Atlantic Pilotage Authority
Administration de Pilotage de l'Atlantique

910- 2000 Barrington Street
Halifax, NS B3J 3K1

Summary of

2011 – 2015

Corporate Plan

Canada

Atlantic Pilotage Authority
Summary of 2011-2015 Corporate Plan

EXECUTIVE SUMMARY

Background

The diverse and challenging coastline and waters of Atlantic Canada have defined the character and development of the region throughout history. Marine pilots have played a major role in this development in the past, and continue to do so today.

The Atlantic Pilotage Authority (APA) provides a valuable and necessary service to the marine community in Atlantic Canada. The highly skilled marine pilots employed by the APA make a vital contribution to the protection of the environment, to safeguarding the lives of mariners, and to preserving and promoting the economic wellbeing of ports in Atlantic Canada.

While modern electronic equipment and navigational aids have changed the way ships are operated at sea, the employment of a marine pilot with extensive local knowledge and expert ship-handling skills is as essential as ever to safely enter harbours and ports and efficiently put ships alongside their berths. Ships have become larger and more complex, while the number of crewmembers on the ships has decreased. In today's intensely competitive world, there are increasing demands for ships to operate in more severe weather conditions than in the past. A reliable and responsible marine pilotage system plays a significant role in allowing Canadian business to remain competitive in the global marketplace.

A great variety of vessel types and sizes continue to call at ports within the Atlantic Region. The safety record maintained by the Atlantic Pilotage Authority speaks well of the professionalism and commitment of APA pilots. The focus of the Authority continues to be to meet the requirements of the customers in each port at a reasonable cost, while remaining financially self-sufficient.

The APA continues to consult widely with the shipping industry and stakeholders during the year on both operational and financial issues. Consultations have included shipping agents, ship owners, port officials, and other stakeholders. The APA has established committees of stakeholders in many ports, and also consults regularly with the Shipping Federation of Canada and the Canadian Shipowners Association. The Authority takes advice from its stakeholders, and greatly values the open lines of communications that these consultations provide.

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Summary

The Authority will be implementing International Financial Reporting Standards (IFRS) effective January 1, 2011. These Standards will impact both the operating statements and the balance sheet of the APA, with the major impact being in the methodology of applying amortization to pilot boats. The various components of the boats will be in different categories having different rates of amortization depending upon the useful life of the component. Previously, the entire boat was amortized for the same life expectancy. The statements for 2011 and beyond are expressed using IFRS.

Operating Budget

The Authority is operating in a positive financial position in 2010, and the plan contained herein is designed to continue that trend. The return expected to be achieved in 2010 is $292 thousand greater than the budgeted figure, and represents a $624 thousand improvement over 2009. The revisions of the tariff structure undertaken in recent years with the support of our customers have allowed the APA to be less vulnerable to fluctuations in traffic patterns and fuel prices. Upon reviewing the tariff structure for 2011, the Authority will be implementing tariff amendments in five ports that will provide a 2.96% increase in overall revenue. The following chart indicates the actual results for 2009, the anticipated results for 2010, and the budgeted statement for 2011-2015.

STATEMENT OF OPERATIONS

	ACTUAL 2009	OUTLOOK 2010	IFRS BUDGET 2011	IFRS PLAN 2012	IFRS PLAN 2013	IFRS PLAN 2014	IFRS PLAN 2015
TOTAL INCOME	19,648	20,872	21,962	22,177	22,624	23,077	23,537
TOTAL EXPENSES	18,339	18,939	20,241	20,817	21,138	21,570	22,011
NET INCOME	$ 1,309	$ 1,933	$ 1,721	$ 1,360	$ 1,486	$ 1,507	$ 1,526

The Authority is seeking approval for the continuation of the $1.5 million operating line of credit for 2011.

Capital Budget

The largest capital project to be undertaken within the planning period is the construction of new pilot vessels for Halifax, NS and Saint John, NB. This is a continuation of the pilot boat replacement program that produced two vessels for Placentia Bay, both of which entered service in 2007.

