



ANNOUNCEMENT OF REVISED SERVICE CHARGES

April 6, 2022

GENERAL

The Pacific Pilotage Authority (the “**Authority**”) hereby announces revised service charges, pursuant to section 33.4 of the *Pilotage Act*, S.C. 1985, c. P-14. This Announcement sets out the revisions in charges that apply to pilotage within the compulsory pilotage area on the west coast of Canada and will be applied to all aspects of the pilotage and pilot boat charges set out in the Customer Guide to Charges for Pilotage and Other Services (the “**Customer Guide to Charges**”) published on the Authority’s website.

The Authority is implementing these charges for the reasons described in the *Notice and Details and Principles* documents, published on March 4, 2022. These revised charges will become **effective on June 5, 2022**, except where otherwise indicated. All other service charges provisions not amended by this Announcement remain in effect.

Pursuant to section 34(1) of the *Pilotage Act*, S.C. 1985, c. P-14, persons wishing to object to these revisions may do so by filing a notice of objection with the Canadian Transportation Agency. The notice of objection 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 referred to 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*.

Pursuant to s. 33.4(2) of the *Pilotage Act*, this Announcement provides the following summary of the written representations received under paragraph 33.3(2)(b) and the Authority’s analysis of the issues and concerns brought to its attention, including how it considered those issues and concerns in its decision.

Representation	Consideration	Decision
<p>While we recognize there is a need for the \$400 Temporary Surcharge to make up for lost revenues and the uncertainty around the return of the cruise sector, our members request an expiry date of December 31, 2022 be applied. The PPA have indicated they will align the service charges with the BCCP contract to have new rates in effect for January 1st of each year, meaning consultations with industry to commence in September. We feel that the necessity and extent of a 2023 surcharge can be evaluated at that time, and reinstated if unavoidable.</p>	<p>There continues to be significant uncertainty economically because of several factors, including the ongoing pandemic, increasing inflation, the conflict in Ukraine and fluctuations in shipping volumes. Fortunately, we plan to review service charges for 2023 in a few months time and more information will be available at that time on the financial outlook.</p>	<p>The Authority commits to reviewing the temporary surcharge in the Fall as part of the process to determine service charges for 2023.</p>
<p>With respect to the Transport Canada Administration Fee that is part of the 2022 tariff, we once again object to industry being subject to these charges. Neither Transport Canada nor the Authority can provide a list of the actual costs this fee represents. Transport Canada has not provided any transparency and the Authority simply passes the charges on to industry, who have yet to see any benefits for these payments. In a 2020 decision, the Canadian Transportation Agency stated that Pilotage Authorities must demonstrate that their activities do not duplicate those of Transport Canada.</p>	<p>The administration fee from Transport Canada is a cost that the Authority must bear and recover. It is included in the Authority's cost base in determining service charges necessary to maintain financial sustainability.</p>	<p>The Authority will continue to work with Transport Canada to ensure the administration of regulations is as efficient and effective as possible.</p>
<p>With respect to the overall service charge increase, our members would like to see more effort from the Authority to implement processes or changes that will improve the efficiency and cost effectiveness of the pilotage system on the BC Coast – a key part of the amended Pilotage Act.</p>	<p>The Authority continues to invest in new technology and processes to improve the efficiency and cost effectiveness of the pilotage system. This includes recent investments in a new launch and a new Dispatch and Billing system (to be implemented in 2022).</p>	<p>The Authority will continue to seek opportunities to improve efficiency and cost effectiveness throughout our operations.</p>

