, these outflows had been estimated at \$103.4 million.

### Administrative and Operational Expenses | Other Expenses

Administrative and operating expenses totalled \$8.9 million in 2019 compared to \$8.2 million in 2018, an increase of 8.4%; this represents a difference of \$337,000 less than budgeted. There is no significant variance to report.

# 2021–2025 Corporate Plan Summary

## Financial Overview

### Comprehensive Income

For the above-mentioned reasons, the actual comprehensive income of \$613,000 for 2019 is \$446,000 higher than the budget, which presented a comprehensive income of \$167,000. Through sound expense management, the Authority was able to absorb operational contingencies so as to avoid negatively impacting its comprehensive income.

### Capital Budget

The Authority provided for a capital budget of \$2.19 million in 2019. The bulk of this sum was earmarked for the renewal of the dispatch and invoicing software system and the financial contribution to the purchase of PPU for pilots of the Corporation of Lower St. Lawrence Pilots (CPBSL). The dispatch and invoicing software system development project is underway but has not advanced at the expected pace and the replacement of CPBSL PPUs has been postponed. Actual investments in 2019 thus totalled \$583,000.

## 5.3 Variance Between Budget 2021—Forecast 2020

### Revenue

Different assumptions were made based on traffic analysis and the economy in general. As a result, revenues have been adjusted to reflect growth in traffic as per expectations. Compared to 2020, whose results were abnormally impacted by the COVID-19 pandemic, income from tankers and cruise ships traffic should return to normal, while these two types of ships have seen a drastic decrease in traffic in 2020. A slight decrease in container ships traffic was reported in 2020; revenues for this category should pick up again as the economy improves. The other vessel categories should remain stable or increase slightly.

### Expenses

Fees vary according to traffic increase, as well as according to changes in fees paid to pilot corporations determined in service contracts. Regarding the fees charged by the Mid St. Lawrence Pilot Corporation whose contract expired in June 2020, we assume that the new contract will reflect the 2% increase as in past years. Administrative expenses have been adjusted according to the collective agreements in place for unionized employees. The cost-of-living increase has been taken into account for employees not covered by these collective agreements. Lastly, the cost of the various service contracts in place with partners were updated.

# 2021–2025 Corporate Plan Summary

## Financial Overview

### Capital Budget

The capital budget for 2021 and subsequent years will include the following principal investments:

- **Pilot boat service**

As previously indicated, the Authority is reviewing its pilot boat service. Although work progresses, no definitive conclusion has been made regarding the total cost required or on the scenario which will be used by the LPA. However, estimates were considered.

- **Reconstruction of Les Escoumins timber crib wharf**

As previously indicated, the work planned for 2020 had to be postponed to 2021. The call for tenders made to manage and carry out this work allowed us to make the necessary estimates.

- **PPU**

In 2020, the LPA contributed financially to the replacement of the Lower St. Lawrence PPU.

The replacement strategy for PPUs used by the Mid St. Lawrence Pilot Corporation was modified via a letter of agreement ratified with this corporation on March 16, 2017. This four-year agreement expires in February 2021. Consequently, PPU for the Mid St. Lawrence Pilot Corporation is expected to be renewed in the next year. An investment is therefore considered in this budget.

- **Other equipment**

A number of minor projects are also planned for 2021, including several IT-related projects. These consist of making required adjustments to the dispatch and invoicing system with respect to the potential regulation of North Shore pilotage, development of a business intelligence support system and the replacement and progressive maintenance of computer equipment.

## 6. GUIDANCE OR MANDATE LETTER TO THE MINISTER



31 JAN. 2018

Monsieur Ricky Fontaine  
Président  
Administration de pilotage des Laurentides  
418, rue Françoise-Garnier  
Québec (Québec) G1E 0J3

Monsieur,

J'ai le plaisir de vous transmettre une copie de la documentation officielle attestant votre nomination par la gouverneure générale en conseil, par le C.P. 2017-1599, datée du 14 décembre 2017, à titre de président de l'Administration de pilotage des Laurentides (APL) pour un mandat de cinq ans. J'aimerais profiter de l'occasion pour vous remercier d'avoir accepté de remplir cette fonction ainsi que pour vous préciser mes attentes à l'égard de l'Administration.

Comme vous le savez, l'APL est une société d'État dont le mandat, tel qu'il est énoncé dans la *Loi sur le pilotage* (la Loi), est d'établir, d'exploiter, de maintenir et d'administrer, dans l'intérêt de la sécurité, un service de pilotage efficace. De plus, l'APL est habilitée à établir des tarifs justes et raisonnables et à permettre à l'Administration de fonctionner sur une base financière autonome. Mon rôle en tant que ministre des Transports est d'exercer une surveillance conformément au régime de responsabilisation établi dans la *Loi sur la gestion des finances publiques*, partie X. Dans ce contexte, l'une de mes principales responsabilités est de répondre pour l'APL devant le Cabinet et au Parlement.

En tant que président, vous êtes le représentant de l'APL pour les tierces parties ainsi que le dirigeant et le facilitateur du conseil dans l'exercice de ses fonctions. Vous êtes également le principal lien entre le conseil et moi-même, le représentant du gouvernement. Les responsabilités du conseil d'administration comprennent la surveillance des affaires et des activités de la Société. Par conséquent, le conseil doit : veiller à ce que l'orientation stratégique de la Société soit conforme aux priorités et aux objectifs généraux du gouvernement; s'assurer que les risques connexes ont été reconnus et que des systèmes appropriés sont mis en place pour gérer ces risques; s'assurer que les systèmes d'information et les pratiques de gestion de la Société répondent à ses besoins; assumer la responsabilité de l'intégrité de l'information produite par la Société.

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Canada

## 2021–2025 Corporate Plan Summary

### Guidance or Mandate Letter to the Minister

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Le premier dirigeant est un membre du conseil et le principal lien entre le conseil et la direction de la Société. Le premier dirigeant doit rendre des comptes au conseil quant à la gestion et au rendement de la Société. Exactement comme je dois tenir le conseil responsable de ses actes, je m'attends à ce que le conseil tienne le premier dirigeant responsable des siens. Mes interactions normales avec le conseil seront effectuées par votre entremise, le président. J'espère que tous les membres du conseil vous apporteront le soutien nécessaire pour veiller à la saine gestion et au maintien du succès de cette société.

En tant que société d'État du portefeuille de Transports Canada, l'APL fournit des services précis sur une base commerciale, avec une autonomie opérationnelle considérable. J'aimerais toutefois vous rappeler qu'en faisant partie du secteur public fédéral, l'APL joue un rôle stratégique public important et fait l'objet d'obligations qui sont uniques au secteur public.

