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## **NOTICE OF REVISED PILOTAGE CHARGES**

**October 25, 2024**



Administration de pilotage  
des Laurentides

Laurentian  
Pilotage  
Authority



## GENERAL

Pursuant to [section 33.3 of the Pilotage Act \(R.S.C., 1985, c. P-14\)](#) (the “**Act**”), the following document provides notice (the “**Notice**”) of the Laurentian Pilotage Authority’s (the “**Authority**”) revised pilotage charges, which will come into effect on **February 1, 2025**, except as otherwise noted. This Notice includes a description of the proposal, including a justification in relation to revising the pilotage charges, and the circumstances in which the charges will apply. In revising the pilotage charges, the Authority has observed all charging principles established under [section 33.2 of the Act](#).

A document setting out additional details in relation to this proposal, including a justification in relation to the charging principles revised under [section 33.2 of the Act](#), is available on the Authority’s website.

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 4](#) of this Notice, by no later than the end of the Notice period of **November 25, 2024**. Any person making written representations is to 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.

The Authority applies pilotage charges for services that the Authority provides or makes available in relation to compulsory pilotage under [section 33\(1\) of the Act](#).

### **This Notice consists of four sections:**

1. [Proposed revision of pilotage charges rates](#)
2. [Implementation of the proposed pilotage charges](#)
3. [Proposed revisions to terms and conditions](#)
4. [Information regarding the Notice and on making representations to the Authority](#)

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## 1. PROPOSED REVISION OF PILOTAGE CHARGES RATES

### **Background**

When establishing a new charge for pilotage services or revising an existing pilotage charge, the Authority must comply with the charging principles set out in [section 33.2 of the Act](#). These prescribe the following:

- 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;
- 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;
- that pilotage charges be the same for Canadian users or ships and foreign users or ships;
- that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable; and
- 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.

Pursuant to the charging principles, the Authority’s Board of Directors (the “**Board**”) approves the amount and timing of changes to pilotage charges. The Board also approves the Authority’s annual budget pursuant to which the amounts to be recovered through pilotage charges for the ensuing year are determined. The Board also takes the Authority’s five-year corporate plan, including the capital program contained therein, into account.

### **2024 FORECAST**

#### **Revenues**

In 2024, we are forecasting revenues of \$117.8 M, against a budget of \$117.1 M, representing an increase of 0.6%. This increase is due to a higher volume of assignments than initially budgeted.

The 2.1% increase over 2023 is attributable to the 4% and 6% increase in charges that came into effect in February 2024, and a lower volume of assignments.

#### **Expenses**

In 2024, we are forecasting expenses of \$117.0 M, against a budget of \$114.9 M, an increase of 1.8%. This increase is due to the higher rates negotiated with the pilot corporations.

The 1.9% increase over 2023 is also due to higher rates negotiated with the pilot corporations.

### **The assignment trend as compared to the previous year**

For the first eight months of 2024, the number of assignments fell by 4% compared to the same period last year. The Authority expects this trend to continue for the latter part of 2024.

### **Main sources of information and traffic outlook**

In order to establish the financial forecasts for future years, the Authority relies on the information obtained from its market analysis carried out throughout the year. This information stems from a variety of sources, including discussions with industry stakeholders, media reporting and various other sources of information pertaining to the marine industry and macro-economic context. This information is then compared with historical traffic data and new trends that surfaced in the past year.

The financial forecasts for 2025 are derived from a series of assumptions applied to actual data for 2024. The most important of these remains the uncertain economic situation, the instability of world markets, weather-related disruptions and conflicts in the Middle East.

In terms of maritime traffic, the Authority forecasts that the current decline in traffic will continue until the end of 2024 for the majority of ships. It should be noted that the number of assignments forecast for 2025 is 20,865, a level comparable to the forecast for the current year.

### **2025 FORECAST**

The findings from the analysis of results and trends for the first half of 2024 have enabled us to refine the forecast for 2025. While remaining cautious in the planning of individual projects, the Authority's expenses and operating assumptions for 2025 have been budgeted to ensure a realistic market adjustment based on the most recent information available.

In accordance with the *Act*, the Authority's ultimate financial objective is to ensure that its operations are funded by achieving a reasonable return, enabling it to gradually finance its long-term projects, as well as offset any market risks as needed. In recent years, this approach has enabled the Authority to maintain some of the lowest rate increases, with relatively stable levels of variation.

### **Revenues**

In 2025, we forecast revenues of \$122.8 M compared to 2024, an increase of 4%. This increase is due to the 4% average fare increase included in this proposal.

### **Expenses**

In 2025, we anticipate expenses of \$121.8 M compared to 2024, an increase of 4%. This increase is mainly due to rate increases under contractual agreements.

**Cost Structure**

The Authority’s costs associated with the provision of pilotage services are dictated mainly by the Authority’s contractual obligations and vary depending on the level of assignments and volume of traffic.

The costs incurred by the Authority are broken down as follows on an approximate basis:

<b>Cost categories</b>	<b>Proportion of the total costs</b>	<b>Specificities</b>
Pilots’ fees	77%	Governed by service contracts and varies depending on the pilotage revenues
Pilot Boats Services	11%	Mainly governed by contracts and varies depending on the pilotage revenues
Payroll	7%	Mainly governed by collective agreements
Amortization	2%	Governed by accounting standards
Other administrative expenses	3%	Include the administration costs of the Act, which alone represent 0.8% of expenses.