Representation	Consideration	Decision
<p>Overall, the proposed increase to the hourly and unit fees and the additional temporary surcharge is considered excessive. It is understood that the service agreement between the Pacific Pilotage Authority and the BC Coast Pilots is the most significant influence on the service fee. As such, a significant increase in the service fees should be accompanied with improved levels of service and other efficiencies that support the competitiveness of Canada's trading gateways.</p>	<p>Over 80% of our costs are governed by contracts and collective agreements, most of which include a cost escalation in line with the Consumer Price Index.</p>	<p>The increases in our service charges reflect current increases in CPI. We will continue to look for opportunities to mitigate these increases through efficiencies or improved service levels.</p>
<p>We remain concerned by the lack of control on increases to the unit fee. This aspect of service fees was supposed to provide a valuation of pilotage expertise for different vessel types, but it no longer serves that purpose. At a minimum, there should be a cap on the level of the unit fee and, ideally, a review of its purpose and valuation. The disproportionate influence of the unit fee on a pilotage assignment results in an inequity for smaller ports in British Columbia, such as Prince Rupert.</p>	<p>We made significant efforts during recent contract negotiations with BC Coast Pilots to reduce the proportion of pilotage fees related to the unit fee. However, we were not successful during the Final Offer process.</p>	<p>As our service fees need to reflect our cost structure to ensure financial sustainability, increases in the unit fee reflect the terms of our new contract with BCCP.</p>
<p>We would encourage the PPA to review the temporary surcharge in light of the return of cruise ship calls, which should be beneficial to the revenue of the Authority.</p>	<p>There continues to be significant uncertainty with the number of pilotage assignments with the first quarter volumes in 2022 being 11% below the same period in 2021. Furthermore, the announcement of a delay in the first planned cruise ship in 2022 has added to the uncertainty.</p>	<p>The Authority commits to reviewing the temporary surcharge in the Fall as part of the process to determine service charges for 2023.</p>

This Announcement consists of three sections:

- 1) Revision to Service Charge Rates;
- 2) Increase in temporary surcharge; and
- 3) Re-establishment of Definitions and Calculations.

1. REVISION TO SERVICE CHARGE RATES

The following table sets out the revised rates to be **effective June 5, 2022**. These rate increases, which are expected to generate incremental revenues of \$3.9 million for the Authority in 2022, are required to offset an increase in contractually-committed costs whilst continuing with the committed capital asset replacement program and assuring an effective and safe pilotage service.

RATE REVISIONS

Description	Current Rate	New Rate	% Change vs. Current Rate
Vessel up to 226m			
Pilotage unit fee	4.7951	5.0253	4.8%
Vessel greater than 226m			
Pilotage unit fee	4.1843	4.3851	4.8%
Gross tonnage fee	0.012218	0.012804	4.8%
Tethered tanker with DWT greater than 39 999			
Pilotage unit fee	7.1930	7.5383	4.8%
Tethered tanker greater than 226m with DWT greater than 39 999			
Pilotage unit fee	6.2766	6.5779	4.8%
Gross tonnage fee	0.01835	0.01923	4.8%
Pilotage unit fee – dead ship	9.5902	10.0506	4.8%
Other charges			
Temporary surcharge	175.00	400.00	129%
Time charges	240.69	252.24	4.8%
Minimum charge	1,114.51	1,168.01	4.8%
Cancellation charge	962.78	1,008.97	4.8%
Out-of-region charges			
Per hour	240.69	252.24	4.8%
Embark/Disembark Anacortes, Bellingham, Cherry Point or Ferndale	2,150.40	2,253.62	4.8%
Embark/Disembark other out-of-region location	2,867.57	3,005.21	4.8%
Transportation charges			
Harbour or Port	184.48	191.49	3.8%
Fraser River	177.57	184.32	3.8%
Northern	1,829.84	1,899.37	3.8%
Prince Rupert	578.83	600.83	3.8%

