



INTER-OFFICE MEMORANDUM
MÉMOIRE INTERNE

File No.
Réf.
Date

June 15, 2017

To:
Destination: Board Members/Pilots/Staff

Location:
Lieu:

From:
Origine: Chief Executive Officer

Location:
Lieu: Cornwall

Re:
Objet: **NEWSLETTER – SPRING 2017**

Mother Nature has taken its time to warm up this year and the first signs of summer are finally upon us. The very wet and cold spring this year has meant difficult navigation conditions in the Cape Vincent to Montreal area. As this newsletter is being prepared, water levels in the Montreal area are starting to recede and the warm weather is drying out the flooded areas. Lake Ontario still is reporting water levels at record levels and are averaging 40 cm over normal levels. Transit times in the International District No. 1 have doubled, putting a strain on the Authority's ability to service vessels on time. The 9 pilots working the district are to be commended for their efforts. These conditions are expected to persist until mid-July 2017.

I welcome the opportunity to prepare this update at a time when we are solidly into the 2017 navigation season and people are busy getting their properties, kids and homes ready for what is hoped to be a long, warm summer. Here are a few of the highlights you should be aware of.

GLPA Tariff Proposal 2017

The Authority incurred an operating loss of \$850,000 last year due primarily to the fact that 10 apprentices were hired/trained to replace retiring pilots. The Authority spent over \$1 million in training, therefore the budgeted surplus for 2016 ended up a deficit of \$850,000. Meetings were quickly set up with industry in November 2016 to deal with this operating loss. The Shipping Federation of Canada agreed to a tariff with a 1% net increase vs. the previously approved 2017 net tariffs plus a 5% training surcharge for 2017 and 2018. This increase in revenues will generate close to \$1.5 million in two years, which will allow the Authority to eliminate all of its accumulated deficit by 2019.

The tariff proposal was published in Part I of the Canada Gazette on March 11, 2017 and was not objected to by any users/stakeholders. Given the long Government process to have the tariff actually in place, Cabinet has approved the increase on June 2, 2017. This delay has caused approximately \$350,000 in lost revenues to the GLPA.

Year to Date Traffic

The opening of the 2017 navigation season on March 20, 2017 was the earliest one on record. Despite an unusually warm winter, we saw temperatures plummet in March, causing the creation of heavy ice in certain areas of the Great Lakes. Transit times were reduced due to daytime navigation restrictions and the slow recommissioning of lighted buoys. Traffic for the first two weeks was very light but since this time, we have seen traffic in all districts increase by at least 10% over the levels of 2016 as of the end of May 2017. This traffic increase is being driven by the strong economic picture in North America which has increased the amount of imported steel needed to sustain the growth. We have also seen higher than expected transits handling the leftover of the near record 2016 Western grain crop. It is expected that the steel imports will continue and grain movements are to stabilize in the next months. All and all, the 2017 navigation season is now positioned to be a strong season and heavy traffic at times. We have been informed that the farmers have seeded a record amount of acres in the American and Canadian

prairies, which could possibly be a predictor of a strong fall grain harvest. As you know, it is too early to predict any accurate results on this type of commodity, therefore we will watch closely the key indicators in the next few months.

Canadian Pilotage Review

The Government of Canada initiated in 2014 a study on all Canadian transportation modes through the Canadian Transportation Agency (CTA). The CTA tabled a report to the Government of Canada in the winter of 2015 and highlighted a few recommendations regarding the Canadian pilotage system. The Government examined these findings in 2016 and have now decided that a Pilotage Review of the Canadian model is warranted. This announcement was made in November 2016 and we are now starting to see some activity on this initiative. The Government has mandated Transport Canada with the task of completing this study before the fall of 2018. It is the Government's intentions to deal with the legislative changes, if any are recommended, in early 2019 before the next Federal election.

The original review was going to be limited to the findings of the CTA which are:

- (1) Consider consolidating the four Pilotage Authorities
- (2) Address the tariff setting mechanism
- (3) Introduce/review role of technology
- (4) Remote pilotage examination

As the Terms of Reference for the review have been finalized, it appears that the above items will still be considered.. Transport Canada has started their consultation stage of the exercise and have named Mr. Marc Grégoire as Commissioner for this review. This stage should be completed by the summer of 2018 with a report to the Minister expected in the fall of 2018. I will provide all employees/Board members with monthly reports on this review. No further information is available at this time.

Portable Pilotage Units - Deployment

All portable pilotage units (PPUs) related items were received in February 2017 and were distributed to pilots in time for the training sessions held in late February and March. The training sessions were well attended by all pilots. Skype training was provided by the Trelleborg representative in Denmark as to provide pilots with the basic training on the CAT ROT and CAT1 instructions and functionality. A Transas matter expert was on site to provide PilotPro software and chart training in French and in English. A special thanks to the 9 PPU testers who helped facilitate the training sessions based on their experience with the units and software.. Pilots are to ensure Richard Quenneville is copied on all service issues with either vendor. In addition, should a pilot have any feedback on enhancements, please forward them to Stéphane Bissonnette as he will coordinate the communications with both vendors.

