



**NOTICE OF  
PROPOSED PILOTAGE CHARGES  
2023**

**DECEMBER 20, 2022**



## GENERAL

Pursuant to section 33.3 of the *Pilotage Act*, S.C. 1985, c. P-14, the following document provides notice (the Notice) of the Great Lakes Pilotage Authority's (the "GLPA") proposed revised charges which will come into effect on **March 22, 2023**, except as otherwise noted.

This Notice includes a description of the proposal, including justification in relation to establishing or revising the pilotage charge, and the circumstances in which the charge will apply. In developing the charge, the GLPA has observed all charging principles established under section 33.2 of the *Pilotage Act*.

Persons interested in making representations to the GLPA with regard to the proposals set out in this Notice may do so in writing to the address set out under Section 4 of this Notice, which must be received by the GLPA not later than **4:30PM EDT on January 21, 2023**.

Any person making written representations must include a summary of those representations. Note that this summary may be made public by the GLPA. In addition, any person making written representations by the date set out in this Notice will have an opportunity to file a notice of objection related to the proposal with the Canadian Transportation Agency.

Except for the revisions proposed in this Notice, all the existing charges and related terms and conditions, set out in the existing tariff notices pertaining to charges, remain in effect.

This Notice consists of four Sections:

- (1) Proposed Revision to Service Charge Rates
- (2) Proposed Implementation of the Proposed Revised Service Charges
- (3) Reestablishment of Current Charges
- (4) Additional information



## 1. PROPOSED REVISION TO PILOTAGE CHARGE RATES

### 1.1 Summary

Since 2003, the GLPA has been working at eliminating its accumulated deficit and started fiscal 2021 with a \$2.8 million accumulated deficit. As part of its revamped 2020 strategy to achieve financial self-sufficiency, the GLPA embraced a more targeted cost-recovery approach instead of the historical universal pilotage charge amendments. In response, the Shipping Federation of Canada, which represents most of the ocean shipping industry, filled a Notice of Objection to the GLPA's 2020 and 2021 pilotage charge amendments with the Canadian Transportation Agency.

In 2021, the Canadian Transportation Agency rendered a decision favorable to the GLPA on its 2020 pilotage charges and, as a result, the GLPA was able to recognize \$5.0 million in pilotage charges previously under objection as revenues. This allowed the GLPA to recover from its \$2.8 million accumulated deficit at the beginning of 2021 and report a \$5.0 million accumulated surplus at the end of 2021. The Shipping Federation of Canada withdrew its objection on the 2021 charges.

Going forward, the GLPA's financial objective is to generate a sufficient annual surplus to maintain a reasonable reserve on an ongoing basis. To achieve this goal, the GLPA develops annual pilotage charge strategies to cover its operational expenditures while containing pilotage costs. The GLPA is committed to maintaining a reasonable reserve to ensure it can sustain its operations during unpredictable situations and significant reductions in traffic. To ensure effective management of the reserve, the GLPA will update existing, and introduce new fiscal management infrastructure to ensure funds are managed and earmarked appropriately.

The GLPA will continue to invest in its pilot and apprentice pilot training programs to factor new business needs/requirements and maintain the target of 99.9% incident-free assignments.

### 1.2 Background

When establishing a new charge for pilotage services or revising an existing charge, the GLPA must follow the charging principles set out in section 33.2 of the *Pilotage Act*. These principles prescribe that, among other requirements, charges must not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the GLPA's current and future financial obligations related to the provision of compulsory pilotage services. Pursuant to the charging principles, the GLPA's Board of Directors (the Board) approves the amount and timing of changes to customer service charges. The Board also approves the GLPA's annual budget where the amounts to be recovered through customer service charges for the ensuing year are determined.

#### ***Pilotage Assignments***

Based on discussions with industry stakeholders, the GLPA is forecasting 9,616 pilot assignments for the 2022 navigation season (excludes winter work). This represents a 17% traffic increase over 2021, with an additional 74 pilotage assignments during winter navigation. The GLPA further forecasts 9,616 pilotage assignments for 2023 and similar traffic forecasts for the remainder of the planning period. Anything beyond one year is difficult to predict as container contracts are not negotiated well in advance.



### ***Pilotage Charges***

The GLPA's main source of revenue is derived by pilotage charges. For 2023, the GLPA is forecasting a 2.5% annual increase.

