

Ship-source Oil Pollution Fund

The Administrator's Annual Report

2016 2017



Cover Image: "Chaulk Determination" by Jacques Gauthier

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Ship-source Oil Pollution Fund

The Administrator's Annual Report

2016-2017

Canada

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport
Ottawa, Ontario
K1A 0N5

Dear Minister:

Pursuant to Section 121 of the *Marine Liability Act* (MLA), I have the honour of presenting to you the Annual Report for the Ship-source Oil Pollution Fund to be laid before each House of Parliament.

The report covers the fiscal year ending March 31, 2017.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anne Legars', with a horizontal line extending to the right.

Anne Legars, LL.M., CAE
Administrator of the
Ship-source Oil Pollution Fund

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Abbreviations

AMOP	Arctic and Marine Oil Spill Program
ATIP	Access to Information and Privacy
BIO	Bedford Institute of Oceanography
CCG	Canadian Coast Guard
CLC	Civil Liability Convention
CMAC	Canadian Marine Advisory Council
CMLA	Canadian Maritime Law Association
CPA	Canada Port Authority
CSA	<i>Canada Shipping Act</i>
DFO	Department of Fisheries and Oceans
ECRC	Eastern Canada Response Corporation
ER	Emergency Response
FV	Fishing Vessel
GT	Gross Tonnage
HNS	Hazardous and Noxious Substances
ICS	Incident Command System
IOPC	International Oil Pollution Compensation Fund
IT	Information Technology
LOU	Letter of Undertaking
MLA	<i>Marine Liability Act</i>
MOU	Memorandum of Understanding
MPCF	Maritime Pollution Claims Fund
P&I Club	Protection and Indemnity (Marine Insurance) Association
RO	Response Organization
SDR	Special Drawing Rights*
SOPF	Ship-source Oil Pollution Fund
TC	Transport Canada
TCMS	Transport Canada Marine Safety
WCMRC	Western Canada Marine Response Corporation

* The value of the SDR at April 3, 2017, was \$1.815950 CAD. This actual value is reflected in Figure 1.

The Ship-source Oil Pollution Fund (SOPF), a specified purpose account in the accounts of Canada, is established under Part 7 of the *Marine Liability Act* to facilitate the indemnification of claims for ship-source pollution in Canadian waters while protecting the taxpayer. Canada's compensation regime is based on the fundamental principle that the shipowner is primarily liable for oil pollution damage caused by the ship – that is, the polluter pays principle – Appendix 1 refers.

SOPF is a fund of last resort or a fund of first resort - at the election of the claimant. It covers all classes of ships that discharge persistent and non-persistent oil, including oil spills from unknown sources which are commonly referred to as “mystery spills”. The SOPF is available to pay compensation for reasonable claims for oil pollution damage, response costs, or preventive measures taken to minimize damage - or imminent risk of damage - caused by the discharge of oil from any class of ship in Canadian waters. Any occurrence caused by an oil tanker carrying persistent oil as cargo would also be covered under the international regime – Appendix 2 refers.

This Annual Report on the operations of the SOPF covers the fiscal year ending March 31, 2017.

1 - Activity Report

The SOPF's fiscal year 2016-2017 was marked by the following events:

- **The appointment of a new Administrator under the new interim appointment process.** The former Administrator, who had been in the position for the past 9 years retired on March 31, 2016 and the interim appointment process generated a vacancy of about 2 months at the helm of the organization.
- **The development and implementation of a solution to resolve the release and subrogation issue** with the Canadian Coast Guard. The Coast Guard is the Fund's main claimant, and the release and subrogation issue had been blocking the payment of all Coast Guard's claims since December 2014 – as reported in the Fund's 2015-2016 Annual Report. One of the Coast Guard's files has been picked as a test case and brought to the Federal Court as a referral. Pending the Court's decision, all other Coast Guard assessed claims have been paid out by the Fund on a “without prejudice basis” and under the agreement that the Federal Court decision under the test case would apply to all these cases.
- **A 20-year record in terms of amounts paid to claimants**, a consequence of the unblocking of the situation as mentioned above,
- **A record amount of files in recovery action**, another consequence of the unblocking of the situation above. This unusually high activity in terms of recovery action led to unusually high legal expenses.
- **A 20-year record with respect to amounts claimed with the Fund**, due to an unusual number of large claims. The largest claim filed this year is the largest claim filed over the past 20 years, and the 2nd largest one since the inception of the Fund. It relates to the sinking of the tug *Chaulk Determination* in Trois-Rivières, Québec, in December 2015, followed by an eight-week operation in heavy ice and in below-normal temperatures to refloat the vessel.
- **The cross-appointment of the SOPF Administrator** as interim Administrator of the newly enacted Fund for Railway Accidents Involving Designated Goods (FRAIDG). This has led to the sharing of the SOPF premises, staff and other related goods and services - and the sharing of their related costs - with the new FRAIDG from September 1st, 2016.

- **The Prime Minister's announcement of *Canada's Ocean Protection Plan*** in November 2016, which will translate in the near future into legislative initiatives and amendments to the statutory provisions governing the Fund. This Plan intends notably to address the issue of derelict and abandoned vessels, an issue which represents the largest share of the claims and amounts paid by the Fund - as documented in a recent statistical research carried by the Fund and published on its website.
- **New regulatory requirements with respect to the annual filing** by oil receivers and oil products receivers, applicable as of January 1st, 2017 (for the reporting period ending December 31, 2017). These annual filings will allow Canada to meet its reporting obligations not only as pertains to the International Oil Pollution Fund and Supplementary Fund (as was already the case), but also to the future international Fund for Hazardous and Noxious Substances. The SOPF will pay the Canadian contribution for oil and oil products to these International Funds – Appendix 2 refers.

Although these events had a direct impact on the operations of the Fund during the 2016-2017 fiscal year, the driver of the Administrator's activities was the fulfilment of her statutory mandate under Part 7 of the *Marine Liability Act*, i.e.:

- Administering claims for oil pollution from ship-source in Canadian waters (section 1.1 below refers);
- Contributing to the International Funds (section 1.2 below refers);
- Causing books of account and records to be kept, control and information systems and management matters to be maintained, and providing reasonable assurance that assets of the Fund are safeguarded and that the operations of the Fund are carried out effectively (section 1.3 below refers);
- Causing the financial statements of the Fund to be audited (part 2 of this report refers), and
- Reporting on the above (section 1.4 below refers).

