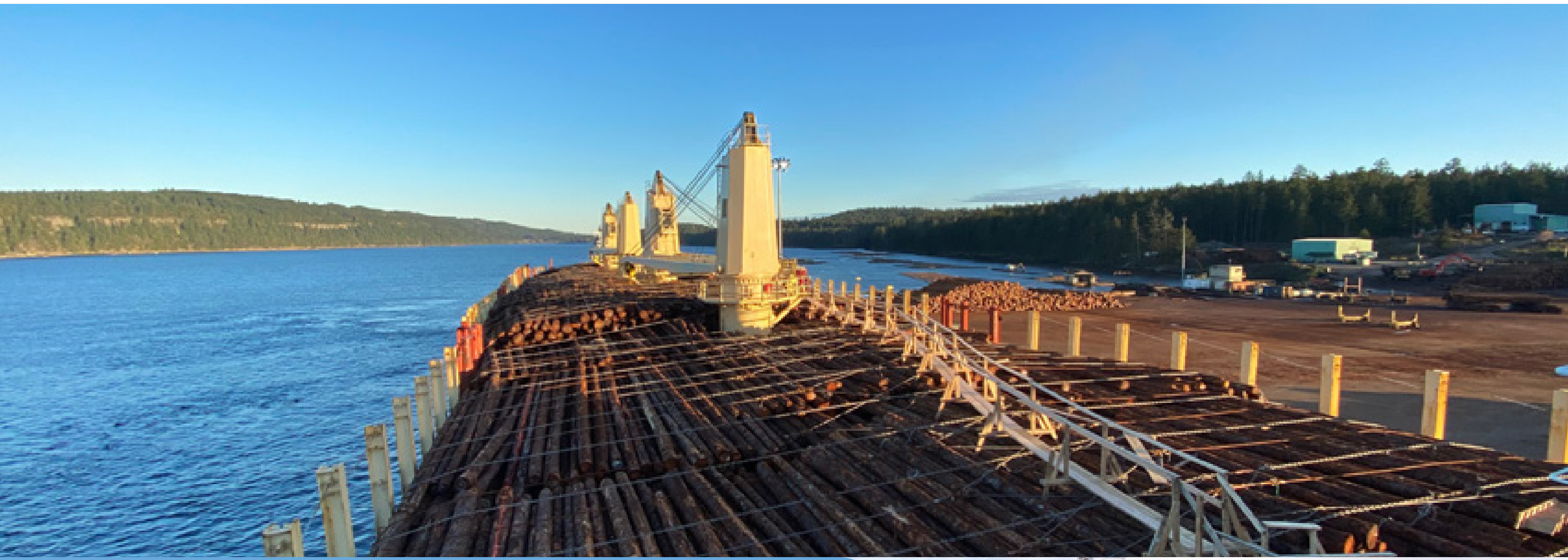
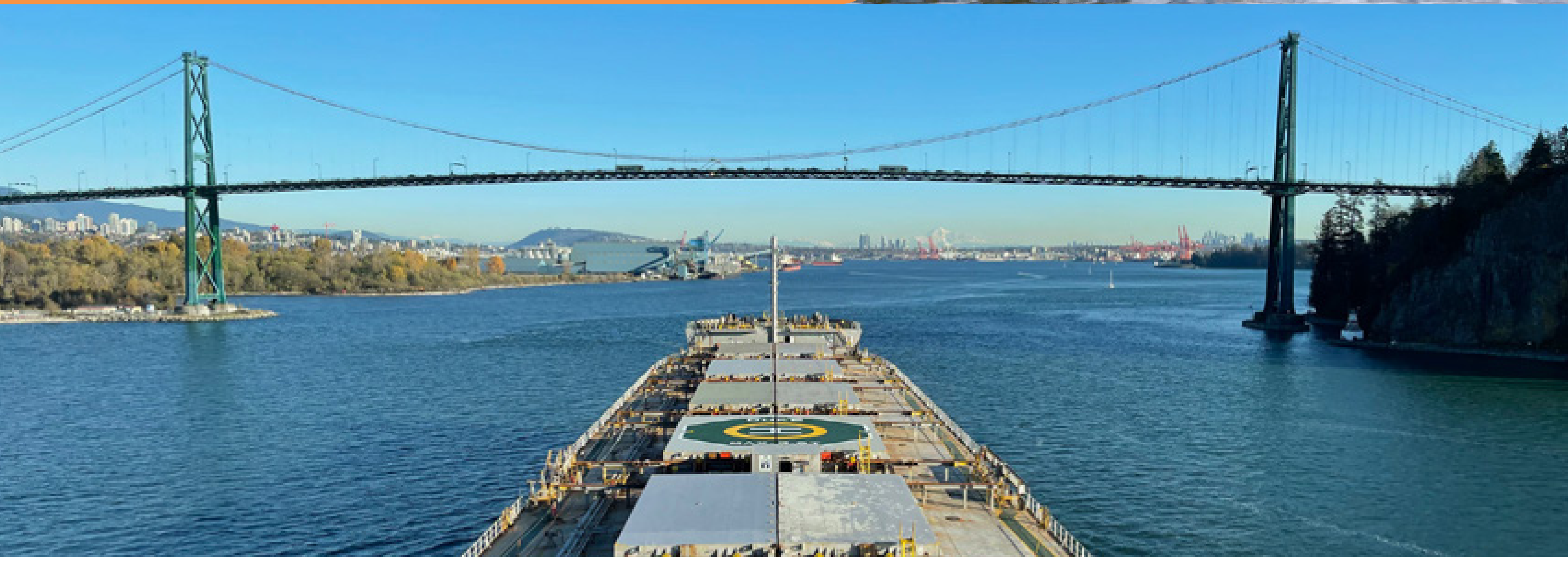
Pacific Pilotage Authority
Administration de pilotage du Pacifique

Canada



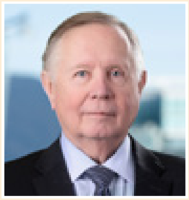
PACIFIC PILOTAGE AUTHORITY

Annual Report 2022



Board Members

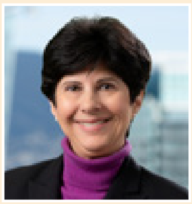
Mrs. Lorraine Cunningham
Chair*



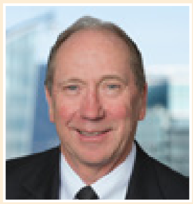
Mr. Peter G. Bernard, Q.C.
Member

Ms. Victoria Withers
Member*

Mr. James Marshall
Member



Ms. Billie V. Raptis
Member*



Captain Al Ranger
Member

Ms. Katherine Bright
Member*

* Member of Finance and Audit Committee

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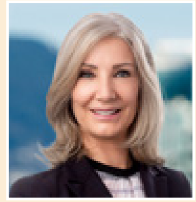
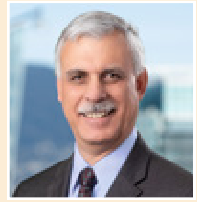
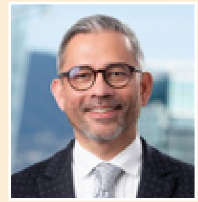
Management



Julie Gascon
CEO

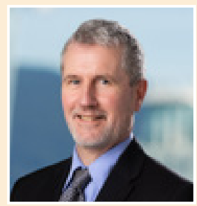


Kevin Obermeyer
VP Internal and External Relations



Brian Young
Chief Operating Officer

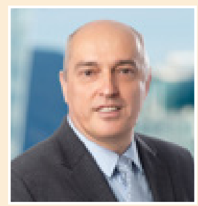
Paulo Ekkebus
Chief Technical Officer



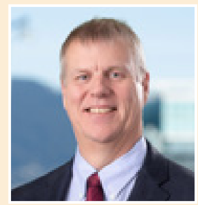
Stuart Mackenzie
Chief Financial Officer

Danielle Lewis
Director, People and Organizational Development

Teresa Lei
Director, Finance and Administration

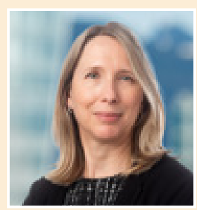


Miladin Gacic
Operations Manager

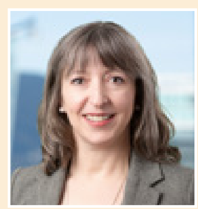


Bruce Northway
Project Manager

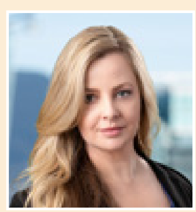
Alan Wheatley
Manager, Information Technology



Margaret Cellier
Executive Assistant



Isabelle Forget
Office Manager



Alexandra Deffense
Operations Coordinator

CONTACT

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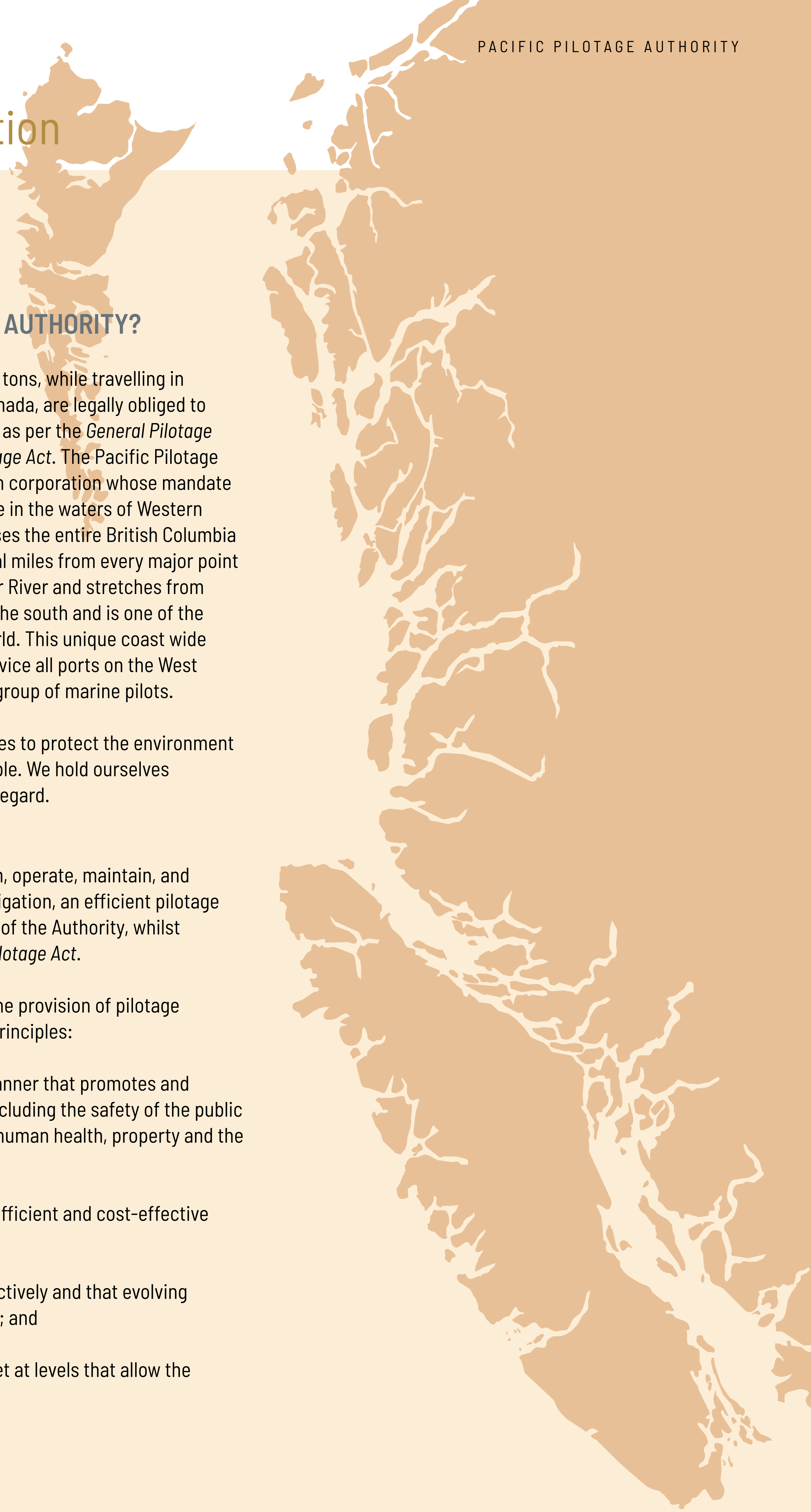
1000 - 1130 West Pender Street, Vancouver, BC V6E 4A4
Tel: 604.666.6771 Dispatch Fax: 604.666.6093
Administration Fax: 604.666.1647
Email: info@ppa.gc.ca www.ppa.gc.ca

DISPATCH OFFICES
1000 - 1130 West Pender Street, Vancouver, BC V6E 4A4
211 Dallas Road, Victoria, BC V8V 1A1

PILOT BOARDING STATIONS
Sand Heads, off Steveston
Brotchie Ledge, off Victoria
Cape Beale, off Port Alberni
Triple Island, off Prince Rupert
Pine Island, off Port Hardy

Design: Dean McNeill Creative Solutions (Dean McNeill & Darrell Freeman); Translation: Tranductions F. Orvoine; Photography: Dale Hansen, Ron Carey & Dave Roels

Corporate Information



WHAT IS THE PACIFIC PILOTAGE AUTHORITY?

Commercial vessels greater than 350 gross tons, while travelling in the pilotage waters of the west coast of Canada, are legally obliged to use the services of a Canadian marine pilot as per the *General Pilotage Regulations*, which are enabled by the *Pilotage Act*. The Pacific Pilotage Authority ("the Authority") is a federal Crown corporation whose mandate is to administer this marine pilotage service in the waters of Western Canada. Our area of jurisdiction encompasses the entire British Columbia coast, extending approximately two nautical miles from every major point of land. This jurisdiction includes the Fraser River and stretches from Alaska in the north to Washington State in the south and is one of the largest mandatory pilotage areas in the world. This unique coast wide pilotage model enables the Authority to service all ports on the West Coast, as well as cruise ships, with a small group of marine pilots.

Marine pilotage is all about safety as it serves to protect the environment and thus the interests of the Canadian people. We hold ourselves accountable to the Canadian public in this regard.

MANDATE

The mandate of the Authority is to establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service within the region set out in respect of the Authority, whilst aligning with the principles set out in the *Pilotage Act*.

