PPA

**DETAILS AND PRINCIPLES REGARDING PROPOSED**
**REVISION TO SERVICE CHARGES**

## GENERAL

Pursuant to section 33.2 of the *Pilotage Act*, S.C. 1985, c. P-14, the following document ("**Details and Principles**" or "**Document**") provides additional details to expand upon the Notice of Revised Service Charges dated December 29, 2025 (the "**Notice**"). The Notice published by the Pacific Pilotage Authority (the "**Authority**") proposes the establishment of revised charges to come into effect on April 1, 2026.

This Document includes a description of the proposal, including the Authority's methodology in relation to establishing or revising the pilotage charges, and the circumstances in which the charges will apply (found at sections 7 and 8). In developing the charges, the Authority has observed all charging principles established under section 33.2 of the *Pilotage Act*. The pilotage charges below are based upon the current budgetary forecasts and other information and may be revised following representations obtained under section 33.3 of the *Pilotage Act*. The methodology and its application are set out in this Document for the proposed establishment of pilotage charges for 2026.

Except for the revisions proposed in the Notice, all the existing charges and related terms and calculations, as set out in the Authority's current *Customer Guide to Charges*, continue in effect.

Persons interested in making representations to the Authority regarding the proposals set out in the Notice may do so in writing to the address set out in Section 10 and must be received by the Authority not later than close of business on **January 28, 2026**.

This Document consists of the following sections:

1) General overview of the Authority
2) Assignment volumes
3) Expected financial position of the Authority
4) Liquidity and cash reserves
5) Proposed revision to service charge rates
6) Justification of the proposal in relation to the charging principles and cost effectiveness assessment
7) Determination of charges
8) Cost of services
9) Consultation
10) Information regarding the Notice and on making representations to the Authority

## 1. GENERAL OVERVIEW OF THE AUTHORITY

The Authority is a non-agent Crown corporation established in 1972 pursuant to the *Pilotage Act*. As a Crown corporation listed in Schedule III Part 1 of the *Financial Administration Act*, the Authority operates in accordance with a budget and corporate plan approved each year by the Treasury Board and Governor in Council, respectively.

The objective of the Authority is to establish, operate, maintain, and administer in the interests of safety of navigation, an efficient pilotage service within the Authority's regional jurisdiction. The Authority is tasked with achieving this objective while respecting the following principles:

a. that pilotage services be provided in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and that protects human health, property, and the environment
b. that pilotage services be provided in an efficient and cost-effective manner
c. that risk management tools be used effectively and that evolving technologies be taken into consideration; and
d. that an Authority's pilotage charges be set at levels that allow the Authority to be financially self-sufficient.

The system of governance at the Authority is intended to ensure the Authority continues to be financially self-sufficient. The Corporation is governed by a seven-member Board of Directors (the "Board"). The Governor in Council appoints the Chairperson of the Authority, for a term determined by the Governor in Council, and the Minister of Transport appoints the other members of the Board for terms not exceeding four years.

The fundamental elements governing the mandate conferred on the Authority by the *Pilotage Act* include the exclusive right to provide pilotage services to ships in an area of water where ships are subject to compulsory pilotage. This includes the exclusive ability to set and collect charges for pilotage services provided or made available by the Authority or a contractor acting for the Authority, and the obligation by the Authority to provide these services.

When establishing a new charge for pilotage services or revising an existing charge, the Authority 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 Authority's current and future financial requirements related to the provision of compulsory pilotage services. Pursuant to the charging principles, the Board approves the amount and timing of the establishment or changes to customer service charges. The Board also approves the Authority's annual budget where the amounts to be recovered through service charges for the ensuing year are determined.

In addition, the Authority proceeds to a pre-consultation exercise with the industry stakeholders prior to the approval and publication of the Notice. A summary of the pre-consultation process is included in this Document.

