



**Speaking Notes to the House of Commons Standing Committee  
on Transport, Infrastructure and Communities  
on Bill C-97 – Division 11 (Proposed *Pilotage Act* Amendments)  
May 2, 2019**

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**Introduction**

Thank you, Madame Chair. The Shipping Federation of Canada was established in 1903 by an Act of Parliament to represent the interests of international shipping in Canada. We are a national trade association with offices in Montreal and Vancouver, and our members are the owners, operators and agents of ships trading between Canadian and overseas ports. Their ships operate in all four pilotage authority areas from coast to coast. Ships operating internationally shoulder most of the pilotage costs in Canada.

**The Existing Pilotage Framework**

The existing *Pilotage Act* has remained largely frozen in time since 1972 - despite changes in navigational technology, ship design and communications. We strongly believe that Bill C-97 will provide a solid basis from which to continue the much-needed task of modernizing pilotage service in this country. We therefore urge members of this Committee to ensure these amendments are passed into law as soon as possible.

In Canada, pilotage services are mandatory and delivered under a legislated monopoly with a “for profit” component. More specifically, under the existing *Pilotage Act*, pilotage authorities are solely responsible for the administration of pilotage services, while pilots are responsible for delivering those services either as employees of the authorities or as “for-profit corporations” that are linked to the authorities on a contractual basis.

Before going any further, we wish to note that the existing Act has served as an excellent tool for ensuring safe navigation in Canadian waters and the amendments proposed under Bill C-97 in no way detract from this essential value of the pilotage system.

Unfortunately, the present pilotage model lacks accountability and transparency, is insufficiently responsive to user needs, and does little to foster a culture of continuous improvement or cost competitiveness. As a result, the uptake of new technology has been less than optimal, and the system has been unable to control costs.

**Key Elements of Bill C-97 and Proposed Amendments**

We are therefore pleased to note that the amendments to the *Pilotage Act* proposed under Bill C-97 will provide a number of important tools for addressing these concerns and modernizing the delivery of pilotage services in Canada.

One of the key tools provided under Bill C-97 is the addition of an explicit “purpose and principles” clause that will directly shape how pilotage service is delivered and how legislative, administrative and judicial powers are exercised. Given the important role this clause will play in the way service is delivered and enforced, we have proposed a handful of amendments, in the form of additional wording, to strengthen the framework that Bill C-97 provides. These amendments can be found in our written submission.

## **Additional Issues for the Committee's Consideration**

In order to further strengthen the implementation of the Act, we also respectfully request that the Committee consider making comments in its report on the need to ensure that Transport Canada continues to work towards greater transparency and accountability from pilot corporations, given their status as legally imposed monopoly service providers.

In addition, in a context where the regulatory framework will be consolidated under Transport Canada, we urge the Committee to stress the importance of providing Transport with the necessary resources to deliver in terms of regulatory development, while also ensuring that the pilotage authorities are provided with the necessary management tools to remain effective – particularly in their dealings with the pilots.

Finally, there is one element of Division 11 to which we object, and that is the transfer of the full costs of administering the legislation from Transport Canada to the private sector. We are unaware of any other activity-specific legislation that would allow the Minister to pass on these costs to industry. In addition, it would seem that any cost recovery initiative should be subject to the *Service Fees Act*, which comes with its own set of guidelines and standards. This proposal also fails to acknowledge the public good component involved in legislating pilotage services in Canada.

## **Conclusion**

Before ending, let me take a minute to summarize our main "asks:"

- We strongly support the amended pilotage framework proposed under Division 11 of Bill C-97 and urge the Committee to ensure that it is passed into law as soon as possible.
- In doing so, we ask you to consider one set of very targeted amendments to the "purpose and principles" clause, which will further strengthen the framework from a user's perspective without detracting from its essence.
- Finally, we ask the committee to consider the removal of the extraneous clause with respect to the transfer of Transport Canada's administration costs, which goes beyond mandatory pilotage and - in our opinion – differs from government-wide policies.

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We thank the Committee for the opportunity to comment and look forward to answering any questions you may have.