NOTICE OF ADJUSTMENT 2026 PILOTAGE CHARGES

July 17, 2026

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 October 1, 2026, 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 regarding the proposals set out in this Notice may do so by writing to the address set out under Section 4 of this Notice. These written representations must be received by the GLPA not later than August 17, 2026.

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

As a financially self-sufficient government authority, GLPA sets pilotage charges to recover the full, reasonable, and demonstrably efficient cost of providing safe and reliable pilotage service with charges disclosed transparently, tied to identifiable cost drivers, and subject to prior consultation with the users who bear them.

Fundamental to GLPA's financial objectives is generating an annual surplus to maintain a prudent reserve that enables the Authority to recover its operating expenditures, stabilize annual pilotage charges during periods of uncertainty and significant traffic reductions, and contain pilotage costs.

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, GLPA's Board of Directors approves the amount and timing of changes to customer service charges. The Board also approves GLPA's annual budget, in which the estimated amounts to be recovered through service charges for the ensuing year are determined.

Pilotage Assignments

The GLPA recorded 9,682 pilot assignments for the 2025 navigation season. This represents a 3% increase from the previous year. Looking ahead to 2026, the GLPA has adopted a more cautious traffic forecast, anticipating activity levels consistent with 2024. This outlook reflects prevailing global economic conditions, ongoing geopolitical uncertainty arising from conflicts in the Middle East, and the continued impact of U.S. tariffs on international trade activity.

January 2026 began with higher-than-anticipated demand in both the Cornwall and District 1 areas. This increased demand, combined with prolonged transit times and navigation delays resulting from severe operating conditions, led to increased overtime requirements.

Given the continued lengthening of the shipping season, the increasing frequency of extreme weather events once considered rare, and the material rise in winter navigation costs, the GLPA is adopting a prudent and proactive approach to managing its operational and financial risks. These evolving conditions have resulted in increased navigation transit time and delays, higher overtime requirements, and greater cost volatility, all of which are expected to continue impacting the 2026 navigation season and broader economic environment.

The first-quarter 2026 interim financial results highlight significant cost pressures arising from higher-than-anticipated traffic volumes, extended transit times, navigation delays caused by severe operating conditions, and increased overtime requirements, particularly in districts where operating costs have risen substantially above forecast. Despite these challenges, the GLPA met service demand safely and efficiently, demonstrating the resilience of its operations and commitment to service excellence.

However, these cost pressures have placed considerable strain on the Authority's financial position and underscore the urgent need for pilotage charge adjustments to ensure that the GLPA can have sustained operating surpluses and rebuild sufficient financial reserves to respond to similar operational challenges in the future while ensuring the safe and reliable delivery of pilotage services.

To address these challenges and support anticipated operational requirements for the remainder of the navigation season, the GLPA proposes to revise its 2026 pilotage charges. Specifically, the Authority intends to advance by six months the tariff increase originally planned for 2027, thereby moderating the magnitude of future increases and promoting greater rate stability for industry stakeholders. In addition, the GLPA intends to implement an annual seasonal adjustment in the Cornwall District and District No. 1 to ensure pilotage charges more accurately reflect the higher costs associated with extended and increasingly complex navigation seasons and the resulting operational cost pressures.

These measures will better align revenues with service delivery costs while supporting the Authority's operational readiness, financial resilience, and ensuring long-term self-sufficiency.

Pilotage Charges

The GLPA is implementing a 4.6% interim increase to pilotage charges across all districts, effective October 1, 2026. This measure is intended to restrengthen the Authority's financial position while alleviating the need for a significant pilotage charge increase in 2027.

In addition, in the Cornwall District and District No. 1, each year during the seasonal period of December 26 to April 15 of the following year, the GLPA is proposing the implementation of a seasonal adjustment of 1.3 times the current base rate. The adjustment will apply specifically to base pilotage charges, lockage and mileage charges, as well as delay and detention charges.

As the GLPA expects to continue its current level of apprentice-pilot recruitment and training, it will maintain the 5% apprentice-pilot training surcharge for 2026.

Sensitivity of Projections to Changes

GLPA’s financial projections are particularly sensitive to changes in traffic volumes and operating conditions due to the nature of its cost structure. The Authority's primary expenditures consist of wages and benefits, pilot boat operating costs, and other contractual commitments, resulting in approximately 86% of operating costs being fixed or semi-variable, with only 14% varying directly with service demand.

Consequently, fluctuations in pilotage assignments, extended shipping seasons, the increasing frequency and severity of extreme weather events, and the growing operational requirements of winter navigation can have a significant impact on financial performance.

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

The proposed adjustments to pilotage charges are based on the current 2026 tariff rates. The proposed revisions are as follows:

Great Lakes Pilotage Authority Administration de pilotage des Grands Lacs

- A 4.6% interim increase to pilotage charges across all districts, effective October 1, 2026.
- The implementation of a new annual seasonal adjustment of 1.3 times the current base rate in the Cornwall District and District No 1 from December 26 to April 21 of each year.

GLPA's proposed revisions are expected to generate approximately $1,250,000 in additional revenue in 2026 and $3.2 million annually beginning in 2027, based on prudent forecasts of anticipated piloted marine traffic. These additional revenues will help offset rising operating costs and support the Authority's continued financial self-sufficiency. The proposed revisions are as follows:

Category	Pilotage Charge	Type	Application	Impact
Base rate increase Effective Oct 1, 2026	4.6%	Adjustment	Base across the board	$800K in 2026 $2.2M in 2027 and thereafter
Annual seasonal adjustment Dec 26 to Apr 15	1.3 X current base rate	New Charge	Cornwall and D1 only Base Pilotage charge (SLB to SNL, SNL to CVC) Locks & Miles (per MI) Delays & Detentions (hourly) & Daily Max	$450K in 2026 $1M in 2027 and thereafter
Apprentice pilot fee	No change	N/A	5% Fee per invoice	Nil
Pilotage Act administration fee	No change	Adjustment	$50 Fee per assignment	Nil

2. PROPOSED IMPLEMENTATION OF THE PROPOSED REVISED SERVICE CHARGES

The *Pilotage Act* requires the GLPA to be financially self-sufficient rather than profit maximizing, and the proposed pilotage charge adjustments are necessary for the GLPA to continue to fulfill its mandate and ensure financial self-sufficiency.

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
- Pilotage Charges of the Port of Churchill, Manitoba
- pilot boat finance recovery charges
- pilot travel charges
- assignments of more than one pilot

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: Nick Csirinyi
Chief Financial Officer
Great Lakes Pilotage Authority
1950 chemin Montreal Road
3rd Floor Cornwall ON K6H 6L2
By email: ncsirinyi@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
1950 chemin Montreal Road,
3rd Floor Cornwall ON K6H 6L2
Attention: Chief Financial Officer

By email: ncsirinyi@glpa-apgl.com

By facsimile: (613) 932-3793

Note: Representations must be received by the GLPA not later than on August 17, 2026. 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, 2025, 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.