Pursuant to section 33.2 of the *Pilotage Act*, the Authority plans its operations to be financially self-sufficient and based on reasonable and prudent projections would not result in revenues exceeding current and future financial requirements related to the provision of compulsory pilotage services. Financial requirements include:

a. operations and maintenance costs
b. management and administration costs
c. debt servicing requirements and financial requirements arising out of contractual agreements relating to the borrowing of money
d. capital costs and depreciation expense on capital assets
e. financial requirements necessary for the Authority to maintain an appropriate credit rating
f. tax liabilities
g. payments to the Minister for the purpose of defraying the costs of the administration of the *Pilotage Act*, including the development of regulations, and the enforcement of the *Pilotage Act*
h. reasonable reserves for future expenditures and contingencies; and
i. other costs determined in accordance with accounting principles recommended by the Chartered Professional Accountants of Canada or its successor or assignee.

The Authority's quarterly and annual financial statements and related Management's Discussion and Analysis provide additional information on the revenues and expenses of the Authority. These documents are available at: https://www.ppa.gc.ca/.

## 2. ASSIGNMENT VOLUMES

In developing the outlook for shipping volumes, the initial sources of information considered are estimates provided by terminal operators. In addition, an analysis of historical traffic patterns is compared to the estimates to obtain an additional level of precision. Forecasts of macro-economic indicators are also used where a correlation has been shown between the indicator and movements in traffic volume.

Assignment volumes in 2025 to date have largely been impacted by two factors. Firstly, the expanded Westridge terminal, which services Trans Mountain's pipeline operations, opened in May 2024 and therefore has been in operation for the entire year-to-date when compared to only a partial year in 2024. Related tanker traffic has also been relatively consistent on a monthly basis in 2025 after a short ramp up in operations in 2024. The second key factor affecting assignments in 2025 has been the impact of increased tariffs by the United States. To mitigate the impact of higher tariffs, there was a surge in trade and shipping activity in the months leading up to the effective dates of higher tariffs. Higher assignment volumes occurred during the first five months of 2025, but have levelled off since then compared to prior year. The opening of LNG Canada's facility in Kitimat in June 2025 has also added a few assignments in 2025. We are mildly optimistic for assignment volumes in 2026, compared to 2025, as traffic is expected to increase with LNG Canada's facility open for a full year and additional capacity at the Fairview container terminal in Prince Rupert.

The following table presents the Authority's historical traffic by geographic area of operation and reflects forecast assumptions for 2025 and 2026. Overall assignment volume for 2026 is forecast to increase by 1.9% from levels in 2025.

| District | Actual assignment volume by year with forecasts for 2025 and 2026 | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025F | 2026F |
| Southern | 9,561 | 10,082 | 10,147 | 10,712 | 11,565 | 11,796 |
| Fraser River | 988 | 999 | 1,089 | 1,215 | 1,233 | 1,245 |
| Prince Rupert | 1,259 | 1,335 | 1,329 | 1,331 | 1,397 | 1,425 |
| Northern | 281 | 480 | 859 | 830 | 811 | 827 |
| **Total assignments** | **12,089** | **12,896** | **13,424** | **14,088** | **15,006** | **15,294** |

## 3. EXPECTED FINANCIAL POSITION OF THE AUTHORITY

This section includes commentary about the expected financial position of the Authority with the following proposed structure:

- Discussion on forecast expenses:
    - Summary of forecast expenses;
    - Table of prior year's actual and current year's forecast; and
    - Details of material changes between the prior year actual and current year forecast.

- Discussion on capital program:
    - Summary of forecast capital expenditures;
    - Details on the material elements of the capital program; and
    - Summary of the proportion of the capital program which will be financed versus internally funded.