Puisque le plan d'entreprise est au centre du régime de responsabilisation mis en place pour les sociétés d'État, son approbation rapide est essentielle pour assurer une gestion saine. L'un des principaux facteurs de réussite pour l'approbation rapide des plans d'entreprise est la consultation précoce et significative de tous les responsables concernés. Cela est encore plus important si des activités sont proposées dans le plan d'entreprise qui pourraient poser des questions relatives au mandat ou de nature stratégique. Dans ces cas, vous devez demander mon opinion avant d'entreprendre ces activités, y compris la planification ou la consultation.

J'aimerais également profiter de l'occasion afin de remercier l'APL de sa contribution à l'Examen de la *Loi sur le pilotage*. Je sais que votre premier dirigeant ainsi que des membres du conseil ont eu l'occasion de discuter avec M. Marc Grégoire et de souligner des questions qui sont d'intérêt pour l'APL. J'apprécie votre engagement envers ce processus et j'ai hâte de prendre connaissance des recommandations finales de M. Grégoire.

Comme vous le savez sans doute, le gouvernement du Canada maintient son engagement en matière de diversité et d'inclusion, qu'il considère comme des sources inestimables de force pour le pays. J'encourage l'APL à perpétuer les pratiques exemplaires à cet égard en engageant, lorsque cela est possible, plus de femmes, d'Autochtones, de membres de minorités visibles et de personnes handicapées.

Comme je dois répondre au Parlement quant à l'efficacité globale de la Société, et dans un intérêt général d'ouverture et de transparence, je vous prie de veiller à ce que l'APL continue d'aviser mon cabinet et Transports Canada de toute question qui pourrait revêtir un intérêt public de sorte que je sois prêt à répondre aux questions du Parlement sur l'APL. La personne-ressource pour les communications avec mon cabinet est M. Shane McCloskey. Vous pouvez le joindre au 613 991-0700.

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## 2021–2025 Corporate Plan Summary

Guidance or Mandate Letter to the Minister

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Enfin, j'aimerais réitérer à quel point je suis heureux que vous ayez accepté d'assumer la présidence de l'APL. Je tiens également à remercier le personnel de l'APL qui continue de travailler en étroite collaboration avec les représentants de Transports Canada. C'est avec plaisir que je continuerai de consolider cette relation de travail positive à l'avenir.

Je vous prie d'agréer, Monsieur, l'expression de mes sentiments les meilleurs.



L'honorable Marc Garneau, C.P., député  
Ministre des Transports

Pièce jointe

c.c. Monsieur Fulvio Fracassi, premier dirigeant  
Administration de pilotage des Laurentides

Monsieur Mario St-Pierre, secrétaire  
Administration de pilotage des Laurentides

Monsieur Michael Keenan, sous-ministre des Transports  
Transports Canada

# 7. COMMITMENT BY THE CHIEF EXECUTIVE OFFICER

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



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**Fulvio Fracassi, LL.M.**  
Chief Executive Officer

# 8. THE AUTHORITY'S CORPORATE GOVERNANCE STRUCTURE

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## 8.1 Senior Management

Since September 2012, Fulvio Fracassi is the Authority's Chief Executive Officer. His responsibilities include providing leadership, developing the organization's overall strategy and overseeing the stewardship of the Authority's resources and assets in order to fulfill the LPA's mission pursuant to the *Pilotage Act*. Before joining the Authority, Mr. Fracassi was Director General of TC's National Marine Safety Program and is a lawyer by training. He chairs the Executive Committee as well as the Internal Management Committee, which is made up of the Authority's managers, and which meets on a regular basis. He is also responsible for chairing the Pilotage Advisory Committee composed of representatives from the marine industry, pilot corporations, the Great Lake Pilotage Authority, Port Corporations, St. Lawrence Seaway Management Corporation, representatives from TC and the Canadian Coast Guard.

Mr. Fracassi is assisted by three executives: Josée Leroux, Executive Director, Finance and Administration, Alain Richard, Executive Director, Marine Safety and Efficiency, and Anaïs De Lausnay, General Counsel and Corporate Secretary.

## 8.2 Board of Directors

The Authority maintains a modern governance structure that enables it to fulfill its mandate. For this reason, various powers are exercised by its Board of Directors.

Board members are appointed for an initial term of up to four years; thereafter, the term of office may be renewed for a period not exceeding four years. It should be noted that the *Pilotage Act* does not prescribe any limit on the number of reappointments for a board member.

The first decree of August 2019 implementing the first amendments to the *Pilotage Act* prohibits representation from industry members on boards of directors. However, the legislation includes a "grandfather clause" which allows current members who are part of the marine industry to keep their seat on the board.

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

## 2021–2025 Corporate Plan Summary

### Corporate Governance Structure

The Board is composed of six members and a chairperson appointed by the Minister, with the approval of the Governor-in-Council. The position of Chairperson was filled in December 2017 by Ricky Fontaine, who retired from his position in June 2020. The vacant position is filled on an interim basis by Julius Spivack, Vice-President and member of the Board of Directors of the LPA for many years.

The Governor-in-Council appointed three new members in September 2018—Sophie-Emmanuelle Chebin, Christiane Chabot and George J. Pollack—for terms ranging from three to four years. Moreover, Julius Spivack and Michel Tosini were reappointed for terms ranging from two to four years. Frank Di Tomaso was reappointed for a three-year term in September 2020. In addition to carrying out full-time duties at the Authority, the Chief Executive Officer, who reports to the Board of Directors, also serves on the board.

#### Table of Board Members

Name	Role	Term expiry
Ricky Fontaine	Outgoing Chairperson (June 2020)	December 2022
Julius Spivack	Vice-Chairperson	September 2022
Christiane Chabot	Member	September 2021
Sophie-Emmanuelle Chebin	Member	September 2022
Frank Di Tomaso	Member	September 2023
George J. Pollack	Member	September 2021
Michel Tosini	Member	September 2021

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

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

## 2021–2025 Corporate Plan Summary

### Corporate Governance Structure

#### Audit Committee

This committee is responsible for monitoring and supervising the Authority's financial situation and its various management practices, including, but not limited to, the various financial controls and the efficient operation of its information systems. It is also mandated under the law to ensure that internal audits are carried out according to its judgment and to follow up recommendations, if any. The Audit Committee maintains ties with the Office of the Auditor General of Canada (OAG) and takes cognizance of reports issued by the OAG with respect to the Authority. The Audit Committee also ensures that the auditor's recommendations, if applicable, are implemented by management. The committee meets about five times per year.

This committee is composed of:

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

#### Governance and Human Resources Committee

This committee is responsible for reviewing the Authority's governance practices and, where necessary, making changes to the employment management strategy, including current policies. The committee members meet about four times per year.

