



**Great Lakes Pilotage
Authority**

**Administration de pilotage
des Grands Lacs**

**ANNOUNCEMENT OF
REVISED PILOTAGE CHARGES
2023**

JANUARY 20, 2023

GENERAL

The Great Lakes Pilotage Authority (“Authority”) hereby announces revised service charges, pursuant to Section 33.4 of the *Pilotage Act*, S.C. 1985, c. P-14. This Announcement outlines applicable pilotage charges for the 2023 navigation season. These include the following charges:

- a. basic charges for pilotage services – **Increase of 2.5%**
- b. detention and delay charges – **Increase of 2.5%**
- c. cancellation charges – **Increase of 2.5%**
- d. over carriage charges – **Increase of 2.5%**
- e. pilot transfer charges – **Increase of \$3 for Cornwall District and \$34 for District 2**
- f. pilot boat finance recovery charges – **No Changes**
- g. docking, undocking and stoppage charge – **Increase of 2.5%**
- h. request for pilotage services – short notice charge – **Increase of 2.5%**
- i. pilot travel charges – **No Changes**
- j. Churchill pilotage charges – **No Changes**
- k. assignments of more than one pilot – **No Changes**
- l. apprentice-pilot training surcharge of 5% – **No Changes**
- m. *Pilotage Act* administration surcharge – **Increase of \$2**

The Authority is implementing these charges in accordance with the methodology and principles set out in the Notice and Details and Principles documents, published on December 20, 2022. These pilotage charges will become effective on March 22, 2023.

Since publishing the Notice and Details and Principles document on the Authority’s website, the Authority has received written representations from the Shipping Federation of Canada (“SFC”) - see Annex A. The comments received are similar to those made during pre-consultation meetings. The Authority has reviewed and considered the written representations and has determined that it will move forward with the 2023 charges, as set out in the Notice and Details and Principles documents, published on December 20, 2022. The Authority’s reasons are set out below.

The SFC has expressed strong opposition to the planned 2.5% pilotage charge increase for 2023, suggesting that the Authority proceed without any increase for the year given its “very healthy working capital” position. Foregoing the proposed increase would result in the Authority moving from a projected surplus to a projected deficit for the 2023 fiscal year. As part of the Authority’s renewed 2020 strategy to achieve financial self-sufficiency, the Authority has been working to eliminate its accumulated deficit since 2003 and recorded an accumulated surplus only at the end of 2021 following the Canadian Transportation Agency’s decision regarding the 2020 disputed pilotage charges. It is also important to note that the Authority did not implement any charge increases in 2022. The Authority’s financial and statutory objective is to generate a sufficient annual surplus to maintain a reasonable reserve on an ongoing basis. To that end, the planned 2.5% increase is reasonable, especially when considered in light of the recent Consumer Price Index (CPI) 12-month increase of 6.8% recorded for November 2022. The Authority has considered a “break-even” budget, as suggested by the SFC. However, this strategy fails to recognize the ever-increasing costs to the industry, evidenced by the most recent CPI statistics. Were the Authority to proceed with a “break-even” budget, it would inevitably and ultimately result in the Authority having to levy much higher charge increases in the future. Proceeding by way of smaller, incremental increases instead will provide better stability for the industry as a whole.

With respect to comments on service delivery and pilot unavailability, the Authority is dedicated to enhancing service delivery and reducing delays in pilotage services caused by pilot unavailability. While pilot recruitment and retention is a significant challenge, the Authority is actively working to increase its pilot workforce and collaborating with industry stakeholders to find ways to improve efficiency. Additionally, consultants have been employed to investigate new solutions to assist the Authority in this area.

With respect to comments on the level of the Authority's reserve, as pointed out earlier, the Authority is committed to maintaining a reasonable reserve to ensure it can cover its capital investments, meet its legal obligations of financial self-sufficiency under the *Pilotage Act*, sustain its operations during unpredictable situations, and handle significant reductions in traffic.

The Transport Canada Administration Fee is a charge imposed by Transport Canada to cover the costs of administering the *Pilotage Act*. It is imposed in accordance with section 37.1 of the *Pilotage Act* and is used to defray Transport Canada's costs associated with the administration of the *Pilotage Act*. The fee does not contribute to the operations of the Authority as it is a flow through cost. This charge was also the subject of a case before the Canadian Transportation Agency in 2020, wherein the charge was upheld. During the ongoing transition period, the Authority is continuing to work with Transport Canada to ensure that it is able to take over the administration of the *Pilotage Act* smoothly, and that no service interruptions occur in the interim.