The APA has completed a detailed design for the new vessels. The new boats will be sister ships, but will have a different design than that of the Placentia Bay boats. The Placentia Bay boats are ice strengthened, and are larger and heavier boats than required at Halifax and Saint John. However, the two new vessels will be as effective in terms of maneuverability as the Placentia Bay boats, and will be reliable modern platforms for the transfer of pilots. They will be fitted with the latest electronic equipment and safety features. There are many advantages in having identical vessels, including savings in the design cost, greater economy in maintaining spare parts, and potential savings at the shipyard in building two vessels either concurrently or consecutively. It is anticipated that the new boats will cost approximately $2.5 million each, with a further $500 thousand required for project management and spare machinery. This will be a multi-year capital project that will extend into two fiscal years, and potentially into the third. We will, therefore be asking for approval for the total amount of this capital project from 2011 until 2013.

The Authority is requesting approval of new borrowing to a maximum amount of $4 million to defray some of the total project cost of $5.5 million.

Other capital spending will be required on existing pilot boats, pilot boat wharves, leasehold improvements to the head office, and to upgrade computer systems and software. The total of this spending will be $500 thousand, with $416 thousand of that being for pilot boat refits.

Borrowing Plan Summary

- Operating Line of credit - $1.5 million.

  Existing Capital Loans
- Capital loan for the construction of the *Avalon Pilot,* a pilot launch completed in 2007 for Placentia Bay - $2.5 million.
- Capital loan for the construction of the *Atlantic Pilot,* a pilot launch completed in 2007 for Placentia Bay - $2.0 million.

  New Borrowing

  The Authority is requesting approval of an additional $4,000,000 in borrowing for the upcoming year. This borrowing, which may be by capital loan or capital lease, will be used to finance the construction of two new pilot boats, one each for Halifax and Saint John. Even though the approval for borrowing is requested for 2011, the timing of the borrowing will depend on the progress of the projects and may end up being spread over 2011 and 2012.

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The total borrowing approval for the 2011 plan year will be $10,000,000. This includes the Operating Line of credit, the two capital loans that are already in place, and new loan for the new pilot launches. The total outstanding during the year will be significantly less than the borrowing approval due to the capital repayment that has been made on the Placentia Bay pilot boat borrowing, and the timing of the draws on the new capital loan.

Cost Containment Measures

The Authority is a self-financing Crown Corporation. Nevertheless, in budgeting for 2011, the Authority has committed to respecting the spirit and intent of the cost containment measures announced in ***Budget Plan 2010***. Discretionary spending has been frozen at the level of the 2010 budget. Increases in operating expenditures have been budgeted to generate a corresponding or greater increase in revenue.

Risk Management

The Authority initiated a review of non-compulsory ports in Nova Scotia in 2010 in order to identify ports that will require a Pilotage Risk Management Methodology (PRMM) study. Based on this report, the Authority will determine which ports will require the further scrutiny of a PRMM. The option of conducting a PRMM study in selected ports in New Brunswick is also being considered.

The Management and Board of the Authority completed an Enterprise Risk Management process during the year. Twenty-nine risks were identified, with 15 of those risks being considered significant enough to warrant close monitoring. The monitoring of various risks has been assigned to various Board committees.

New Compulsory Pilotage Areas

It is the APA's intention to create a new compulsory pilotage area for the water approaches to the St. Croix River in New Brunswick, pursuant to a Pilotage Risk Management Methodology (PRMM) study conducted in 2006. The process of amending regulations to create the new compulsory pilotage area has been initiated, but will require an international agreement as it encompasses international waters. This situation has been referred to the Marine Safety branch of Transport Canada and Foreign Affairs and International Trade Canada (DFAIT) for assistance. Because of the limited amount of traffic in this area, it is not expected to have a significant financial or operational impact on the Authority. Due to the uncertainty regarding the timing of the regulatory amendments and the minimal overall impact on the APA, this area has not been included in the projections.

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Corporate Governance

Several years ago, the APA was the first Pilotage Authority in Canada to carry out an internal audit. During 2010, the internal auditors conducted a review of the pilot boat maintenance procedures and practices. A further internal audit project will be selected for 2011 by the Audit Committee and assigned to an independent outside party.

The Board and management of the APA continued the Directional Planning process that was initiated in 2007. This process provides long term planning, and is reviewed and updated each year. The fundamental principles of the Directional Plan have been incorporated into this Corporate Plan.

The Board of the Authority continues its mandate of ensuring good corporate governance. During 2010, the Audit, Pilot Boat, PRMM, Finance, Administration, and Planning (FAP), and Executive Committees were active, and the recommendations from these committees have been instrumental in reaching sound decisions and providing essential strategic direction.

The Board has outlined strategic directions in the following areas:

- Governance;
- Quality of Service;
- Safety of the Environment;
- Financial self-sufficiency;
- Technology;
- Human Resources; and
- Completion of the CTA recommendations.