1.1. Claims and Incident Reports for Canadian Oil Spill Incidents

The Administrator dealt with a portfolio of 69 files during the 2016-2017 fiscal year (compared with 48 the preceding year and 51 on average over the past 10 years). The details of the 2016-2017 files can be found in Appendix 3. This portfolio includes:

- claims files (from the moment a claim is received by the Administrator, to its assessment, to the offer made by the Administrator to the claimant, to the payment by the Administrator along the terms of the offer, to the recovery action by the Administrator against the shipowner, its insurer, or any responsible third party); and
- incident files (from the moment the Administrator is informed of a ship-source oil spill in Canadian waters or of the imminent risk thereof, to any measure undertaken by the Administrator to protect the exposure of the Fund, to the moment a claim is actually filed in relation to this incident).

Although the delay between the filing and the settlement of a claim is only a few months, a file may carry over two or more fiscal years between the incident report stage and the end of recovery action.

1.1.1. 2016-2017 Claims Portfolio Overview

Claims received in 2016-2017. Sixteen claims were received during the fiscal year, ranging from \$2,137 to \$4,585,963, for a total of \$5,429,169. Table 1 regroups the claims by amounts. The number of claims above \$100,000 was unusually high this year.

Table 1: Spread of the 16 claims received in 2016-2017

Amount of claim (\$)	Number of claims	Percentage of claims	Ten-Year average
10,000 or less	4	63%	74%
10,001 to 25,000	3		
25,001 to 50,000	3		
50,001 to 100,000	1	6%	13%
100,001 to 250,000	4	31%	13%
250,001 to 500,000	0		
500,001 to 1M	0		
Over 1M	1		
TOTAL	16	100%	100%

These claims have come primarily out of British Columbia (10), followed by Nova Scotia (3), Newfoundland & Labrador (2) and Québec (1). The Canadian Coast Guard was the claimant in 15 out of the 16 claims received, for \$5,421,519 (i.e. 99.9% of the total amount claimed during the year). The remaining claimant was the Steveston Harbour Authority in British Columbia.

The SOPF was used as fund of first recourse in 15 out of the 16 claims. It was used as a fund of last recourse in the \$4.5M *Chaulk Determination* claim, after the claimant had obtained a very partial indemnification in Court.

Delays in filing claims. All the claims received during the year were filed within the relevant time limitation period; however four of the six claims submitted between 18 and 24 months were received less than one month before the two-year limit. The number of claims filed more than one year after the occurrence was much higher than usual.

Table 2: Delay for filing claims in 2016-2017

Delay in filing claim	Number of files	Percentage of files	Ten-year average
Within 6 months after the occurrence	5	31%	36%
Between 6 and 12 months	3	19%	44%
Between 12 and 18 months	2	12%	6%
Between 18 and 24 months	6	38%	14%
TOTAL	16	100%	100%

Delays in assessing the claims. Over the fiscal year, the Fund assessed 15 claims, of which three were carried over from 2015-2016. As of March 31, 2017, four of the 16 claims received in FY 2016/2017 were still being assessed. The time to complete the assessment of claims for which no Court proceedings were involved, and the settlements offered, are summarized in Table 3. All the offers for settlement were issued within 6 months of receiving the claim (close to 40% of the offers were actually issued within one month of receiving the claim, and over 60% were issued within 3 months).

Table 3: Time to assess claims and settlements offered

Claims Assessed in FY 2016/2017	
Months to Assess	Settlement Offer
Less than One	\$2,137
	\$5,234
	\$7,650
	\$23,110
	\$45,522
	\$46,351
One to Three	\$4,606
	\$67,349
	\$131,064
	\$137,681
Three to Six	\$25,599
	\$41,507
	\$78,793
	\$172,752
	\$813,316

Administrator’s offers to claimants. Offers were in general very close to the amounts claimed (97%, consistent with the 97% and 95% ratios over the previous two years). The fact that the CCG has been the main claimant of the Fund for a number of years has been instrumental in ensuring that claims reflect a good understanding of what measures or expenses will be found reasonable by the Fund. Claimants may appeal to the Federal Court if they disagree with the offer made to them by the Administrator after their claim has been assessed. This did not happen this year - and it has happened very rarely throughout the history of the Fund.

Files paid during the fiscal year. Thirty-one claims were paid this year for a total of \$3,166,273 (\$102,138 per claim on average), which is more than twice the ten-year average in terms of number of claims paid, and close to three times the ten-year average per claim paid (\$39,029). Out of these thirty-one files, eighteen were files for which the offer from the former Administrator had already been accepted by the CCG as for the amount, but not for the release and subrogation form.

Files in recovery action. Twenty-one files were at various stages of recovery action during the fiscal year, from demand letters, to court actions, to asset realization, or registration of the judgement against the eventual property of the debtor, and two settlements were reached with the shipowner or his insurer. In total, the Administrator was able to recover some \$102,250 through these 21 files in recovery action (the ten-year average for recovery is about \$39,948). As of April 1st, 2017, the Fund had still 15 files in recovery action, the remainder having been closed.

In claims where the responsible shipowner is clearly known, the services of legal counsel may be obtained for recourse action. In some situations involving abandoned and derelict vessels the name of the shipowner is not always readily available. In these instances, when it is necessary to trace the name and location of the registered owner and identify assets that may be available for recovery purposes, the Administrator may obtain the services of a professional locator firm.

Challenges and opportunities with respect to claim management. The Administrator has identified challenges and opportunities in very large spills, small claims from non-CCG claimants, border spills, and the implementation of the Incident Command System (ICS) by the CCG.