Based on projected volumes in section 2 above, the Authority anticipates that expenses for 2026 will be $164.3 million, as can be seen below. This represents a 9.9% increase over the forecast for 2025. This includes additional pilotage costs to support a full year of operations at the LNG Canada terminal; assumes that a helicopter program will be implemented in the north to transport pilots to/from tankers calling at LNG Canada's terminal in Kitimat; and reflects the effects of inflation, as measured by the Consumer Price Index, which triggers increases in some employee wages.

| Operating Expenses (in $000's) | 2024 Actual | 2025 Forecast | 2026 Plan |
|---|---|---|---|
| Contract pilots' fees | $ 84,804 | $ 94,973 | $ 104,401 |
| Salaries and benefits | 18,185 | 19,547 | 20,406 |
| Pilots' transportation | 13,699 | 14,826 | 16,168 |
| Depreciation | 4,161 | 6,190 | 7,566 |
| Repairs and maintenance | 1,876 | 2,984 | 3,131 |
| Pilots' training | 3,238 | 2,646 | 2,804 |
| Fuel | 2,670 | 2,624 | 2,729 |
| Pilotage Act administration fee | 966 | 1,175 | 1,236 |
| Other expenses | 4,470 | 4,542 | 5,919 |
| **Total operating expenses** | **$ 134,069** | **$ 149,507** | **$ 164,360** |

**Expense Analysis**

Expenses in 2026 are expected to increase overall as follows, based on the cost drivers set out below:

1. Coastal contract and callback costs are expected to increase by $9.4 million in 2026. This increase is primarily driven by:
    a. a 2% increase in volumes over 2025;
    b. a 3% increase in the pilotage unit fee payout rate; and
    c. a 3% increase in the hourly fee payout rate.
2. Salaries and benefits are expected to increase by $0.9 million largely due to wage increases in collective agreements being tied to increases in the Consumer Price Index for Vancouver at the beginning of the year, which the Authority has forecast to be 2% at the beginning of 2026.
3. Pilot transportation costs are expected to increase by $1.0 million, which reflects the expected increase in assignments, a plan to commence using an air charter service to Prince Rupert rather than scheduled flights, and the impact of inflation on costs.
4. Depreciation costs are expected to increase by $1.4 million in 2026, primarily from recording and amortizing a right-of-use asset related to a potential helicopter services contract for pilot transportation to support tankers calling at the LNG Canada terminal.
5. Repairs and maintenance costs are expected to increase by $0.2 million, which predominantly reflects the costs of maintaining our fleet of six pilot launches. Costs have increased significantly over the past two years as the fleet grows in age.
6. Training costs are expected to decrease by $0.2 million in 2026, as some training is periodic and not expected to recur in full in 2026.
7. Other expenses include financing costs associated with the helicopter services contracts and therefore will increase in 2026 with the assumed start of a helicopter contract in the north. Also, after a change in how Canadian Hydrographic Services administers marine charts, the Authority will now need to pay for charts for the compulsory pilotage area, at an annual cost of $0.7 million.

**Capital Projects**

The Authority expects that its capital program will require $10.5 million in expenditures in 2026, primarily related to the initial construction of a new pilot launch and the refurbishment of two of our older launches.

We expect to commence a project to build a new pilot launch to replace the Chinook. The estimated project budget is $15 million and construction costs will be spread over 2026 and 2027.

The refurbishment of the launches includes work on the hull and engines of the Chinook (deferred from 2025), and rebuilding the gearboxes of the Navigator. The total planned cost is $2.5 million.

The remaining capital costs include upgrades to information systems, buildings and office space, portable pilotage units and other items totaling $1 million.

The Authority intends to use existing cash reserves and bank financing to fund these capital expenditures. We also expect to increase the pilot boat capital charge in 2027 to contribute to the funding of the new launch.

## 4. LIQUIDITY AND CASH RESERVES

This section includes commentary about the forecast liquidity and cash reserves of the Authority with the following proposed structure:

- Rationale for maintaining the forecast cash balance
- Summary of level of cash needed to operate as a going concern
- Table of prior years' actual and current year forecast cash and working capital
- Discussion of the cash balance.

Service charges are set based on the Authority's financial requirements, which consider projected volumes and planned expenditures.

There is also a need to absorb unpredictable factors – mainly fluctuations in traffic volumes resulting from unforeseen events (i.e. snow on the railways causing significant delays in getting grain to terminals or political decisions resulting in temporary shifts in trade and shipping volumes).