This committee is composed of:

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

# 9. OBJECTIVES AND PERFORMANCE INDICATORS

The Authority has set objectives/targets in order to monitor its strategic plan. These elements are presented in the following table:

<b>OBJECTIVE</b>			
Optimize the establishment, operation, maintenance and management of an effective and efficient pilotage service for navigation safety.			
<b>Results objectives</b>	<b>Strategy and indicators</b>	<b>2021 target</b>	<b>2021–2025 target</b>
<b>Review the continued training/evaluation program for pilots/apprentice pilots, for skill acquisition and maintenance and incident prevention</b>	<ul style="list-style-type: none"> <li>&gt; LPA approval of the corporations' training programs</li> <li>&gt; Follow-up of incidents via our database and written report provided by the pilot</li> </ul>	> Incident rate below 0.10%	> Incident rate below 0.10%
<b>Help maintain and expand safe, effective and efficient pilotage service with business partners</b>	<ul style="list-style-type: none"> <li>&gt; Chair the advisory committee by advocating for files related to the safety, efficiency and effectiveness of pilotage services</li> </ul>	> Two (2) meetings per year	> Two (2) meetings per year
<b>Issue policies detailing standards, procedures and practises to be followed in certain situations</b>	<ul style="list-style-type: none"> <li>&gt; Maintain Exchange of information between pilots and masters (MPX) policies.</li> <li>&gt; Maintain and update voyage plans in keeping with guidelines</li> </ul>	> Policy 100% used by pilots	> Policy 100% used by pilots
<b>Carry out studies and analyses via the simulator in order to highlight pilotage safety and development of best practises</b>	<ul style="list-style-type: none"> <li>&gt; Enhance the simulator to pilot-grade level for areas below pilot grade</li> </ul>	> 50% of development achieved (territory)	> 100% of development achieved (territory)
<b>Reduce delays and the causes of pilot shortages, including those</b>	<ul style="list-style-type: none"> <li>&gt; Recruit/increase the number of pilots</li> </ul>	> Number of delays less than 0.10%	> Number of delays less than 0.10%

# 2021–2025 Corporate Plan Summary

## Objectives and Performance Indicators

related to pilots being detained aboard ships		the number of assignments	the number of assignments
	<ul style="list-style-type: none"> <li>&gt; Increase pilot availability by reducing detentions aboard ships not ready to proceed upon pilot boarding</li> </ul>		
Maintain the efficiency and reliability of the pilot boats and shuttle	<ul style="list-style-type: none"> <li>&gt; Keep the maintenance program updated above applicable standards</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% compliance with the program and KPIs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% compliance with the program and KPIs</li> </ul>

<b>OBJECTIVE</b>			
Implement sound risk management and adapt to technological changes			
Results objectives	Strategy and indicators	2021 target	2021–2025 target
Ensure navigation risks are low, including in unregulated areas not subject to compulsory pilotage	<ul style="list-style-type: none"> <li>&gt; Phase I: Prepare to implement TC recommendations regarding North Shore ports</li> <li>&gt; Phase II: Complete risk analysis for the St. Lawrence South Shore and submit recommendations to TC</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Implementation planning</li> <li>&gt; Analysis 100% complete</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Set up services, as required</li> </ul>
Improvement of pilots sleep cycles in District No. 1 in accordance with the implemented recommendations following the risk study on voyage safe duration.	<ul style="list-style-type: none"> <li>&gt; Increased predictability of nighttime voyages</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Adherence to new assignment rules for nighttime voyages</li> <li>&gt; 100% pilot-voyage pairing</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 100% compliance with night-time assignment rules</li> <li>&gt; 100% pilot-voyage pairing</li> </ul>
Evaluate voyage safe duration by a single pilot in District No. 2	<ul style="list-style-type: none"> <li>&gt; Conduct a risk assessment on voyage safe duration by a single pilot</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Finalize the study in winter 2020</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Initiate mitigation measures, if any</li> </ul>
Maintain an adequate number of pilots	<ul style="list-style-type: none"> <li>&gt; Plan marine traffic and pilot turnover with the pilot corporations</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Recruit/train 10 pilots per year</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Recruit/train 10 pilots per year</li> </ul>

# 2021–2025 Corporate Plan Summary

## Objectives and Performance Indicators

<b>Ensure operational support systems are effective and efficient.</b>	> Update and monitor the IT Master Plan	> 100% followed up and updated	> 100% followed up and updated
	> Monitor new developments	> Continuous	> Continuous
<b>Ensure pilots' use of technology meets LPA usage and safety standards</b>	> Agreement with pilot corporations on the use of portable units (PPUs)	> Agreement with pilot corporations on 100% of PPUs used	> Agreement with pilot corporations on 100% of PPUs used
<b>Provide efficient 24/7 service</b>	> Update and test emergency measures and operations continuity plan	> Test once a year	> Test once a year
<b>Ensure monitoring and sound management of the LPA's risks</b>	> Review the LPA risk catalogue according to 2019 legislative environment changes.	> Review 100% of LPA risks	> Update 100% of risks
	> Ensure mitigation measures are kept up to date	> Review 100% of mitigation measures	> Review 100% of mitigation measures

### OBJECTIVE

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

Results objectives	Strategy and indicators	2021 target	2021–2025 target
<b>Maintain LPA expenditures at a sufficiently low level</b>	> Budget establishment in accordance with excessive expenditure restrictions	> Annual budget established in accordance with sound financial management	> Annual budget established in accordance with sound financial management
	> Perform periodic follow-up and forecasting	> Follow-up and update forecasts four times a year	> Follow-up and update forecasts four times a year

# 2021–2025 Corporate Plan Summary

## Objectives and Performance Indicators

<b>Keep pilotage charges and income at a level sufficient to assume 100% of costs and investments</b>	> Annual planning of pilotage charges review in accordance with indicators	> Once a year, according to the CPI and contractual agreements	> Once a year, according to the CPI and contractual agreements
	> Long-term planning and limitation of investments according to expected income (avoid special pilotage charges increases)	> Prioritize investments according to available cash forecast	> Prioritize investments according to available cash forecast
<b>Minimize gaps between comparison of actuals and budgeted comprehensive results (predictability of results)</b>	> Develop a Market Intelligence approach conducive to better commercial budget assumptions	> Less than 2% variance between actual and budget	> Less than 2% variance between actual and budget
<b>Maintain labour costs at a reasonable level and attract good candidates</b>	> Limit pay and benefit increases (unionized and non-unionized)	> Increases limited to CPI and market development	> Increases limited to CPI and market development
	> Implement new compensation rules (classification parameters and equity)	> 100% of parameters implemented	> In application
<b>Minimize losses due to bad debts</b>	> Weekly follow up of accounts and ongoing communication with clients	> Less than 1% bad debts	> Less than 1% bad debts

### OBJECTIVE

Protect the public and the environment

Results objectives	Strategy and indicators	2021 target	2021–2025 target
<b>Ensure that pilot boats meet the regulatory and adopted environmental protection criteria</b>	> Ensure Green Marine certification is maintained	> Certification maintained and 100% of inspection program passed	> Certification maintained and 100% of inspection program passed
	> Update the boat maintenance manual after dry dock maintenance		