- **Very large spills where the limit of liability of the shipowner is reached or exceeded** may raise organisational and preparedness challenges for the Fund. The Administrator has therefore started to work with the International Group of P&I Clubs (which insure about 90% of the international fleet) and the IOPC Fund in order to pre-plan for coordination and to provide for the pooling of resources to the extent possible (including through the establishment of a joint claims office) should a very large spill happen in Canadian waters. This work will continue during the fiscal year 2017-2018.
- **Very few claims from claimants other than CCG**, who may find the Fund's Claim Manual too complex or burdensome for filing a small claim for the first time. The Fund has therefore been working on forms for small claims from non-CCG claimants, which will be used as a pilot project during the fiscal year 2017-2018.
- **Border spills should they arise may raise complex indemnification challenges** as Canada and the US have liability and compensation regimes that not only differ, but are based on different foundations: the Canadian regime is based in the international framework, while the US regime is not. The Administrator has therefore begun to work on this issue by contacting her US counterpart in order to plan for a work session on this topic with the other key players (including the Canadian and US Coast Guards and the International Group of P&I Clubs).
- **Incident Command System (ICS) and claim documentation.** The Canadian Coast Guard has been implementing the ICS in its environmental response operations over the past few years, and it carried its first large scale ICS simulation in Saint John's Newfoundland, in February 2017, which the Administrator attended as an observer. ICS is a standardized on-site management system designed to enable effective, efficient incident management by integrating a combination of facilities, equipment, personnel, procedures and communications operating within a common organizational structure. Because it streamlines communications and information management, a side benefit may be a more efficient process for documenting claims. Additional work will, however, be needed to reap such benefits.

1.1.2. 2016-2017 Incident Reports Overview

Incident reports. Eighteen incident reports were carried over from the previous fiscal year. Out of these incident reports, five became claims in 2016-2017. In addition, the Fund received 14 new incident reports during the year. In order to protect its potential exposure, the Fund mandated a maritime expert in some of these cases, or appointed one of its counsels to take protective measures, such as the issuance of a financial security by the shipowner and/or its insurer (3 cases) or a ship arrest (one case).

Incidents where an insured vessel is at stake will normally not turn into claims with the Fund as the ship's insurer will indemnify the claimant directly. Incidents involving uninsured vessels, particularly abandoned and derelict vessels, are the most likely to turn eventually into claims with the Fund.

Challenges and opportunities. In many cases, the Fund heard about new incidents through the media. There are opportunities to tighten cooperation between federal agencies and streamline information flows at the incident reporting stage, in order to avoid the duplication of efforts in gathering key data.

The *Nathan E. Stewart* incident in October 2016 raised the possibility that the Fund may eventually have to assess the loss of income from fisheries, a type of assessment that the Fund has not been doing for over a decade. The Fund has therefore engaged in the process of redeveloping its readiness to deal with loss of income issues, should the claimants fail to reach a settlement with the ship insurer.

1.2. Contribution to the International Funds

Attendance at the International Funds' meetings. The Administrator was able to attend only the October 2016 IOPC Funds' meetings in London - as there was no Administrator appointed at the time of the IOPC Spring 2016 meetings. Key topics of discussion and decision included levels of international payments in a number of tanker spills in countries parties to the conventions, additional contributions from member countries to cover for these payments, and approval of the Agreement to facilitate interim payments (to enable the prompt compensation of victims). Draft Guidelines on the indemnification of environmental damages were further discussed and should be finalized in 2017.

There was a limited discussion on a proposal by an observer delegation – the Conference of Peripheral Maritime Regions (CPRM) that represents some coastal communities in Europe – on the development of a voluntary supplementary fund for natural resource damages and non-use value – essentially a system to place a value on a resource or environment. The proposal did not gain support, as many delegations expressed that it would complicate the system, that the conventions provide adequate coverage and that it is very much outside the scope of the ability of the IOPC Funds to discuss.

The full report of these discussions and the relevant supporting documentation are available on line on the IOPC Funds website (www.iopcfunds.org).

The Administrator also used this opportunity to have familiarization meetings with the IOPC Fund Secretariat as well as with the International Group of P&Is. This has laid the ground for future collaboration and working relationship, notably with respect to developing Canada's readiness for indemnification of large spills.

Collection of the information from Canadian contributors. The Administrator is responsible for ensuring that the Canadian importers of crude oil by water (150,000 tons minimum on an annual basis) provide their return on the quantities received. The Administrator may follow-up on the information received and inquire on significant variances over the preceding year, before reporting Canadian data to the Secretariat of the International Fund. The reporting to the International Fund in April 2016 was carried by the SOPF staff during the vacancy of the Administrator's position. By February 28, 2017 the Administrator's office had received the returns from all Canadian contributors for the year 2016. These returns confirm a slow and steady decline of more than 50% of the volumes of crude oil imported by water in Canada over the past decade.

Payment of the Canadian contribution to the International Funds. On the basis of the Canadian data provided by the SOPF in the Spring 2016 and of the IOPC Fund financing needs agreed at the October 2016 London meetings, the SOPF paid this year a \$870,705.76 Canadian contribution to the International Funds.

Challenges and opportunities. It has been the policy of the SOPF to align itself to the extent possible on the guidelines and decisions of the IOPC Funds, including for non-tanker spills and other oil spill claims that are not covered by the IOPC Funds regime. The SOPF's website and claims manual could, however, bring additional clarity on this connection between the Canadian and the international regime, to the benefit of claimants, shipowners and their insurers. This project will move forward in the upcoming fiscal year.

Canada intends to ratify the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, as amended by its 2010 Protocol (2010 HNS Convention). The *Marine Liability Act* has already been amended for that purpose, and new regulations entered into force in December 2016 provide for the collection of national data which is a prerequisite to the ratification. The SOPF will provide the Canadian data on crude oil imports by water (above a 150,000 tons threshold) as well as Canadian data on oil products imports by water (above a 17,000 tons threshold) to the new HNS Fund. In case of damage caused by any HNS substance, Canadian claimants will have access to the new HNS Fund (approximately \$400 million), in addition to having access to the shipowner's maximum limit of liability (which will be mandatorily covered by insurance, with a right of direct access for claimants). More information on the 2010 HNS Convention can be found on the Convention's website (www.hnsconvention.org).

1.3. Office Management and Controls

Management transition. The efforts invested over a decade by the former Administrator and key staff in implementing and documenting internal processes has proved extremely valuable for the new Administrator from the day she took office after a two-month vacancy. She has ensured that such processes remain applied as they had satisfied in 2015 the external examiner appointed under section 122 of the *Marine Liability Act* to carry a special examination of systems and practices.