The *Pilotage Act* sets out a framework for the provision of pilotage services in accordance with the following principles:

1. that pilotage services be provided in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and that protects human health, property and the environment;

2. that pilotage services be provided in an efficient and cost-effective manner;

3. that risk management tools be used effectively and that evolving technologies be taken into consideration; and

4. that an Authority's pilotage charges be set at levels that allow the Authority to be financially self-sufficient.

VISION STATEMENT

The Authority's vision is to lead a world-class marine pilotage service on the west coast of Canada.

The Authority has been very thoughtful and deliberate in setting our sights on leading a world-class marine pilotage service on the west coast of Canada. Our vision is by its very definition bold and ambitious – just like the team members who make up the Authority and our strategic partners. To achieve our vision the Authority must demonstrate:

- *An industry-leading safety record*
- *A culture of operational efficiency where customers receive value for fees paid and the Authority is financially self-sustaining*
- *A leadership role in the industry – regionally and nationally*

MISSION STATEMENT

The Authority is dedicated to providing safe, efficient and cost-effective marine pilotage. We will do this by working in partnership with the pilots, the shipping industry and the communities in which we operate, to protect the environment and advance the interests of Canada and its people.

CORPORATE OBJECTIVES

1. Provide safe, reliable and efficient marine pilotage

To provide safe, reliable and efficient marine pilotage and related services in the coastal waters of British Columbia, including the Fraser River, by embracing a culture of continuous improvement.

2. Ensure financial self-sufficiency

To provide the services within a commercially oriented framework, by maintaining financial self-sufficiency, through a combination of cost management and fees that are fair and reasonable.

3. Promote organizational and environmental sustainability

To implement sustainable practices within the Authority with a focus on quality assurance, and to contribute to the federal government's environmental, social and economic policies as they apply to the marine industry on the Pacific coast of Canada.

4. Demonstrate leadership

To assume a leadership role in the marine industry we serve, by demonstrating national influence and engaging the community in order to facilitate decisions that result in improvements to navigational safety and the efficiency of marine operations.

5. Manage risk

To ensure that risk management tools are used in all safety related decisions for both the organization and its operations and that evolving technologies are taken into consideration.

6. Focus on the future

By using early warning indicators, ensure that the Authority is prepared, both financially and operationally, to deal effectively with changes to the marine industry, the changing regulatory landscape and the complex environment within which we operate.

CORPORATE VALUES

Management and Board members review the Authority's corporate values to ensure their continued relevance and applicability. The Authority's corporate values are:

1. Honesty/Integrity - We will ensure honesty and integrity in everything that we do. We share responsibility for being effective, accountable and acting appropriately. We consider the outcome of decisions for all those affected before we implement change. We act with visible integrity and openness, and support each other in these actions.

2. Positive Stakeholder Relations - We will work hard to maintain positive relations with all stakeholders including the shipping industry, the pilots and their respective organizations, our employees, the communities in which we operate and all other related individuals and organizations.

3. Service Quality - We strive for excellence in all our activities. We continuously learn, develop and improve. We take pride in our work and in the services we provide to our clients and partners.

4. Accountability/Responsibility - We are accountable, as individuals, team members and as an organization for our actions and our decisions. We make effective and efficient use of the resources provided to us. We adhere to our policies and procedures, our mission and objectives, and to the regulations governing us. When our commitment to innovation is at odds with existing procedures, we will work within the system to achieve positive change and improvement.

5. Adaptability and Innovation - We value innovation and creativity. We encourage and support originality and diversity of thought. As individuals and as teams, working with our internal and external partners, we welcome new ideas and methods to enhance our service and the use of our resources.

Letter from Board Chair and CEO

March 24, 2023

The Honourable Omar Alghabra
Minister of Transport
Tower C – Place de Ville
330 Sparks Street
Ottawa, ON K1A 0N5

Dear Minister:

On behalf of the Board of Directors and management of the Pacific Pilotage Authority, we are pleased to submit our Annual Report for the year ended December 31, 2022.

2022 continued to be a challenging year, but we were able to move forward to a cycle of recovery and the start of 2023 shows promising improvement in re-establishing appropriate financial reserves to uphold our requirement to be financially self-sustaining.

The highlights for this year include the signing of a Strategic Partnership Agreement with the BC Coast Pilots (BCCP), which includes the operation of an upgraded three bridge full mission simulator. Another highlight was the hiring of a new CEO due to the retirement of our former CEO, and the seamless transition that took place. This best practice for onboarding a new CEO allowed us to hit the ground running and move critical files such as the Authority's Helicopter Program in support of the TERMPOL Recommendations for the Trans Mountain Expansion Project; the work the Authority continues to do with the Vancouver Fraser Port Authority (VFPA) for the development of the Active Vessel Traffic Management system and alignment with the Authority's management of pilotage on the West Coast; and the integral role the Authority plays in support of better management of Southern Gulf Island anchorages and resiliency of supply chains.

More and more, the Authority with its new CEO at the helm is proving its value in the navigation safety continuum. The leadership work that has been initiated by our CEO with the other Pilotage Authorities across our beautiful country has been important as we work towards a more holistic and seamless pilotage system in Canada. This is of course as we collaborate with Transport Canada Marine Safety and Security team.

This year, the return of cruise ships was a welcome addition and provided a definite feeling that things were returning to normal. The Authority is continuing to play a critical role in helping bring to Vancouver very large cruise ships and is working with the BCCP and the VFPA to mitigate risks. Similarly, the role we play in safely allowing larger vessels to use the internal passages of B.C. and call into VFPA is pivotal in the work your department is doing in support of the resiliency of supply chains.

The Authority, along with the BCCP, worked extremely hard to complete as much training as possible to catch up with training that was deferred in 2020 and 2021 due to the pandemic. This push to complete the training ensures the ongoing safety and efficiency of the pilotage system. From an operational perspective, the Authority has once again more than met its mandate of providing a safe and efficient marine pilotage service on the west coast of Canada with 99.94% incident-free assignments and 99.98% delay-free assignments.

The Authority continues to work closely with the industry we serve, the pilots and coastal communities we operate in to ensure that we continue to enjoy the support of all the partners and stakeholders. It is these relationships that ensure our continued success and provide the important social licence in our region.

We continue to work closely with First Nations' governing bodies to ensure the administration of the pilotage system on the west coast of Canada is aligned with their views and objectives. To this end, the coast-wide pilotage model in B.C. is likely one of the strongest and safest pilotage models in the world playing a key role in the prevention pillar of the Environmental Response and Search and Rescue Programs in Canada, as well as resiliency of our supply chains.

We wish to express our appreciation and gratitude to our dedicated staff, pilots, and Board of Directors for the incredible work they did and continue to do throughout the pandemic.

Respectfully submitted,

Lorraine Cunningham
Chair

Julie Gascon
Chief Executive Officer

Corporate Governance

Corporate governance is the process of establishing and monitoring the policies and procedures which will ensure the appropriate stewardship of the business and affairs of the Authority, including financial viability.

As a Crown corporation, the Authority operates at arm's length from the Government of Canada. While the federal government provides policy direction for the Authority's ongoing operations, the Authority's Board of Directors ensures that the Authority fulfils its mandate by setting the strategic direction, organizational goals, and monitoring their implementation. The Authority reports to Parliament through the Minister of Transport.

The Chair of the Board is appointed by the Governor in Council on the recommendation of the Minister of Transport, and the Board Directors are appointed by the Minister of Transport with the approval of the Governor in Council. There are seven members on the Authority's Board of Directors.

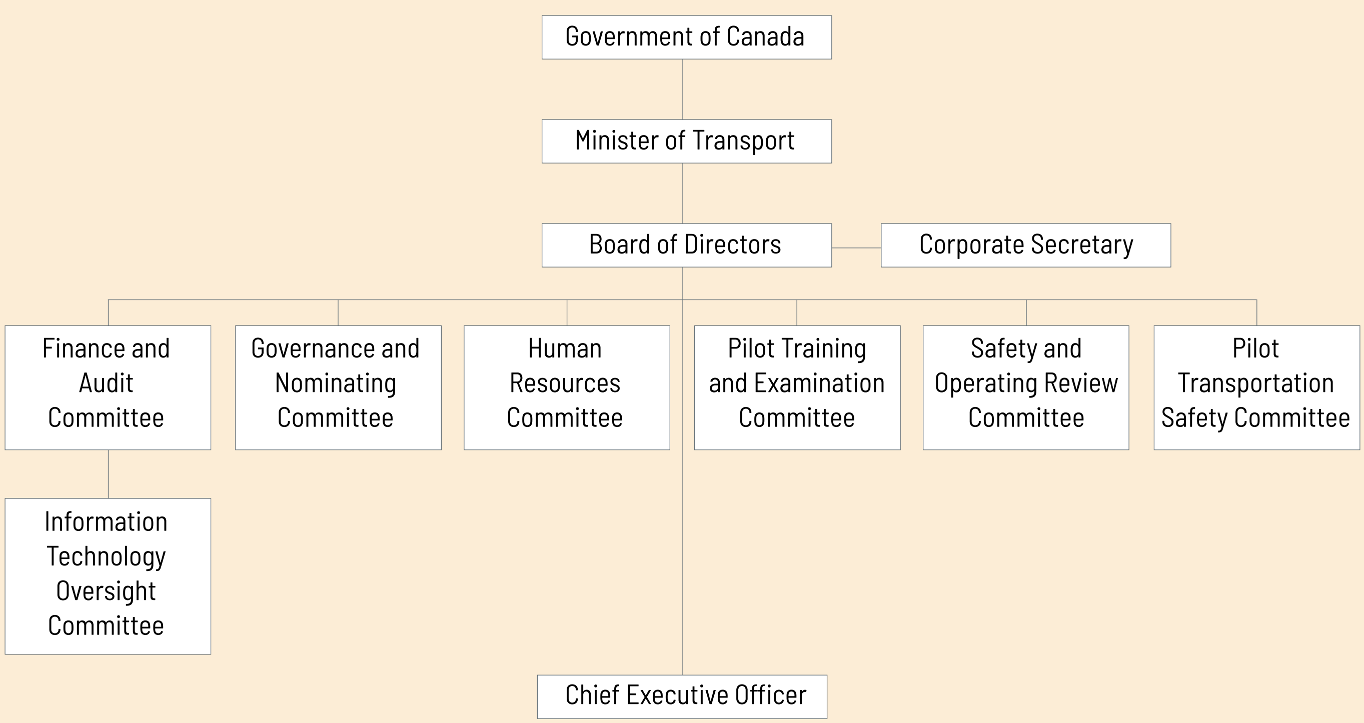
The Authority's Board of Directors has representation from Vancouver and Vancouver Island, with backgrounds in marine services, accounting, law, education, and technology.

The Authority complies with the Treasury Board guidelines on corporate governance practices (guidelines on Board responsibilities, public policy objectives, communications, Board and management relations, Board independence, the position of the Chief Executive Officer ("CEO"), renewal of the Board, education of directors, compensation, and the responsibility for corporate governance). The Board has developed a skills framework to assess the skills of Directors that are currently on the Board as well as those skills that are required for the future. The Board assesses its performance as well as the performance of committees and individual Board members annually.

The Board has constituted several committees to focus on the major areas of the Authority. These committees are chaired by a Board member, have terms of reference and mandates and report directly to the Board on a regular basis.

The Authority is led by the CEO who reports to the Board through the Chair. The Authority's governance chart below indicates the reporting structure.

Pacific Pilotage Authority Governance Chart



BOARD COMMITTEES

Finance and Audit Committee (FAC) - the Chair and at least three Board members are designated as members of this Committee. This Committee meets six times per annum and additionally, as required. Members are expected to be financially literate. Its mandate includes oversight of financial matters, financial reporting, external audit, internal audit, compliance with the *Financial Administration Act* and the Authority's enterprise risk management framework.

Governance and Nominating Committee (GNC) – this Committee meets on an as needed basis, at the call of the Committee Chair. Its mandate is to ensure the Authority follows good corporate governance practices. The GNC also identifies and recruits candidates to apply for the merit-based selection criteria for appointment to the Board. The GNC is comprised of Board members appointed by the Board and is chaired by the Board Vice-Chair. The Corporate Secretary serves on the GNC as a non-voting member.

Human Resources Committee (HRC) – this Committee meets on an as needed basis, at the call of the Committee Chair. Its mandate includes ensuring the Chief Executive Officer (CEO) evaluation and executive development planning is in place at the Authority. The HRC is also mandated to review the compensation of the CEO, including the annual performance management plan and to oversee the establishment of safety standards and safe operation of the Authority's Vancouver office. In addition, the committee consults with the Director of People and Organizational Development to oversee the implementation of the organization's diversity, equity and inclusion objectives. The HRC is comprised of the Board Chair and Vice-Chair. This year, the Committee had the additional mandate of on-boarding a new CEO throughout Q4 of 2022 and into 2023. The CEO and the Director of People and Organizational Development serve on the HRC as non-voting members.

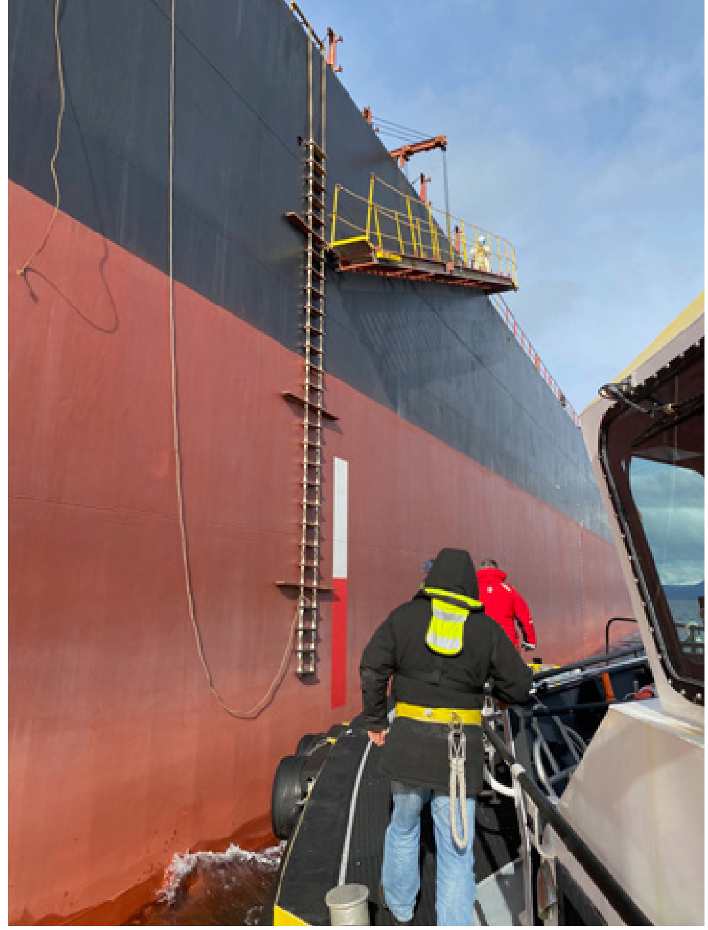
Pilot Training and Examination Committee (PTEC) – this Committee meets four times per annum and additionally, as required, to conduct pilot examinations. Its mandate is to conduct pilot examinations and review ongoing training programs for pilots. It is chaired by a Board member and includes members of the Authority's management and BC Coast Pilots. A Committee of Examiners is established for the purpose of conducting pilot examinations.