Description		Current Rate	New Rate	% Change vs. Current Rate
Southern		578.83	600.83	3.8%
Area where pilot has begun travel and is cancelled		184.48	191.49	3.8%
Pine Island		5,784.73	6,004.55	3.8%
Pilot boat charges				
Brotchie Ledge		466.40	484.12	3.8%
Sand Heads		1,866.79	1,937.73	3.8%
Triple Island		2,421.91	2,513.94	3.8%
Cape Beale		7,299.30	7,576.67	3.8%
Pine Island		4,492.21	4,662.91	3.8%
Entrance to Nanaimo Harbour		939.99	975.71	3.8%
Prince Rupert Anchorages 8 – 9		652.24	677.03	3.8%
Prince Rupert Anchorages 10 - 31		1,105.44	1,147.45	3.8%
Pilot Boat capital charge		102.50	106.40	3.8%
Other charges				
Delay charge		240.69	252.24	4.8%
Short order charges				
• Order initiated less than 10 hours and between 06:00 and 17:59		962.78	1,008.97	4.8%
• Order initiated less than 10 hours and between 18:00 and 05:59		1,925.55	2,017.94	4.8%
Restricted ship charge		1,809.74	1,896.61	4.8%
Remote port charge		5,804.33	6,082.94	4.8%
Technology charge		51.25	53.20	3.8%
Pilotage Act administration charge		57.00	59.17	3.8%

Changes in these rates will be effective June 5, 2022.

2. INCREASE IN THE TEMPORARY SURCHARGE

Included in the rates above is an increase in the current temporary charge on each pilotage assignment. This is expected to generate additional revenues of \$1.6 million for the Authority in 2022. It is required to fund cost increases under contractual commitments that came into effect earlier in 2022 and to offset forecast declines in non-cruise traffic volumes because of the on-going pandemic and disruptions to global economic trade.

- (1) The current surcharge of \$175 will increase to \$400 and is payable on each assignment undertaken in the compulsory pilotage waters on the west coast of Canada.
- (2) For greater certainty, the additional charge is not payable on a cancellation charge. It will only be applied to completed assignments.
- (3) The charge will be reviewed periodically to determine whether it can be reduced or eliminated.

3. RE-ESTABLISHMENT OF DEFINITIONS AND CALCULATIONS

3.1 Definitions

Areas means the compulsory pilotage areas described in section 3 of the [Pacific Pilotage Regulations](#); (*zone*)

assignment means the assignment of a pilot to take the conduct of a ship in the Areas; (*affectation*)

Authority means the Pacific Pilotage Authority; (*Administration*)

breadth of the ship means the maximum distance, in metres and centimetres, to the outside of the shell plating of the ship; (*largeur du navire*)

dead ship means a ship normally self-propelled that is without the use of its propelling power; (*navire mort*)

draught means the greatest depth of the submerged part of a ship, in metres and centimetres, at the time pilotage services are performed; (*tirant d'eau*)

harbour means a place set out in Part 1 of Schedule 1 of the Customer Guide to Charges, published on the Authority's website; (*havre*)

harbour or port assignment means an assignment which occurs wholly within a harbour or port at which pilots are based; (*affectation dans un havre ou port*)

northern assignment means an assignment in the area north of Seymour Narrows or on the West Coast of Vancouver Island, excluding Barkley Sound and Alberni Inlet, during the course of which a ship enters or departs a harbour or port in that area or transits that area; (*affectation nord*)

overall length means the total distance, in metres and centimetres, from the foremost to the aftermost point of the hull of the ship; (*longueur hors tout*)

pilotage unit means, the result obtained by multiplying the overall length of the ship, by the breadth and the draught of the ship at the time of the assignment and by dividing the product by 100; (*unité de pilotage*)

pilot boat means a boat employed in the service of the Authority; (*bateau-pilote*)

port means a place set out in Part 2 of Schedule 1 of the Customer Guide to Charges, published on the Authority's website; (*port*)

Prince Rupert assignment means an assignment other than a harbour or port assignment that occurs within the area between the Triple Island boarding station and the port of Prince Rupert or the harbours of Porpoise Harbour or Port Simpson; (*affectation Prince Rupert*)

Region means the Region of the Authority as defined in the schedule to the [Pilotage Act](#); (*région*)

restricted ship means a ship that is unable to operate at full manoeuvring revolutions per minute or a ship that, because of maintenance on its engines while it was in port, requires more than one hour to work up to full manoeuvring revolutions per minute; (*navire à capacité limitée*)

southern assignment means an assignment other than a harbour or port assignment within Barkley Sound and Alberni Inlet and the area south of Seymour Narrows during the course of which a ship enters or departs a harbour or port in that area or transits that area. (*affectation sud*)

3.2 Calculations

Note that any references to “schedules” below refer to the schedules found in the Authority’s Customer Guide to Charges, published on its website.