The Authority has reviewed all written submissions and determined that the proposed charges align with its charging methodology and comply with the *Pilotage Act*. Therefore, the Authority has decided to implement the revised pilotage charges as previously announced in the Notice and Details and Principles documents.

Pursuant to Section 34(1) of the *Pilotage Act*, S.C. 1985, c. P-14, persons wishing to object to these charges may do so by making an application to the Canadian Transportation Agency. The application must be filed within 90 days after the date of this Announcement.

Pursuant to section 34(3) of the *Pilotage Act*, a notice of objection may be filed only if:

- (a) the pilotage charge was not established or revised in accordance with the charging principles set out in subsection 33.2(1) of the *Pilotage Act*; or
- (b) the Authority did not comply with the requirements set out in section 33.3 or 33.4 of the *Pilotage Act*.

This Announcement consists of two sections

- (1) 2023 pilotage charges;
- (2) Definitions and Interpretations

1. REVISION TO SERVICE CHARGES

The following tables set out the 2023 pilotage charges which will become effective on March 22, 2023. These rate increases are required to generate incremental revenues to recover the anticipated 2023 operating costs and provide a reasonable reserve that will allow the Authority to meet its mandate to be financially self-sufficient.

Pilotage Charges:

- a. Basic Charges for Pilotage Services, including locks, mileage, periods, movage, minimums

		Billed		2023 VS
		2022	2023	2022
		Tariff	Tariff	Increase
		A	B	A/B
BASIC CHARGE FOR PILOTAGE SERVICES, including Locks, Mileage, Periods, Movage, Minimums				
CORNWALL DISTRICT	Trip between the eastern limit of the Cornwall District and Cornwall or the pilot boarding station near Saint-Régis, Quebec	\$6,715	\$6,883	2.5%
	If a ship does not transit the entire district, the following charges apply:			
	(a) basic charge per statute mile; plus	\$51.32	\$52.60	2.5%
	(b) basic charge for each lock transited; with	\$859	\$880	2.5%
	(c) minimum basic charge	\$1,728	\$1,771	2.5%
	Basic charge for movage	\$2,587	\$2,652	2.5%
INTERNATIONAL DISTRICT #1	Basic charge per statute mile	\$43.95	\$45.05	2.5%
	Basic charge for each lock transited	\$586	\$601	2.5%
	The minimum basic charges for a trip through the district	\$1,283	\$1,315	2.5%
	The maximum basic charges for a trip through the district	\$5,635	\$5,776	2.5%
	Basic charge for movage	\$1,936	\$1,984	2.5%
LAKE ONTARIO DISTRICT	Basic charges for pilotage services in the district and its undesignated waters and contiguous waters apply to the following trips:			
	* being present on board, for a six-hour period or part of a six-hour period, in the undesignated waters and contiguous waters of Lake Ontario	\$1,518	\$1,556	2.5%