Continuing focus upon these strategies enables the Atlantic Pilotage Authority to support and sustain crucial pilotage service within the Atlantic Region.

The Atlantic Pilotage Authority is well positioned to continue offering professional and safe marine pilotage service to Atlantic Canada on a self- sustaining basis. The consultative relationship that has been established with stakeholders allows the Authority to keep current with the needs, issues, and concerns of its customers.

It is imperative that the Authority continue the pilot boat replacement program to provide safety for pilots and reliable service in the two key ports of Saint John and Halifax.

The Board and Management of the Authority are pleased to present the 2011-2015 Corporate Plan.

Atlantic Pilotage Authority
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MANDATE, MISSION, VISION

MANDATE: The mandate of the Atlantic Pilotage Authority is to establish, operate, maintain and
administer, in the interest of safety, an efficient pilotage service within the Atlantic region.

MISSION: The Authority will accomplish this by providing the necessary expertise and experience, associated with the appropriate technology, to meet the needs of the industry. The Authority is committed to maximizing the use of its resources/assets to meet the goals in a safe and environmentally responsible manner.

VISION: To continue to provide an effective pilotage service throughout the Atlantic Region. In doing so, the Authority would maximize opportunities and benefit the various ports/districts and surrounding communities.

CORPORATE PROFILE

BACKGROUND

The Atlantic Pilotage Authority was established February 1, 1972, pursuant to the *Pilotage Act*.

The Authority is a Crown Corporation as defined by the *Financial Administration Act* (FAA) and is listed in Schedule III, Part I to that Act. The Authority is not an agent of the Crown.

The Board of the Authority consists of a part-time Chairperson and not more than six other members, all appointed by the Governor in Council.

The Chief Executive Officer has the direction and control of the day-to-day business of the Authority. The Authority is administered and controlled at its headquarters, which is located in Halifax, Nova Scotia.

The Authority has not received parliamentary appropriations since 1995 and , under provisions in the *Canada Marine Act* and *Pilotage Act*, will not be eligible for future appropriations.

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POWERS

To carry out its responsibilities, the Authority has established regulations, approved by the Governor in Council pursuant to the *Pilotage Act*, in order to:

- ⇨ Establish compulsory pilotage areas;
- ⇨ Prescribe ships or classes of ships subject to compulsory pilotage;
- ⇨ Prescribe classes of pilot licences and pilotage certificates that may be issued;
- ⇨ Prescribe pilotage charges payable to the Authority for pilotage services.

In addition, the Authority is empowered under the *Pilotage Act* to:

- ⇨ Employ such officers and employees, including licensed pilots and apprentice pilots, as are required for operations;
- ⇨ Establish internal regulations for managing its operation;
- ⇨ Purchase, lease or otherwise acquire land, building, pilot boats and other equipment
  and assets deemed necessary, and to sell any assets thus acquired;
- ⇨ Borrow, if necessary, in order to settle the Authority's expenses.

<u>DESCRIPTION OF OPERATIONS</u>

Since 1972, the Authority has operated, in the interest of safety, a marine pilotage service for all Canadian waters surrounding the four Atlantic Provinces and within certain waters in the Bay of Chaleur. This is the only program of business for the Authority.

The Authority provides licensed pilots to ships that enter Atlantic Canadian Ports in order to ensure that these ships travel within the pilotage area as safely as possible. The Authority also examines qualified mariners, and issues pilotage certificates to successful candidates to enable them to navigate their ships within designated compulsory areas without a licensed pilot on board. The Authority organizes its operations according to geographic location, and has designated seventeen areas as requiring compulsory pilotage, with one more area in the process of being made compulsory. The Authority also endeavors to provide pilotage service to other areas, referred to as non-compulsory areas, upon request. A complete breakdown of all revenue and costs related to the pilotage service is calculated and totaled for each port and area, and summarized for the entire operation.

Demand for the services of the Authority is determined by the shipping industry, over which the Authority has little or no control. The Authority evaluates its performance according to the achievement of a safe, efficient, and effective marine pilotage service while maintaining financial self-sufficiency. In addition, success is determined by how well the Authority adapts to changes in world trade, to the establishment of new business ventures, and to patterns that develop within the shipping industry.

The Authority operates within the marine transportation sector. No competition exists to provide this service in compulsory pilotage areas.