Safety and Operating Review Committee (SORC) – this Committee meets four times per annum and additionally, as required, to conduct pilot examinations. Its mandate is to conduct pilot examinations and review ongoing training programs for pilots. It is chaired by a Board member and includes members of the Authority's management and BC Coast Pilots. A Committee of Examiners is established for the purpose of conducting pilot examinations.

Pilot Transportation Safety Committee (PTSC) – this Committee meets at least twice per annum or more frequently as required. The Committee is responsible for establishing safety standards and monitoring the safe operation of pilot launches, water taxis, airplanes and the future use of helicopters utilized in the transfer of pilots to/from ships and ensuring that the Authority adheres to regulations and safe practices issued by Transport Canada. It is chaired by a Board member and composed of BC Coast and Fraser River pilots, Authority management and pilot launch personnel.

Information Technology Oversight Committee (ITOC) – this sub-Committee of the Finance and Audit Committee meets four times per annum, or more frequently as required. The Committee is responsible for overseeing the identification and mitigation of risks arising from the implementation and use of information technology and focuses on the controls and good practices of cybersecurity. It is chaired by a Board member and includes members of Authority management.

There was also a CEO Search Committee operational during the year, which was tasked with recruiting a new CEO. Once that task was completed at the end of Q3, the committee was disbanded.



ORGANIZATIONAL STRUCTURE OF THE AUTHORITY

The Authority is managed by the CEO who reports to the Board.

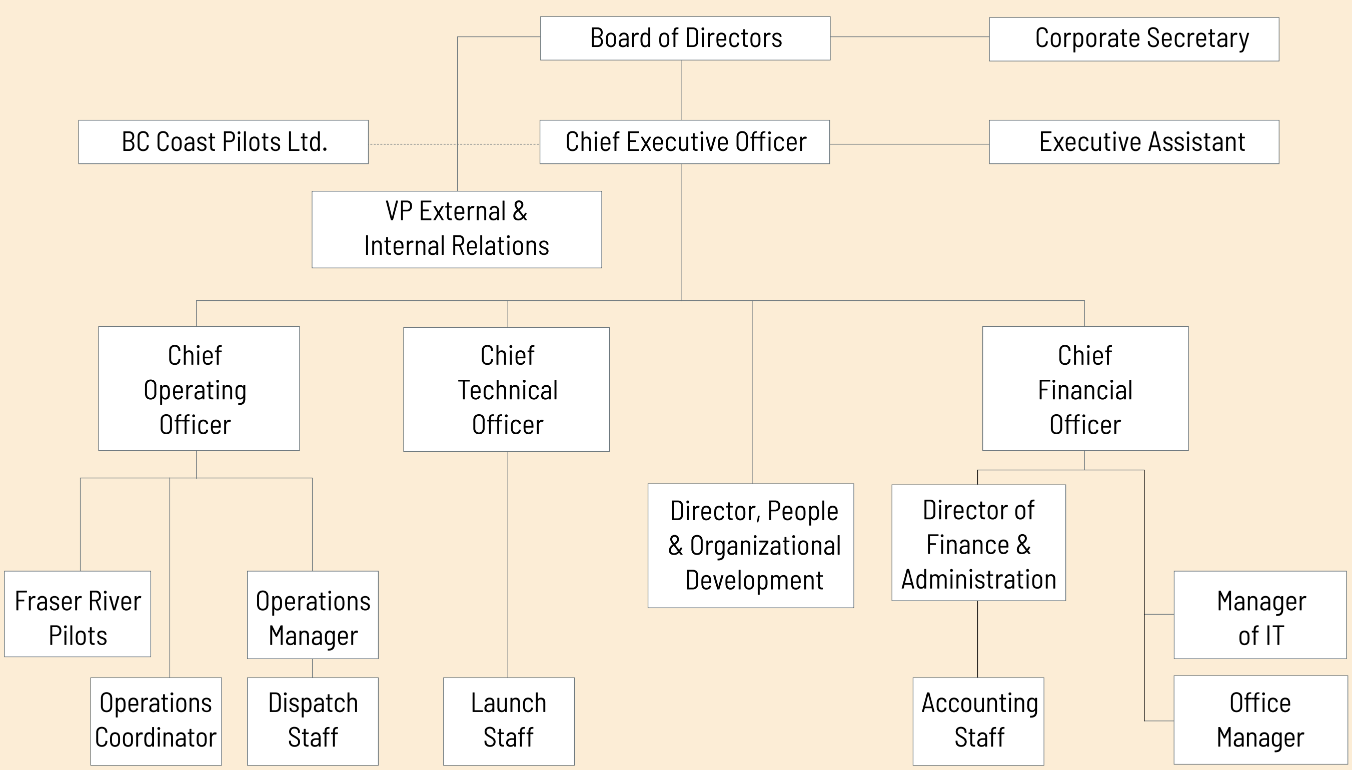
There are 13 management employees, nine employee pilots, 12 full-time and five casual dispatchers, five full-time and six casual/part-time administrative staff, and 28 full-time and 39 casual launch employees.

In addition, 121 marine pilots provided coastal pilotage services to the Authority during 2022 through their company, the British Columbia Coast Pilots Ltd ("BCCP").

The Authority's organization chart below illustrates its reporting structure.

The Authority has prepared succession plans for senior management positions. These plans outline the recruitment process, skills criteria, and timelines in the event of personnel change.

Pacific Pilotage Authority Organizational Chart



CONSULTATION WITH STAKEHOLDERS

The Authority's management team places a high degree of emphasis on customer contact and feedback each year. Service levels expected of the Authority are measured on a regular basis. During 2022, the Authority's management team met monthly with the Chamber of Shipping, Shipping Federation, International Ship-Owners Alliance of Canada and Cruise Lines International Association representatives. Quarterly meetings were held for all the Authority customers, ports and associations. The Authority's financial position is evaluated in detail at these meetings. Safety and operational issues are also discussed and reviewed.

We also met with a number of marine communities, including First Nations' groups, during the year to identify their needs, issues and concerns and through this dialogue identify workable solutions.

Management Discussion and Analysis

OVERVIEW OF OPERATIONS IN 2022

The past year saw us begin to return to normal operations with the lessening and then finally the elimination of most restrictions related to the global pandemic. A highlight was the return of cruise ships for a full season after being absent from the BC coastline in both 2020 and 2021. We were also able to return to more conventional procedures for transporting pilots to assignments on scheduled flights. However, some challenges do remain where the frequency of some scheduled flights has been curtailed, as airlines adjust to economic realities post-pandemic.

Another significant event in 2022 was a change in the Authority's Chief Executive Officer. After 17 years leading the PPA, Kevin Obermeyer is retiring. Following an extensive search for suitable candidates internally and externally, our new CEO, Julie Gascon, was appointed to the role in October 2022. Julie, a Master Mariner, was most recently the Director General, Marine Safety and Security, at Transport Canada. We are fortunate that Kevin will remain with the Authority, as VP, External and Internal Relations, until the second quarter of 2023 to assist in the transition of leadership.

With the easing of pandemic restrictions, we were also able to resume a full calendar of pilot training, including attendance at manned model training schools in Europe, and begin to catch up with scheduled training that was deferred from 2020 because of the pandemic. As a result, 28 pilots attended training courses in Warsash (UK), Port Revel (France) and Ilawa (Poland) in 2022. In addition, we continued to hire new apprentice pilots to ensure a future stream of trained and experienced pilots. Six coastal apprentices started in January and a further four in July.

We signed a Strategic Partnership Agreement during the year with BCCP to codify our continuing shared commitment to working on the common goal of safe and effective pilotage on the BC coast. During the year we acquired two new simulator bridges, including a tug bridge and a full mission simulator, which we will operate with BCCP. These have been installed in a new, dedicated space, enabling both pilot training and simulation sessions for third parties. We were able to utilize the simulator to provide 487 hours (2021 – 579 hours) of training to pilots during the year.

As part of the Trans Mountain Expansion project, the Authority was requested to have two pilots retain the conduct of the vessel, and supporting tugs tethered, until the vessel is past and clear of Victoria. This means disembarking the pilots in the vicinity of Sooke, as opposed to the present pilot station off Victoria. The Authority agreed to this change on the understanding that a helicopter would be utilized, partly due to safety concerns, but largely because of additional time spent onboard the vessel and then on the pilot launch would severely reduce the efficient use of the pilot work force. Worldwide, the practice of crew changing pilots on tankers offshore using helicopters is common and both safe and efficient. As LNG Canada is ramping up its operations in northern B.C. and is requesting a change to the current pilot boarding station off Triple Island, one of the most exposed pilot stations in Canada, the use of helicopters will be expanded to accommodate LNG carriers loading product in Kitimat. The Authority completed a request for proposals process and has been in on-going discussions during the past year with both the selected helicopter operator and Trans Mountain to plan for the start of operations in the south at the Westridge terminal in early 2024.

We completed the build phase of a new Pilot Dispatch and Accounting Management System ("PDAMS") with a local software development company and moved to extensive testing in Q4 of 2022. We went "live" with the new system at the beginning of February 2023. The new system enables the use of electronic source cards for recording pilot assignments. Benefits include efficiency in scheduling and faster and more accurate reconciliation of billing.

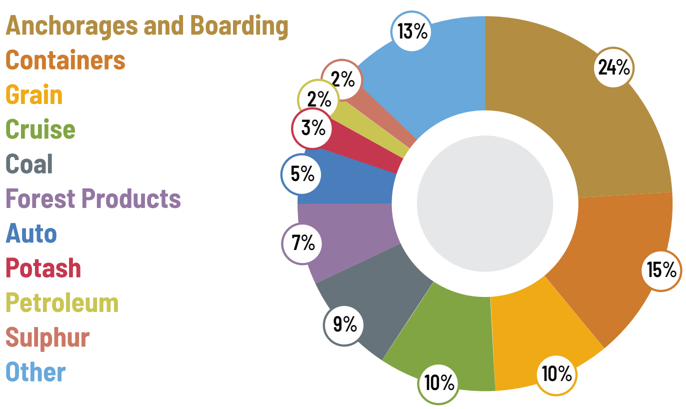
As the threat landscape for cyber crime continues to impact organizations, we conducted phishing tests, penetration testing and worked with a consultant to test our cybersecurity readiness plan with a simulation tabletop exercise.

We also successfully completed our seventh consecutive annual International Standards Organization (ISO) and International Safety Management (ISM) audits. Following ISO and ISM standards reflects our focus on safety and provides an independent review of our procedures.

TRAFFIC ANALYSIS

The chart and table below highlight pilotage assignments by product sector. The container ship sector is the largest and accounted for 15% of our assignment volumes in 2022. The Anchorages and Boarding category represents the movement of vessels between anchorages.

Product sectors by number of assignments in 2022



Pilotage trips in excess of eight hours or 105 nautical miles require the services of a second pilot. Safety considerations remain paramount as the pilot is allowed to work a maximum of eight hours before an appropriate rest break is required. Most cruise ships heading north or south through the Inside Passage fall into this category, along with certain northern assignments, such as vessels bound to/from Kitimat and Stewart.

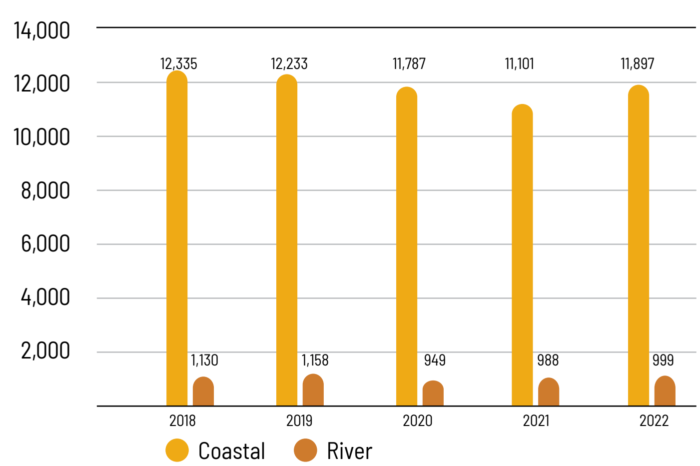
During 2022, BCCP, a private company of 121 entrepreneur pilots under contract to the Authority, completed 11,897 coastal assignments (excluding second pilot assignments). Fraser River assignments were performed by nine employee pilots who completed 999 River assignments.

The Authority's monthly pilotage assignment pattern is usually very consistent year over year. Normally there is a seasonal spike in the coastal assignments due to the cruise ship sector during the months of May through September (particularly on Vancouver Island and the Port of Vancouver).