As the GLPA is expecting to continue with the current level of apprentice pilot recruitment and training, the GLPA will continue with its apprentice pilot training surcharge of 5% for 2023.

### ***Sensitivity of Projections to Changes***

The GLPA's major expenditures are in the form of wages and benefits, pilot boat costs, as well as other contracted commitments. Thus, approximately 86% of operating costs are fixed or semi-variable with the remainder 14% being variable. Therefore, major fluctuations in pilotage assignments will have a significant impact on financial results.

### ***Debt Analysis***

There is no long-term debt other than the head office capital lease and employee benefits. Based on the budgeted financial results for the planning period, the GLPA has no concerns with servicing these debts.



### 1.3 Proposed Pilotage Charge Rate Revisions Effective March 22, 2023

The 2023 proposed pilotage charges are based on the 2022 pilotage charges.

For regular rates effective March 22, 2023, the GLPA proposed revisions are expected to increase revenue by \$1.2 million, based on reasonable and prudent projections of forecasted piloted marine traffic for its 2023 fiscal year. The proposed revisions are as follows:

District	Charge Increase (%)	Charge Increase (\$)	Annual Impact (\$000)
<b>Basic charge for pilotage services</b>			
Cornwall District	2.5%	Various	\$305.5
International District #1	2.5%	Various	\$145.4
International District #2	2.5%	Various	\$371.8
International District #3	2.5%	Various	\$57.1
Lake Ontario District	2.5%	Various	\$92.9
<b>Total</b>			<b>\$972.6</b>
<b>Detention and delay charges</b>			
Cornwall District	2.5%	Various	\$3.6
International District #1	2.5%	Various	\$1.2
International District #2	2.5%	Various	\$21.7
International District #3	2.5%	Various	\$1.4
Lake Ontario District	2.5%	Various	\$0.4
<b>Total</b>			<b>\$28.2</b>
<b>Cancellation charges</b>			
Cornwall District	2.5%	Various	\$2.9
International District #1	2.5%	Various	\$0.2
International District #2	2.5%	Various	\$3.2
International District #3	2.5%	Various	\$0.4
Lake Ontario District	2.5%	Various	\$0.9
<b>Total</b>			<b>\$7.6</b>
<b>Over carriage charges</b>			
Cornwall District	2.5%	\$16	\$0.0
International District #1	2.5%	\$16	\$0.1
International District #2	2.5%	\$16	\$0.0
International District #3	2.5%	\$16	\$0.0
Lake Ontario District	2.5%	\$16	\$0.0
<b>Total</b>			<b>\$0.2</b>
<b>Pilot transfer charges</b>			
Cornwall District	2.2%	\$3	\$6.6
International District #1	-	-	\$0.0
International District #2	26.0%	\$34	\$1.9
International District #3	-	-	\$0.0
Lake Ontario District	-	-	\$0.0
<b>Total</b>			<b>\$8.5</b>
<b>Pilot boat recovery charges</b>			
Cornwall District	0.0%	\$0	\$0.0
International District #1	0.0%	\$0	\$0.0
International District #2	0.0%	\$0	\$0.0
International District #3	0.0%	\$0	\$0.0
Lake Ontario District	0.0%	\$0	\$0.0
<b>Total</b>			<b>\$0.0</b>

District	Charge Increase (%)	Charge Increase (\$)	Annual Impact (\$000)
<b>Docking, undocking and stoppage charge</b>			
Cornwall District	2.5%	\$31	\$9.5
International District #1	2.5%	\$31	\$1.4
International District #2	2.5%	\$31	\$22.4
International District #3	2.5%	\$31	\$12.5
Lake Ontario District	2.5%	\$31	\$16.5
<b>Total</b>			<b>\$62.3</b>
<b>Short notice charges</b>			
Cornwall District	2.5%	\$98	\$0.6
International District #1	-	-	\$0.0
International District #2	-	-	\$0.0
International District #3	-	-	\$0.0
Lake Ontario District	-	-	\$0.0
<b>Total</b>			<b>\$0.6</b>
<b>Apprentice-pilot training surcharge of 5%</b>			
Cornwall District	0.0%	\$0	\$16.1
International District #1	0.0%	\$0	\$7.8
International District #2	0.0%	\$0	\$20.2
International District #3	0.0%	\$0	\$3.0
Lake Ontario District	0.0%	\$0	\$5.6
<b>Total</b>			<b>\$52.7</b>
<b>Pilotage Act administration surcharge</b>			
Cornwall District	7.0%	\$2	\$6.3
International District #1	7.0%	\$2	\$3.5
International District #2	7.0%	\$2	\$6.5
International District #3	7.0%	\$2	\$1.1
Lake Ontario District	7.0%	\$2	\$2.1
<b>Total</b>			<b>\$19.4</b>
<b>Total</b>			<b>\$1,152.1</b>