Challenges and opportunities. Some of the existing challenges and opportunities of the SOPF with respect to office management and control were already identified in the special examination report in 2015, while others arose this year.

- **Bank of local marine experts.** The main recommendation of the 2015 Special Examination report was to consider the use of local marine experts in the assessment of claims. The Administrator has worked toward the development of a bank of local marine experts to assist in the assessment of claims in the various regions where ship-source oil pollution occurs. This is also a best practice promoted by the IOPC Funds for member countries in terms of developing indemnification readiness in case of a very large spill. While the background work to support the project was carried out during the fiscal year 2016-2017, the actual recruitment effort is planned for the Spring 2017.
- **Ottawa-region pool of marine experts.** The Administrator has also started to develop an Ottawa-region pool of maritime experts from which to draw for advice and support in the Ottawa office. This new pool of experts has allowed her to assess claims in a timely manner while starting new projects, such as the local experts bank project, the small claims projects, the fisheries claims process update (referred to above), or the archive review project (reported below). The notice of professional opportunity is still posted on the SOPF's website as the Administrator wishes to continue populating this pool of available Ottawa-based maritime expertise.
- **Duplication of accounting activities.** The other recommendation contained in the 2015 Special Examination report was to find alternative solutions to eliminate the duplication of accounting activities and costs, as the SOPF accounting is done both in-house and by Transport Canada (which related accounting services are billed to the SOPF). The Administrator did not find the time to address this issue in 2016-2017 due to competing priorities and to the long-term leave of the Fund's Director, Corporate Services, who had been the vivid corporate memory of the intricacies of the Fund's status. This issue remains, however, on the radar screen of the Administrator and it should be addressed during the upcoming fiscal year.
- **SOPF archives filed with Library and Archives Canada.** Library and Archives Canada has advised that some 40-years worth of archives would be returned to the Fund as they were no longer deemed to be of historical value. The Administrator has retained the service of one of its former marine

experts - who had prepared claims assessments for the Fund for many years - to screen the subject files and provide his recommendations on those that have some research value. The exercise has proved very valuable so far in terms of bringing back to light a number of very interesting files that had been totally forgotten. The next step will be to refine the screening and scan the documents of interest – which may eventually lead to making them available online.

- **Student program.** The Administrator's Office hosted a student for three months under Trinity Western Internship Program who notably researched SOPF data on claims for damages caused by derelict and abandoned vessels. The student presented the result of her research to Transport Canada and CCG audiences, and her research is now published on the SOPF website for access by a wider public. In order to continue offering opportunities to students and benefitting from their presence in her office, the Administrator has developed a student program, which is posted on the SOPF website.

1.4. Reporting and Communications

Outreach activities. The Administrator was involved in a number of outreach activities over the year, especially with main stakeholders:

- Transport Canada (through meetings and communications at various levels);
- the Canadian Coast Guard (as main user of the Fund, through meetings and communications at various levels);
- the insurance industry (through attendance at the annual conference of the Canadian Board of Marine Underwriters on May 26, 2016 and through attendance at marine industry events);
- the maritime legal community (especially through the activities of the Canadian Maritime Law Association),
- the shipping industry (through attendance at industry events);
- the SOPF international partners (notably the IOPC Funds' Secretariat and the International Group of P&I Clubs, and exchanges with the US counterpart of the SOPF);
- the Environmental Response professionals and industry (notably through attendance to a large spill simulation exercise in Saint John's on February 2017 and related industrial visits);
- Greater Vancouver stakeholders (through attendance to the Greater Vancouver Integrated Response Plan Tabletop Exercise on September 22, 2016);
- the media (through a number of interviews and answers to queries);
- elected officials (by responding to information queries from a Member of Parliament);
- Academics (by delivering a lecture at University of Ottawa Law Faculty on March 23, 2017).

Challenges and opportunities. Attendance to the Greater Vancouver Integrated Response Plan Tabletop Exercise in September 2016 was an eye opener for the Administrator: apart from the TC and CCG representatives in attendance, the other attendees did not know about the existence of the SOPF and their ability to file claims. It is clear that most potential claimants do not file claims with the SOPF because they do not know about its existence.

Communication and outreach plan. There is definitively a need for the Administrator's office to implement a communications and outreach plan that would cover key segments of potential claimants (such as municipalities, ports, harbour and marinas, first nations, fishermen, etc). As a first step, the Administrator's office has begun to gather data relevant to the development of statistics, messages and communications tools for reaching out to its stakeholders.

Website transition and upgrade. Another preliminary step has been the transition of the actual website to another content management system that will allow the frequent update and continuous development of the SOPF website - which was not possible with the content management system used up to April 2017.

2 – Financial Report

During the fiscal year, the Fund collected \$3,214,795 in interest. It also recovered \$102,250 from shipowners responsible for pollution, or from their insurers. Therefore, the Fund was credited for a total of \$3,317,045 over the year.

During that period, the Fund's expenses rose to \$7,113,409 of which \$1,107,992 were for Operating Expenses (compared to \$1,219,803 the previous year), \$870,706 for contributions to International Funds (compared to \$268,029 the previous year) and \$5,134,771 for payments made towards Canadian claims (payment or commitments made, and increase in the provision for claims under review). The amount for Canadian claims was \$1,674,415 the previous year.

At the end of the fiscal year, the Fund had an accumulated surplus of \$404,702,173 (compared to \$408,498,597 at the end of the previous fiscal year). This amount includes a large provision for the *Chaulk Determination* claim file, the assessment of which was ongoing as of March 31, 2017.

The Auditor's Report is included in the attached Financial Statements.