## 2021–2025 Corporate Plan Summary

### Objectives and Performance Indicators

<b>Contribute to the protection of rivers and residents</b>	> Ongoing monitoring of conditions that could affect water levels	> 100% speed adjustment and navigation conditions during alerts	> 100% speed adjustment and navigation conditions during alerts
<b>Protect pilot boat users and visitors (non-employees)</b>	> Maintain clear instructions for on-board user safety	> 0% incident rate	> 0% incident rate

#### OBJECTIVE

Maintain sound and effective management and good relations with partners

Results objectives	Strategy and indicators	2021 target	2021–2025 target
<b>Update LPA regulations</b>	> Identify the key provisions and pursue consultations	> Review complete > Publication and entry into force	
<b>Increase cooperation and communication with partners</b>	> Organize regular meetings > Participate in partners' work/committees	> Continuous > Continuous	> Continuous > Continuous
<b>Enhance LPA's public positioning</b>	> Rollout of the external communication plan	> Rollout of a newsletter > Send out at least one message per month on social networks	> Send out at least one message per month on social networks
<b>Ensure the development of employees</b>	> Update of the succession and skills development plan > Follow-up performance plans	> Once a year > 3 meetings per year	> Once a year > 3 meetings per year

# 10. DECLARATION BY THE EXECUTIVE DIRECTOR OF FINANCE

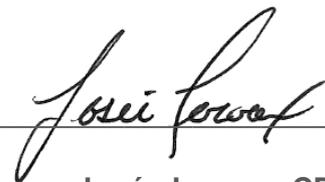
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I have examined the five-year Corporate Plan and corresponding budgets, as well as the supporting information that I considered to be necessary, on the date indicated below, in my capacity as Executive Director of Finance of the Laurentian Pilotage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

Further to this due diligence review, I declare that:

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

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



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

# 11. FINANCIAL INFORMATION

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## 11.1 Significant Accounting Policies

Refer to the audited financial statements of the Laurentian Pilotage Authority included in the 2019 Annual Report for the description of these methods.

## 11.2 Regulations Prescribing Pilotage Charges

Before the coming into force of the new provisions of the *Pilotage Act*, the Authority must, with the approval of the Governor-in-Council, make regulations prescribing pilotage tariffs to be paid to the Authority.

In accordance with the new provisions, tariffs are henceforth referred to as “pilotage charges.” These charges may be established or modified by the Authority upon resolution by the Board of Directors. Authorities may establish new pilotage charges and modify them quickly, and thus be able to respond adequately to various events. However, a pilotage charge-setting methodology must first be developed and published. The amended *Pilotage Act* sets out a dispute process following a pilotage charge setting or modification notice, but also limits the possible grounds of opposition. An opposition may be heard if the Authority fails to respect the pilotage charge-setting methodology or review parameters or fails to respect the content and time limit requirements for the notice or decision announcement.

Pilotage charges must still be fair and reasonable and enable the Authority to operate on a self-sustaining financial basis. Thus, the pilotage charges are intended to allow the Authority to recover its costs and to provide for a reasonable financial reserve necessary to, among other things, replace its assets.

The amended *Act* also introduces a payment to the Minister by the authorities to apply and maintain the regulations concerning the amended *Pilotage Act*. The *Act* specifically provides that authorities may charge these payments back to the industry. The LPA has been applying an administrative surcharge of \$39.64 per assignment since July 6, 2020. The funds collected through the surcharge will enable the recovery of the amounts claimed by and payable to the Minister. It should be noted that the Shipping Federation of Canada opposes these administrative charges for 2020 and has filed complaints with the Canadian Transportation Agency against all pilotage authorities in Canada. The Canadian Transportation Agency is expected to render a decision on the matter by the end of 2020.

## 2021–2025 Corporate Plan Summary

2021–2025 Financial Statements Forecast

# 12. 2021–2025 FINANCIAL STATEMENTS FORECAST

### Statement of Comprehensive Income

Actual 2019, forecast 2020 and 2021–2025 budget  
(in thousands \$ CDN)

	Actual 2019	Forecast 2020	2021	2022	Budget		
			2023	2024	2025		
<b><u>INCOME</u></b>							
Pilotage charges	107,974	95,316	108,380	116,110	119,629	123,976	128,521
Other revenues	319	144	292	294	296	298	300
	108,293	95,460	108,672	116,404	119,925	124,274	128,821
<b><u>DIRECT EXPENSES</u></b>							
Pilot fees	87,523	77,738	87,239	94,257	98,530	102,361	106,389
Operating costs of pilot-boats	11,276	10,175	11,126	11,236	10,098	10,162	10,279
	98,799	87,913	98,365	105,493	108,628	112,523	116,668
<b><u>GROSS PROFIT</u></b>							
	9,494	7,547	10,307	10,911	11,297	11,751	12,153
	8.77%	7.91%	9.48%	9.37%	9.42%	9.46%	9.43%
<b><u>ADMINISTRATIVE AND OPERATING EXPENSES</u></b>							
Personnel costs	5,136	5,750	6,195	6,323	6,453	6,585	6,719
Professional and special services	891	1,039	1,228	1,057	993	978	895
Rental	322	350	338	343	348	354	360
Utilities, supplies and procurement	170	236	166	143	143	150	150
Transport and communications	246	193	284	288	215	217	217
Information	110	92	120	104	120	104	105
Amortization	1,799	2,029	2,164	2,329	2,344	2,344	2,335
Repairs and maintenance	13	112	123	126	128	131	134
Bad debts	0	0	0	0	0	0	0
Interest	95	89	80	72	65	58	50
Other	99	439	101	103	105	106	107
	8,881	10,329	10,799	10,888	10,914	11,027	11,072
<b><u>Comprehensive income</u></b>	613	(2,782)	(492)	23	383	724	1,081

# 2021–2025 Corporate Plan Summary

## 2021–2025 Financial Statements Forecast

### Statement of Financial Position

Actual 2019, forecast 2020 and 2021–2025 budget  
(in thousands \$ CDN)