As discussed in more detail in section 5, when determining the level of service charges required, the Authority considers its current and future financial requirements. Among other issues, the following are considered when establishing service charges:

- the Authority's financial requirements and the extent to which operating costs are variable;
- the expected upcoming capital costs and the extent to which borrowing is introduced; and
- the current and anticipated balance in the cash and investment account.

The Authority's current asset balances, including cash and current investments, in comparison to current liabilities, are reflected below. Amounts are as of the year-end:

| **(in $'000)** | **2024** ***Actual*** | **2025** ***Forecast*** | **2026** ***Plan*** |
|---|---|---|---|
| Cash | 13,348 | 15,598 | 11,039 |
| Investments | 1,279 | 2,293 | 2,593 |
| Other current assets | 8,447 | 8,634 | 9,543 |
| ***Current assets*** | 23,074 | 26,525 | 23,175 |
| ***Current liabilities*** | (19,792) | (20,690) | (25,231) |
| ***Net working capital*** | 3,282 | 5,835 | (2,056) |
| ***Ratio of current assets to current liabilities*** | 1.17 | 1.28 | 0.92 |

The decline of $4.6 million over the year in the forecast 2026 cash balance would be the result of planned capital expenditure during 2026, much of which will be financed from existing cash balances.

The Authority intends to add $0.6 million to its investment account in 2025, of which $0.3 million will be current (maturity within one year).

The Authority's objective is to maintain a cash and investment balance sufficient to provide liquidity for:
- working capital requirements;

- near term capital commitments; and
- a business continuity reserve for significant unforeseen events with adverse financial consequences.

Currently the Authority estimates the required balance to be in the range of $17-21 million.

## 5. PROPOSED REVISION TO SERVICE CHARGE RATES

This section includes commentary about the proposed pilotage charge rates by the Authority with the following proposed structure:

- Basis for determination of rate changes;
- Table of proposed rate changes; and
- Commentary on rate changes.

The Authority determines the rate changes that are required as follows:

- Determine volumes as outlined in section 2;
- Determine expenses as per volumes and contractual requirements and as outlined in section 3;
- Determine capital expenditures and financing as outlined in section 3;
- Determine reserve account and cash required as outlined in section 4; and
- Determine the rate necessary to achieve all the above.

Changes to pilotage charges, proposed to be effective April 1, 2026, are calculated for each service, as outlined in the following table:

| Category | Rate increase (decrease) | New / Adjustment | Application Methodology | Effect on Customers for 2026 |
|---|---|---|---|---|
| Pilotage rates based on hourly or unit fees | 3% | Adjustment | All rates affected | $3.4 million |
| Fraser River transportation charge | 40% | Adjustment | Per assignment | $0.1 million |
| Northern transportation charge | 15% | Adjustment | Per assignment | $0.2 million |
| Prince Rupert transportation charge | 15% | Adjustment | Per assignment | $0.1 million |
| Pine Island transportation charge | (10)% | Adjustment | Per assignment | $(0.3) million |
| Helicopter transportation charge (Race Rocks) | $(1,500) | Adjustment | Per tanker | $(0.4) million |
| Pilot boat charges | 2.5% | Adjustment | Per assignment | $0.4 million |
| Pilotage Act administration charge | 12% | Adjustment | Per assignment | $0.1 million |
| Technology fee | 38% | Adjustment | Per assignment | $0.2 million |
| Other fees | 2% | Adjustment | All rates affected | $0.1 million |
| **Total effect** | | | | **$3.9 million** |

The increase of 3% in the base hourly and unit fee rates, 40% for Fraser River transportation (due to a change in the tax treatment of a portion of pilot travel allowances to a taxable benefit), 2.5% for pilot boat charges and 2% for other fees in 2026 are driven by projected increases in the Authority's base cost structure.

Additionally, with the expected growth of assignments in the north, including Prince Rupert and Kitimat, the Authority is planning to commence using an air charter service to transport pilots to/from northern assignments rather than continuing to use scheduled flights, which have declined in availability and reliability over the past several years. Although there is an additional cost for the charter service, we expect it to enable more efficient utilization of pilots' time and to provide a more reliable basis for pilotage service in the north.