SHIP-SOURCE OIL POLLUTION FUND

FINANCIAL STATEMENTS

MARCH 31, 2017

SHIP-SOURCE OIL POLLUTION FUND

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INDEPENDENT AUDITOR'S REPORT

To the Administrator of
Ship-source Oil Pollution Fund

We have audited the accompanying financial statements of the Ship-source Oil Pollution Fund, which comprise the statement of financial position as at March 31, 2017, the statements of operations, change in net financial assets and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Marcil Lavallée

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Marcil-Lavallee.ca

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ship-source Oil Pollution Fund as at March 31, 2017, as well as the results of its operations, its change in net financial assets and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Budget

As explained in Note 10 to the financial statements, budget figures are not disclosed in the financial statements, although it is required according to Public Sector Accounting Standards.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
May 31, 2017

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

3

	2017	2016
FINANCIAL ASSETS		
Balance of the account with Receiver General for Canada (Note 3)	\$ 409,178,813	\$ 411,346,610
Accrued interest receivable	381,873	202,498
Advances to the Fund for Railway Accidents Involving Designated Goods	32,531	-
Prepaid expenses	-	1,730
TOTAL FINANCIAL ASSETS	409,593,217	411,550,838
LIABILITIES		
Accounts payable and accrued liabilities	243,642	1,854,408
Provision for claims under review (Note 4)	4,708,962	1,271,890
TOTAL LIABILITIES	4,952,604	3,126,298
NET FINANCIAL ASSETS	404,640,613	408,424,540
NON-FINANCIAL ASSETS		
Capital assets (Note 5)	61,560	74,057
ACCUMULATED SURPLUS	\$ 404,702,173	\$ 408,498,597



_____, Administrator

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

4

	2017	2016
REVENUE		
Interest	\$ 3,214,795	\$ 3,009,550
	3,214,795	3,009,550
CLAIMS		
Payments or commitments made towards Canadian claims	1,697,699	1,351,144
Increase of provision for claims under review International Oil Pollution Compensation Funds	3,437,072	323,271
Contributions (Note 6)	870,706	268,029
Recoveries related to previously awarded settlements	(102,250)	(1,000)
	5,903,227	1,941,444
	(2,688,432)	1,068,106
OPERATING EXPENSES		
Administrative services, salaries and office expenses (Schedule A)	338,298	446,715
Legal fees	232,085	126,053
Consulting fees (Schedule B)	204,799	298,034
Rent	164,301	196,487
Administrator's fees	89,100	92,950
Travel	41,744	17,693
Audit fees	15,820	15,820
Amortization of capital assets	21,845	26,051
	1,107,992	1,219,803
DEFICIENCY OF REVENUE OVER EXPENSES	(3,796,424)	(151,697)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	408,498,597	408,650,294
ACCUMULATED SURPLUS, END OF YEAR	\$ 404,702,173	\$ 408,498,597

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2017

5

	2017	2016
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (3,796,424)	\$ (151,697)
Acquisition of capital assets	(9,348)	(2,145)
Amortization of capital assets	21,845	26,051
	12,497	23,906
DECREASE IN NET FINANCIAL ASSETS	(3,783,927)	(127,791)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	408,424,540	408,552,331
NET FINANCIAL ASSETS, END OF YEAR	\$ 404,640,613	\$ 408,424,540

SHIP-SOURCE OIL POLLUTION FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

6

	2017	2016
OPERATING TRANSACTIONS		
Operating surplus (loss)	\$ (3,796,424)	\$ (151,697)
Adjustment for:		
Amortization of capital assets	21,845	26,051
	(3,774,579)	(125,646)
Net change in non-cash working capital items:		
Accrued interest receivable	(179,375)	(202,498)
Advances to the Fund for Railway Accidents		
Involving Designated Goods	32,531	-
Prepaid expenses	1,730	(40)
Accounts payable and accrued liabilities	(1,610,766)	1,517,775
Provision for claims under review	3,437,072	323,271
	1,616,130	1,638,508
INVESTING TRANSACTION		
Acquisition of capital assets	(9,348)	(2,145)
INCREASE IN BALANCE OF ACCOUNT WITH RECEIVER GENERAL FOR CANADA		
	(2,167,797)	1,510,717
BALANCE, BEGINNING OF YEAR	411,346,610	409,835,893
BALANCE, END OF YEAR	\$ 409,178,813	\$ 411,346,610

SHIP-SOURCE OIL POLLUTION FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

7

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Ship-source Oil Pollution Fund (the Fund) was created on April 24, 1989 by amendments to the *Canada Shipping Act* and succeeded the Maritime Pollution Claims Fund. The Fund is governed by Part 7 of the *Marine Liability Act* (MLA) as modified by Statutes of Canada, 2009, Chapter 21.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with Treasury Board accounting policies which are consistent with Public Sector Accounting Standards.

Accounting estimates

The preparation of financial statements in accordance with Treasury Board Secretariat accounting policies, which are consistent with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses for the periods covered. The primary estimate relate to the valuation of provision for claims under review. Actual amounts could differ from the estimates.

Revenue recognition

Interest income is recognized as revenue when it is earned. Recoveries related to previously awarded settlements are recognized when they are received.

Capital assets

Capital assets are recorded at cost. Capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

Computer equipment	3 years
Furniture and equipment	10 years
Leasehold improvements	Remaining term of lease

Recognition of the provision for claims under review

Provisions for indemnification claims are recognized when a formal claim is submitted by the claimant and is duly received by the Fund.

Recognition of the Contributions to the International Oil Pollution Compensation Funds

The Fund recognizes its contributions to the International Oil Pollution Compensation Funds when the contributions are determined and requested by the International Oil Pollution Compensation Funds.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollars using rates of exchange in effect at the time of these transactions.

SHIP-SOURCE OIL POLLUTION FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

8

3. BALANCE OF THE ACCOUNT WITH RECEIVER GENERAL FOR CANADA

The cash balance of the Fund is held within the Consolidated Specified Purpose Accounts of the Government of Canada. Public Works and Government Services Canada acts as the custodian of this cash balance and Transport Canada performs the various transactions on behalf of the Fund. Interest is credited to the account in accordance with the provisions of the MLA at a rate based on a 5-year Government of Canada bond interest rate, calculated monthly. The interest rates varied between 0.52% and 1.13% during the year (2016: 0.46% and 0.98%). The average interest rate for March 2017 was 0.79% (2016: 0.62%).

4. MEASUREMENT UNCERTAINTY

Due to uncertainties inherent to the claims review process, it is possible that the provision for claims under review may be insufficient. Accordingly, a provision of \$4,708,962 for claims received prior to March 31, 2017 (2016: \$1,271,890) but not completely reviewed by that date has been calculated and recorded in the books. This provision is based on management's estimate and supported by claims payment historical data. All subsequent adjustments due to further investigation will be recognized in the year in which the claims are reviewed.