The Authority's goal is to implement tariffs that are fair and reasonable, and that allow the entity to operate on a self-sustaining financial basis. The following Table reflects the annual average percentage increase in revenue derived from increased tariffs during the following periods:

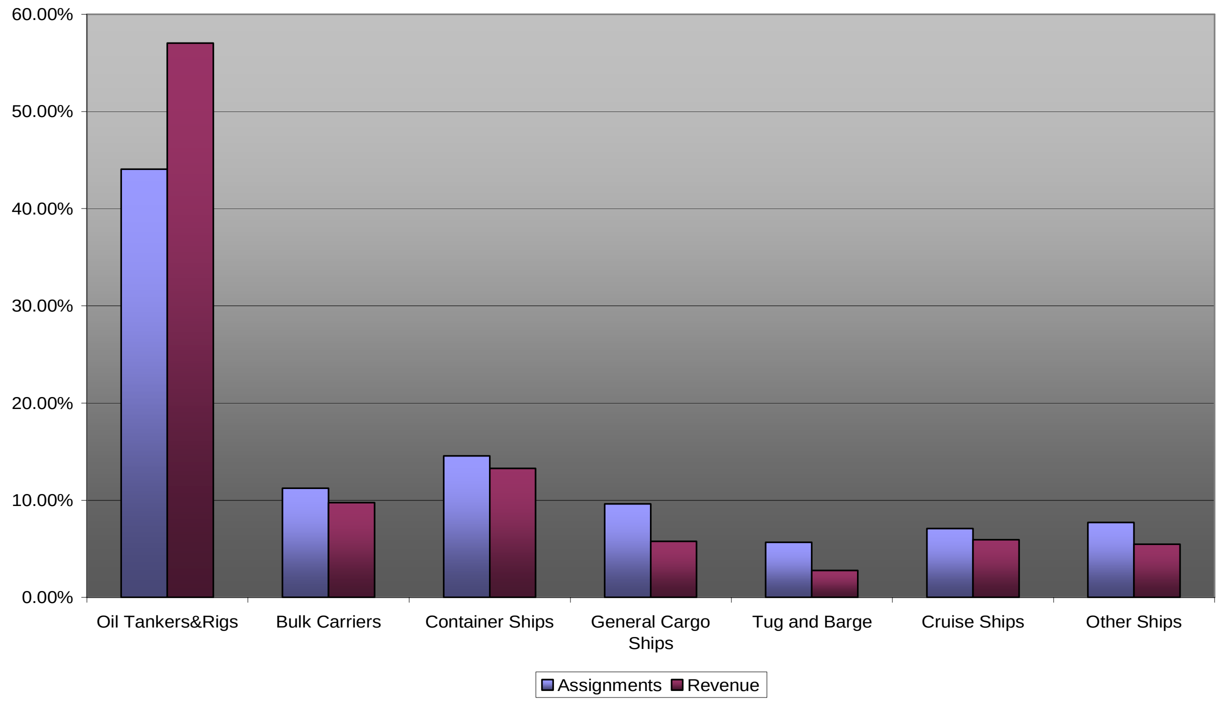
Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Average Percentage Increase in revenue.	6.17%	2.96%	2.98%	2.00%	2.00%	2.00%