Klein Dispatching and Billing System - Deployment

All dispatchers, pilots and office staff have been trained on the new web based system. Pilots have been provided with a KleinMobile application to retrieve and complete the electronic source forms. As to facilitate the learning curve and assist pilots with the new functionality, pilots have been following a parallel process in completing the paper forms as per past practice while working through the new system and ensuring billing can be completed in a timely basis. The Authority is very appreciative of all its employees for their patience and understanding as they work with the service provider to problem solve various issues as they surface. Richard Quenneville is providing refresher training with each pilot group as to resolve any other outstanding issues with

the KleinMobile App and the web system. Although there have been some challenges for all involved, the Authority is already seeing many benefits with the enhanced functionality.

Mental Health Priority

I hope that everyone benefited from the short mental health awareness sessions that were attended by employees in March of this year. Please be sure to be aware of your own mental health as well as that of your co-workers. Health and wellness is both physical and mental and one is just as important as the other.

Our EFAP (Employee and Family Assistance Program) advice and assistance is always available 24 hours a day 7 days a week at www.worklifehealth.com (www.travailsantevie.com) or by telephone at 1-866-833-7690. All communications are confidential and available in either English or French to all GLPA employees and their family members.

Staffing Update

The Authority continues to be very active in the staffing as a number of apprentices have received their pilotage licenses and new apprentices continue to be hired. We have also seen some staffing changes in the office and dispatch center. Listed below are the activities in 2016 and 2017 in all areas of operation:

Office and Dispatch:

The Authority has seen a long term employee, Mrs. Lise Ouellet, retire from the position of Accounts Payable and Receivable Clerk after 17 years at the Authority. GLPA has promoted Mr. Richard Ouellette to fill the vacant accounting position. Mr. Ouellette was previously a Part Time Dispatcher and has been with the Authority since 2014. We wish Mrs. Ouellet a long and healthy retirement and wish Mr. Ouellette success in his new position. Closing on 20 years of service, dispatcher Philippe Lalonde has retired. Mr. Robert Legault has been promoted to full time dispatcher after 5 years of part time dispatching. The Authority is currently recruiting for 2 part time dispatcher positions. We wish Mr. Lalonde a long and healthy retirement and wish Mr. Legault success in his new position.

Cornwall District:

In 2016 the Authority hired Capt. Alexandre Morissette, Capt. Richard Perron and Capt. Ghyslain Beaulne as apprentices. Capt. Richard Perron has been issued a full pilot license in May 2017. Capt. Morissette received his pilot license this month. The Authority is pleased to have such experienced mariners and wishes them all the best in their new role as Cornwall District pilots. Capt. Ghyslain Beaulne left the Authority to pursue other activities and will not continue as an apprentice pilot. The Authority has hired two additional apprentices for the Cornwall District and is glad to welcome Capt. Paul Cornelissen and Capt. Eric Lemire. Both candidates are experienced and will be a great addition to the Authority. Capt. Jacques de Villers has retired and will be returning to the district as a contract pilot. The Authority will start training two additional apprentices for the Cornwall District in late June 2017.

District 1 and District 3:

Both districts have not seen any additions in 2017.

District 2:

The Authority presently has one apprentice pilot (Capt. Paul Chmielewski) who is expected to be licensed shortly. Two apprentice pilots, Capt. Devin Powers and Capt. Carolyn Babin, have been hired in April 2017. Both individuals are highly skilled and experienced, and will be valued pilots once their training program is complete. The Authority will be hiring two additional apprentices in

the fall of 2017 given it has received retirement notices from Capt. Leigh, Capt. Nimako and Capt. Bruley. The three retiring pilots have accepted to work on contract in 2018. Capt. Robson has informed the GLPA of his retirement planned for 2018 with his return in 2019 as a part time pilot.

The Authority also wishes to welcome Capt. Tom Roesslein back to District 2. Capt. Roesslein had transferred to the Cornwall District but accepted to return to District 2 in the spring. Capt. Tom Robertson requested a transfer to Lake Ontario and has started his training.

Lake Ontario:

The Authority welcomed Capt. Tom Robertson to the Lake Ontario District in May 2017.

As you can see, the Authority is welcoming a great deal of new recruits. Their energy, background and experience will greatly improve the overall Authority workforce and organization as a whole. We wish all new recruits the very best this Authority can offer.

Pilot Contracts and Public Service Alliance of Canada Contract Renewals

The Authority will be starting the negotiation and renewal of the five collective agreements (Pilots – 4 collective agreements; Office/Dispatchers – 1 collective agreement). The intentions are to start these renewals as soon as the management team has completed the work on the PPU's and the dispatching system implementations. Negotiations should be started before the fall.

Office of the Auditor General of Canada Special Examination

The Authority has been undergoing a special examination. This intensive study by the Auditor should be completed by late summer 2017. .

The Auditor General is expected to present its preliminary report of their findings to the Authority's management in September 2017, with the final report scheduled to be presented to the Board of Directors in November 2017. This final report will be made available to all employees immediately afterwards.

Closing Remarks

Traffic for the year seems to have taken off and increasing to match the North American economic improvement. We have hired a large number of new employees in the organization in the last two years as we see 25% of the Authority with employees having 3 or less years of service. The Authority welcomes these new fresh faces and, with your input, will continue to strive to have Great Lakes Pilotage Authority as the national leader in the business. Enjoy your summer.

I encourage you to contact me should you have any issues you wish to discuss. I welcome all points of view.

All the best,



Robert F. Lemire