**FUTURE CAPITAL**

The Authority forecasts that its capital expenditure program will require investments in the order of \$0.8 M for 2025.

Over the period 2025 to 2029, the Authority is planning a number of investments to ensure the long-term viability of its assets, optimize its service offering and meet its contractual commitments. All these needs are directly linked to the deployment of a safe service that is delivered efficiently and effectively.

**TREASURY AND RESERVE**

Pilotage charges are set on the basis of the Authority's financial requirements, which take into account projected traffic volumes and anticipated revenues and expenses. Since actual revenues and expenses will differ from these estimates, methods for calculating variances are required so that they can be taken into account when establishing or revising future charges, and so that no going concern risk is unintentionally incurred by the Authority. A good reserve also helps to ensure the stability of pilotage charges for the foreseeable future.

**PROPOSED REVISION OF PILOTAGE CHARGES**

The Authority determines the required pilotage charges as follows:

- By determining volumes;
- By determining expenditures based on volumes and contractual obligations;
- By determining capital expenditures and financing;
- Determining reserve account and funding requirement; and
- Determining the rate required to cover all the steps above.

This table presents the effect of the revised pilotage charges for the year 2025 compared to what is currently in effect since February 5, 2024. The pilotage charges that will come into effect on **February 1, 2025**, include:

<b>Category</b>	<b>Pilotage charges</b>	<b>New / Adjustment</b>	<b>Application Methodology</b>	<b>Effect on Customers</b>
Base Rate for District No. 1 and 1-1	3.5% increase	Adjustment	All rates affected	\$2.2 M increase
Base Rate for District No. 2	5.0% increase	Adjustment	All rates affected	\$2.0 M increase
Administration of the Act	4.0% increase	Adjustment	Fee per assignment	\$1.55 increase per assignment

CPI rose by 2.2% in August, down from 2.5% in July. We anticipate that the contractual increase in fees payable to the St. Lawrence pilots will be 3.4% and 3.0% for the Central St. Lawrence and Lower St. Lawrence pilot corporations respectively. This increase has a material impact on the proposed level of service charge increases.

Our experience over the past year shows, however, that this figure is highly unpredictable. It should be noted that the Administration's gross profit margin is very low, with a forecast of 12.7% for 2025. At the same time, the Authority's administrative and operating expenses represent 11% of its cost structure. These costs are largely fixed and governed by agreements, leases and service contracts, and exclude fees related to the administration of the Act.

The fee to compensate for administrative costs imposed under section 37.1 of the Act is revised upward to \$29.36. This section allows the Minister of Transport to charge authorities for the costs associated with administering the Act.

Transshipment services that are generally conducted by pilot boat enable the embarkation or disembarkation of pilots carry their own charges that correspond to the costs incurred by the Authority for providing these services. These charges apply whether the transshipment service is carried out by the Authority or by a subcontractor, and whether the pilot boat used belongs to the Authority or is leased or used through the services of a subcontractor. The Authority will charge pilotage fees for all costs incurred, including, where applicable, rental and operating costs of the boat.

Additional information regarding pilotage charges including supporting calculations is provided in the document “Details and Principles Regarding Proposed Revision of Pilotage Charges” (“**Details and Principles**”). Refer to [section 4](#) for information on how to obtain a copy of this document.

## **2. IMPLEMENTATION OF THE REVISED PILOTAGE CHARGES**

The pilotage charges proposed for 2025 are intended to ensure the long-term viability of the Authority’s assets and cover unforeseen events, without having to resort to excess financing (overcharging) from the industry.

## **3. PROPOSED REVISIONS TO TERMS AND CONDITIONS**

As part of the revision of pilotage charges covered by this Notice, all terms and conditions pertaining to the current charges remain essentially unchanged and in compliance with the *Act*. Further, translation corrections, updates of articles related to the repeal of the *Laurentian Pilotage Authority Regulations* and the coming into force of the amended *General Pilotage Regulations* in June 2022, and other clarifications have been made to the Fee Schedule and its application section, among others.

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#### 4. INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO THE AUTHORITY

This Notice is available on-line and a copy may be downloaded from the Authority's website (<https://www.pilotagestlaurent.gc.ca/en/index.html>). Information on the existing charges is also provided on the Authority's website.

Further details of this proposal, including a justification for the proposal in relation to the charging principles, are provided in the Details and Principles, which are available on the Authority's website.

Additional copies of this Notice or the Details and Principles can also be obtained by request at the following address:

In writing:        Director, Finance  
                         Laurentian Pilotage Authority  
                         999 De Maisonneuve Blvd. West, Suite 1410  
                         Montreal, Quebec H3A 3L4

By email:         [pierre-luc.beauregard@apl.gc.ca](mailto:pierre-luc.beauregard@apl.gc.ca)

By telephone    (514) 283-6320 ext. 216

Pursuant to [section 33.3 of the 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 Act](#), persons interested in making representations in writing to the Authority regarding the [section 1](#) of this Notice may do so in writing to the following address:

Director, Finance  
Laurentian Pilotage Authority  
999 De Maisonneuve Blvd. West, Suite 1410  
Montreal, Quebec H3A 3L4

By email:         [pierre-luc.beauregard@apl.gc.ca](mailto:pierre-luc.beauregard@apl.gc.ca)

**Note: Representations must be received by the Authority not later than the close of business on November 25, 2024.**