A new contract for air charter service to Port Hardy to transport pilots to/from the Pine Island boarding station is expected to generate savings based on prior year volumes. Accordingly, we are proposing a reduction in the fee for this service.

The service charge for the administration of the *Pilotage Act* is based on the forecast allocation of administration costs from Transport Canada to the Authority and on forecast assignments. The estimated allocation for 2025/26 increased by 19% and the Authority has temporarily absorbed some of this cost by proposing an increase in the related service charge of 12%.

The increase in the technology fee is to partially cover the increased cost of obtaining charts for the compulsory pilotage area for use by pilots.

The total estimated increase in fees of $3.9 million equates to an average of approximately $255 per assignment.

**PROPOSED RATE REVISIONS**

| Description | | Current Rates $ | Proposed Rate $ | % Change |
|---|---|---|---|---|
| Vessel up to 226m | | | | |
| Pilotage unit fee | | 5.9203 | 6.0979 | 3.0% |
| Vessel greater than 226m | | | | |
| Pilotage unit fee | | 5.1661 | 5.3211 | 3.0% |
| Gross tonnage fee | | 0.015084 | 0.015537 | 3.0% |
| Tethered tanker (in Area 1) | | | | |
| Pilotage unit fee | | 9.3248 | 9.6045 | 3.0% |
| Tethered tanker (in Area 1) greater than 226m | | | | |
| Pilotage unit fee | | 8.1370 | 8.3811 | 3.0% |
| Gross tonnage fee | | 0.02378 | 0.02449 | 3.0% |
| Tethered tanker (in Areas 2-5) with DWT greater than 39 999 | | | | |
| Pilotage unit fee | | 9.3248 | 9.6045 | 3.0% |
| Tethered tanker (in Areas 2-5) greater than 226m with DWT greater than 39 999 | | | | |
| Pilotage unit fee | | 8.1370 | 8.3811 | 3.0% |
| Gross tonnage fee | | 0.02378 | 0.02449 | 3.0% |
| Tethered tanker (in Areas 2-5) with DWT greater than 39 999 and with three pilots onboard | | | | |
| Pilotage unit fee | | 15.3928 | 15.8546 | 3.0% |

| Description | | Current Rates $ | Proposed Rate $ | % Change |
|---|---|---|---|---|
| Tethered tanker (in Areas 2-5) greater than 226m with DWT greater than 39 999 and with three pilots onboard | | | | |
| Pilotage unit fee | | 13.4324 | 13.8354 | 3.0% |
| Gross tonnage fee | | 0.03922 | 0.04040 | 3.0% |
| Pilotage unit fee – dead ship | | 11.8407 | 12.1958 | 3.0% |
| **Other charges** | | | | |
| Time charges | | 297.16 | 306.07 | 3.0% |
| Minimum charge | | 1,376.03 | 1,417.00 | 3.0% |
| Cancellation charge | | 1,188.67 | 1,224.00 | 3.0% |
| **Out-of-region charges** | | | | |
| Per hour | | 297.16 | 306.07 | 3.0% |
| Embark/Disembark Anacortes, Bellingham, Cherry Point or Ferndale | | 2,654.99 | 2,735.00 | 3.0% |
| Embark/Disembark other out-of-region location | | 3,540.44 | 3,647.00 | 3.0% |
| **Transportation charges** | | | | |
| Harbour or Port | | 217.27 | 222.00 | 2.0% |
| Fraser River | | 287.06 | 402.00 | 40.0% |
| Northern | | 2,155.12 | 2,478.00 | 15.0% |
| Prince Rupert | | 681.74 | 784.00 | 15.0% |
| Southern | | 718.50 | 733.00 | 2.0% |
| Area where pilot has begun travel and is cancelled | | 217.27 | 222.00 | 2.0% |
| Pine Island | | 6,813.05 | 6,132.00 | (10.0)% |
| **Pilot boat charges** | | | | |
| Brotchie Ledge | | 563.81 | 578.00 | 2.5% |
| Sand Heads | | 2,256.69 | 2,313.00 | 2.5% |
| Triple Island | | 2,927.75 | 3,001.00 | 2.5% |
| Northern LNG Carrier Boarding Station | | 4,099.00 | 4,099.00 | - |
| Cape Beale | | 8,823.83 | 9,044.00 | 2.5% |
| Pine Island | | 5,430.45 | 5,566.00 | 2.5% |
| Entrance to Nanaimo Harbour | | 1,136.32 | 1,165.00 | 2.5% |
| Prince Rupert Anchorages 8 – 9 | | 788.48 | 808.00 | 2.5% |
| Prince Rupert Anchorages 10 - 31 | | 1,336.32 | 1,370.00 | 2.5% |
| Pilot boat capital charge | | 123.31 | 126.00 | 2.0% |
| **Helicopter charges** | | | | |
| Helicopter – Race Rocks | | 21,000.00 | 19,500.00 | (7.1)% |
| Ad hoc helicopter usage (per hour) | | 4,800.00 | 4,896.00 | 2.0% |
| **Other charges** | | | | |
| Delay charge | | 297.16 | 306.07 | 3.0% |
| Short order charges | | | | |
| • Order initiated less than 10 hours and between 06:00 and 17:59 | | 1,188.67 | 1,224.00 | 3.0% |