## 2. PROPOSED IMPLEMENTATION OF THE PROPOSED REVISED SERVICE CHARGES

The GLPA acknowledges the challenges currently faced by some of its stakeholders within the marine industry. The pilotage charge adjustments are, however, necessary for the GLPA to continue to fulfill its mandate and believe the proposed revised charges are fair and reasonable. All charges will be effective on March 22, 2023.

## 3. REESTABLISHING CURRENT SERVICE CHARGES

With recent changes to the *Pilotage Act*, the GLPA must include the charges that are not changing within this notice. Once these charges are announced, the GLPA's Customer Guide to Charges will be available on the GLPA website at <https://www.glpa-apgl.com/>.

The charges without rate adjustments are as follows:

- Apprentice Pilot Training Surcharge
- Pilot Boat Recovery Charge
- Pilotage Charges of the Port of Churchill, Manitoba.

## 4. ADDITIONAL INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO THE GREAT LAKES PILOTAGE AUTHORITY

Further details of this proposal, including a justification for the proposal in relation to the charging principles and the GLPA's methodology are provided in a document entitled *Details and Principles Regarding Proposed Revised Service Charges* ("Details and Principles") which is available on the GLPA's website at <https://www.glpa-apgl.com/>.

Additional copies of this Notice may be obtained by contacting the GLPA:

In writing: Antony Sebastiampillai, CPA  
Chief Financial Officer  
Great Lakes Pilotage Authority  
202 Pitt Street, 2<sup>nd</sup> Floor  
Cornwall ON K6H 5R9

By email: [apillai@glpa-apgl.com](mailto:apillai@glpa-apgl.com)  
By facsimile: (613) 932-3793  
By telephone: (613) 933-2991 extension 207



Pursuant to Section 33.3 of the *Pilotage Act*, persons interested in making representations in writing to the GLPA with regard to this Notice may do so in writing to the following address:

In writing: Great Lakes Pilotage Authority  
202 Pitt Street, 2<sup>nd</sup> Floor  
Cornwall ON K6H 5R9  
Attention: Chief Financial Officer

By email: [apillai@glpa-apgl.com](mailto:apillai@glpa-apgl.com)

By facsimile: (613) 932-3793

Note: Representations must be received by the GLPA not later than **4:30PM EDT on January 21, 2023**. Any person making written representations must include a summary of those representations. This summary may be made public by the GLPA.

Any person who makes such a written representation will have an opportunity to file a Notice of Objection related to the proposal with the Canadian Transportation Agency.

### ***Caution Concerning Forward-looking Information***

*This document contains certain statements about the Great Lakes Pilotage Authority's future expectations. These statements are generally identified by words like "anticipate", "plan", "budget", "believe", "intend", "expect", "estimate", "approximate" and the like, as well as future or conditional verbs such as "will", "should", "would" and "could", or negative versions thereof. Because forward-looking statements involve future risks and uncertainties, actual results may be quite different from those expressed or implied in these statements. Examples include the pandemic, commodity price changes, natural disasters, weather patterns, environmental concerns, cyber security attacks, labour negotiations, arbitrations, workforce recruitment, training and retention, general marine industry conditions and trends, capital market and economic conditions, the ability to collect customer service charges, and changes in interest rates. Some of these risks and uncertainties are explained under "Risk Management" in our Annual Report. The forward-looking statements contained in this document represent our expectations as of December 20, 2022 and are subject to change after this date. Readers of this document are cautioned not to place undue reliance on any forward-looking statement. We disclaim any intention or obligation to update or revise any forward-looking statements included in this document whether as a result of new information, future events or for any other reason.*