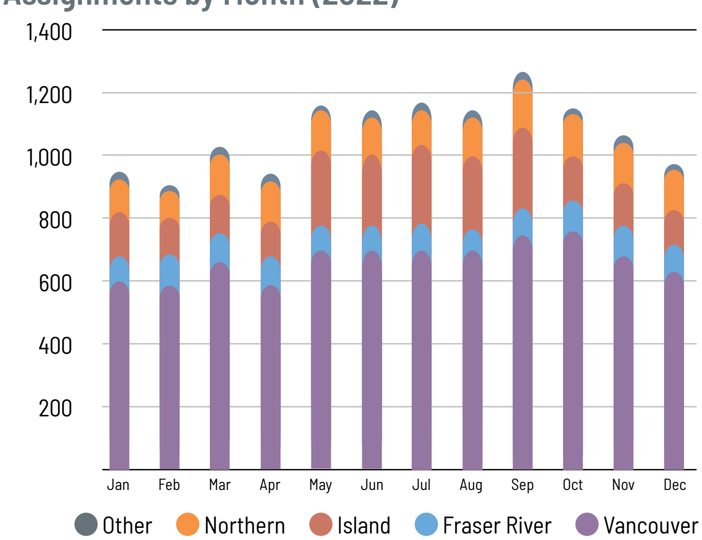
Annual Assignments[1] by Product Sector

	2018		2019		2020		2021		2022	
Anchorages and Boarding	2,843	21%	2,898	22%	3,133	25%	3,030	25%	3,037	24%
Containers	2,355	17%	2,325	17%	2,219	17%	2,143	18%	1,984	15%
Grain	1,841	14%	1,891	14%	2,277	18%	1,787	15%	1,291	10%
Cruise[2]	1,025	8%	1,114	8%	-	0%	-	0%	1,267	10%
Coal	1,081	8%	1,141	9%	1,055	8%	1,074	9%	1,160	9%
Forest Products	969	7%	1,013	8%	932	7%	903	7%	943	7%
Auto	755	6%	744	6%	563	4%	585	5%	622	5%
Potash	368	3%	326	2%	347	3%	312	3%	375	3%
Petroleum	376	3%	273	2%	241	2%	283	2%	301	2%
Sulphur	212	2%	218	2%	244	2%	205	2%	220	2%
Other	1,640	11%	1,448	10%	1,725	14%	1,767	14%	1,696	13%
GRAND TOTAL	**13,465**	**100%**	**13,391**	**100%**	**12,736**	**100%**	**12,089**	**100%**	**12,896**	**100%**

Annual Pilotage Assignments



Assignments by Month (2022)



1: Coastal and Fraser River assignments
2: Cruise ship season cancelled in 2020 and 2021 during global pandemic

The Authority categorizes its assignments into four key traffic areas: Vancouver (Port of Vancouver (VFPA)), Island (Vancouver Island), Northern (Prince Rupert, Kitimat and Stewart) and Fraser River.

The Port of Vancouver (VFPA -Vancouver Fraser Port Authority), which includes the Roberts Bank and Deltaport terminals, is the largest assignment area accounting for 68% (2021 – 67%) of all assignments performed by the Authority. This area represents 51 berths and 34 anchorages that we service on a regular basis. The VFPA area traffic in 2022 decreased by 84 assignments compared to the prior year. This decrease was primarily attributed to fewer grain shipments in 2022 due to a poor harvest in 2021.

The Island area includes the harbours at Victoria and Nanaimo, as well as a number of ports around Vancouver Island, including Port Alberni and Port McNeil. It also includes a number of anchorages around the Southern Gulf Islands. The number of assignments in 2022 increased significantly to 2,105 from 1,444 in 2021 because of the return of cruise ships. Many cruise ships stop in Victoria and those heading north to Alaska, or returning, usually require a pilot change at Pine Island, off the northern tip of Vancouver Island.

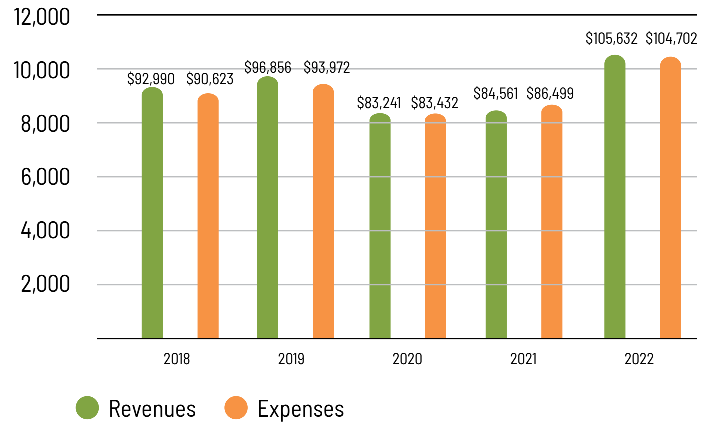
Fraser River ("River") traffic for 2022 increased to 999 assignments (2021 - 988). The River has an automobile terminal and a multi-use terminal, which handles containers, bulk, and break-bulk products. Ships bound to or from the River also require the services of a coastal pilot for their coastal transit to and from the Sand Heads boarding station which is located at the mouth of the Fraser River. Once inside the Fraser River, an employee pilot is responsible for the pilotage transit to and from the berths. In total this area has ten active berths.

The Northern area, which includes Prince Rupert, Kitimat and Stewart, accounted for 12% (2021 – 12%) of the Authority's coastal pilotage assignments. Currently this area has 11 berths and 36 anchorages. Most of these assignments are in the Prince Rupert region which primarily handles containers, grain, coal, logs and wood pellets. The traffic in 2022 increased by 53 assignments compared to the prior year, mainly as a result of the return of cruise ships after a two-year absence.

FINANCIAL COMMENTARY

For 2022 the Authority recorded revenues of $105.6 million and a profit of $0.9 million.

Revenues and Expenses by Year (in $'000's)



On June 5, 2022, the Authority implemented a 4.8% increase in most service charge rates (2.5% in 2021) and increased the temporary surcharge to $400 per assignment to mitigate the financial impacts of the pandemic. The increases in charges were planned with consultation and support from the industry we serve.

The principal changes compared to prior year and plan are explained below:

1. Coastal pilotage revenues increased 19% from prior year due to the return of cruise ships in 2022 after a two-year absence. However, revenues were only 1% above plan for the first nine months of fiscal 2022 because of an unexpected drop in traffic volumes in other sectors. Increases (decreases) in assignment volumes compared to prior year for key product sectors were as follows:
   - Containers – (7)%
   - Grain – (28)%
   - Coal – 8%
   - Forest Products – 4%
   - Auto – 6%
   - Cruise ships generated 1,267 assignments in 2022, compared to no cruise assignments in 2021

   The changes in coastal revenues compared to prior year are largely mirrored in the changes in coastal contract expenses, which vary directly with changes in assignment volumes.

Overall, the margins for coastal pilotage for 2022 were 8% of revenue, down from 13% for the same period in the prior year. The decrease in margins is due largely to new contract rates payable to coastal pilots that came into effect in January, but without a corresponding increase in our service charges until June 2022. Coastal margins are also slightly below plan due to a larger than expected impact from cruise ships, which typically generate lower than average margins.

2. Launch revenues were 39% above prior year for 2022 because of cruise ship activity. Similarly launch expenses were up over the prior year by 34%. Margins in this sector were 3% for 2022, which was an improvement over the prior year breakeven position.

3. Travel revenues were 50% above prior year for 2022 because of cruise ship activity. In spite of the increased activity from cruises, transportation expenses were 9% below prior year as we switched back to using scheduled flights for many pilot flights, with the exception of longer haul flights north where we continued to use charter flights for the first three months of 2022. We had planned to use only scheduled flights by the end of 2021, but with the increase in COVID infections we continued to use some charter flights for pilot safety. Hence actual travel expenses in 2022 exceeded our plan. With the increase in revenue and decrease in costs, the margins for travel improved to 10% for 2022.

4. River pilotage revenues were 7% below prior year in 2022, reflecting virtually equivalent number of assignments as the prior year, but a change in the mix of vessels with the average size being smaller and therefore revenue from unit fees being lower. Margins in this sector were 3% for the period, well below the 15% earned in the prior year, which was the result of an increase in overtime from covering for pilots on sick leave.

5. A temporary surcharge was introduced in March 2021 to mitigate the financial impacts of the COVID-19 pandemic. Revenue from this surcharge increased over the prior year as the surcharge was in effect for all of 2022, compared to only seven months in 2021. In addition, the temporary surcharge was increased from $175 to $400 per assignment in June 2022.

6. Coastal pilot and apprentice training costs were above the prior year by $0.8 million, or 40%, as training schools in Europe re-opened and we were able to resume pilot and apprentice training after it had been deferred during the pandemic. Also, ten apprentices were hired in 2022.

7. In 2022 we incurred overhead expenses of $10.4 million for administrative salaries and benefits, depreciation, and other costs, representing an increase of $1.1 million over the prior year. Increases resulted from additional staffing during the busy summer season with cruise ships, annual salary increases, transitional costs for several changes in management positions, and higher depreciation with the new pilot launch (Pacific Guardian) in operation for a full year.

8. In our planned results, we had assumed for 2022 that we would have a contract in place for helicopter services for pilot transportation for tankers outbound from the terminal related to the Trans Mountain pipeline. The contract would have been recorded as a right-of-use asset, with corresponding depreciation expense, offset by a reimbursement of expenses which would have been included in other income. As the project has been delayed until 2024, both other income and depreciation expense were lower than plan in 2022.

The table below details the comparisons of the major revenue and expense categories from the Authority's unaudited operating statements for 2022 and 2021.

	2022 Actual	2021 Actual	Change	2022 Plan	Variance
	$'000	$'000	%	$'000	%
Coastal pilotage revenue	72,234	60,512	19%	72,509	-%
Coastal contract expenses	(66,282)	(52,743)	26%	(65,702)	-1%
Coastal margin	5,952	7,770		6,807	
Launch revenue	13,595	9,773	39%	11,488	18%
Launch expenses	(13,171)	(9,815)	34%	(11,019)	-20%
Launch margin	424	(43)		469	
Travel revenue	9,633	6,401	50%	8,526	13%
Pilot transportation expenses [1]	(8,699)	(9,508)	-9%	(7,452)	-17%
Travel margin	934	(3,107)		1,074	
River pilotage revenue	3,532	3,799	-7%	3,959	-11%
River pilot wages and benefits	(3,439)	(3,245)	6%	(3,504)	2%
River margin	93	554		455	
Total margin	7,403	5,174		8,805	
Other revenue and expenses					
Surcharge income	6,349	3,823	66%	4,609	38%
Other income	290	253	26%	1,746	-87%
Pilot training expenses	(2,711)	(1,934)	40%	(2,916)	7%
Administrative salaries and benefits	(5,568)	(4,847)	15%	(4,956)	-12%
Other expenses	(2,856)	(2,782)	3%	(3,276)	13%
Depreciation	(1,976)	(1,624)	22%	(3,660)	46%
TOTAL PROFIT (LOSS)	**$ 930**	**$ (1,937)**		**$ 352**	

[1] excluding third party launch expenses

The following chart compares the major expense categories as a percentage of total expenses for the year 2022.

Actual Expense Categories 2022

Pilot Fees (contract)

Pilot Transportation (collective agreements)

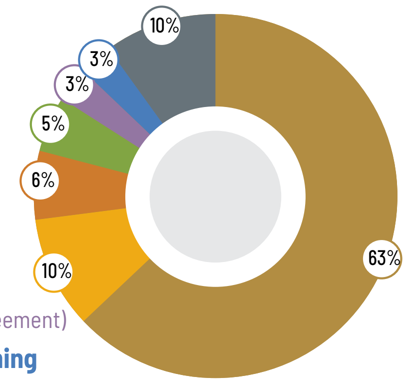
Pilot Launch Operations (collective agreements)

Staff Salaries and benefits

Employee Pilots' Salaries and other benefits (collective agreement)

Pilot Apprenticeship & Training

Other expenses



Similar to prior years, approximately 80 percent of the Authority's total annual expenditures for the year were covered by either a service contract or collective agreements.

Since inception in 1972 the Authority has been financially self-sufficient and continues to manage its finances to maintain this position. A consideration for being self-sufficient is maintaining an appropriate level of cash and investment reserves. The Authority has determined that reserves are required to meet existing current liabilities; future capital commitments; and the possibility of a significant unknown event with adverse financial consequences for the Authority, for example, the recent pandemic. At December 2022, the Authority estimated the required level of cash and investment reserves to be $13 million to meet working capital requirements, provide funding for near term capital commitments and a reserve for business continuity during or after a significant event with adverse financial consequences. Although the total of $13 million exceeds the Authority's cash and investment balance of $9 million at the end of 2022, we anticipate growing the cash balance and investment reserves over the next few years to the estimated level required.

The table below provides a historical financial summary of the Authority for the past five years from 2018 through 2022.

	2018	2019	2020	2021	2022
Financial Results ($'000)					
Revenues	92,990	96,856	83,241	84,561	105,632
Expenses	90,890	93,972	83,432	86,499	104,702
Profit (Loss)	2,100	2,884	(191)	(1,938)	930
Financial Position ($'000)					
Current Assets	14,049	16,500	14,817	13,988	14,664
Current Liabilities	(12,398)	(12,874)	(13,747)	(13,291)	13,470
Net Working Capital	1,651	3,626	1,070	697	1,194
Property and Equipment	10,898	12,329	13,547	16,600	17,257
Average Number of Pilots					
Coastal	118	123	123	112	121
River	8	9	9	9	9
Number of Assignments					
Coastal	12,335	12,233	11,787	11,101	11,897
River	1,130	1,158	949	988	999
Revenue per Assignment					
Coastal	$ 5,441	$ 5,665	$ 5,249	$ 5,451	$ 6,072
River	$ 3,364	$ 3,585	$ 3,808	$ 3,845	$ 3,536

KEY PERFORMANCE INDICATORS

The performance indicators of the Authority are regularly reviewed and assessed by the Board of Directors. Part of the assessment is based upon certain key performance indicators (KPIs) which are listed below. The Authority shares the KPIs with its stakeholders.