| Description | | Current Rates $ | Proposed Rate $ | % Change |
|---|---|---|---|---|
| • Order initiated less than 10 hours and between 18:00 and 05:59 | | 2,377.33 | 2,449.00 | 3.0% |
| Restricted ship charge | | 2,234.39 | 2,301.00 | 3.0% |
| Remote port charge | | 7,166.31 | 7,381.00 | 3.0% |
| Technology charge | | 60.36 | 83.00 | 37.5% |
| Pilotage Act administration charge | | 52.00 | 58.00 | 11.5% |

Proposed changes in these rates would be effective April 1, 2026.

## 6. JUSTIFICATION OF THE PROPOSAL IN RELATION TO THE CHARGING PRINCIPLES AND COST-EFFECTIVENESS ASSESSMENT

The Authority is required to observe the following charging principles when establishing or revising pilotage charges:

a) that pilotage charges be established and revised in accordance with an explicit methodology — that includes any conditions affecting the pilotage charges — that the Authority has established and published;
b) that pilotage charges be structured in a way that does not encourage a user to engage in practices that diminish safety for the purpose of avoiding a charge;
c) that pilotage charges be the same for Canadian users or ships and foreign users or ships;
d) that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable; and
e) that pilotage charges not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the Authority's current and future financial requirements related to the provision of compulsory pilotage services.

The principles governing the establishment of new charges or the revision of existing charges by the Authority are set out in section 33.2 of the *Pilotage Act*. Each of the principles is presented below in italics, followed by an explanation of how the Notice complies with that principle.

*33.2 (1) a. Pilotage charges shall be established and revised in accordance with an explicit methodology – that includes any conditions affecting the pilotage charges – that the Authority has established and published;*

The Notice, required under section 33.3 of the *Pilotage Act*, has been published on the Authority's website. In addition, the Authority has sent a copy of the Notice to all known and affected industry associations. Based on this information, any person subject to the Authority's charges can calculate the amount that would be payable for a given pilotage assignment.

*33.2 (1) b. that pilotage charges be structured in a way that does not encourage the user to engage in practices that diminish safety for the purpose of avoiding a charge;*

For any given assignment, the Authority's charges are not structured in such a manner that safety may be affected. Given the fact that pilotage services are mandatory for any commercial vessel of 350 gross tons or larger, while travelling in Canadian compulsory pilotage waters, users have no option but to use the services of a pilot. In addition, the structure of the Authority's charges is such that the greatest proportion of a charge is not related to time or routing, but instead on the unalterable dimensions of the vessel which do not change between one journey or the next.