	Actual 2019	Forecast 2020	2021	2022	Budget 2023	2024	2025
<b>ASSETS</b>							
<b>Current</b>							
Cash position	11,899	9,083	4,094	3,827	3,097	5,849	6,873
Accounts receivable	14,546	13,087	14,881	15,942	16,425	17,022	17,646
Short-term investment	2,391	2,500	2,580	2,660	2,740	2,820	2,900
	28,836	24,670	21,555	22,429	22,262	25,691	27,419
<b>Non-current</b>							
Property and equipment (net)	17,404	17,257	20,573	20,990	21,934	20,187	19,915
Intangible assets (net)	1,386	1,930	2,638	2,214	2,125	1,591	1,660
	18,790	19,187	23,211	23,204	24,059	21,778	21,575
<b>Total assets</b>	<b>47,626</b>	<b>43,857</b>	<b>44,766</b>	<b>45,633</b>	<b>46,321</b>	<b>47,469</b>	<b>48,994</b>
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts payable and incurred liabilities	15,344	14,595	16,214	17,282	17,750	18,343	18,964
Current portion of lease obligations	310	310	310	243	243	243	258
	15,654	14,905	16,524	17,525	17,993	18,586	19,222
<b>Non-current</b>							
Employee benefits	334	320	334	351	368	385	402
Lease obligations	2,197	1,973	1,741	1,567	1,387	1,201	992
	2,531	2,293	2,075	1,918	1,755	1,586	1,394
<b>Total liabilities</b>	<b>18,185</b>	<b>17,198</b>	<b>18,599</b>	<b>19,443</b>	<b>19,748</b>	<b>20,172</b>	<b>20,616</b>
<b>EQUITY</b>							
<b>Retained earnings</b>	<b>29,441</b>	<b>26,659</b>	<b>26,167</b>	<b>26,190</b>	<b>26,573</b>	<b>27,297</b>	<b>28,378</b>
<b>Total liabilities and equity</b>	<b>47,626</b>	<b>43,857</b>	<b>44,766</b>	<b>45,633</b>	<b>46,321</b>	<b>47,469</b>	<b>48,994</b>

## 2021–2025 Corporate Plan Summary

### 2021–2025 Financial Statements Forecast

#### Statement of changes in equity

Actual 2019, forecast 2020 and 2021–2025 budget  
(in thousands \$ CDN)

	<b>Actual</b>	<b>Forecast</b>			<b>Budget</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Retained earnings, beginning of the year	28,828	29,441	26,659	26,167	26,190	26,573	27,297
Comprehensive income for the year	613	(2,782)	(492)	23	383	724	1,081
<b>Retained earnings, end of the year</b>	<b>29,441</b>	<b>26,659</b>	<b>26,167</b>	<b>26,190</b>	<b>26,573</b>	<b>27,297</b>	<b>28,378</b>

# 2021–2025 Corporate Plan Summary

## 2021–2025 Financial Statements Forecast

### Statement of cash flows

Actual 2019, forecast 2020 and 2021–2025 budget  
(in thousands \$ CDN)

	Actual 2019	Forecast 2020	2021	2022	Budget 2023	2024	2025
<b>Operating activities</b>							
Comprehensive income for the year	613	(2,782)	(492)	23	383	724	1081
Adjustment to determine net cash flows generated by (used for) operating activities:							
Amortization	1,799	2,029	2,164	2,329	2,344	2,344	2,335
Changes in long-term portion of employee benefits	17	(14)	14	17	17	17	17
Interest on lease obligations	95	87	79	71	63	57	49
Changes in the long-term portion of the lease inducement	0	0	0	0	0	0	0
Loss (gain) on asset disposals	0	0	0	0	0	0	0
Interest income	(235)	(125)	(50)	(52)	(50)	(52)	(52)
Change in non-cash working capital items:							
Change in receivables and other accounts receivable	148	1,447	(1,794)	(1,060)	(482)	(596)	(623)
Changes in accounts payable and accrued liabilities	(550)	(749)	1,619	1,068	468	593	621
<b>Cash flows from operating activities</b>	<b>1,887</b>	<b>(107)</b>	<b>1,540</b>	<b>2,396</b>	<b>2,743</b>	<b>3,087</b>	<b>3,428</b>
<b>Investing activities</b>							
Net purchase (sale) of investment securities	2,762	(109)	(80)	(80)	(80)	(80)	(80)
Acquisition of property and equipment	(711)	(1,508)	(4,980)	(2,182)	(2,719)	(23)	(1,486)
Acquisitions of intangible assets	(433)	(918)	(1,208)	(140)	(480)	(40)	(646)
Proceeds from property and equipment disposal	0	0	0	0	0	0	0
Interest received	240	137	50	51	49	51	51
<b>Cash flows from investing activities</b>	<b>1,858</b>	<b>(2,398)</b>	<b>(6,218)</b>	<b>(2,351)</b>	<b>(3,230)</b>	<b>(92)</b>	<b>(2,161)</b>
<b>Financing activities</b>							
Repayment of lease obligations	(209)	(224)	(232)	(241)	(180)	(186)	(194)
Interest paid on lease obligations	(95)	(87)	(79)	(71)	(63)	(57)	(49)
<b>Cash flows from financing activities</b>	<b>(304)</b>	<b>(311)</b>	<b>(311)</b>	<b>(312)</b>	<b>(243)</b>	<b>(243)</b>	<b>(243)</b>
<b>Cash position</b>							
Change for the year	3,441	(2,816)	(4,989)	(267)	(730)	2,752	1,024
Balance, beginning of year	8,458	11,899	9,083	4,094	3,827	3,097	5,849
<b>Balance, end of year</b>	<b>11,899</b>	<b>9,083</b>	<b>4,094</b>	<b>3,827</b>	<b>3,097</b>	<b>5,849</b>	<b>6,873</b>

# 13. CAPITAL BUDGET

## Acquisition of capital assets and capital budget

Actual 2019, budget and forecast 2020 and 2021–2025 budget  
(in thousands \$ CDN)

	Actual 2019	Budget 2020	Forecast 2020	2021	2022	Budget 2023	2024	2025
IT infrastructure and equipment	325	181	609	2,484	82	59	44	2,111
Waiting room, boarding station and others	158	--	1,363	3,278	2,160	2,680	--	--
Leasehold improvements, furniture	78	--	--	25	--	--	--	--
Other intangible assets	22	693	454	401	80	460	20	20
	<b>583</b>	<b>874</b>	<b>2,426</b>	<b>6,188</b>	<b>2,322</b>	<b>3,199</b>	<b>64</b>	<b>2,131</b>

# 14. BORROWING PLAN AND CASH RESERVES

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## 14.1 Cash Reserves

The Board of Directors approved minimum cash reserves of \$5 million based on the Authority's obligation to fulfill its mission while maintaining its financial self-sufficiency as the Authority does not receive parliamentary appropriations. These reserves have been used in the following situations:

- The purchase of pilot portable units (PPU's) for the pilot corporations in a very short timeline;
- Delays during the long approval process of the tariff regulations modifications, as was the case in 2014 resulting in lost revenues;
- Delays caused by the retrieval and/or deployment of lighted priority buoys by the Canadian Coast Guard within District No. 1. Any deployment delay of these buoys after April 7 of each year or retrieval prior to December 7 of each year produces additional costs payable to the CPSLC up to about \$250,000 per week of delay. In the spring of 2019, the Authority had to contend with a delay of more than two weeks in the deployment of priority buoys, resulting in additional expenses close to \$480,000. These additional pilotage expenses are due to the LPA's obligation to assign a second pilot on board ships in these situations;
- Settlement of non-provisioned dispute which occurred in 2018 for \$1.281 million;
- Operating losses due to exceptional circumstances related to COVID-19.