5. CAPITAL ASSETS

	2017		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 159,083	\$ 154,847	\$ 4,236
Furniture and equipment	185,555	131,483	54,072
Leasehold improvements	487,418	484,166	3,252
	\$ 832,056	\$ 770,496	\$ 61,560

	2016		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 153,800	\$ 152,371	\$ 1,429
Furniture and equipment	185,555	112,927	72,628
Leasehold improvements	487,714	487,714	-
	\$ 827,069	\$ 753,012	\$ 74,057

SHIP-SOURCE OIL POLLUTION FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

9

6. CONTINGENCIES

The Ship-source Oil Pollution Fund may be required to make contributions to the International Oil Pollution Compensation Funds, for which the amount owing is determined by the International Oil Pollution Compensation Funds. The amounts contributed are used to pay compensation for claims arising under the jurisdiction of the contracting states to the International Oil Pollution Compensation Funds. The size of the contribution is contingent on the number of claims received by the International Oil Pollution Compensation Funds, resulting in varying levels of contributions from year to year. Given this volatility, it has been determined that this contribution cannot be reasonably estimated from year to year. The amount of the contribution is paid and recorded by the Ship-source Oil Pollution Fund once the contribution is determined and requested by the International Oil Pollution Compensation Funds. During the year ended March 31, 2017, the Fund has contributed \$870,706 (2016: \$268,029) to the International Oil Pollution Compensation Funds.

During the fiscal year commencing April 1, 2017, the maximum liability of the Fund is \$171,692,521 (2016: \$168,656,700) for all claims from one oil spill. Furthermore, as of April 1, 2017, the Minister of Transport also has the statutory power to impose a levy of 51.50 cents (2016: 50.59 cents) per metric tonne of “contributing oil” imported into or shipped from a place in Canada in bulk as cargo in a ship. Both the maximum liability and the levy are indexed annually to the consumer price index. No levy has been imposed since 1976.

In the normal course of its operations, the Fund may receive information about incidents that have occurred but for which no claims have been received. It is not possible for the Fund to determine the likelihood of a claim for any of these reported incidents. The Fund is also not able to assess the financial value of any such claims should they materialize. No provision related to these incidents is recognized in the financial statements. A provision is recognized when a claim is effectively received.

7. INFORMATION INCLUDED IN OPERATIONS

	2017	2016
Foreign exchange gain (loss) included in the International Oil Pollution Compensation Funds contributions	\$ (1,160)	\$ 3,977

SHIP-SOURCE OIL POLLUTION FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

10

8. RELATED PARTY TRANSACTIONS

The Fund is related, as a component of the accounting framework of the Government of Canada, to all Government of Canada departments, agencies and Crown Corporations.

Rent

During the year, the Fund has paid \$176,139 (2016: \$196,487) to Public Works and Government Services Canada (PWGSC) for the use of office spaces. The Fund is committed to pay an annual minimum rent of \$185,722 to PWGSC for the rental of premises under a lease agreement expiring March 31, 2023. As a tenant, the Fund is also responsible to pay its share of escalation costs annually.

Accounting services

During the year, the Fund has paid \$28,822 (2016: \$29,178) to Transport Canada for accounting services.

Other

During the year, the Fund recovered \$32,531 (2016: - \$) from the Fund for Railway Accidents Involving Designated Goods for the following operating expenses:

	2017	2016
Rent	\$ 11,838	\$ -
Administrative services, salaries and office expenses	20,693	-
	\$ 32,531	\$ -

9. SUBSEQUENT EVENTS

The Fund recognizes a provision for an indemnification claim when a formal and duly prepared claim is submitted by the claimant and is effectively received by the Fund. All claims received before March 31, 2017 were provided for in the financial statements. During the period from April 1, 2017 to May 31, 2017, the Fund has received additional claims totalling \$3,337,976. These claims are not provided for in the financial statements.

10. BUDGET

The Ship-source Oil Pollution Fund does not prepare an annual budget due to the nature of its operations.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

SHIP-SOURCE OIL POLLUTION FUND

ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2017

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	2017		2016
SCHEDULE A - Administrative services, salaries and office expenses			
Salaries and benefits	\$ 202,697	\$	329,226
Information technology services	36,693		32,319
Office expenses	35,176		40,311
Telecommunications	8,376		7,460
Other administrative services	55,356		37,399
	\$ 338,298		446,715
SCHEDULE B – Consulting fees			
Claims consultants and investigators	\$ 85,370	\$	184,485
Database and information management	60,061		62,994
Graphic and multimedia services	59,368		50,555
	\$ 204,799	\$	298,034

APPENDIX 1 –

The Canadian Compensation Regime

The provisions governing liability and compensation for ship-source pollution in Canada are found in Part 6 and Part 7 of the *Marine Liability Act* (MLA):

- Part 6 of the MLA implements international instruments, which have been ratified by Canada: the 1992 Civil Liability Convention (CLC), the 1992 Fund Convention, the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (Bunkers Convention), the Protocol of 2003 to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 2003 (Supplementary Fund Protocol).
- Part 7 of the MLA establishes the Ship-source Oil Pollution Fund (SOPF).

The main features of the Canadian regime are:

- The strict liability of the shipowner, up to its statutory limits of liability;
- Insurance requirements for vessels above tonnage thresholds (with right of direct action against the insurer);
- Access to the SOPF for all types of ship-source oil spills, and to the international funds for excess liability in case of persistent oil spills from tankers.

Strict Liability of the shipowner. The Canadian compensation regime is based on the fundamental principle that the shipowner is primarily liable for oil pollution caused by the ship up to its statutory limits of liability. The MLA makes the shipowner strictly liable for oil pollution damage caused by the ship, and for costs and expenses incurred by the Minister of Fisheries and Oceans and any other person in Canada for clean-up and preventive measures.

In the case of tanker spills, the strict liability regime is governed by the 1992 Civil Liability Convention (CLC), given the force of law by section 48 of the MLA. In the case of bunker oil spills, the liability regime is governed by the Bunkers Convention, given the force of law in Canada by section 69 of the MLA. Oil spills not covered by either of these conventions are governed by the liability regime set out in section 76 and following of the MLA.

It is worth noting that all claims that arise under the MLA must be made within established time limits. Those time limits are prescribed either by the international convention that governs the claim or by the time limits set out in the Act (see subsection 77(6)).