Revenue and traffic Patterns

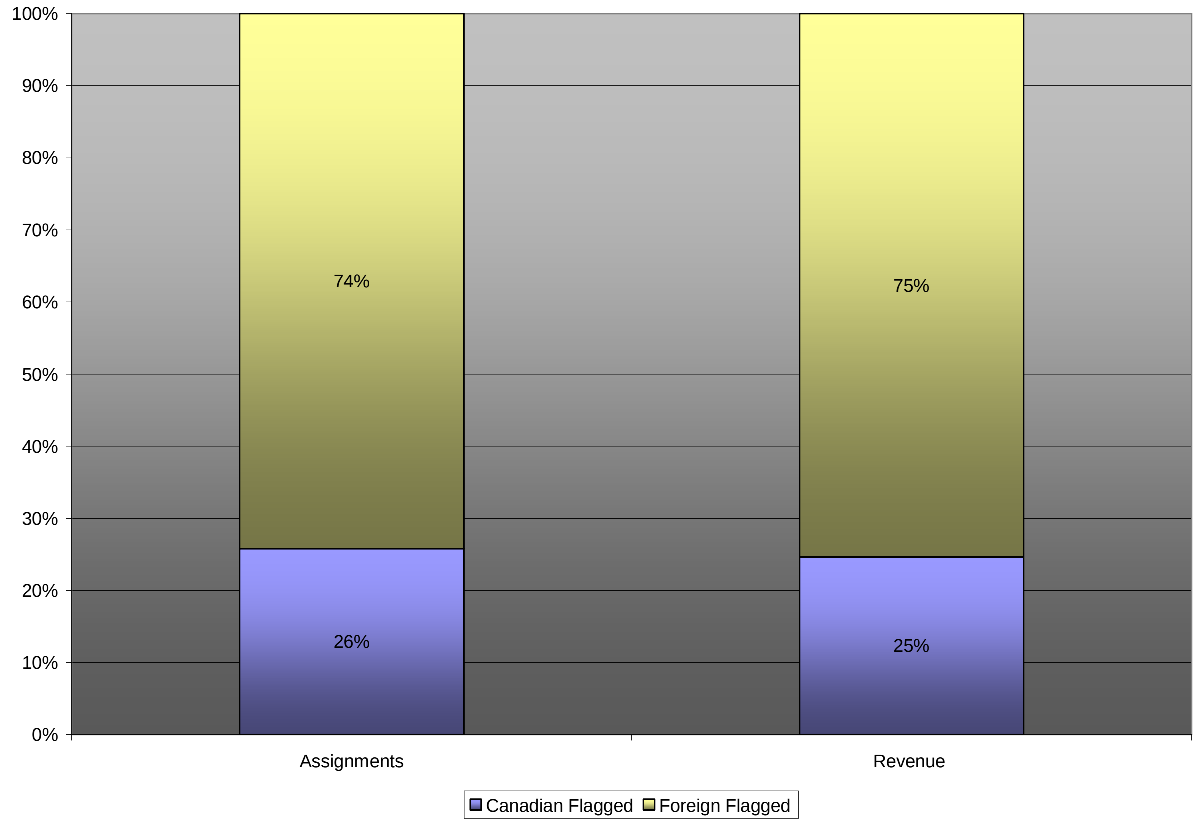
The Authority provides pilotage service in 17 compulsory areas: Halifax, Sydney, Bras d'Or, Canso, and Pugwash in Nova Scotia; Saint John, Miramichi, and Restigouche in New Brunswick; St. John's, Holyrood, Placentia Bay, Humber Arm, Stephenville, Bay of Exploits, and Voisey's Bay in Newfoundland and Labrador; Charlottetown and Confederation Bridge in Prince Edward Island. Pilotage service is provided to many non-compulsory ports upon demand. Total number of estimated assignments for 2010 is expected to be 9,302. The St. Croix River area remains in the regulatory process and has not been included in the projections. This area will not have APA employee pilots or APA pilot boats, nor is it expected to have a level of activity that will have any significant impact on revenues.

Of the 17 compulsory areas, there are four major ports that contribute approximately 74% of the Authority's assignments, and more than 79% of revenues. These ports are Placentia Bay, NL, Halifax, NS, Strait of Canso, NS, and Saint John, NB. Much of the pilotage activity in the Atlantic Region is driven by the oil industry, with oil tankers being primary contributors in Saint John, Strait of Canso, and Placentia Bay. The primary contributor to the port of Halifax is container ships, with over 88% of the Authority's container ship traffic handled by that port.

The oil industry accounts for approximately 44% of the Authority's overall assignments, and contributes 57% of the overall revenue, based on current trends. Cruise ships, while a high profile part of the industry, account for approximately 7% of assignments and 6% of revenues. The following chart indicates the overall contribution by different sectors.



Foreign flagged vessels provide the great majority of the Authority's business. This fact has become even more pronounced after offshore supply vessels were exempted in 2006, as these vessels are almost entirely Canadian flagged ships. The current trend is for foreign vessels to represent approximately 74% of assignments, and approximately 75% of revenue. The following chart indicates the contribution of Canadian and foreign flagged vessels to both assignment numbers and revenues.



DISPATCH

The Authority provides dispatching services throughout its region from a dispatch centre located at its head office. The total cost of the dispatch operation in 2011 will be approximately $558k and this amount has been included in the budget. The dispatching service provides significant information and added value to pilots, customers, port authorities, and management through controlled access web pages established for each group. The web pages are continuously updated from the Authority's Dispatch and Billing System as the dispatcher enters data. Customers and pilots are able to contact dispatch by telephone, e-mail, facsimile, VHF radio, and telex. As the service evolves, it continues to increase the efficiency of the Authority’s operations while adding value for customers and employees. The APA has developed the capability to monitor vessel movements in the major ports and their approaches through a computer program utilizing the Automatic Identification System (AIS). The AIS is required on all commercial vessels, and the APA has also installed transmitters and receivers on its pilot boats.