Results for 2022

Safety	Goal	Actual	Prior Year
1. Incidents on vessels under pilotage	0	8	7
2. Incidents on pilot launches	0	0	0
Reliability			
3. Number of delays (hours) caused by pilots	0	4 (11 hours)	3 (9 hours)
4. Number of delays (hours) caused by dispatch errors	0	0 (0 hours)	1 (14 hours)
5. Number of delays (hours) caused by launches	0	2 (11 hours)	0 (0 hours)
6. Total number of delays (Total hours delayed)	0	6 (22 hours)	4 (23 hours)
Efficiency: General			
7. Pollution incidents on pilot launches	0	0	0
8. Average number of working days to resolve all complaints	5 days	2 days (6 complaints)	6 days (7 complaints)
9. Average number of working days to resolve all invoice disputes	5 days	2 days (16 disputes)	3 days (32 disputes)
Efficiency: Pilots			
10. Complaints regarding pilot service level [no. of complaints/number of assignments]	0%	0.1%	0.1%
11. Callbacks as percentage of assignments	2.5%	2.5%	0.6%
12. Annual assignments per pilot			
a) Coastal	119	115	103
b) Fraser River	122	125	124
13. Annual utilization of pilots – terminal delays [hours delayed at terminal/total hours on assignment]	5%	2%	2%
14. Annual utilization of pilots – cancellations [number of cancellations/number of assignments]	8%	8%	9%
Financial			
15. Average cost per assignment			
a) Revenue	$ 7,726	$ 8,191	$ 6,995
b) Cost	$ 7,699	$ 8,119	$ 7,154
c) Profit (loss)	$ 27	$ 72	$ (159)
16. Maintain an adequate investment fund	$2.9M	$2.4M	$2.4M
17. Accounts receivable - % of invoices under 30 days	95%	85%	99%
18. Working capital ratio – current assets / current liabilities	1.0	1.09	1.05

INCIDENT REPORTING

The Authority categorizes incidents and accidents into three classes. An incident or accident will not be classified until sufficient facts are available to assess the potential for safety improvements and may require on site evaluation or interviews.

Class "A" Incidents

Defines an incident that causes damage or losses as below:

- Human: Multiple deaths or multiple people with serious long-term injury
- Property: Damage to property that ceases operations for a period exceeding one month or financial loss exceeding $50 million
- Vessel(s): Vessel sinks or sustains so much damage that it is a constructive total loss
- Environmental: Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)

Class "B" Incidents

Defines an incident that causes damages or losses as below:

- Human: Some people with serious long-term injury and multiple minor injuries
- Property: Damage to facilities is such that the operations cease for not more than one month or financial loss of up to $50 million
- Vessel(s): Vessel grounds or sustains significant damage with dry docking required and loss of operations for not more than one month
- Environmental: Incident causes medium term harm to environment, (i.e. damage lasts not more than one month)

Class "C" Incidents

Defines an incident that causes damage or losses as below:

- Human: Single or multiple minor injuries requiring on site first aid and\or off-site treatment
- Property: Minor damage to facilities with no effect or damage of a minor nature causing operations to cease for no longer than 72 hours
- Vessel(s): Minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours
- Environmental: Incident causes minimal or intermittent harm to environment over a period of time, (i.e. damage lasts no greater than a day)

The table below shows the actual number of incidents the Authority has recorded over the last five years.

Year	Incident Free Assignments	Total Incidents	Class A	Class B	Class C	Total Assignments
2018	99.96%	5	-	-	5	13,465
2019	99.96%	6	-	2	4	13,391
2020	99.90%	13	-	-	13	12,736
2021	99.94%	7	-	-	7	12,089
2022	99.94%	8	-	-	8	12,896

The terms of reference for the Authority's Pilot Training and Examination Committee (PTEC) include reviewing incidents to determine training/familiarization opportunities for pilots. Also, through the industry representatives on the Safety and Operating Review Committee (SORC), the Authority liaises with the relevant stakeholders to share information and modify/enhance operating practices.

HUMAN RESOURCES

The Authority has a highly effective and proactive management team supported by skilled operations and administrative staff. We continue to experience low employee turnover and attribute that to a supportive and inclusive working environment. We have maintained open communication during the shift to a hybrid working environment through virtual team meetings, frequent check-ins with staff, and employee town halls. We hosted a seminar on enhancing psychological health, wellness and resilience at our all-employee town halls and provided follow up resources including a psychological health and wellness toolkit to all participants. We regularly provide staff with information on our Employee and Family Assistance Program and have published wellness resources including courses on mindfulness and anxiety on our intranet. We also hosted seminars for the leadership team on mental health self-care for leaders and on leading through organizational change.

The Authority is committed to removing barriers to employment for equity seeking candidates fostering a diverse and inclusive work environment. We ensure that recruitment processes are equitable and accessible in line with our equity, diversity, and inclusion policy. We have achieved gender balance across the administrative team, management team and Board.

We worked with First Nations University of Canada to deliver a multimedia reconciliation course to the management team in line with the Truth and Reconciliation Commission's TRC call to action #92. The course covers the history and culture of Indigenous Peoples and provides foundational learnings on reconciliation through an anti-racism lens.

The Human Resources Committee (HRC) has been actively preparing over the past few years for Kevin Obermeyer's retirement in February 2023. The HRC developed a comprehensive succession and onboarding plan to ensure a successful transition and transfer of knowledge.

The CEO Search Committee was formed in 2022 to conduct a national search for a new CEO. Julie Gascon was appointed as the new CEO effective October 3, 2022 and Kevin moved into a Vice President External and Internal Relations role to facilitate the leadership transition

The Authority's relationship with most of its employees is supported through collective agreements, with the following:

- the Canadian Merchant Service Guild, representing all employee pilots (nine employees), expires January 31, 2027;
- the Canadian Merchant Service Guild, representing all launch masters and engineers (57 employees), expires March 31, 2023;
- the International Longshore & Warehouse Union, Local 520, representing all deckhands, dispatchers and administrative staff (38 employees), expires March 31, 2023.

RECRUITMENT AND TRAINING OF PILOTS

As in many other sectors requiring highly-skilled labour, finding and recruiting sufficient suitable, diverse and qualified pilot candidates continues to be a challenge. The Authority selects and trains marine pilots in accordance with its Quality Assurance Procedures and the *General Pilotage Regulations* to ensure a highly qualified and skilled workforce. The selection and training process for marine pilots involves:

- reviewing the potential candidates' medical fitness, maritime qualifications, and local area sea time for compliance with the *General Pilotage Regulations*;
- potential candidates' participation in the Pilot Familiarization Program as required by the *General Pilotage Regulations*;
- examination of candidates who meet both of the requirements above;
- apprenticeship and training before licensing the candidates; and
- progression and recurrent training during their piloting career.

Candidates who meet the pre-requisites are enrolled into the Pilot Familiarization Program which is administered by the Authority. This program is restricted to a maximum enrolment of 40 candidates at any given time. The program allows the potential pilot candidates to complete familiarization trips along with licensed pilots; it also helps enhance their coast-wide knowledge and improves their performance in the examinations. At the end of 2022 enrolment in the program was at maximum capacity.

Marine pilot entry exams are conducted once or twice each year to assess potential candidates for the necessary knowledge, experience, and skills to perform the job. The exam process consists of three parts: viz. a three-hour written exam on general ship knowledge, a three-hour written exam on local coastal knowledge, and a three- and one-half-hour oral exam session.

The minimum durations of the apprenticeship for BC coast pilots and Fraser River pilots are nine and one-half months and five months, respectively. Both apprenticeship durations can be extended up to a maximum of twenty-four months.

The Pilot Training and Examination Committee (PTEC) regularly reviews training facilities to ensure our training standards and the instruction level is relevant, effective, and valid.

The cost for training each apprentice is approximately $200,000, which includes remuneration, course fees and travel expenses; these costs are borne entirely by the Authority. If the apprenticeship period extends to 24 months, the costs increase to approximately $400,000 per pilot.

The Authority works with the BC Coast Pilots to ensure sufficient apprentices start each year to allow for retirements as well as forecasted assignment growth. Ten apprentice coast pilots were taken on during 2022.

The Authority budgets for licensed pilot training each year. The pilots are provided with familiarization and skills-enhancement training.

Apprentice pilot (coast and river) training during the year included:

- Ten coast apprentices received training for tethered tug manoeuvres, azimuth podded propulsion systems, Bridge Resource Management (Pilots), ship handling training using manned ship-models, ship handling training using a simulator, and for Portable Pilotage Units.

Licensed pilot training during the year included:

- Tethered tug training for 12 coast pilots
- Panamax-size ship handling training using manned ship models for 5 coast pilots and one river pilot
- Advanced ship handling training using manned ship models for 22 coast pilots
- Azimuth propulsion system refresher training for 7 fourth-year coast pilots

Pilot Examinations and Eligibility List

During 2022, seven coastal pilots received their Class II licence and four coastal pilots received their Class I licence.

As of December 31, 2022, there were six candidates on the coast pilot eligibility list - those who had passed their exams and are awaiting apprenticeship - and two on the river pilot eligibility list.

The Authority conducted two coast pilot examination sessions in 2022. Twelve candidates attempted the examinations of which eight were successful.

ENTERPRISE RISK MANAGEMENT

An Enterprise Risk Management and Safety (ERMS) program is incorporated into the Authority's strategy, which helps in cultivating a culture of risk awareness throughout the organization and in providing a lens to assess the impact to the Indigenous communities in which we operate. A comprehensive Risk Framework has been developed and all risks are assessed, ranked and monitored regularly.

Risks are designated by an ERMS management committee as either operational or strategic. Most operational risks are assigned to the appropriate management staff for mitigation and review. Strategic and significant operational risks (together defined as Key Risks) are overseen by the Board or an appropriate Board Committee.

The Authority is committed to ensuring that all risks have appropriate mitigation measures in place and are reviewed comprehensively on a regular basis. Detailed risk descriptions and mitigation measures are kept current by the risk owners.

The six highest rated key risks for the Authority in 2022 were:

- Inability to source and train sufficient qualified pilot candidates
- Inability to cover committed obligations and overhead because of a decrease in assignment volumes
- Disruption from cybersecurity breach
- New heli-hoisting program causes financial loss or compromises pilot safety
- Inadequate response to a major disaster or emergency
- New pilot dispatch and accounting system does not meet scope requirements

The Authority considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, its committees, the CEO, and all employees are accountable for identifying and managing risk within their area of responsibility. Risk management policies ensure a consistent, comprehensive and enterprise-wide risk management approach is integrated into planning, decision making, and operational processes.

The Authority has adopted the following risk profile and tolerance matrix:

Risk Impact Ranking Methodology

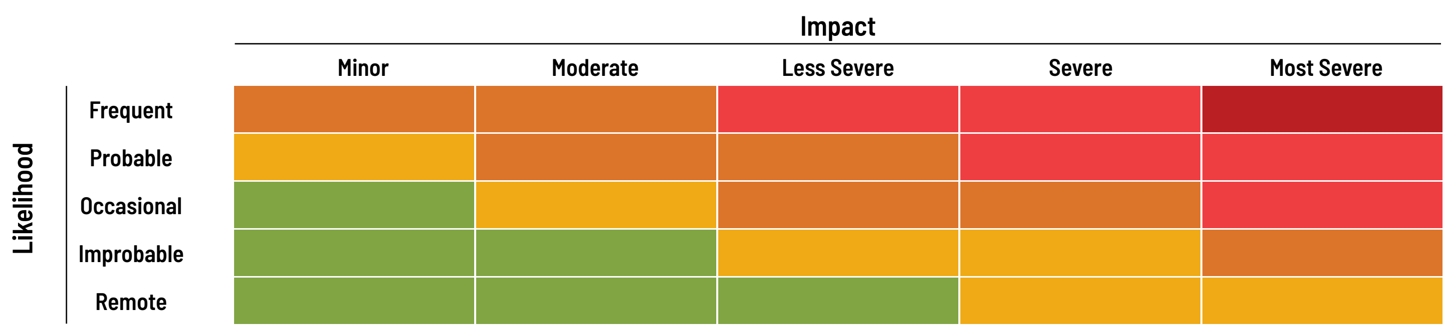
	INDIGENOUS		OPERATIONAL					STRATEGIC	
	Cultural	Disruption of Community	Financial	Human	Property	Vessel(s)	Environmental	Disruption of Business	Reputational
Most Severe	Incident causes long- term harm for more than one month to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for more than one month	Above $10 million cash impact on the Authority	Multiple deaths and multiple people with serious long- term injury requiring intensive care	Damage to infrastructure such that it becomes inoperable for greater than one month or results in financial loss exceeding $50 million	Incident results in sinking of vessel or in the vessel sustaining sufficient damage to result in it being a constructive total loss	Incident causes sustained long term harm to environment (i.e. damage lasts greater than a month)	Operational cessation or major operational issues lasting more than one month	Sustained front page adverse national media coverage and international media coverage Adverse social media commen-tary sustained for greater than one month
Severe	Incident causes medium-term harm for up to one month to tradition-al food sources, cultural or ceremo-nial practices	Community projects, programs, businesses or employment disrupted for up to one month	Impact on the Authority between $5 and $10 million	Single death and multiple people with serious long- term injury requiring intensive care	Damage to infrastructure such that it becomes inoperable for up to one month or financial loss of $25 - $50 million	Vessel sustains damage significant enough to result in towing to dry dock and loss of operations of more than one month	Incident causes sustained medium term harm to environment (i.e. damage lasts more than one month)	Operational cessation or major operational issues lasting up to one month	Front page adverse national media coverage and intermittent international coverage Adverse social media commentary sustained for greater than two weeks
Less Severe	Incident causes medium-term harm for up to three weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to three weeks	$1 million - $5 million cash impact	Some people with serious long-term injury and multiple minor injuries	Damage to infrastructure is such that it becomes inoperable for up to two weeks or financial loss of $10 - $25 million	Vessel grounding or sustains significant damage with dry docking and loss of operations for up to one month	Incident causes medium term harm to environment (i.e. damage lasts up to one month)	Operational cessation or major operational issues lasting up to two weeks	Intermittent adverse national media coverage Adverse social media commentary sustained for up to 2 weeks
Moderate	Incident causes short- term harm for up to two weeks to traditional food sources, cultural or ceremonial practices	Community projects, programs, businesses or employment disrupted for up to two weeks	Between $500,000 to $1 million cash impact	One person with serious long-term injury Some minor injuries Multiple PPA staff with minor illness contracted through work Significant effect on stress levels / morale of multiple PPA staff	Damage to infrastructure such that it become inoperable for up to one week or financial impact of $500,000 - $10 million	Vessel sustains damage resulting in loss of operations for not more than two weeks	Incident causes short term harm to environment (i.e. damage lasts no greater than one week)	Operational issues lasting up to one week but no cessation of business	Sustained front page adverse local media coverage Board and Ottawa receive complaints from industry associations and major clients Adverse social media commen-tary sustained for up to a week
Minor	Incident causes short- term harm for up to one week to traditional food sources, cultural or ceremo-nial practices	Community projects, programs, businesses or employment disrupted for up to one week	Up to $500,000 cash impact	Single or multiple minor injuries requiring on site first aid and\or off-site treatment Significant effect on morale of a PPA staff member	Damage to facilities cause operations to cease for up to 72 hours or a financial impact up to $500,000	Vessel sustains minor damage with no effect or damage resulting in a loss of operations of no more than 72 hours	Incident causes minimal or inter-mittent harm to environment over a period of time (i.e. damage lasts no greater than a day)	Operational issues (e.g. delays) lasting up to 72 hours	Intermittent adverse local media coverage Complaints received from industry and/or clients Some adverse social media commentary but not sustained

Risk Likelihood Ranking Criteria

Likelihood	Risks that are ongoing	Risks that are one off
FREQUENT	We expect that the risk will occur many times a month. The risk is happening.	We fully expect the risk to occur. The risk is already occurring (i.e. It is an issue).
PROBABLE	We expect that the risk will occur at least once a year.	We expect the risk will most probably occur.
OCCASIONAL	We expect that the risk will occur once in three years.	We expect that the risk may occur at some time and we think it more likely than not.
IMPROBABLE	We expect that the risk will occur once in 10 years.	We expect that the risk may occur at some time and we think it less likely than not.
REMOTE	We expect that the risk will occur once in 50 years.	We expect that the risk may occur only in exceptional circumstances but that it is highly doubtful that it will.

