



# **PILOTAGE IN CANADA**

**Remarks by**

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## **INTRODUCTION**

We meet at a time of great economic uncertainty. It is not just that the cycle of the global economy has – after more than ten years of growth – begun its inevitable downturn.

If that was all it was, there would be reason enough for concern, but at least we would be allowed to think that things were, in a fashion, normal. Cycles are cycles. They include growth and the good times that come with it, and they include declines and the belt-tightening that comes with that.

But this is different. No one is sure where it is all going to end. Does the stock market finally bottom out at 6,000, 5,000 or something lower? We now know we are in recession but is deflation – an economic nightmare the western world hasn't experienced since the 1930's – just around the corner?

Of course, when the global economy suffers, the marine industry, as if in lock-step, suffers right along with it. A week has not gone by since this summer without some terrible news affecting our sector.

First, it was extraordinarily, almost unimaginably high fuel prices that drove up the costing of marine transportation and then actually began to threaten the very structure of the global supply chain, upon which so much international marine traffic depends.

Then came the economic downturn itself, which helped bring fuel costs back into line, but which at the same time spelled an end to years of ever-increasing global trade. Suddenly people everywhere, especially in the great consumer markets of North America and Europe, just stopped buying.

I am told there are now enough refrigerators in China ready for export to satisfy world demand for the next three years.

Few industries feel the effects of such dismal economic news faster or harder than the shipping industry does. Orders for new vessels are being cancelled; the number of scheduled services is being reduced; there is a glut of shipping containers on the market; and traffic at ports is falling fast.

While my comments today are not directly related to this difficult challenge we all face, and I certainly have little in the way of expertise or advice to offer in any event, I wanted to begin my remarks by acknowledging the seriousness of the situation, to let you know how aware and very concerned marine pilots are about it, and our determination to do what we can to help.

That means not stinting for a moment in our efforts to help you move vessels efficiently and cost-effectively, and to explore with you every reasonable means to keep transportation charges in check.

### **CANADA'S PILOTAGE SYSTEM: SECOND TO NONE**

What I have been asked to speak about is Canada's pilotage system and it is a subject I do know something about. For over 43 years, I have piloted vessels on the St. Lawrence River, for the past 25 years I have had the honour of leading the Canadian Marine Pilots' Association and I spent a dozen years as President of the International Maritime Pilots' Association.

As enacted by Parliament in 1972, the *Pilotage Act* provides the framework for the regulation and provision of pilotage services in Canada. It has served the country, and marine transportation in particular, very well, and compares favourably with pilotage systems anywhere else in the world.

It seems to me that one of the main reasons why the *Pilotage Act* has stood the test of time – and it has, after all, been in place with no fundamental change for over 35 years – is the careful study and great deliberation that preceded it.

The *Act* was a product of Canada's longest Royal Commission. It began in 1962 and did not conclude its work until 1968. Every aspect of pilotage was thoroughly examined and the views of every interest group were taken into account.

There are four defining characteristics of the Canadian pilotage system.

The first is **safety**. The extraordinary safety record of pilotage is due, in large part, to the fact that the system is structured and managed in such a way that the public interest, rather than the particular interest of any group or stakeholder, prevails.

For pilots themselves, this means that they are able to exercise their professional judgement in the course of their duties without undue pressure or interference.

The second is **responsiveness**. Although the pilotage system is regulated and operated independently, the interests and requirements of its users are given every consideration. In fact, only safety-related factors have more importance.

Third, the system is **flexible**. Not only is it designed to reflect regional differences, with separate pilotage authorities and different sets of regulations for the Atlantic, the Laurentian, the Great Lakes and the Pacific regions, but it is also able to adapt to changing circumstances and new developments.

Finally, the system is **accountable**. Pilotage tariffs are subject to appeal and review by an independent body; pilotage regulations can only be proposed after stakeholders are fully consulted and are then subject to government oversight.

## **SAFETY**

The pilotage system's most important measure of success must be the degree to which it is able to ensure the safe navigation of vessels. Statistics from the four Canadian Pilotage Authorities show that the incident-free rate for piloted ships is consistently above 99.9%, with virtually all incidents recorded being of very minor consequence.

This impressive safety record has been sustained over decades, despite the increasing number and size of vessels using the waterways.

This excellent safety record, in an environment where so many hazards exist, has not occurred by chance. It is the result of rigorous pilot recruiting standards, training and examination before a pilot license is issued.

It also reflects the importance the licensing process places on having an intimate knowledge of local waters, supplemented by specialized training on the most up-to-date ship equipment and simulation facilities available, and reinforced by a pilot proficiency evaluation system.

## **RESPONSIVENESS**

Neither the independent nature of the pilotage system nor its emphasis on safety means that the interests of the shipping industry should not be fully met.

The objective of pilotage is not only to have accident-free transits, but to help industry maximize the efficiency and cost-effectiveness of their operations.

Marine transportation that moves through congested and treacherous waterways without incident is far less costly to shipping lines and shippers than if accidents occurred. Pilotage can also help reduce costly delays due to certain weather conditions and to traffic bottlenecks.

Pilots also help the marine industry conceptualize and plan new ventures to ensure they are safe and efficient and to help address environmental and regulatory concerns.

## **FLEXIBILITY**

The flexibility of the pilotage system manifests itself in many ways. Perhaps most important, the fact that it is organized on a regional basis means that national principles can be applied while still having due regard for differing circumstances from region to region.

Other examples of the system's flexibility include:

- issuance of pilotage certificates, allowing Canadian masters to conduct domestic vessels through compulsory pilotage areas without boarding pilots;

- issuance of waivers in exceptional circumstances, on a case-by-case basis, allowing vessels to proceed through compulsory pilotage areas without boarding pilots; and,
- regular review of compulsory pilotage area designations, involving all stakeholders.

### **ACCOUNTABILITY**

Because Pilotage Authorities have exclusive jurisdiction over both the regulation and the provision of pilotage services, it is crucial for fairness and the public interest that the system includes a high degree of accountability.

As crown corporations, the Authorities are accountable to their shareholder, the Government of Canada, in a number of ways. These include the power of the Minister responsible to issue binding directives to the Authorities.

Tariffs set by the Authorities for pilotage services may be appealed to the Canadian Transportation Agency by any interested party and, subsequently, to the Governor-in-Council.

Regulations proposed by the Authorities pertaining to the designation of compulsory pilotage areas and the qualifications required of holders of pilotage licenses and certificates are subject to review by an independent examiner whenever an interested party requests.

### **CONCLUSION**

I do not want to leave the impression that because Canada's pilotage system works very well – actually, better than almost anywhere else in the world – that it should not be subject to constant critical evaluation. In fact, it is.

This on-going evaluation and questioning of the system is one of its strengths and pilots participate constructively in such examinations.

From time to time, these efforts lead to changes and modifications to pilotage practices that respond to new circumstances and developments.

But the fact remains that the Canadian framework for pilotage is tried and true. We have every reason to be proud of it and confident that it both protects the public interest and contributes to the well-being of the shipping industry.

Merci!