		Billed		2023 VS
		2022	2023	2022
		Tariff	Tariff	Increase
		A	B	A/B
BASIC CHARGE FOR PILOTAGE SERVICES, including Locks, Mileage, Periods, Movage, Minimums				
INTERNATIONAL DISTRICT NO. 2	If a ship, during its passage through the Welland Canal, docks or undocks for any reason other than instructions given by the St. Lawrence Seaway Management Corporation, the following charges apply:			
	(a) basic charge per statute mile; plus	\$134.22	\$137.57	2.5%
	(b) basic charge for each lock transited; with	\$499	\$511	2.5%
	(c) minimum charge	\$1,668	\$1,710	2.5%
	Basic charges apply to the following trips:			
	* through the Welland Canal, if the pilot is changed at Lock 7			
	(a) for that portion of the passage between the northern limit of the Canal and Lock 7	\$3,078	\$3,155	2.5%
	(b) for that portion of the passage between Lock 7 and the southern limit of the Canal	\$3,078	\$3,155	2.5%
INTERNATIONAL DISTRICT NO. 2	* between Southeast Shoal and Toledo or any point on Lake Erie west of Southeast Shoal	\$3,291	\$3,373	2.5%
	* between points on Lake Erie west of Southeast Shoal	\$1,943	\$1,992	2.5%
	* between Southeast Shoal and the Port Huron Change Point or any point on the St. Clair River, if the pilot is not changed at the Detroit pilot boat	\$5,724	\$5,867	2.5%
	* between Southeast Shoal and Detroit, Windsor or any point on the Detroit River	\$3,291	\$3,373	2.5%
	* between Southeast Shoal and the Detroit pilot boat	\$2,382	\$2,442	2.5%
	* between Toledo or any point on Lake Erie west of Southeast Shoal and the Port Huron Change Point, if the pilot is not changed at the Detroit pilot boat	\$6,635	\$6,801	2.5%
	* between Toledo or any point on Lake Erie west of Southeast Shoal and Detroit, Windsor or any point on the Detroit River	\$4,273	\$4,380	2.5%
	* between Toledo or any point on Lake Erie west of Southeast Shoal and the Detroit pilot boat	\$3,291	\$3,373	2.5%
	* between Detroit, Windsor or any point on the Detroit River and any point on the Detroit River	\$1,943	\$1,992	2.5%
	* between Detroit, Windsor or any point on the Detroit River and the Port Huron Change Point or any point on the St. Clair River	\$4,307	\$4,415	2.5%
	* between the Detroit pilot boat and any point on the St. Clair River	\$4,307	\$4,415	2.5%
	* between the Detroit pilot boat and the Port Huron Change Point	\$3,343	\$3,427	2.5%
	* between points on the St. Clair River	\$1,943	\$1,992	2.5%
	* between the Port Huron Change Point and any point on the St. Clair River	\$2,382	\$2,442	2.5%
	Basic charges for pilotage services in the district and its undesignated waters and contiguous waters apply to the following trips:			
	* being present on board, for a six-hour period or part of a six-hour period, in the undesignated waters and contiguous waters of Lake Erie	\$1,266	\$1,298	2.5%
	* pilotage services consisting of a lockage and a movage between Buffalo and any point on the Niagara River below the Black Rock Lock	\$2,489	\$2,551	2.5%

		Billed		2023 VS
		2022	2023	2022
		Tariff	Tariff	Increase
		A	B	A/B
BASIC CHARGE FOR PILOTAGE SERVICES, including Locks, Mileage, Periods, Movage, Minimums				
INTERNATIONAL DISTRICT NO. 3	Basic charges for pilotage services in the district and its designated waters and contiguous waters apply to the following trips:			
	(a) other than a movage, between the southern limit of the District and the northern limit of the District or the Algoma Steel Corporation Wharf at Sault Ste. Marie, Ontario	\$4,543	\$4,657	2.5%
	(b) other than a movage, between the southern limit of the District and Sault Ste. Marie, Michigan, or any point in Sault Ste. Marie, Ontario, other than the Algoma Steel Corporation Wharf at Sault Ste. Marie, Ontario	\$3,805	\$3,900	2.5%
	(c) other than a movage, between the northern limit of the District and Sault Ste. Marie, Ontario, including the Algoma Steel Corporation Wharf at Sault Ste. Marie, Ontario, or Sault Ste. Marie, Michigan	\$1,711	\$1,754	2.5%
	(d) basic charge for movage	\$1,711	\$1,754	2.5%
	Basic charges for pilotage services in the district and its undesignated waters and contiguous waters apply to the following trips: * being present on board, for a six-hour period or part of a six-hour period, in the undesignated waters and contiguous waters of Lake Huron, Lake Michigan, or Lake Superior.			
		\$913	\$936	2.5%

b. detention and delay charges – increase of 2.5%

- Detention and delay hourly rates at \$207
- Maximum basic charge payable for detention and delay for any 24-hour period - \$4,968

c. cancellation charges – increase of 2.5%

- Cancellation hourly rates at \$207
- Basic charge payable each time there is a cancelled order in any of the districts - \$2,360

d. over carriage charges – increase of 2.5%

- Basic charge of \$641

e. pilot transfer charges – increase of \$3 for Cornwall and \$34 for District #2