Risk Ranking Score Key

A risk's ranking is a combination of its likelihood and impact, as illustrated on the heat map below:



Extreme	Exposure to this level of risk would normally be immediately reduced (e.g. by improving controls or discontinuing activity etc.) except only in extreme circumstances The CEO must be informed and take control of the management of this risk exposure
Very High	Exposure to this level of risk would normally be immediately reduced unless strategic imperatives dictate otherwise Demonstrably improving the risk control is required and at least one senior management team member should manage that process The CEO must be informed of progress
High	Exposure to this level of risk should be reduced as soon as practicable Improving the risk control is recommended and the relevant management should manage that process Relevant senior management must be informed of progress
Medium	Unnecessary exposure to this level of risk should be reduced if practicable Improving the risk control is recommended if practicable and the relevant management should manage that process Control and responsibility must be specified
Low	Exposure to this level of risk is acceptable without additional risk treatments and be subject to periodic review to ensure the risk does not increase Improving the risk control is not required Can be managed by routine controls and procedures

LOOKING AHEAD TO 2023

The Authority's annual financial results remain linked to the traffic in our ports. Annual traffic levels and thus finances are driven by the economics of the industry we serve. It remains very difficult to accurately forecast traffic levels for upcoming years as there are many factors involved, well outside the control of the Authority.

In preparing forecasts, the Authority analyzes prior year's traffic patterns, data and announcements from industry associations, port authorities, terminal expansion plans and general economic conditions. The Authority also reaches out to terminal operators and agents along the coast to solicit feedback on expected 2023 cargo throughput and ship-call volumes.

In determining its proposed service charge increases for 2023, the Authority based its forecast of revenues and expenditures for 2023 on 10,402 coastal and 849 Fraser River assignments, resulting in a forecast surplus for 2023 of $0.9 million.

Although direct financial impacts from the pandemic have declined, they have been replaced by an impending global recession caused by higher interest rates in response to increased rates of inflation. Shipping traffic is directly tied to global trade and any uncertainty in the global economy will adversely affect trade and the volume of pilotage assignments. During our planning process for 2023, we had initially assumed a year-over-year decline of 10% in assignments. Since then, we have revised our estimates upwards due to a good harvest in 2022, which will result in increased grain shipments for the first half of 2023, and better than expected assignment volumes at the start of 2023. We are now estimating only a 5% drop in assignments in 2023 over 2022 and have revised our forecast surplus for 2023 to $1.3 million. Uncertainty remains though with respect to the duration and severity of a global recession, together with the risk of escalation of the crisis in Ukraine.

Service Charges for 2023

To fund our activities and be financially self-sustaining, the Authority determines pilotage charges for the services it provides. Consistent with the principles set out in the *Pilotage Act*, the service charges are intended to be fair, reasonable and sufficient to allow for a safe and efficient service. The Authority continues to place great emphasis on a full and comprehensive engagement process by consulting at length with industry prior to any changes in service charges.

Our most significant costs, including our contract with BCCP and wages and salaries under collective agreements, include annual escalations tied to increases in the Consumer Price Index. With the recent rapid increase in the rate of inflation, increases in our costs will mirror these higher inflation rates. Accordingly, we have needed to apply historically higher increases in our service charges for 2023 to ensure we continue to be financially self-sustaining. Effective January 1, 2023, the Authority increased pilotage service charge rates by 10.5% and other service charge rates by between 8.0% and 9.25%.

Strategic Focus Areas in 2023

On an annual basis, the Authority engages in a strategic planning process involving the Board of Directors and management. For 2023-2027, the Authority endorsed the following objectives, priorities and activities for 2023.

Objectives and associated strategic priorities and activities

1. **Provide safe, reliable and efficient marine pilotage**
   To provide safe, reliable and efficient marine pilotage and related services in the coastal waters of British Columbia, including the Fraser River, by embracing a culture of continuous improvement.

   STRATEGIC PRIORITIES

   - Safe - to meet or exceed the Authority's commitments to safety through a combination of training and the application of continuous improvement initiatives.
   - Reliable - to minimize delays caused by the Authority and/or pilots by embracing the use of relevant technology.
   - Efficient - to ensure that pilotage services are managed and delivered in the most practical, efficient and cost-effective manner.

   ACTIVITIES FOR 2023

   - Upgrade the in-house simulator databases in partnership with the BCCP and the guidance of PTEC.
   - Promote use of new simulator capacity and capabilities both internally amongst pilots and externally within the local marine industry.
   - Implement a new dispatch and accounting system and introduce e-source cards for pilots (note: new system went "live" on February 1, 2023).
   - Complete contract negotiations with the successful proponent for helicopter service for the south coast.

2. **Ensure financial self-sufficiency**
   To provide the services within a commercially oriented framework, by maintaining financial self-sufficiency, through a combination of cost management and fees that are fair and reasonable.

   STRATEGIC PRIORITIES

   - Self-sufficiency - to ensure that the Authority remains financially self-sufficient on an ongoing basis.
   - Cost management - to ensure that the Authority maintains a cost structure that does not increase as a proportion of revenue.
   - Fair and reasonable fees – to develop, enhance and refine forecasting and modelling tools to ensure that fees are directly based on assumptions about the future of the Authority's business.

   ACTIVITIES FOR 2023

   - Review and implement viable recommendations from completed review of the coast-wide pilot transportation network.

3. **Promote organizational and environmental sustainability**
   To implement sustainable practices within the Authority with a focus on quality assurance, and to contribute to the federal government's environmental, social and economic policies as they apply to the marine industry on the Pacific coast of Canada.

   STRATEGIC PRIORITIES

   - Organizational sustainability - to create, implement and maintain practices that are in alignment with and in support of the federal government's initiatives.
   - Quality assurance - to operate the business with a commitment to the long term, by having the appropriate policies, plans and practices in place to deliver the right skills at the right time.
   - Environmental sensitivity -to ensure that the Authority meets or exceeds all environmental regulatory requirements and follows best practices to reduce its carbon footprint.

   ACTIVITIES FOR 2023

   - Create scholarship program for women and members of Indigenous communities to assist them with their marine studies and ultimately employment as launch crew or pilots.
   - Establish a Pay Equity Committee to take necessary steps to ensure that compensation practices provide men and women with equal pay for work of equal value.
   - Complete a baseline audit of GHG emissions and establish process to monitor and measure, including setting emission reduction target.
   - Continue the journey to ensure the Authority's practices reflect a diverse, equitable and inclusive environment.

4. Demonstrate leadership

To assume a leadership role in the marine industry we serve, by demonstrating national influence and engaging the community in order to facilitate decisions that result in improvements to navigational safety and the efficiency of marine operations.

STRATEGIC PRIORITIES

- Develop national influence - to influence national and regional discussions on marine safety and operational issues facing the west coast of Canada in order to improve outcomes for pilotage, the community and industry.
- Facilitate decision-making - to actively participate in all relevant marine initiatives and lead the decision-making process regarding pilotage on the west coast of Canada.
- Engage stakeholders and the community - to expand the Authority's stakeholder engagement strategy and community outreach program to ensure national and regional understanding of the Authority's role in ensuring safe pilotage.

ACTIVITIES FOR 2023

- Actively engage with First Nations communities on the west coast of Canada that are affected by the movement of piloted vessels and ensure a thorough understanding of the roles and responsibilities of the Authority and pilots.
- Work with regional Transport Canada safety and security teams on the West Coast regarding the enforcement of *Pilotage Act* Regulations.

5. Manage risk

To ensure that risk management tools are used in all safety related decisions for both the organization and its operations and that evolving technologies are taken into consideration.

STRATEGIC PRIORITIES

- Manage organizational risk - to ensure adequate processes are in place to minimize the strategic risks faced by the organization.
- Manage operational risk - to ensure that effective risk management tools are in place to adequately address or mitigate all identified operational risks.

ACTIVITIES FOR 2023

- Develop a safety and operational procedures manual for all ports not located within a port authority and publish the information on the PPA website.
- Continue to develop and implement procedures to address cybersecurity and privacy issues, including a tabletop exercise.

6. Focus on the future

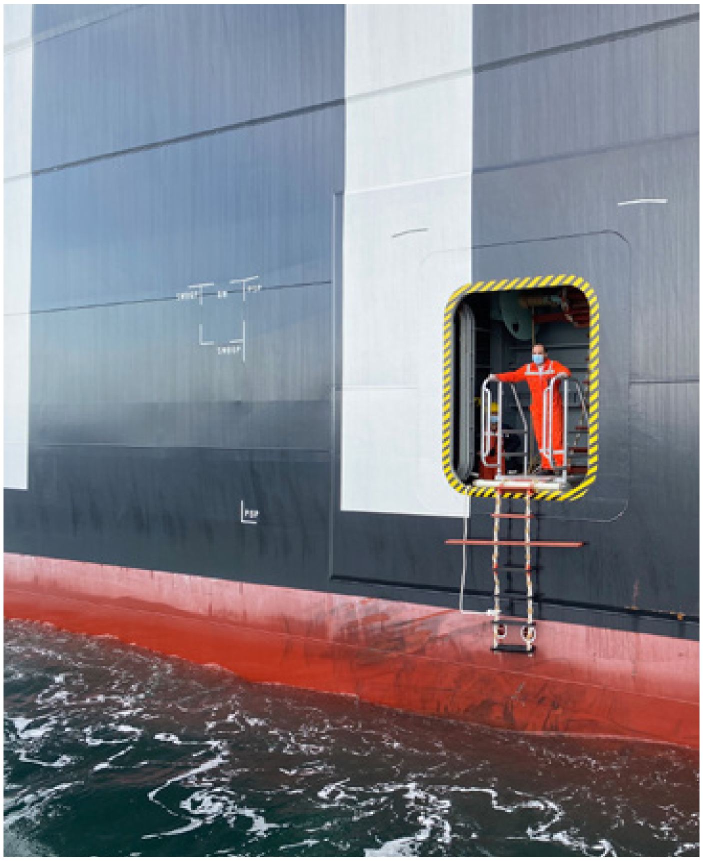
By using early warning indicators, ensure that the Authority is prepared, both financially and operationally, to deal effectively with changes to the marine industry, the changing regulatory landscape and the complex environment within which we operate.

STRATEGIC PRIORITIES

- Early warning - to engage with the appropriate parties to anticipate and monitor the relevant indicators for early warning of factors that have a positive or negative impact on PPA's financial and operational position.
- Positive positioning - to position the Authority with 'a foot in today' – focused on current matters, and 'a foot in tomorrow' – ensuring the Authority's ability to deliver safe, reliable and affordable solutions in the future.

ACTIVITIES FOR 2023

- Work closely with:
  - BCCP through the strategic partnership
  - National Pilotage Advisory Committee ("NPAC") to address any concerns over efficiency
  - the public "at large" and Indigenous communities to communicate the Authority's value in protecting the marine environment.



LOOKING AHEAD – BEYOND 2023

The potential of the projects and terminals proposed for the West Coast continues to show promise every year. We continue to actively monitor and remain aware of all projects proposed in our jurisdiction by analyzing the impact they might have on assignments, pilot numbers and pilot deployment methodologies. Some of the major projects currently being monitored are:

- The Vancouver Airport Fuel Facility on the Fraser River which is expected to be fully operational in 2023
- The Prince Rupert container facility expansion will increase capacity to 1.8 million TEU by 2024 compared to 1 million TEUs moved in 2022
- Expansion of the existing Trans Mountain pipeline to increase crude oil shipment capacity in Burrard Inlet, expected to be operational in 2024
- Various LNG terminals, including a new large terminal under construction in Kitimat (expected to be in operation in 2025) and a smaller terminal proposed in Squamish
- Various LPG terminals, including two in construction in Prince Rupert
- A new terminal at Roberts Bank, Delta which would double container volumes. An environmental assessment process is still in progress

The Authority, along with the BC Coast Pilots and Fraser River pilots, are active participants when new terminals or docks are proposed in our jurisdiction. Our views on design, location and navigational access are regularly sought out prior to construction.

Our monitoring includes many other events, negotiations, legislation and similar activities that may affect our area of jurisdiction. Many of these events are outside of our control yet they may have implications for our jurisdiction. Some of these major events are:

- escalating conflict in Ukraine and potential impact on global trade;
- discussions regarding replacement of a major tunnel in the Vancouver area that would affect vessel traffic in and out of the Fraser River;
- changing global trading patterns;
- world health epidemics and the related effects on trade with Canada.

Our efforts in the coming years continue to be directed towards our vision of

leading a world-class marine pilotage service on the west coast of Canada.

Statement of management's responsibility

The accompanying financial statements have been prepared by the Pacific Pilotage Authority's management in accordance with International Financial Reporting Standards, using management's best estimates and judgments, where appropriate. The Authority's management is responsible for the integrity and objectivity of the information in the financial statements and annual report.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and controlled, transactions comply with relevant authorities and accounting systems provide relevant and reliable financial information on a timely basis. The system is also designed to provide reasonable assurance that transactions are in accordance with section 89 and Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, and the by-laws of the Authority.

The Board of Directors of the Authority is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through a Finance and Audit Committee, which meets regularly with management and the auditor. The financial statements and annual report are reviewed and approved by the Board of Directors on the recommendation of the Finance and Audit Committee.