PILOT BOAT SERVICE CONTRACTS

The APA has three models for pilot boat operations. In most ports, a contractor provides both the boat and the crew. In two of the major ports, Halifax and Saint John, the Authority owns and operates pilot boats, with the crew being employees of the APA. In Placentia Bay and Sydney, the Authority owns the vessels, with the manning contracted out to a local company.

The Authority prefers that all pilot boat contracts be paid on a per trip basis. This avoids a situation where a guaranteed annual amount of money is paid that has no relation to the number of assignments and revenue in that port. This principle is followed with a few minor exceptions to address local issues in a port.

Pilot boat costs are made up of those incurred by the Authority in operating its own vessels, those paid to a contractor to provide a pilot boat service, and fees paid to local entrepreneurs in minor non-compulsory ports where it is not feasible to have a formal pilot boat contract. The Authority attempts to use its own boats in the most efficient manner possible and to control costs where possible. The costs in ports in which a private contractor provides service will fluctuate based on the volume of traffic in the port.

HUMAN RESOURCES

The Authority has seventy-seven full time employees: forty-seven pilots, fourteen pilot boat crew members, six dispatch personnel, and ten management and administrative personnel.

The Authority employs highly skilled and qualified pilots. Professional development is emphasized, and the Authority makes a significant financial commitment to ensure that the best available training is provided. The pilots are supported by competent pilot boat crews and dispatchers who work as a team to provide the best possible service to the customer. The Authority employs professional and proficient management and support staff to administer the operations.

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Statement of Human Resources
2008-2015

	ACTUAL 2008	ACTUAL 2009	OUTLOOK 2010	BUDGET 2011	PLAN 2012	2013	2014	2015
ADMINISTRATION								
EXECUTIVE OFFICERS	3	3	3	3	3	3	3	3
SUPPORT	7	7	7	7	7	7	7	7
	10	10	10	10	10	10	10	10
OPERATIONS								
PILOTS	44	45	47	47	46	46	46	46
PILOT BOAT CREWS	14	14	14	14	14	14	14	14
DISPATCHERS	6	6	6	6	6	6	6	6
ENTREPRENEURIAL PILOTS	13	13	13	13	14	14	14	14
	77	78	80	80	80	80	80	80
TOTAL MANPOWER RESOURCES	**87**	**88**	**90**	**90**	**90**	**90**	**90**	**90**

The Executive Officers include the Chief Executive Officer, the Chief Financial Officer, and the Director of Operations. Support staff includes management, clerical, and staff positions.

Under Operations, "Pilots" and "Pilot Boat Crews" refer to employees of the APA. The thirteen Entrepreneurial Pilots are not employees of the APA, and derive their income from receiving a share of the tariff levied for an assignment. Ten of these pilots work in the compulsory areas of Pugwash, Miramichi, Charlottetown, Confederation Bridge, and Voisey's Bay. The remaining three work in non-compulsory areas such as Belledune and Caraquet. Some employee pilots also perform non-compulsory assignments during their off duty time in numerous ports.

Dispatchers are direct employees of the Authority who work out of the Dispatch Centre located in the Authority's head office. The Operations Manager, who has the prime responsibility of overseeing dispatch operations, is also included in the six positions indicated here.

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Statement of Operations
Years Ended December 31
(000's)

Due to the changes in Accounting Standards, Budgeting for 2011-2015 has been presented under IFRS. The 2009 and 2010 comparisons are under Canadian GAAP.