*33.2 (1) c. that pilotage charges be the same for Canadian users or ships and foreign users or ships;*

There is no differentiation in the proposed charges for an assignment whether the vessel is domestic or foreign.

*33.2 (1) d. that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable;*

The proposed charges are based on an allocation of operating and capital costs, that allow the Authority to fulfill its mandate and achieve financial self-sufficiency. The increases are fair and reasonable considering the increasing costs of business.

*33.2 (1) e. that pilotage charges not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the Authority's current and future financial requirements related to the provision of compulsory pilotage services;*

The Authority's charges are set to recover the Corporation's expenses net of other revenues determined in accordance with International Financial Reporting Standards ("**IFRS**") and the costs of complying with certain financial requirements, as described in detail in subsection 33.2 of the *Pilotage Act*.

## 7. DETERMINATION OF CHARGES

The Authority's aim when determining charges is to strive for area-by-area and port-by-port financial self-sufficiency over the longer-term. Rates are set on a port-by-port basis to achieve this aim. This is an effort to minimize cross-subsidization between stakeholders.

Charges are applied to a pilotage assignment-based size and time and type of move. The definitions are below:

***Areas*** means the compulsory pilotage areas described in Schedule 5 of the *General 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*)

**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 <u>less than 226m</u>**

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 x UC) +TC + PB + FL + PBRC + EX + T + PAAF + TS**

If a vessel trip is, or is deemed* to be, 8 hours or less with a <u>second pilot</u>, then:

**(PU x UC) x 1.8 + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS**

** includes trips that are over 8 hours that could be achieved under normal sea speed in 8 hours or less*

If vessel goes <u>over</u> 8 hours with second pilot:

**(PU x UC) + TC +TC +PB + FL + PBRC + EX +EX + T + PAAF + TS**

If vessel goes over 8 hours <u>without</u> a second pilot:

**(PU x UC) +TC + ETC + PB + FL + PBRC + EX + T + PAAF + TS**

**Compulsory Pilotage Areas — One-way trip for a vessel <u>226m or more</u>**

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 x UC) + (GT x GTF) + TC + PB + FL + PBRC + EX + T + PAAF + TS**

If a vessel trip is, or is deemed* to be, 8 hours or less with a second pilot, then:

[**(PU x UC) + (GT x GTF)] x 1.8 + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS**

** includes trips that are over 8 hours that could be achieved under normal sea speed in 8 hours or less*

If vessel goes over 8 hours with second pilot:

**(PU x UC) + (GT x GTF) + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS**

If vessel goes over 8 hours without a second pilot:

**(PU x UC) + (GT x 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 x UC) + DS +TC + PB + FL + PBRC + EX + T + PAAF + TS**

## 8. COST OF SERVICES

The Authority records costs for pilotage services provided and does so in accordance with IFRS. There are currently two service delivery centres that are within the Authority's regional jurisdiction. The Fraser River Pilots (employee pilots) cover Area 1 and the BC Coast Pilots cover Areas 2-5 and are licensed for the entire area. Pilot boat services and facilities are localized, and other costs are generated by specific pilotage assignments. Shared costs include administrative overhead, dispatch centre costs, and training costs.

a) Cost Allocation Methodology

***Coastal pilotage***
The coastal pilotage costs are variable in that the expenses are dependent on the number of assignments carried out in areas 2 through 5. The Authority does not pay the BC Coast pilots unless they are performing assignments. These costs, including the cost of callbacks, are all variable.

***Fraser River pilotage***
The Fraser River pilotage costs are a mix of fixed and variable with fixed salaries and variable costs for overtime and callbacks related to assignment volume and timing.

***Launches***
When determining the charges and measuring subsequent results, the direct costs for resources available to the area are applied to that individual service delivery centre based on the locations of the pilot launches and dispatch operations. These costs include:

- Pilot boat costs and crewing services;
- Local wharves and structures costs;
- Depreciation and financing costs related to the above; and
- Communications and other equipment related to the above.