The Authority has achieved its cash reserves objective through the sound and efficient management of its operations and stringent expense tracking. Despite these unexpected expenses, the Authority has been able to maintain its reserves at more than \$5 million thanks to various savings and sound management of expenses during the year. The LPA achieved all of this while keeping pilotage charges increases as low as possible and even frozen for two consecutive years.

The LPA's financial reserve is therefore strategically important to allow the adequate discharge of its mission which is to establish, operate, maintain and manage, for the safety of navigation, an effective and efficient service in the navigable waters under its jurisdiction.

## I 4.2 Borrowing Plan

### Borrowing Approval

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

### Background

LPA's management requires the approval of the Minister of Finance with regards to its borrowing plan for the 2021–2025 period for an amount of \$1.5 million; this amount is currently authorized as a credit facility, allowing for bank overdrafts. Despite the existing cash reserve, this request is justified in the event that a significant disbursement must be made while expiry dates of investments do not allow for an immediate access of the required funds, or to cover any unexpected situation where disbursements could not have been planned. A borrowing authorization of \$1.5 million is therefore required to deal with these situations.

### Continuity of Short-Term Borrowing

The Authority requires that the following credit facility be continued:

#### OVERDRAFT

<b>Lender:</b>	Any financial institution in Canada that is a member of the Canadian Payments Association
<b>Amount:</b>	Up to \$1.5 million
<b>Currency:</b>	Canadian dollars
<b>Interest Rate:</b>	Prime
<b>Maturity:</b>	One year maximum

## 2021–2025 Corporate Plan Summary

### *Borrowing Plan and Cash Reserves*

#### Historical Usage of Short-Term Credit Facility

The following table details the past five years history with regard to the maximum amount of credit used during a given year and the average monthly credit used during that year. It should be noted that the LPA modified its current cash management practises in 2018 such that short-term credit is not to be used.

#### HISTORICAL USAGE OF SHORT-TERM CREDIT FACILITY

YEAR	HIGHEST AMOUNT	MONTHLY AVERAGE
2016	\$892,000	\$0
2017	\$915,660	\$0
2018	\$1,040,924	\$0
2019	\$0	\$0
2020 (Forecast)	\$0	\$0

#### Long-Term Borrowings to be Undertaken in 2020

No long-term borrowings have been contracted or are expected to be contracted.

#### Contingent Liabilities

The Authority is subject to various claims or lawsuits within the normal course of business. No monetary claim had been submitted to the Authority at the time of writing.

#### Total Borrowings—New and Outstanding

No new borrowings are expected and no year-end overdraft is expected in coming years.

#### Operating Leases

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

# 15. GENERAL DECLARATIONS

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The LPA has incorporated all opportunities for operational efficiency into the Corporate Plan.

### ***Canadian Multiculturalism Act***

As part of its commitment to the *Canadian Multiculturalism Act*, the LPA conducts its activities with due consideration to Canada's multicultural reality, as witnessed by the cultural diversity in its workplaces. In recognition of the heritage and the role of First Nations in the history of pilotage, as they were the first "pilot" guides on the St. Lawrence in the Nouvelle France era, the LPA named one of its two pilot boats and the main conference room at its headquarters "Taukamaim," meaning "to take to the open sea" in the Innu language.

The Chief Executive Officer of the LPA sent a letter to TC in June 2020 indicating the Authority's desire to be included in the Aboriginal mobilization effort undertaken by TC as part of the Oceans Protection Plan (OPP).

### **Canadian Economy**

The Authority also balances its responsibilities relative to the Canadian economy and its partners by ensuring the provision of all levels of required services in a timely manner. Given the high proportion of costs which vary according to pilotage revenues, the capacity to partially reduce these costs is very limited, and any reduction in these expenditures would have a negative impact on the Authority's revenues, resulting in lower earnings.

### **Promoting a Healthy Workplace**

Engagement activities, including training sessions on tools and methods in order to act and prevent problems of civility in the workplace and also on management of known mental health issues and workplace stress have been carried out in recent years. These activities, which are ongoing, involve managers and the entire staff of the organization, and are intended to educate all staff in the promotion of healthy work practices. Various actions and communications have been made during the COVID-19 pandemic to support the physical and psychological health of personnel. These include tips on sanitary measures and precautions, communications on protecting mental health when working from home, and internal training for managers on remote team management.

## 2021–2025 Corporate Plan Summary

### *General Declarations*

Following an engagement survey carried out in spring 2018, several action plans have been drawn up for the organization's various sectors. The LPA will conduct a new survey to measure the impact of the actions taken around the end of 2020.

### **Building a Diverse Public Service**

The Authority recognizes the importance of maintaining and enhancing the multicultural heritage of Canadians. Accordingly, it acknowledges the importance of diversity in the Canadian population in terms of race, nationality of origin, ethnic origin, colour and religion, which is a fundamental characteristic of Canadian society. The LPA is therefore committed to ensure diversity within its organization by encouraging, for example, women, indigenous people, disabled people, or members of visible minorities to apply for available positions. It should be noted, however, that the participation of women in the marine sector continues to face challenges. The LPA is in the process of identifying relevant programs with diversity objectives according to its needs, and then determine activities required to increase social and cultural diversity within the organization.

### **Quarterly Financial Statements**

The LPA posts its unaudited quarterly financial statements on its website.

### **Guidelines on Travel, Hospitality and Conference Expenses**

In July 2015, a certain number of Crown corporations, including the Authority, were directed by the Governor-in-Council to align their policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures.

Through the values expressed in its vision and mission statements, the LPA has made a further commitment to make effective use of the resources provided. Accordingly, each quarter the LPA discloses travel, hospitality and conference expenses of the board chairperson, the Chief Executive Officer and other board members on its website, in accordance with regulations. Moreover, the LPA has implemented the recent changes requested by the Treasury Board Secretariat in 2017.