Insurance requirements and direct right of action against the insurer. Implementation of the Bunkers Convention in Canada brings the requirement that all ships having a gross tonnage greater than 1,000 must maintain insurance or other financial security. In case of oil pollution caused by bunker oil from such ships, claimants may go directly against the insurer or other person providing financial security. In addition, as per the CLC, tankers carrying more than 2,000 tonnes of persistent oil must maintain insurance or other financial security to cover pollution damages caused by the oil they carry as cargo – with claimants having a direct right of action against the insurer.

Access to the SOPF for all types of ship-source oil spills. During the fiscal year commencing April 1, 2017, the maximum liability of the SOPF is \$171,692,521 for all claims from one oil spill. This amount is indexed annually. The classes of claims for which the SOPF may be available include the following:

- Claims for oil pollution;
- Claims for costs and expenses of oil spill clean-up including the cost of preventative measures; and
- Claims for oil pollution damage and clean-up costs where the identity of the ship that caused the discharge cannot be established, known as mystery spills.

A widely defined class of persons in the Canadian fishing industry may claim for loss of income caused by an oil spill from a ship.

The SOPF is a fund of last resort (section 101 of the MLA), that is, it pays claims to the extent claimants have been unable to obtain full payment of their claims from the shipowner or any other party. The Administrator of the SOPF is a party by statute to any litigation in Canadian courts commenced by a claimant against a shipowner, its guarantor, or the IOPC Funds (section 109 of the MLA). The Administrator also has the power and authority to participate in any settlement of such litigation, and may make payments out of the SOPF as may be required by the terms of the settlement.

The SOPF is also a fund of first resort (section 103 of the MLA), that is any person – including the Crown - may file their claims directly with the SOPF which takes over the task of recovering compensation from the polluter or other responsible party to the extent that the Administrator finds the claim to be established. The only exception lays with Response Organizations (RO) as defined in the *Canada Shipping Act (CSA)*, which may only use the SOPF for unsatisfied costs and expenses to the extent they have taken all reasonable measures to satisfy their claim from the shipowner.

The Administrator, as an independent authority, has the duty to investigate and assess claims filed with the SOPF. For these purposes, the Administrator has the powers of a commissioner under Part I of the *Inquiries Act*, which includes the power to summon witnesses, to require them to give evidence under oath and to obtain documents.

The Administrator may either make an offer of compensation or decline the claim to the extent that it has not been established. The only recourse of an unsatisfied claimant against a final determination of the Administrator is by way of appeal to the Federal Court of Canada, which must be made within 60 days after notification of the Administrator's decision.

When the Administrator pays a claim out of the SOPF, the Administrator is subrogated to the rights of the claimant and is obligated to take all reasonable measures to recover the amount of compensation paid to the claimant from the shipowner or any other person liable. As a consequence, the Administrator is empowered to commence an action *in rem* against the ship (or against the proceeds of sale, if the ship has been sold) to obtain security to protect the SOPF in the event that no other security is provided. The Administrator is entitled to obtain security either prior to or after receiving a claim, but the action *in rem* can only be continued after the Administrator has paid the claim and has become subrogated to the rights of the claimant (see section 102 of the MLA).

As indicated above, the Administrator has a duty to take reasonable measures to recover the compensation paid to claimants out of the SOPF from the owner of the ship, the IOPC Funds, or any other person. This includes the right to prove a claim against the shipowner's limitations fund set up under the 1992 CLC.

It is important to note that shorter time limits are prescribed by the Act in those instances where the claimant elects to file the claim with the Administrator (see subsection 103(2)). The purpose of shorter time limits is

to enable the Administrator to pursue the claim by way of recourse action within the required time limits where the claim has been established and has been paid out of the SOPF.

Access to the international funds (spills of persistent oil from tankers). In case of persistent oil spills from tankers in Canadian waters, claimants may access the 1992 IOPC Fund and the 2003 Supplementary Fund, should the amount of claims exceed the limit of liability of the 1992 IOPC Fund. For more details on the international compensation regime, see Appendix 2.

The SOPF remains available to provide additional compensation (a fourth layer) in the event that compensation from the shipowner and from the international funds with respect to spills in Canada from oil tankers is insufficient to cover all established claims arising from such spills.

Figure 1 illustrates the current limits of liability and compensation for oil tanker spills in Canada.

Figure 1

Limits of Liability and Compensation Per Incident for Oil Tanker Spills in Canada

Based on the value of the SDR (\$1.815950) on April 3, 2017

International Conventions and Funds	\$1,361,962,500
Total Domestic Fund (SOPF)	\$171,692,521
Total Available to Canada	\$1,533,655,021

