



NOTICE OF REVISED SERVICE CHARGES

January 19, 2023

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 Pacific Pilotage Authority’s (the “**Authority**”) proposed revised charges which would come into effect on or around May 1, 2023.

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 Authority has observed all charging principles established under section 33.2 of the *Pilotage Act*.

Persons interested in making representations to the Authority regarding the proposal set out in this Notice may do so in writing to the address set out in section 5 of this Notice and must be received by the Authority no later than close of business on **February 18, 2023**.

Any person making written representations must include a summary of those representations. Note that this summary may be made public by the Authority. 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.

This Notice affects charges for services that the Authority provides or makes available in relation to compulsory pilotage under s. 33(1) of the *Pilotage Act*.

Except for the revisions proposed in this Notice, all the existing charges and related terms and conditions, set out in the “*Customer Guide to Charges*” remain in effect.

This Notice consists of the following sections:

- 1) Proposed Revision to Service Charge Rates
 - 1.1 Background
 - 1.2 Proposed change in temporary surcharge
- 2) Proposed Implementation of the Proposed Revised Service Charges;
- 3) Re-establishment of Current Service Charges;
- 4) Definitions and Calculations; and
- 5) Information regarding the Notice and on making representations to the Pacific Pilotage Authority.

1. PROPOSED REVISION TO PILOTAGE CHARGE RATES

1.1 Background

When establishing a new charge for pilotage services or when revising an existing pilotage 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 obligations related to the provision of compulsory pilotage services. Pursuant to the charging principles, the Authority's Board of Directors approves the amount and timing of changes to customer service charges. The Board of Directors also approves the Authority's annual budget which includes the amounts to be recovered through customer service charges for the year.

As noted, the Authority plans its operations to result in a financial position in which revenues do not exceed current and future financial obligations related to the provision of compulsory pilotage services.

The overall current state and outlook for local, national, and international economic activity has a direct impact on cargo trade and tourism. This directly impacts the Authority's assignment volumes and ultimately influence how the Authority supplies its services in a safe and efficient manner.

Since the Authority set its service charge rates for 2023 in the Fall of 2022, there has been updated information available impacting some of the assumptions underlying the financial forecasts made at that time. Firstly, the rate of inflation in Canada appears to have peaked and has declined for two months in a row for November and December. It is now 1.6% lower than originally estimated by the Authority for 2023. This will have a positive financial effect for the Authority as many of our costs, notably our contract payments to British Columbia Coast Pilots and wages governed by collective agreements, are linked to the rate of inflation. Secondly, a strong harvest in the Fall of 2022 has led to a significant year-over-year increase in shipments of grain in Q4 of 2022 and we expect that to continue through the first half of 2023. Although the expectation for a global recession still exists, the improvement in grain shipments will mitigate the negative impact of a recession. Accordingly, we are revising our forecast for assignments for 2023 to reflect only a 5% decrease over 2022 rather than a 10% decrease originally forecast.

We expect that the combination of these two factors will contribute a positive improvement of approximately \$1.6 million in our projected surplus for 2023. As a result, we are able to reduce the temporary surcharge currently in place earlier than anticipated.

1.2 Proposed change in temporary surcharge

Given the benefit of the changes in the financial factors described above, the Authority is proposing to reduce the temporary surcharge by \$150 from \$400 per assignment to \$250 per assignment.

Changes to pilotage charges, proposed to be effective on or around May 1, 2023, are outlined in the following table:

Category	Rate decrease	New / Adjustment	Application methodology	Effect on customers for 2023
Temporary surcharge	\$(150)	Adjustment	Per assignment	\$(1.2) million
Total Effect				\$(1.2) million

2. PROPOSED IMPLEMENTATION OF THE PROPOSED REVISED SERVICE CHARGES

The Authority acknowledges the ongoing challenges faced by its customers and stakeholders within the marine industry and pressure on freight rates. Our ability to provide this decrease will alleviate some of that pressure, whilst continuing to fulfill our mandate to provide safe and efficient pilotage services, and maintain financial self-sufficiency. These charges are being proposed after initial consultation with the industry held in the period prior to the publishing of this Notice.

All charges would be effective on or around May 1, 2023.

3. RE-ESTABLISHMENT OF CURRENT SERVICE CHARGES

Except for the revisions proposed in this Notice, all the existing charges and related terms and calculations continue in effect, as set out in the Authority's current *Customer Guide to Charges* (available on the Authority's website at <https://www.ppa.gc.ca/>)

4. DEFINITIONS AND CALCULATIONS

The definitions and calculations can be found in the Authority's Customer Guide to Charges, which is available on the Authority's website at <https://www.ppa.gc.ca/>.

5. 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 on the Authority's website.

Additional copies of the Notice or a copy of the Details and Principles document can be obtained through request at the following address:

In writing: Chief Executive Officer
Pacific Pilotage Authority
1000-1130 West Pender Street
Vancouver, BC
V6E 4A4

By email: igascon@ppa.gc.ca
By telephone (604) 666-3398

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 this 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 this 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*

By facsimile: (604) 666-1647

Note: Representations must be received by the Authority not later than the close of business on February 18, 2023.