For fiscal year 2020, budgeted expenses in these categories total about \$50,000 for the Chief Executive Officer and about \$23,000 for other board members, including the chairperson. In addition, for the 2021 to 2025 period covered by this Plan, these expenses are estimated at an

## 2021–2025 Corporate Plan Summary

### *General Declarations*

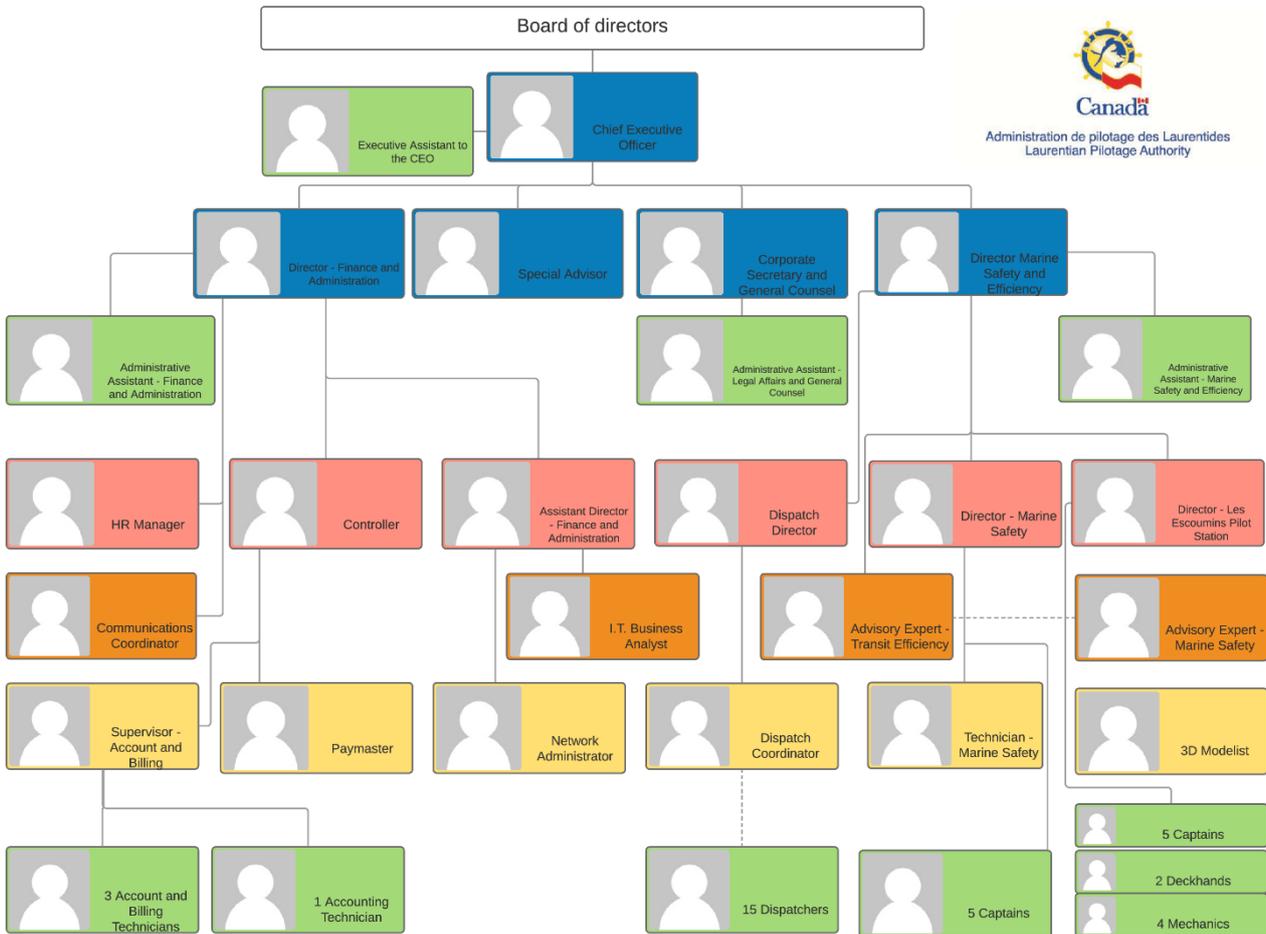
average of \$30,000 each year for the Chief Executive Officer and at \$20,000 for other board members.

### **Recommendations of the OAG**

The last special examination of the LPA performed by the OAG was in 2013. The report filed by the OAG noted no major deficiency. Furthermore, the OAG reported that the LPA has sound governance practices, a rigorous strategic planning process, that its resources are managed economically and efficiently and that appropriate systems are in place to ensure that the pilotage services are safe, efficient and of high quality.

# APPENDIX I – ORGANIZATION CHART

## LPA Organization Chart as of August 31, 2020



# APPENDIX 2 – CORPORATE RISK

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## Corporate Risk Management

To ensure the continued delivery of safe, effective and efficient pilotage services and achieve its strategic objectives, LPA's management conducts an annual review of its risks. This exercise makes it possible to identify the main risks faced by the LPA and to implement mitigation measures which will help the Authority maintain its financial self-sufficiency and carry out its mandate, as well as meet its strategic objectives.

# APPENDIX 3 – GOVERNMENT-WIDE PRIORITIES

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

### Transparency and Open Government

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

### Gender-Based Analysis

- Male–female ratio of 33% women, constantly increasing. A challenge in an unconventional industry for female personnel;
- Review pay scales with one of the objectives being pay equity;
- Neutral hiring process;
- Hiring of female personnel in functions largely represented by males—two female executives as well as a female captain on the management team.

### Employment Diversity and Equity

- Neutral hiring process;
- LPA's adherence to employment diversity specified in its job postings.

### Indigenous Peoples

- LPA's adherence to employment diversity specified in its job postings.
- The pilotage consultation process has been widened to include First Nations (e.g., consultation on the impact of North Shore pilotage safety will include the Innu First Nation;
- Integration of First Nations from the start of new LPA projects: First Nations will be consulted on the next phases of the risk analysis for the South Shore of the St. Lawrence.

### Sustainable Development and Greening of Government Operations

- Acquisition of environmentally responsible equipment when selecting replacements;
- Implementation of measures and practices to reduce the environmental footprint (particularly at Les Escoumins Pilot Station, in harmony with the Green Marine certification process);
- Receipt of Green Marine certification for LPA pilot boarding vessels in July 2019;
- Optimized pilotage services project implementation; one impact being a reduction of vessels' fuel consumption as a benefit;
- LPA facilities and equipment, more specifically facilities and property at the Les Escoumins Pilot Station, are made available to environmental studies on flora and fauna;
- Participation as expert resource on the Federal Environmental Assessment Panel and with its business partners on certain projects affecting the environment.

# APPENDIX 4 – COMPLIANCE WITH LEGISLATIVE AND STRATEGIC REQUIREMENTS

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### ***Access to Information and Privacy Acts***

As part of its commitment to clear and transparent governance, the LPA publishes a summary of completed access to information requests it has received each month on its website. As such, the Authority receives very few requests. The LPA also communicates its statutory annual reports and statistical reports to the Treasury Board Secretariat concerning access to information requests and any questions concerning protection of personal information.

### ***Official Languages Act***

The LPA ensures that its public communications (news releases or documents/publications/information on its website) are available in both official languages. Moreover, data from the Official Languages Information System concerning the LPA is communicated annually to the Treasury Board Secretariat. No questions relating to official languages have been submitted about the LPA so far this year.

### **Directive on Travel, Hospitality, Conference and Event Expenditures**

The LPA's internal policies on travel, hospitality, conference and event expenditures have been harmonized under the Treasury Board's 2015 Guideline on Travel, Hospitality, Conference and Event Expenditures; these expenditures are promptly compiled at the end of each quarter and approved information is then disclosed on the LPA's website within 30 days following the end of each quarter.

