



REPORT ON PILOTAGE DEVELOPMENTS IN CANADA

Remarks by

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INTRODUCTION

Since my last report in November, 2006 at our Congress in Havana, there has been a great deal of activity in Canada in respect of pilotage.

In Havana, I had reported that from 2003 to 2005 pilotage charges on the St. Lawrence River – the busiest Canadian waterway – had risen dramatically and that there was a perception by some in the shipping industry that the quality of the pilotage service provided had declined.

I expressed a fear that this situation could lead to government action that would be contrary to the interests of pilots and I also expressed a hope that the problems – both real and perceived – could be resolved by pilots acting together and in a manner that was responsive to industry's needs.

It turns out that both my fear and my hope were realized! I will return to this story in a few moments.

Before that, I would like to make a few observations about the overall state of the marine transportation sector in Canada, and to talk briefly about a truly remarkable event held in Vancouver in April of this year.

MARINE TRANSPORTATION SECTOR

Maritime transportation – and port traffic in particular – has continued to grow over the last two years.

Cargo volumes have been increasing at a rate of four to five percent annually and port facilities continue to be expanded to accommodate this growth, as are the railways and roads serving the ports. This is especially the case on Canada's west coast, where marine facilities and related infrastructure are hard-pressed to meet demand from fast-growing Pacific trade.

Current forecasts include a 75% growth in container throughput in Canada by 2015.

At the same time, the number of Canadian pilots has remained almost constant and the number of pilotage assignments has actually declined very slightly. This reflects a continuing trend toward larger vessels, rather than a decline in maritime commerce.

Pilotage performance has remained outstanding, with the number of incident-free assignments at 99.9%.

The four regional pilotage authorities, which are the State-owned agencies responsible for the delivery of pilotage service in Canada, are all in good financial shape.

This can only be maintained, however, with prudent management and realistic pilotage tariffs that reflect the need for capital investments, especially for the renewal of pilot boats.

2008 CMPA CONGRESS

Following on the success of the first-ever Congress of the Canadian Marine Pilots' Association, which was held in Quebec City in 2005, the British Columbia Coast Pilots hosted the Association's second Congress in Vancouver just four months ago.

If anything, it was an even more resounding success than the first. It brought together not only pilots from across Canada, but pilot representatives from around the world, other marine industry stakeholders, government officials and experts in maritime issues.

One of the most important benefits arising from the Congress has been the reinforcement of the positioning of pilots as a constructive member of the maritime community and a valuable collaborator with the marine industry.

PROPOSED AMENDMENTS TO THE *PILOTAGE ACT*

By early 2007, it had become apparent that the difficulties with pilotage in the St. Lawrence River – both in terms of financial performance and service levels – needed to be addressed. Failure to do so through discussion and negotiation between pilots, shipowners, the Pilotage Authority and the government itself led to the introduction of legislation in the Canadian Parliament in June 2007.

The legislation would have radically changed the country's pilotage regime and, of particular concern to marine pilots, would have paved the way for competitive pilotage.

By the time the perspective of imminent legislation led the pilots concerned to make the compromises necessary to resolve the problems on the St. Lawrence, it was too late. The enemies of pilotage had convinced government that without changes to the legislation, problems would only reoccur.

By then, the matter certainly had the attention and the concentrated focus of pilots across the country. Because, of course, the legislative remedy being proposed would affect all pilots in all regions.

We had to play a furious and rather desperate game of defense. I am happy to report that we are likely to be successful and I do not believe the legislation will be passed.

But it was a close call. And probably could have been avoided if we had paid more careful attention to the lessons we have been taught many times over the years.

The first lesson is the important connection between the level and quality of service we provide, and the nature of the pilotage regime itself. If we are to maintain our status as independent professionals, discharging our duties without fear of interference or undue pressure, we must make sure that we provide the very best service possible, at reasonable cost, and with due regard for the shipping industry's needs.

As I have often told the members of the CMPA, if we want to maintain our monopoly on pilotage services, we must be sure not to acquire any of the bad habits normally associated with a monopoly.

The second lesson is that even when – or perhaps I should say *especially* when – pilots are doing an exceptional job, and the system is working extremely well, we must not become complacent. We can never let up on our efforts to tell our story to government decision-makers and to those who influence them. It seems the critics of pilotage never rest, and neither can we!

My colleague, Capt. Simon Pelletier, spoke earlier about approaches to government relations and public policy advocacy. I cannot emphasize too much how essential such activities are to maintaining our interests.

Only the most vigorous advocacy campaign, building on years of hard work, allows me to stand here today and say with some confidence that the effort to pass legislation representing the most serious threat to both a very successful pilotage system and to the interests of pilots themselves, will almost certainly fail.

The third lesson we have all been taught, and which we must never forget, is the amazing strength that comes from unity of purpose and unity of action.

When pilots plan and act together, they can be formidable. Whatever else can be said about the recent crisis we have experienced in Canada, what was especially striking to me was how effective pilots were once they decided the threat they were facing could only be met with a tightly coordinated campaign with pilots across the country acting together.

I have two observations to make about what happened in Canada.

The first is that when a situation develops affecting pilots in one place, it is very likely to directly impact pilots elsewhere.

In Canada's case, a situation that began in the St. Lawrence region soon developed into something that could have a negative consequence on pilots across the country. This interdependence crosses national boundaries as well. What happens in Denmark can surely affect North America.

And thus my second observation: all the more reason for solidarity. Pilots anywhere in Canada have no greater supporters than pilots everywhere else in Canada. And so it is at the international level. We must be each other's best allies.

Our actions should take account of the possible impact on pilots everywhere. And, as a corollary, any involvement we might have in pilotage matters in a country other than our own should only happen with the close collaboration of pilots in that country.