			IFRS				
	ACTUAL	OUTLOOK	BUDGET		PLAN		
	2009	2010	2011	2012	2013	2014	2015
INCOME							
PILOTAGE CHARGES	$ 19,091	$ 20,372	$ 21,528	$ 22,105	$ 22,552	$ 23,003	$ 23,462
NEW PILOT BOAT SURCHARGE	368	379	364	-	-	-	-
INTEREST & OTHERS	189	121	70	72	72	74	75
TOTAL INCOME	19,648	20,872	21,962	22,177	22,624	23,077	23,537
EXPENSES							
PILOTS FEES, SALARIES, AND BENEFITS	8,632	9,148	9,818	9,967	10,166	10,421	10,681
PILOT BOATS	5,687	5,413	5,637	5,672	5,754	5,870	5,987
STAFF SALARIES AND BENEFITS	1,512	1,496	1,530	1,530	1,559	1,597	1,637
AMORTIZATION	589	627	904	1,125	1,128	1,128	1,128
TRANSPORTATION	611	664	690	685	692	710	727
PROFESSIONAL AND SPECIAL SERVICES	287	427	492	465	475	484	494
UTILITIES, MATERIALS, AND SUPPLIES	287	311	318	324	330	336	343
RENTALS	274	270	288	293	298	304	310
TRAINING	135	246	236	239	240	244	249
FINANCING COSTS	211	200	188	376	353	330	306
COMMUNICATION	114	137	140	141	143	146	149
TOTAL EXPENSES	18,339	18,939	20,241	20,817	21,138	21,570	22,011
NET INCOME	$ 1,309	$ 1,933	$ 1,721	$ 1,360	$ 1,486	$ 1,507	$ 1,526

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Balance Sheet
Years Ended December 31
(000's)

Due to the changes in Accounting Standards, Budgeting for 2011-2015 has been presented under IFRS. The 2009 and 2010 comparisons are under Canadian GAAP. The adjustments required to transition to IFRS are included in the IFRS Adjust column.

				IFRS					
	ACTUAL 2009	OUTLOOK 2010	IFRS ADJUST	OUTLOOK 2010 RESTATED	BUDGET 2011	PLAN 2012	2013	2014	2015
ASSETS									
CURRENT									
CASH	$ 771	$ 3,030	$ -	$ 3,030	$ 4,084	$ 4,732	$ 4,248	$ 3,323	$ 2,546
ACCOUNTS RECEIVABLE	2,355	2,212	-	2,212	2,425	2,500	2,550	2,600	2,600
PREPAID EXPENSES	67	80	-	80	82	85	85	90	90
	3,193	5,322	-	5,322	6,591	7,317	6,883	6,013	5,236
INVESTMENTS	-	-			-	1,000	2,000	4,000	6,000
FIXED									
CAPITAL AT COST	12,596	13,029	(769)	12,260	16,760	18,260	19,760	20,760	21,760
LESS ACCUMULATED AMORTIZATION	4,513	5,140	242	5,382	6,286	7,411	8,539	9,667	10,795
	8,083	7,889	(1,011)	6,878	10,474	10,849	11,221	11,093	10,965
	$ 11,276	$ 13,211	$ (1,011)	$ 12,200	$ 17,065	$ 19,166	$ 20,104	$ 21,106	$ 22,201
LIABILITIES									
CURRENT									
ACCOUNTS PAYABLE	$ 1,119	$ 1,200	$ -	$ 1,200	$ 1,500	$ 1,500	$ 1,350	$ 1,240	$ 1,250
CURRENT PORTION OF BANK LOANS	227	239	-	239	404	463	485	506	567
TERMINATION BENEFITS	35	50	-	50	-	90	75	110	-
	1,381	1,489	-	1,489	1,904	2,053	1,910	1,856	1,817
LONG TERM									
BANK LOANS	3,829	3,590	-	3,590	6,186	6,723	6,238	5,732	5,165
TERMINATION BENEFITS	1,225	1,358	-	1,358	1,491	1,546	1,626	1,681	1,856
	5,054	4,948	-	4,948	7,677	8,269	7,864	7,413	7,021
TOTAL LIABILITIES	6,435	6,437	-	6,437	9,581	10,322	9,774	9,269	8,838
CONTRIBUTED CAPITAL AND EQUITY									
CONTRIBUTED CAPITAL	2,305	2,305	-	2,305	2,305	2,305	2,305	2,305	2,305
EQUITY (DEFICIT)	2,536	4,469	(1,011)	3,458	5,179	6,539	8,025	9,532	11,058
	4,841	6,774	(1,011)	5,763	7,484	8,844	10,330	11,837	13,363
	$ 11,276	$ 13,211	$ (1,011)	$ 12,200	$ 17,065	$ 19,166	$ 20,104	$ 21,106	$ 22,201

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Statement of Changes
Years Ended December 31
(000's)