- Basic charge of \$142 for Cornwall district
- Basic charge of \$165 for District 2

f. pilot boat finance recovery charges – no changes

- Basic charge of \$325 for District 1, 2 and Lake Ontario
- Basic charge of \$100 for District 3

g. docking, undocking and stoppage charge – increase of 2.5%

- Basic charge of \$1,267 for all districts

h. request for pilotage services – short notice charge – increase of 2.5%

- Basic charge of \$4,034

i. pilot travel charges – no changes

- If a pilot must travel to embark on a ship at a location other than one of the designated boarding points at the extremities of a compulsory pilotage area in order to provide pilotage services:
 - during the period beginning on January 1 and ending on March 21 of the same year, a basic charge is payable in an amount equal to the sum of the reasonable travel and other expenses incurred by the pilot in travelling from their residence to the embarking location; or
 - at other times of the year, a basic charge is payable in an amount equal to the sum of the reasonable travel and other expenses incurred by the pilot in travelling from their home base to the embarking location.

j. Churchill pilotage charges – no changes

- The basic charges for any pilotage service provided in a year are the following:
 - the salary and benefits of the pilot, as contracted, beginning on the day on which the pilot departs from their home base in order to provide the pilotage services set out in the initial request and ending on the day on which the pilot returns to that home base;
 - the travel expenses of the pilot, starting from, and ending at, the pilot's home base, including transportation, meals and lodging;
 - (the cost of the pilot's use of a pilot boat, helicopter or other means of transportation); and
 - an additional charge of 15% on the total to cover administrative and assignment costs.

k. assignments of more than one pilot – no changes

- If more than one pilot is assigned to a ship, the above noted pilotage charges must be multiplied by the number of pilots assigned.

l. apprentice-pilot training surcharge – no changes

- Surcharge of 5%

m. *Pilotage Act* administration surcharge – increase of \$2

- Basic charge of \$32

DEFINITIONS AND CALCULATIONS

Pilotage charges are applied to a pilotage assignment based on the type of movement, status of pilotage requirements for the area, and the interpretation and definitions below:

Definitions

Authority means the Great Lakes Pilotage Authority;

Breadth has the same meaning as in Division 3 of the *General Pilotage Regulations*;

Cancelled order is when a request for pilotage services is cancelled by the owner, master or agent of the ship after the request was accepted;

Cancelled sail is when, after a pilot reports for duty at a designated boarding point, the ship is overdue to sail by at least three (3) hours;

Cornwall District has the same meaning as in Division 3 of the *General Pilotage Regulations*;

Depth has the same meaning as in the *General Pilotage Regulations*;

Designated waters means the waters in International Districts Nos. 1, 2 and 3;

International District No. 1 has the meaning assigned in Division 3 of the *General Pilotage Regulations*;

International District No. 2 has the meaning assigned in Division 3 of the *General Pilotage Regulations*;

International District No. 3 has the meaning assigned in Division 3 of the *General Pilotage Regulations*;

Length has the same meaning as in the *General Pilotage Regulations*;

Movage has the same meaning as in the *General Pilotage Regulations*;

Port of Churchill is the reference to “all the navigable waters, including any foreshore, commencing at the northern extremity of Eskimo Point and running on a course due north to a point distant five nautical miles from the northernmost extremity of Eskimo Point; thence, on the circumference of a circle with the said northernmost extremity as a centre, easterly and southerly to the shore of Hudson Bay at the high-water mark; thence, following the said high-water mark westerly to Cape Merry; thence, following the high-water mark on the eastern shore of the Churchill River upstream as far as the tide ebbs and flows; thence, across the Churchill River to its western shore; thence, northerly and following the high-water mark downstream to the point at Old Fort Prince of Wales and across to Eskimo Point and to the place of beginning”;

Undesignated waters means the Canadian waters of Lake Ontario, Lake Erie, Lake Huron and Lake Superior that are not designated waters.

Weighting Factor of Pilotage Charges

The following pilotage charges are based on a flat rate with no weighting factor:

- pilot transfer charges;
- pilot boat finance recovery;
- docking, undocking, and stoppage;
- short notice;
- pilot travel expenses and pilot boat recoveries; and
- Port of Churchill charges.

The following pilotage charges are subject to a weighting factor based on the pilotage unit, as calculated below:

- basic charges, including locks, mileage, periods, movage, minimums and maximums;
- delays and detentions;
- cancellations; and
- overcarriage.