### **Directives on the Reform of Pension Plans**

The LPA pension plan, which is a contributory defined benefit plan sponsored by the Government of Canada, complies with the directives on the reform of pension plans.

#### Trade Agreements

The LPA is not directly involved in activities related to trade agreements. The LPA complies with the provisions and requirements of applicable trade agreements and has a policy in place to award contracts for goods and services to obtain the best overall value for money. The LPA deals with suppliers which meet our requirements and can provide quality goods and services at competitive prices in a timely manner. As a Crown corporation, the LPA must negotiate its supplier contracts, where applicable, through a competitive bidding process in accordance with laws, regulations, agreements, international conventions, and internal policies. Procurement activities subject to the Comprehensive Economic and Trade Agreement (CETA) and the Canadian Free Trade Agreement are published on the Government Electronic Tendering Service (GETS).

#### Other

The LPA has implemented certain internal policies to ensure compliance with its values (see the LPA Annual Report) reflective of its commitment to compliance with the following laws and directives:

- Canada Labour Code
- *Pilotage Act*
- *Public Servants Disclosure Protection Act*
- *Financial Administration Act*
- *Canadian Human Rights Act*
- *Employment Equity Act*

Although they affect the LPA's activities indirectly or very little, the Authority also complies with the following directives and requirements:

- *Conflict of Interest Act*
- *Corruption of Foreign Public Officials Act*

# APPENDIX 5 – IMPACTS OF THE COVID-19 PANDEMIC

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*In order to briefly present to the members of the government the various impacts the COVID-19 pandemic has had on the LPA's activities, below is a summary of section 2.4 which covers this topic.*

The Authority has not been spared by the health crisis caused by the COVID-19 pandemic. Beyond the financial impacts, operations have been reviewed, health measures have been put in place and new work methods have been developed. Following are the principal impacts.

### Impacts of the pandemic

#### > On activities

- Marine traffic directly linked to the strength of the Canadian economy.
- Significant impact on the number of assignments carried out by the Authority during the first eight months of 2020 (-2,000 assignments, or -13.4% compared to 2019).
- Represents a fall in revenue of around \$8 million after eight months. Loss of around \$1 million in gross profit.
- The Authority's revenues have very little connection to the tonnage on board ships serviced. Thus, it makes little difference to the Authority if a ship is fully loaded or at only 50% capacity, as the revenue generated will not vary much.
- The types of ship having seen the greatest change in terms of traffic:
  - **Tankers (bulk liquid):** Tankers are dealing with an economic crisis related to the pandemic and a secondary crisis specific to the oil sector.
  - **Passenger ships:** Passenger ships on voyages of more than one day are prohibited by the Minister of Transport from entering Canadian waters until the end of September 2020. The LPA therefore expects to lose 100% of the revenue generated by these vessels.
  - **Container ships:** Container ships did not start being significantly affected until May, as many orders were already in transit when the pandemic hit.

### > On employees

- The Quebec National Institute of Public Health declared a general lockdown in March 2020.
- Businesses offering essential services had to encourage working from home as much as possible.
- The LPA, which is considered an essential service, implemented its operations continuity plan and put measures in place to enable employees to work remotely. New computer equipment was therefore procured to ensure that all employees are enabled to work properly.
- The Authority is proud to have maintained the status of all its active employees, thereby helping to preserve Canadians' jobs.
- A working committee was set up in the summer of 2020 to consider a plan for a gradual return to work.

### > On services offered

- The Authority's activities were quickly recognized as essential services.
- Having activated its operations continuity plan and transitioned its office staff to work from home, the LPA has been able to maintain its usual service offering after taking the measures required to ensure the safety of its pilot boat crews and the health of its commercial partners.

## Actions taken to ensure safety

### > Pilot boarding and shuttle services

- Les Escoumins pilot station
  - The largest pilot boat is used for boarding at the Les Escoumins pilot station to maintain on board physical distancing between people.
  - The pilot boat is cleaned after each mission and protective equipment is provided as needed.
  - The arrival of ships at the station has been spaced out in order to carry only one transfer mission at a time, thereby reducing the number of people on board the pilot boat.
  - The Authority has stopped taking additional personnel (e.g. tonnage measurers) on board its pilot boats.

- Crews have been made aware and comply with the measures put in place.
- Pilot stations operated by Groupe Océan
  - Plexiglas partitions have been installed between each seat on pilot boats.
  - Pilots have assigned seat on board pilot boats
  - Outside washbasin has been installed at the Quebec City pilot station.
  - A stowage locker has been installed on the pilot-boat deck at the Trois-Rivières station for pilots' cases to be stored outside the accommodation.
- Ville-Marie shuttle
  - The shuttle is disinfected by the skipper after each pilot shuttle operation.
  - A transparent curtain has been installed to separate the skipper and the pilot as the interior space does not allow social distancing of two metres to be maintained.
- Internal transport service – Port of Montreal
  - A shore pilot transportation service has been operating since April within the limits of the Port of Montreal, from section 110 to the St. Lambert Lock, for pilots who need to retrieve their vehicle or to board a vessel within the port limits. This service replaces an equivalent service provided by the Port of Montreal before the pandemic and which urgently required replacement.
- > **On board ships**
  - The Authority has provided N95-type masks and disinfectant to every pilot, along with other washables.
  - Pilots must wear a mask when not possible to maintain a two-metre social distance on board ships.
  - Notices have been sent out to the industry for areas where pilots must frequent to be cleaned, and the bridge washroom facility is reserved exclusively for pilots while on board.
  - Ships must also advise the authorities if a crew member has COVID-19 symptoms.

Staff on duty at the LPA Dispatch Centre identifies ships entering the Authority's jurisdiction each day from the sea or from the Great Lakes. Each ship previous voyages and crew changes are analyzed. This analysis assigns a risk level to each ship, compiled into a list. This list is shared with pilots, Les Escoumins personnel and dispatchers.

#### > **Administrative office and Les Escoumins pilot station**

- Instructions have been issued and signs have been put up to raise awareness and remind people of the rules to be followed.
- Protection and disinfection materials have been made available to employees.

#### > **Crisis management**

- A number of committees have been set by various stakeholders to ensure the cooperation of all partners and focus operation continuity efforts.
- These meetings, which were initially held at various intervals according to an established schedule, are now held as needed.
- As leader, the LPA has participated in the following committees:
  - **COVID management committee:** LPA and presidents of pilot corporations
  - **COVID operations committee:** LPA and administrators of pilot corporations
  - **Transports Québec COVID unified command**
  - **Seaway COVID unified command**
  - **COVID Unified Command Center:** command centre for the Great Lakes (Canada and the United States)
  - **Transport Canada**