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

J. Gascon	S. M. Mackenzie
Chief Executive Officer	*Chief Financial Officer*

Vancouver, Canada
March 28, 2023

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with Specified Authorities

Opinion

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

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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

HMcManaman

Heather McManaman, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
28 March 2023

Statement of financial position

As at December 31 *(thousands of Canadian dollars)*	**2022**	2021
	$	$
Assets		
Current		
Cash	**6,944**	6,594
Trade accounts receivable	**5,476**	4,986
Investments (Note 6)	**1,248**	1,170
Prepaid expenses and other receivables	**996**	1,238
	14,664	13,988
Non-current		
Investments (Note 6)	**1,129**	1,191
Other receivables	**149**	149
Property and equipment (Note 7)	**17,257**	16,600
Intangible assets (Note 8)	**995**	587
	19,530	18,527
	34,194	32,515
Liabilities		
Current		
Accounts payable and accrued liabilities	**12,686**	12,105
Borrowings (Note 9)	**472**	710
Other employee benefits (Note 11)	**130**	174
Lease liabilities (Note 12)	**182**	302
	13,470	13,291
Non-current		
Borrowings (Note 9)	**4,805**	5,285
Other employee benefits (Note 11)	**549**	655
Lease liabilities (Note 12)	**2,359**	1,303
	7,713	7,243
	21,183	20,534
Equity		
Retained earnings	**13,011**	11,981
	34,194	32,515

Commitments (Note 16)

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

Approved by the Board of Directors and authorized for issue on March 28, 2023.

Member

Member

Statement of comprehensive income

Year ended December 31 *(thousands of Canadian dollars)*	**2022**	2021
	$	$
Revenues		
Pilotage charges	**105,342**	84,308
Investment and other revenues	**290**	253
	105,632	84,561
Expenses		
Contract pilots' fees	**66,282**	52,743
Salaries and benefits	**15,601**	14,186
Pilots' transportation	**10,709**	10,297
Fuel	**2,919**	1,602
Pilots' training	**2,711**	1,935
Depreciation and amortization	**1,976**	1,623
Professional and special services	**1,462**	1,456
Repairs and maintenance	**1,357**	1,160
Computer services	**435**	562
Utilities, materials, supplies and other	**411**	352
Rentals	**253**	183
Finance costs	**236**	114
Travel	**183**	138
Insurance	**167**	148
	104,702	86,499
Profit (loss) for the year	**930**	(1,938)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial gain on other employee benefits (Note 11)	**100**	57
	100	57
Comprehensive income (loss) for the year	**1,030**	(1,881)

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

Statement of changes in equity

Year ended December 31 (thousands of Canadian dollars)	2022	2021
	$	$
Retained earnings, beginning of year	**11,981**	13,862
Profit (loss) for the year	**930**	(1,938)
Other comprehensive income	**100**	57
Total comprehensive income (loss)	**1,030**	(1,881)
Retained earnings, end of year	**13,011**	11,981

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

Statement of cash flows

Year ended December 31 (thousands of Canadian dollars)	2022	2021
	$	$
Cash flows from operating activities		
Cash receipts from customers	**104,852**	84,224
Cash paid to employees	**(15,739)**	(14,122)
Cash paid to suppliers and others	**(85,932)**	(69,051)
Finance costs paid	**(236)**	(114)
Other income received	**316**	259
Net cash provided by operations	**3,261**	1,196
Cash flows from investing activities		
Purchase of investments	**(1,692)**	(1,890)
Proceeds on disposal of investments	**1,650**	1,252
Acquisition of property and equipment	**(1,379)**	(3,561)
Acquisition of intangible assets	**(467)**	(172)
Net cash used in investing activities	**(1,888)**	(4,371)
Cash flows from financing activities		
Proceeds from borrowings	**–**	2,827
Principal repayment of borrowings	**(718)**	(419)
Principal repayment of leases	**(305)**	(346)
Net cash (used in) provided by financing activities	**(1,023)**	2,062
Net increase (decrease) in cash	**350**	(1,113)
Cash, beginning of year	**6,594**	7,707
Cash, end of year	**6,944**	6,594

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

Note to the financial statements

Year ended December 31, 2022 (thousands of Canadian dollars)

1. Authority and objectives

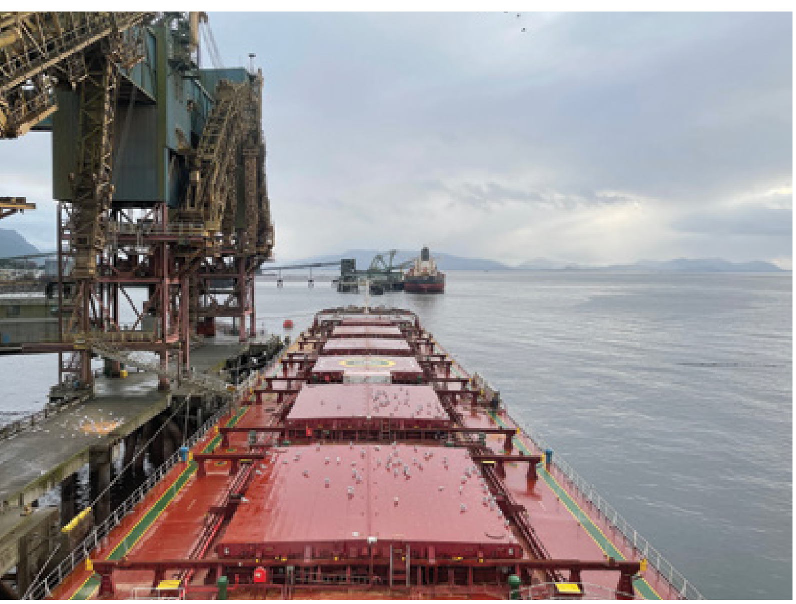
The Pacific Pilotage Authority (the Authority) was established in 1972 pursuant to the *Pilotage Act*. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not subject to income taxes.

The pilotage charges set by the Authority for compulsory pilotage services are governed by the *Pilotage Act* and must be established in accordance with the charging principles within the *Pilotage Act*. The *Pilotage Act* provides that pilotage charges shall be set at levels that are fair and reasonable and that allow the Authority to be financially self-sufficient.

Coastal pilotage services are provided by British Columbia Coast Pilots Ltd. under an agreement for services. Pilotage services on the Fraser River are provided by employee pilots.

In July 2015, the Authority was issued a directive (P.C. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Authority's next corporate plan. The Authority finalized its implementation of this directive effective January 2019 and confirms the requirements of the directive have been met throughout 2022.



The principal registered address and records office of the Authority are located at 1000–1130 West Pender Street, Vancouver, British Columbia.

2. Significant accounting policies

2.1 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The significant accounting policies used in the preparation of the financial statements are summarized below and in the following pages.

2.2 Cash and cash equivalents

Cash comprises cash on hand, and Canadian dollar deposits held at Canadian chartered banks. Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. The Authority had no cash equivalents as at December 31, 2022 (2021 – nil).

2.3 Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit and loss) are added to or deducted from the fair value of the assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Authority's financial assets include cash, trade accounts receivable, certain other receivables and investments.

On initial recognition, the Authority classifies its financial assets as measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Financial assets are reclassified subsequent to their initial recognition when the Authority changes its business model for managing those financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets that are not designated as being measured at FVTPL are recorded at amortized cost or FVOCI as appropriate.

Financial assets are measured at amortized cost when both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVOCI when both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Authority's cash is initially recognized at fair value and subsequently measured at amortized cost.

Trade accounts receivable are initially recognized at the transaction price; certain other receivables are initially recognized at fair value; and both are subsequently measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Receivables are considered individually for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Since the objective of the Authority's investment policy is to hold investments and collect contractual cash flows on specified dates that are solely principal and interest on amounts outstanding, the Authority's investments are measured at amortized cost. Investments classified as measured at amortized cost are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. When required, the Authority recognizes a loss allowance for expected credit losses. Such losses are included in other comprehensive income and reduce the carrying value of the related investments. Interest income and any gain or loss on de-recognition is included in other comprehensive income.

Financial liabilities

Financial liabilities are recognized when the Authority becomes a party to the contractual provisions of the financial instrument and are classified as measured at amortized cost, except for financial liabilities measured at fair value through profit or loss.

The Authority's financial liabilities include accounts payable and accrued liabilities, lease liabilities and borrowings and are all classified as measured at amortized cost using the effective interest method. Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is either discharged, cancelled or expires.

2.4 Property and equipment

Property and equipment are initially recorded at cost, and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of assets constructed by the Authority includes design, project management, legal, materials, interest on directly attributable construction loans, and construction costs. Spare engines are carried at cost and will be depreciated when put in service.

Depreciation is recognized so as to allocate the cost or valuation of the assets less their residual values over their useful lives, on a straight-line basis. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the Authority's assets are as follows:

Buildings and floats	10 – 20 years
Pilot boats	25 years
Pilot boat engines	10,250 running hours
Pilot boat generators	10 years
Equipment	
communication and other	4 – 10 years
computers	3 years
simulators	5 – 7 years
Leasehold improvements	lesser of 10 years or term of lease
Right-of-use assets	term of lease

With regard to simulators, the Authority's proportion of the cost of software purchased for its own use and which is integral to the hardware (because without that software the equipment cannot operate) is treated as part of the cost of the computer hardware and capitalized to property and equipment.

In addition, the Authority reviews the carrying amount of its non-financial assets, which include property and equipment, at each financial year end to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (the cash generating unit or CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income.

Impairment losses recognized in prior periods are assessed at each financial year end for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

2.5 Intangible assets

Acquired computer software is recorded at cost and amortized on a straight-line basis over its estimated useful life of up to 10 years.

2.6 Leases

A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

i. Determining whether an arrangement contains a lease

At the inception of an arrangement, the Authority assesses whether the arrangement is, or contains, a lease. An arrangement is, or contains, a lease if the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether an arrangement conveys the right to control the use of an identified asset, the Authority assesses whether:

- the arrangement involves the use of an identified asset;
- the Authority has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Authority has the right to direct the use of the asset.

For practical expediency, the Authority has elected to:

- account for leases with a remaining term of 12 months or less as short-term leases and expense on a straight-line basis over the lease term; and
- account for lease payments as an expense and not recognize a right-of-use (ROU) asset if the underlying asset is of low dollar value.

ii. Recognition and measurement of the right-of-use asset

For arrangements that contain a lease, the Authority recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to its originally condition, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

iii. Lease term

The lease term includes periods covered by an option to extend if the Authority is reasonably certain to exercise that option as well as periods covered by an option to terminate the lease if the Authority is reasonably certain not to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

iv. Recognition and measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Authority's incremental borrowing rate will be used. All extension options have been included in the measurement of lease obligations where applicable. Payments for optional renewals or purchase options are included if they are reasonably certain to be made. Variable lease payments that depend on sales or usage are excluded from the lease liability and recognize in income as incurred. Variable payments that depend on an index or rate are included in the lease liability based on the index or rate existing at each balance sheet date.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, when there is a change in future lease payments arising from a change in a rate used to determine those payments, or if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.7 Employee benefits

i. Pension benefits

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

ii. Other employee benefits

Management, unionized employees and the Fraser River pilots are entitled to sick leave benefits as provided for under collective agreements or employment contracts. Unionized employees are entitled to severance benefits accumulated up to March 31, 2018. The liability for these benefits is estimated and recorded in the financial statements as the benefits accrue to the employees.

The costs and the defined benefit obligation are actuarially determined using the projected unit credit method prorated on service that incorporates management's best estimate assumptions.

Actuarial gains and losses are recognized immediately in other comprehensive income.

2.8 Revenue recognition

The Authority recognizes revenue upon the transfer of control of promised services to customers at an amount that reflects the consideration to which the Authority expects to collect in exchange for the pilotage services it provides. The Authority has determined that control for pilotage services has passed when the pilot assigned to a vessel has completed the pilotage assignment, or the assignment is cancelled.

3. Significant accounting judgments and estimates

The preparation of financial statements requires the use of judgment in applying accounting policies and in making critical accounting estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in these financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

(a) Significant accounting judgments

Leases (notes 2.6 and 12)

The application of IFRS 16, "Leases", requires the Authority to make judgments that affect the valuation of lease liabilities and right-of-use assets. These include determining contracts in scope of IFRS 16 and determining the contract term.

The lease term determined by the Authority comprises the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Authority is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Authority is reasonably certain not to exercise that option. This same term is applied to determine the depreciation rate of right-of-use assets.

(b) Significant accounting estimates

Depreciation – Property and equipment (notes 2.4 and 7)

Significant components of property and equipment are depreciated over their estimated useful lives. Useful lives are determined based on current facts and past experience. While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, property and equipment may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated.

4. Financial risk management

Risk management

The Authority, through its financial assets and financial liabilities, is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk and market risks (i.e. interest rate risk, currency risk and other price risk). The Authority manages these risk exposures on an ongoing basis.

(a) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation.

The carrying amount of cash, trade accounts receivable, certain other receivables and investments represents the maximum credit exposure.

The credit risk related to cash is minimized as these assets are held with a Canadian chartered bank.

The Authority's trade accounts receivable had a carrying value of $5,476 (2021 - $4,986) and certain other receivables and prepaid travel had a carrying value of $255 (2021 - $167). There is no significant concentration of accounts receivable with any one customer. As at December 31, 2022, nil accounts receivable (2021 - nil) were over 90 days past due. Historically, the Authority has not incurred any significant losses with respect to bad debts. The risk of default is considered to be low, as the *Pilotage Act* stipulates that the owner, master, and agent of a ship are jointly and severally liable for pilotage charges, and the *Act* provides a mechanism to withhold customs clearance if pilotage charges are unpaid. The Authority has performed an analysis of expected credit losses on accounts receivable, and the result is an allowance of nil as at December 31, 2022 (2021 - nil).

Credit risk associated with investments at year end is considered to be low. The Authority has recognized an expected credit loss allowance of nil (2021 - nil) related to its investments, which are all investments in either GICs or bonds rated BBB- or higher.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority's objective is to have sufficient liquidity to meet these liabilities when due, under both normal and stressed conditions. The Authority monitors its cash balances and cash flows generated from operations on a frequent basis to meet its requirements.