	ACTUAL 2009	OUTLOOK 2010	BUDGET 2011	IFRS PLAN 2012	2013	2014	2015
OPERATING ACTIVITIES							
CASH PROVIDED BY (USED FOR) OPERATIONS							
NET PROFIT (LOSS) FOR YEAR	$ 1,309	$ 1,933	$ 1,721	$ 1,360	$ 1,486	$ 1,507	$ 1,526
ITEMS NOT REQUIRING CASH							
AMORTIZATION	589	627	904	1,125	1,128	1,128	1,128
MARKET VALUE ADJUST	-	-	-	-	-	-	-
INCREASE (DECREASE) IN EMPLOYEE TERMINATION BENEFITS- SEVERANCE	129	183	133	145	155	165	175
	2,027	2,743	2,758	2,630	2,769	2,800	2,829
CASH PROVIDED BY (USED FOR) NON-CASH WORKING CAPITAL	(531)	211	85	(78)	(200)	(165)	10
EMPLOYEE TERMINATION BENEFIT PAYMENTS	(133)	(35)	(50)	-	(90)	(75)	(110)
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,363	$ 2,919	$ 2,793	$ 2,552	$ 2,479	$ 2,560	$ 2,729
FINANCING ACTIVITIES							
CASH PROVIDED BY FINANCING LOAN RECEIVED ACTIVITIES		-	3,000	1,000		-	-
LOAN PAYMENTS	(216)	(227)	(239)	(404)	(463)	(485)	(506)
	(216)	(227)	2,761	596	(463)	(485)	(506)
INVESTING ACTIVITIES							
(INCREASE) DECREASE IN INVESTMENTS	-	-	-	(1,000)	(1,000)	(2,000)	(2,000)
ADDITIONS TO CAPITAL ASSETS	(305)	(433)	(4,500)	(1,500)	(1,500)	(1,000)	(1,000)
CASH USED FOR INVESTING ACTIVITIES	(305)	(433)	(4,500)	(2,500)	(2,500)	(3,000)	(3,000)
INCREASE IN CASH AND SHORT TERM INVESTMENT DURING THE YEAR	$ 842	$ 2,259	$ 1,054	$ 648	$ (484)	$ (925)	$ (777)
CASH, BEGINNING OF YEAR	(71)	771	3,030	4,084	4,732	4,248	3,323
CASH, END OF YEAR	$ 771	$ 3,030	$ 4,084	$ 4,732	$ 4,248	$ 3,323	$ 2,546

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Capital Expenditure Comparison
(000's)

ATLANTIC PILOTAGE AUTHORITY
CAPITAL EXPENDITURE COMPARISON
(000'S)

	2009	2009	2010	2010	2011	2012	2013	2014	2015
	PLAN	ACTUAL	PLAN	FORECAST	BUDGET		PLAN		
PILOT BOATS									
CONSTRUCTION OR PURCHASE OF NEW BOAT	255	195	-	107	4,000	1,000	100		
PILOT BOAT REFIT	100	68	60		416	400	1,230	800	800
PILOT BOAT EQUIPMENT	-	-	100	25		30	100	100	100
WHARVES AND STRUCTURES	10	-	50	213	20	20	20	30	30
LEASEHOLD IMPROVEMENTS	20	-	10	10	20	10	10	10	10
COMPUTER AND OFFICE EQUIPMENT	16	20	20	23	29	20	20	20	20
SOFTWARE FOR COMPUTER PROGRAMS	50	40	35	55	15	20	20	40	40
TOTAL	**$ 451**	**$ 323**	**$ 275**	**$ 433**	**$ 4,500**	**$ 1,500**	**$ 1,500**	**$ 1,000**	**$ 1,000**

Capital Expenditure Comparison Explanation

The design of the two newest vessels for Halifax and Saint John was expected to be completed in 2009 but continued into 2010, thus some of the costs budgeted in 2009 were actually incurred in 2010. The new pilot boat project is expected continue through 2012, with final payments taking place in 2013. The timing of these costs is an estimate and will depend on many factors that will affect the progress of construction.

With the implementation of IFRS in 2011, items that had previously been charged to operating expenses will be capitalized to the balance sheet. The Authority is budgeting $416 thousand for these items in 2011, and further amounts in subsequent years reflecting replacement of major components on existing vessels.

Due to damage at the pilot boat berth in Saint John, it was necessary to install a floating dock in the port late in 2009 and early in 2010. This was an unanticipated capital cost that was included in the 2009 forecast in the previous corporate plan; however, the project was not completed until 2010.

The other capital items are expected to remain fairly consistent with some increases as aging wharves and equipment will have to be repaired or replaced.