Variable costs for launches are driven by activity in the specific area are also charged against the centre for which they are incurred. These costs include pilot boat fuel.

***Other costs***
Costs that are not attributable to any single service delivery centre or grouping are allocated proportionally to their directly attributed costs, such as the Fraser River.

b) Cost Allocation Process

Individual budgets are developed for each of the cost centres using the actual costs for the previous year as the basis and working with industry to determine the expected volumes and assignments in the following year. These costs are then adjusted for contractual changes and commitments, planned alterations to area resources, and expected changes in activity.

- Pilot fees for the coast and Fraser River are allocated in accordance with the agreements in place and the expected assignment numbers for each centre.
- Pilot boat costs and crewing expenses are local resources and are costs assigned to that cost centre.
- Local wharves, storage facilities, and pilot/crewing offices have costs that are also charged directly to the specific cost centre.
- The assets above have depreciation and financing costs related to them that are also charged directly.

The variable costs for each station, including pilot boat fuel costs and transportation costs, are budgeted based on a forecast of number of assignments. The Authority uses several sources of information to predict traffic levels. The traffic patterns of previous years are combined with input from the industry, terminals, ports and associations.

The allocated costs are determined through the development of administration, dispatch, and training budgets. These budgets are based on historical costs, contractual agreements, and training requirement triggers. These costs are then charged to service delivery centres based on resources and activity levels for each.

## 9. CONSULTATION

Consultations in various forms have taken place with the affected parties throughout 2025. Formal consultation sessions were held either in-person or via video conference for the following stakeholders during a consultation period prior to publishing the Notice.

| | |
|---|---|
| **Chamber of Shipping BC**: | Monthly Association meetings, as well as Service Charge meeting on Dec 11, 2025. |
| **Shipping Federation of Canada**: | Monthly Association meetings, as well as Service Charge meeting on Dec 8, 2025. |
| **CLIA**: | Monthly Association meetings, as well as Service Charge meeting on Dec 8, 2025. |
| **Trans Mountain**: | Monthly Association meetings, as well as Service Charge meeting on Dec 11, 2025. |

The Authority's financial results are also openly shared at quarterly meetings with industry associations and customers.

Alternatives to service charge increases were discussed, where applicable, and feedback from participants was encouraged. For various ports and districts, an alternative to increased service charge rates would be a reduction in pilot numbers or availability. Decreases in traffic may occur from year to year and are not expected to be long-term. This makes it impractical to reduce pilot numbers without having severe impacts on service levels to industry when a recovery begins. Stakeholders have consistently indicated that their primary concerns are with service levels and have requested that the number of pilots be increased in some areas, and maintained in others, so that pilot availability is not compromised.

## 10. INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO THE PACIFIC PILOTAGE AUTHORITY

The Notice is available online and a copy may be downloaded from the Authority's website at https://www.ppa.gc.ca/. Information on the existing charges is also provided in the Authority's website.

Additional copies of the Notice can be obtained through request at the following address:

*In writing:* *Chief Financial Officer*
*Pacific Pilotage Authority*

*1000-1130 West Pender Street*
*Vancouver, BC*
*V6E 4A4*

*By email:* *smackenzie@ppa.gc.ca*
*By telephone* *(604) 666-6988*

Pursuant to section 33.3 of the Pilotage Act, any person may make representations about the proposal to the Authority, in writing, on or before the date set out in the Notice. Any person making written representations is to include a summary of those representations. The summary may be made public by the Authority. In addition, any person making written representations by the date set out in the Notice will have an opportunity to file a notice of objection related to the proposal with the Canadian Transportation Agency.

Pursuant to section 33.3 of the Pilotage Act, persons interested in making representations in writing to the Authority regarding the Notice may do so in writing to the following address:

*PACIFIC PILOTAGE AUTHORITY*
*1000-1130 West Pender Street*
*Vancouver, BC*
*V6E 4A4*
*Attention: Chief Financial Officer*

**Note: Representations must be received by the Authority not later than the close of business on January 28, 2026.**