The carrying amount of accounts payable, accrued liabilities, lease liabilities and borrowings represents the maximum exposure to liquidity risk.

Within the Authority's accounts payable and accrued liabilities, trade payables and accrued liabilities had a carrying value of $7,340 (2021 - $6,671) and are all due within 60 days. The Authority's wages, employee deductions, and banked time payable had a carrying value of $5,346 (2021 - $5,434) and are due on demand.

The Authority has credit facilities with a Canadian chartered bank (Note 9).

(c) Market risks

(i) Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Authority is subject to interest rate risk on its cash and the investments portfolio. Interest rate risk is minimized by managing the duration of the fixed-term investments portfolio. The interest rates on the investments are fixed. The investments will mature over the next two years.

Cash held during the year yielded a weighted-average interest rate of 1.69% (2021 -0.47%).

As at December 31, 2022, a shift in interest rates of 100 basis points, assuming that all other variables had remained the same, would have resulted in an increase of $42 (2021 - $70) or a decrease of $42 (2021 - $70) in the Authority's profits on cash and investments for the year.

The Authority has limited exposure to interest rate risk on its borrowings. Borrowed funds are from a Canadian chartered bank, of which $5,277 has fixed rates of between 2.70% and 2.86% which cannot be changed between maturity dates without financial penalty.

(ii) Currency risk and other price risk

The Authority is not presently exposed to any significant currency risk or other price risk. Accounts payable and accrued liabilities denominated in foreign currencies at year end were nil (2021 - nil).

5. Fair value of financial instruments

For financial reporting purposes, fair value measurements related to financial instruments which are measured subsequent to initial recognition at fair value are categorized into Level 1, 2 or 3. These levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

- Level 1—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2—Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3—Inputs are unobservable inputs for the asset or liability.

The Authority's cash is Level 1 at December 31, 2022 and 2021.

The carrying values of the Authority's trade accounts receivable, certain other receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

The fair value of the Authority's borrowings is determined by discounting the future cash flows of these financial obligations using December 31, 2022 market rates for debts of similar terms (Level 2).

At December 31, 2022, the fair value of borrowings before deferred financing costs, is estimated to be $4,420 (2021 - $5,995). The fair value of the borrowings varies from the carrying value when there are fluctuations in interest rates since their issue.

6. Investments and investment revenue

(a) Portfolio investments

As at December 31	2022		2021	
	Fair value	**Face value**	Fair value	Face value
	$	**$**	$	$
Current				
GICs	**563**	**553**	633	631
Government of Canada bonds	**100**	**99**	–	–
Corporate bonds	**575**	**596**	534	539
	1,238	**1,248**	1,167	1,170
Non-current				
GICs	**–**	**–**	551	549
Government of Canada bonds	**1,125**	**1,129**	-	-
Corporate bonds	**–**	**–**	637	642
	1,125	**1,129**	1,188	1,191
Total	**2,363**	**2,377**	2,355	2,361

As at December 31, 2022, the investments have interest rates of 0.25% to 3.73% and have the remaining terms to maturity as follows:

	Remaining term to maturity		
	Within 1 year	**1-2 years**	**Total**
	$	$	$
GICs	553	–	553
Government of Canada bonds	99	1,129	1,228
Corporate bonds	596	–	596
	1,248	1,129	2,377

(b) Investment revenue

Year ended December 31	2022	2021
	$	$
Interest	**17**	19

(c) Investment performance

The time-weighted rate of return during the year on these investments was 0.80% (2021 - 0.95%). The return is inclusive of realized gains and losses, deposit and coupon payments (interest), accrued interest received and paid for sales and purchases of bonds and accrued interest as at December 31, 2022.

7. Property and equipment

	Buildings and floats	Pilot boats	Pilot boat engines	Spare engines	Pilot boat generators	Equipment	Leasehold Improvements	Right-of-use assets (Note 12)	Total
	$	$	$	$	$	$	$	$	$
Cost									
At January 1, 2021	635	17,142	2,088	39	392	3,460	180	1,322	25,258
Assets acquired	60	1,734	700	—	350	545	—	1,274	4,663
At December 31, 2021	695	18,876	2,788	39	742	4,005	180	2,596	29,921
Assets acquired	—	404	—	—	—	430	598	1,241	2,673
Disposals	—	(375)	—	—	—	(362)	—	(401)	(1,138)
At December 31, 2022	**695**	**18,905**	**2,788**	**39**	**742**	**4,073**	**778**	**3,436**	**31,456**
Accumulated depreciation									
At January 1, 2021	138	6,916	915	—	121	2,819	132	670	11,711
Depreciation	65	588	289	—	41	262	18	347	1,610
At December 31, 2021	203	7,504	1,204	—	162	3,081	150	1,017	13,321
Depreciation	68	790	390	—	70	296	19	330	1,963
Disposals	—	(375)	—	—	-	(309)	—	(401)	(1,085)
At December 31, 2022	**271**	**7,919**	**1,594**	**—**	**232**	**3,068**	**169**	**946**	**14,199**
Carrying amounts									
At December 31, 2021	492	11,372	1,584	39	580	924	30	1,579	16,600
At December 31, 2022	**424**	**10,986**	**1,194**	**39**	**510**	**1,005**	**609**	**2,490**	**17,257**

8. Intangible assets

	Software
	$
Cost	
At January 1, 2021	814
Assets acquired	451
At December 31, 2021	1,265
Assets acquired	421
At December 31, 2022	**1,686**
Accumulated amortization	
At January 1, 2021	665
Amortization	13
At December 31, 2021	678
Amortization	13
At December 31, 2022	**691**
Carrying amounts	
At December 31, 2021	587
At December 31, 2022	**995**

9. Borrowings

The Authority has an operating credit facility of up to $3,500 available at an interest rate equivalent to the bank's prime lending rate. The Authority has not drawn on this facility as at December 31, 2022 (2021 – nil). The credit facility is available to the Authority as required and has no renewal date or fixed term.

On July 22, 2014, the Authority entered into an unsecured committed reducing term loan facility for the acquisition and retrofitting costs of property and equipment. The $1,700 loan has a term of 8 years and 2 months and bears an annual interest rate of 2.72%. As at December 31, 2022, the principal outstanding is $3 (2021 - $257).

On October 13, 2015, the Authority drew on its unsecured committed reducing term loan facility in order to provide a second tranche of financing for the acquisition and retrofitting costs of property and equipment. The $1,300 loan has a term of 8 years and 2 months and bears an annual interest rate of 2.70%. As at December 31, 2022, the principal outstanding is $167 (2021 - $338).

On October 18, 2019, the Authority entered into an uncommitted operating loan facility to provide interim financing for the construction of a new pilot boat. The $5,400 facility had no term, was payable on demand, and had a maximum of 6 permitted draws. The loan bore an annual interest rate of the lending-chartered bank's prime rate. Once the new pilot boat was delivered in 2021, the operating loan was converted to an unsecured committed reducing

term loan on December 22, 2021 with a contractual term of 120 months and an annual interest rate of 2.86%. As at December 31, 2022, the principal outstanding is $5,107 (2021 - $5,400).

The estimated undiscounted principal repayments on outstanding borrowings as of December 31, 2022 are as follows:

Year	**$**
2023	472
2024	310
2025	319
2026	328
2027 and thereafter	3,848
	5,277

10. Pension benefits

All eligible employees of the Authority are covered by the Public Service Pension Plan (the Plan). Contributions are required by both the employees and the Authority. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contributions.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains 60.

Effective January 1, 2022, the general contribution rate for the year was 1.02 to 1 of employee contributions for employees hired prior to January 1, 2013 and 1.00 to 1 of employee contributions for employees hired after December 31, 2012 (2021 - 1.01 to 1 and 1.00 to 1, respectively) for every dollar contributed by the employee. If an employee's salary was greater than $191 (2021 - $182), the portion of the employee's salary above this amount was subject to a contribution rate of 5.91 to 1 of employee contributions (2021 - 3.59 to 1).

Contributions to the Plan consisted of:

	2022	2021
	$	$
Contributions by the Authority	**1,119**	946
Contributions by employees	**834**	811

The Authority expects to make employer contributions of approximately $1,186 during 2023.

11. Other employee benefits

Management, unionized employees and Fraser River pilots are entitled to sick leave benefits as provided for under collective agreements or employment contracts (the benefit plans). Unionized employees are entitled to severance benefits accumulated up to March 31, 2018. The benefits are fully paid for by the Authority and require no contributions from employees. The benefit plans are funded on a pay-as-you-go basis and no assets have been segregated and restricted to provide for these benefits. The Authority measures the defined benefit obligation of its benefit plans for accounting purposes as at December 31 of each year.

Information about the benefit plans is as follows:

Year ended December 31	**2022**	2021
	$	$
Reconciliation of defined benefit obligation		
Defined benefit obligation, beginning of year	**829**	889
Current service cost	**21**	53
Interest cost	**20**	16
Benefits paid during the year	**(91)**	(72)
Actuarial gains	**(100)**	(57)
Defined benefit obligation, end of year	**679**	829
Amounts recognized in profit or loss		
Current service cost	**21**	53
Interest cost	**20**	16
Net defined benefit cost recognized in profit and loss	**41**	69
Amounts recognized in other comprehensive income		
Actuarial gains from financial assumption changes	**(100)**	(57)
Net defined benefit cost recognized in other comprehensive income	**(100)**	(57)
Classification of defined benefit obligation		
Current portion	**130**	174
Non-current portion	**549**	655
Defined benefit obligation, end of year	**679**	829

The weighted average of the maturity of the benefit plans as at December 31, 2022 is 5.3 years (2021 - 6.1 years).

The significant assumptions used in the actuarial valuation of the defined benefit obligation were as follows:

Weighted-average assumptions for expense Year ended December 31	**2022**	2021
Discount rate	**2.60%**	2.00%
Salary escalation rate	**2.00%**	2.00%

Weighted-average assumptions for obligation Year ended December 31	**2022**	2021
Discount rate	**5.00%**	2.60%
Salary escalation rate	**2.00%**	2.00%

A quantitative sensitivity analysis for significant assumptions as at December 31, 2022 is as shown below:

Assumptions	***Discount rate***		***Salary scale***	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
	$	$	$	$
Impact on defined benefit obligation	(34)	38	44	(40)

The Authority expects to make employer contributions of $130 to the benefit plans during the 2023 financial year.

12. Leases

(a) Leases as a lessee

The Authority leases facilities, including office space and hotel rooms for pilots, and leases of berthage and moorage space for pilot boats.

(b) Right-of-use assets

	Facilities	**Berthage and moorage space**	**Total**
	$	$	**$**
Balance at January 1, 2021	533	119	**652**
Additions	1,274	–	**1,274**
Depreciation	(315)	(32)	**(347)**
Balance at December 31, 2021	1,492	87	**1,579**
Additions	1,236	5	**1,241**
Depreciation	(296)	(34)	**(330)**
Balance at December 31, 2022	2,432	58	**2,490**

(c) Amounts recognized in profit or loss and in the statement of cash flows

Interest expense on lease liabilities is $46 (2021 - $26).

Expenses and cash paid for leases of low-dollar value items and short-term leases are $115 (2021 - $120). Variable lease payments not included in the measurement of the lease liabilities were nil (2021 - nil).

Interest payments of $46 (2021 - $26) and principal payments of $305 (2021 - $346) are classified in the statement of cash flows as finance costs paid and principal payments on leases, respectively.

(d) Lease liabilities

The Authority's lease liabilities consist of:

	2022	2021
	$	$
Balance at beginning of year	**1,605**	677
Additions	**1,241**	1,274
Principal repayments	**(305)**	(346)
Total lease liabilities	**2,541**	1,605
Current portion	**182**	302
Long-term portion	**2,359**	1,303
Total lease liabilities	**2,541**	1,605

The annual lease liabilities for the next five years and thereafter are as follows:

	$
2023	332
2024	360
2025	325
2026	335
2027 and thereafter	2,118
Total undiscounted lease liabilities	3,470

13. Reconciliation of liabilities arising from financing activities

The Authority's liabilities from financing activities comprise bank loans and lease liabilities.

	2022	2021
	$	$
Finance liabilities, beginning of year	**7,600**	4,264
Cash used for debt payments	**(718)**	(419)
Cash used for lease payments	**(305)**	(346)
Additional borrowing	**–**	2,827
Additional lease liabilities	**1,241**	1,274
Finance liabilities, end of year	**7,818**	7,600

14. Capital management

The Authority's capital is its equity, which is comprised of retained earnings. Equity is represented by net assets.

The Authority is subject to the financial management and accountability provisions of the *Financial Administration Act* which imposes restrictions in relation to borrowings. On an annual basis the Authority must receive approval of all borrowings from the Minister of Finance. During the years ended December 31, 2022 and 2021, the Authority complied with these restrictions.

The *Pilotage Act* provides the Authority the power to invest any moneys not immediately required for the purposes of the Authority in any class of financial asset. Approval for the Authority to invest in either Government of Canada, provincial or municipal government bonds, fixed income instruments with at least a BBB- credit rating, or GICs was granted by the Minister of Finance through approval of the Authority's 2022-2025 Corporate Plan.

The Authority manages its equity as a by-product of managing its revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved efficiently

15. Related party transactions

Details of the transactions between the Authority and other related parties are disclosed below.

(a) Trading transactions

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. The transactions are recorded at the exchange amount, which approximates fair value, and do not have a material effect on these financial statements.

The Authority entered into an arrangement with Transport Canada beginning April 1, 2020 for the provision of regulatory services and expertise. This is an on-going arrangement subject to review every 10 years. The costs incurred are included in the statement of comprehensive income for the year ended December 31, 2022 with $494 (2021 – $729) under professional and special services. See Note 16 regarding outstanding commitments related to this arrangement.

(b) Compensation of key management personnel

Key management personnel of the Authority include the members of the Board of Directors and senior executives of the Authority. The remuneration of key management personnel included the following:

Year ended December 31	**2022**	2021
	$	$
Executive management compensation		
Short-term employee benefits, including salaries	**1,191**	1,027
Post-employment benefits	**186**	112
	1,377	1,139
Board compensation		
Retainer and per diem	**209**	207

16. Commitments

The Authority has entered into contracts for software development, pilot accommodation, and regulatory services and expertise provided by Transport Canada requiring the following future minimum payments as at December 31, 2022:

	$
Less than one year	1,125
Between one and five years	466
More than five years	—
	1,591