The weighting factor of a ship for the various locations is set out in column 1 and whose pilotage unit is set out in column 2 of the following table is set out in column 3:

Item	Column 1 Locations	Column 2 Pilotage Unit	Column 3 Weighting Factor
1	Anywhere other than the Port of Churchill	Not more than 49	1.00
2	Anywhere other than the Port of Churchill	More than 49 but not more than 159	1.15
3	Anywhere other than the Port of Churchill	More than 159 but not more than 189	1.30
4	Anywhere other than the Port of Churchill	More than 189 but not more than 219	1.45

Pilotage Units

The pilotage unit of a ship is based on the following calculation:

$$\text{Length of the ship} * \text{Breadth of the ship} * \text{Depth of the ship}$$

$$283.17$$



December 11, 2022

Antony Sebastiampillai
Chief Financial Officer
Great Lakes Pilotage Authority
202 Pitt Street, 2nd Floor
Cornwall ON K6H 5R9

Via email: apillai@glpa-apgl.com

Re: Notice of Proposed Pilotage Charges 2023, December 20, 2022

Dear Mr. Sebastiampillai,

The Shipping Federation of Canada, which represents the owners, operators and agents of ocean ships trading between Canadian and overseas ports, submits the following comments in response to the Great Lakes Pilotage Authority's (GLPA) *Notice of Proposed Pilotage Charges*, dated December 20, 2022.

Service Charge Increases

The Federation is strongly opposed to the GLPA's planned 2.5% increase based on the following rationale. Upon implementation of the CTA 2021 decision and subsequent 14.5% increases to users, the GLPA has established a very healthy working capital estimated at \$6.8 million by the end of 2022. With expenses estimated to increase by 3% for 2023 and capital expenditures budgeted at \$1.8M for the next 2 years, the GLPA is financially self-sufficient without requiring an increase for 2023.

A break-even budget would be considered more appropriate and would result in a 2023 working capital of approximately \$6.3M. We would consider this approach adequate for the level of capital expenditures planned for 2023 and 2024 and the level of current operations. Therefore, we strongly recommend the GLPA proceed with a break-even budget for 2023 as the projected funds are not required to remain financially self-sufficient under a regulated monopoly.

Service Delivery

While service charges continue to increase, the industry does not see any corresponding increase to service levels. Our members continue to express extreme frustration at the vessel delays which continue to be incurred as a result of pilot unavailability. As of October, there were over 3,000 hours of vessels delays, which is the equivalent of 126 days that vessels have been delayed in the course of a 286-day navigation season. Delays of this magnitude create significant financial and operational challenges for our members.

SHIPPING FEDERATION OF CANADA

625 René-Lévesque, Suite 800, Montreal, QC, H3B 1R2 (514-849-2325)
1055 West Hastings, Suite 300, Vancouver, BC, V6E 2E9 (778-373-1518)
www.shipfed.ca

While the Federation has supported the strategy to increase pilot resources to help mitigate delays, we have also strongly suggested other efficiency measures be evaluated and introduced to address chronic vessel delays due to pilot unavailability. Therefore, we again urge the Authority to continue focusing on exploring and introducing new efficiencies while maintaining the delivery of a safe pilotage service.

Financial Reserves

Further to our comments above, the Federation considers the GLPA's current financial reserves to be very healthy and would caution building reserves to unnecessary high levels in the context of a regulated monopoly. We respect the need for the GLPA to have appropriate financial reserves which are in line with the Pilotage Act and sound financial management. To that end, we would encourage the Authority, in consultation with industry, to develop standard and consistent principles around the definition of the appropriate level of reserve, to avoid excessive reserve levels.

Transport Canada Administration Fee

With respect to the Transport Canada Administration Fee that remains part of the 2023 tariff, we take this opportunity to once again express our concern of industry being subject to this charge. Although the Authority is proposing to increase this fee by 7% for 2023 (to \$32 per assignment), neither Transport Canada nor the GLPA have provided a list of the actual costs it represents. Despite this total lack of transparency, the fee continues to be passed on to the industry, which has yet to see any benefits from the resulting payments.

In this respect, we would direct your attention to a 2020 decision from the Canadian Transportation Agency which states that Pilotage Authorities must demonstrate that their activities do not duplicate those of Transport Canada. We are concerned with the level of resources being incurred by the Authority during the *Pilotage Act* transition, especially in terms of issuing pilot licenses or certificates and the regulatory development process.

In closing, we appreciate this opportunity to submit comments on behalf of the ocean-going shipping industry and would be happy to provide any additional information as required.

Sincerely,



Chris Hall
President & CEO