



NOTICE TO AGENTS/CUSTOMERS

RE: GREAT LAKES PILOTAGE AUTHORITY 2017 TARIFF AMENDMENT

The Great Lakes Pilotage Authority (the Authority) has had six consecutive years of generating annual surpluses, helping it to reduce its accumulated deficit originating from the 2008 recession. Recently, the Authority has reported financial losses in 2015 and 2016 resulting in a \$1.6 million accumulated deficit at the end of 2016. The 2015 and 2016 losses were mainly attributed to pilot apprentice training costs and higher pilot compensation costs to service traffic increases. As to counter the financial implications of the 2008 and 2009 recession, the Authority had reduced its pilot numbers to better align with the significant decrease in traffic. With the aging of pilots and the increase in traffic experienced since 2014, the Authority has been and must continue to hire and train an important number of apprentice pilots to increase its pilot numbers to effectively provide pilotage services in the future.

The Authority has been managing net tariff increases to its customers in line with annual inflation increases (an average of 2% from 2012 to 2016). However, given the Authority's mandate to be financially self-sufficient, the Authority is proposing to increase its 2017 tariff to all customers by 3% when compared to the 2016 net tariffs as well as introduce a 5% apprentice pilot training surcharge with an end date of December 31, 2018 as a means to meet its mandate. The apprentice pilot training surcharge is expected to generate \$1.2 million annually to offset the associated pilot apprentice training costs. In 2016, the apprentice pilot training costs totaled approximately \$1.3 million. With the higher than average anticipated pilot retirements and the need to increase the pilot numbers to reduce the vessel delays due to a shortage of pilots, the Authority is expecting to incur apprentice pilot training costs similar to those reported in 2016.

The *Great Lakes Pilotage Tariff Regulation* amendments will be published in the *Canada Gazette Part I* on March 11, 2017.

The Authority remains committed to providing safe and efficient pilotage in the Great Lakes for all users in a setting that will allow it to remain financially self-sufficient. I look forward to hearing from you should you have any comments.

Robert F. Lemire
Chief Executive Officer

March 10, 2017
Cornwall, Ontario