Compulsory Pilotage Areas — One-way trip for a vessel less than 226m

The charge for a ship, other than a dead ship for a one-way trip in a compulsory pilotage area is calculated as follows:

where

- PU:** The pilotage unit (LOA x breadth x deepest draft)/100
- UC:** The unit charge set out in schedule 2 column 3
- TC:** The time charge set out in schedule 3 item 1 column 2
- ETC:** The excess time charge set out in schedule 3 item 2 column 2
- PB:** A fee for the pilot boat set out in schedule 7 column 2
- FL:** Fuel charge set out in schedule 8
- PBRC:** Pilot Boat Replacement Charge set out in schedule 7 column 3
- EX:** Pilot expense set out in schedule 6
- T:** Technology Charge B. Schedule of Charges item o number 20
- PAAF:** Pilotage Act Administration Fee
- TS:** Temporary Additional Charge B. Schedule of Charges item d number 7

$$(PU \times UC) + TC + PB + FL + PBRC + EX + T + PAAF + TS$$

If vessel goes over 8 hours with second pilot:

$$(PU \times UC) + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS$$

If vessel goes over 8 hours without a second pilot:

$$(PU \times UC) + TC + ETC + PB + FL + PBRC + EX + T + PAAF + TS$$

Compulsory Pilotage Areas — One-way trip for a vessel 226m or more

where

- PU:** The pilotage unit (LOA x breadth x deepest draft)/100
- UC:** The unit charge from B. Schedule of Charges section 2.C.6.2(a)
- GT:** The gross tonnage of the ship
- GTF:** Gross tonnage fee from B. Schedule of Charges section 2.C.6.2(b)
- TC:** Time charge set out in schedule 3 item 1 column 2

- ETC:** Excess time charge set out in schedule 3 item 2 column 2
- PB:** A fee for the pilot boat set out in schedule 7 column 2
- FL:** Fuel charge set out in schedule 8
- PBRC:** Pilot Boat Replacement Charge set out in schedule 7 column 3
- EX:** Pilot expense set out in schedule 6
- T:** Technology Charge B. Schedule of Charges item o number 20
- PAAF:** Pilotage Act Administration Fee
- TS:** Temporary Additional Charge B. Schedule of Charges item d number 7

$$(PU \times UC) + (GT \times GTF) + TC + PB + FL + PBRC + EX + T + PAAF + TS$$

If vessel goes over 8 hours with second pilot:

$$(PU \times UC) + (GT \times GTF) + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS$$

If vessel goes over 8 hours without a second pilot:

$$(PU \times UC) + (GT \times GTF) + TC + ETC + PB + FL + PBRC + EX + T + PAAF + TS$$

Compulsory Pilotage Areas — One-way trip for a dead ship

The charge for a dead ship for a one-way trip in a compulsory pilotage area is calculated as follows:

where

- PU:** The pilotage unit (LOA x breadth x deepest draft)/100
- DS:** Another pilotage unit (PU + UC) set out in schedule 2 item 2 column 3
- UC:** The unit charge set out in schedule 2 item 1 column 3
- TC:** Time charge set out in schedule 3 item 1 column 2
- ETC:** Excess time charge set out in schedule 3 item 2 column 2
- PB:** A fee for the pilot boat set out in schedule 7 column 2
- FL:** Fuel charge set out in schedule 8
- PBRC:** Pilot Boat Replacement Charge set out in schedule 7 column 3
- EX:** Pilot expense set out in schedule 6
- T:** Technology Charge B. Schedule of Charges item o number 20
- PAAF:** Pilotage Act Administration Fee
- TS:** Temporary Additional Charge B. Schedule of Charges item d number 7

$$(PU \times UC) + DS + TC + PB + FL + PBRC + EX + T + PAAF + TS$$