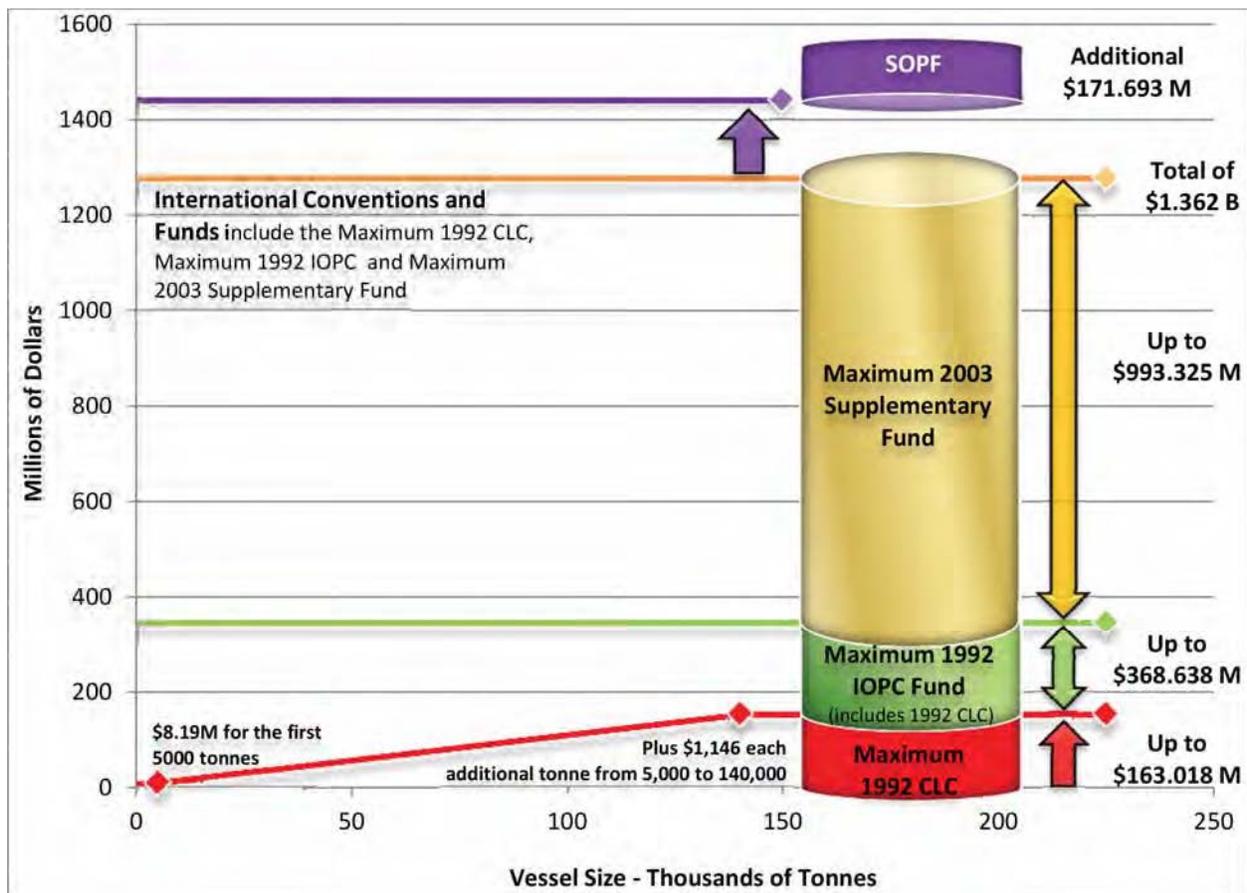


Figure 1 shows the limits of liability and compensation available under the 1992 CLC and the 1992 IOPC Fund Convention. The Supplementary Fund provides \$993,324,650 million beyond the amount available under the CLC and IOPC Funds.

The aggregate amount available under the 1992 CLC, the 1992 IOPC Fund and the Supplementary Fund is \$1.362 billion. The SOPF amount of \$171.693 million, on top of the International Conventions, results in approximately \$1.534 billion being available for a tanker spill in Canadian domestic waters, including the territorial sea and the exclusive economic zone.

APPENDIX 2 –

The International Compensation Regime (Tanker Spills)

The international compensation regime addresses persistent oil spills from tankers. International funds complement shipowner's liability and are financed by member countries through a levy on contributing oil. In Canada, the SOPF pays the Canadian contributions to the international funds.

Compensation from the shipowner. Under the international regime provided by the Convention on Civil Liability (CLC), the shipowner is primarily liable for oil pollution caused by the ship. This is a strict liability, meaning that it can only be avoided on the basis of a limited number of defences specified in the convention. The owner may limit liability, calculated on the basis of the tonnage of the ship, in accordance with the provisions set out in the conventions, and all tankers carrying more than 2,000 tonnes of persistent oil must be insured up to this limit of liability. Claimants have a direct right of action against the vessel's insurer (for the text of the convention, see Schedule 5 to the *Marine Liability Act*).

Compensation from the international funds. Canada is a member of the 1992 IOPC Fund and of the 2003 Supplementary Fund, two international oil pollution compensation funds (www.iopcfunds.org). These two funds are made from levies collected from persistent oil receivers in member countries.

These international funds are strictly dedicated to the indemnification of pollution damages for oil spills caused by tankers carrying persistent oil in bulk as cargo and complement the compensation provided by the owner. To the extent that compensation from the owner is inadequate or not available, the claimant may submit the claim for uncompensated damage to the 1992 IOPC Fund. The Supplementary Fund provides an additional layer of compensation. Combined with the shipowner's liability coverage, these funds provide about \$1.3 billion in compensation for a tanker spill of persistent oil.

Figure 1 shows the limits of liability and compensation available under the 1992 IOPC Convention and the 2003 Supplementary Fund, in addition to the amount available from the shipowner under the CLC Convention.

Financing of the international funds. These international funds are financed by levies on certain types of oil carried by sea. In most States the levies are paid by entities which receive oil after sea transport. Annual contributions are levied by the 1992 IOPC Fund to meet the anticipated payments of compensation and administrative expenses during the coming year.

In Canada, the Administrator of the SOPF is responsible for reporting to the IOPC Funds annually the amount of contributing oil received in Canada by sea. Contributing oil means persistent oil. Under the *Marine Liability Act*, it is mandatory for a person who receives oil, if the total quantity of oil received by the person or associated persons during the calendar year exceeds 150,000 metric tonnes, to report quantities of "contributing oil" imported by sea into Canada in each calendar year. The Administrator consolidates the national figure and reports it to the IOPC Funds Secretariat. It is on this basis that the amount of the Canadian contribution is determined. The obligation to pay contributions to the IOPC Funds on behalf of the Canadian oil receivers is fulfilled by the Ship-source Oil Pollution Fund. The amount of the levy varies from year to year.

Table 1 shows the annual contributions that Canada has paid to the IOPC Fund since 1989. Canada has not been levied yet any contribution by the 2003 Supplemental Fund.

Upcoming: an international compensation regime for damages caused by hazardous and noxious substances (HNS) from ship-source. Damages covered under this international regime will include loss of life or personal injury on board or outside the ship carrying the HNS, loss or damage to property outside the ship, economic losses resulting from contamination, costs of preventive measures and costs of reasonable measures of reinstatement of the environment. The international regime will provide for the strict liability for shipowners for such damages up to a limit of liability based on the tonnage of the ship, backed by mandatory insurance up to this limit, and by a direct right of access against the insurer. It will also provide for an international indemnification fund to cover excess liability. The international HNS Fund will be financed by levies paid by receivers of bulk HNS, or title holders for Liquefied Natural Gas cargo in some cases, that have been transported by sea to the ports and terminals of Member States (more on www.hnsconvention.org).

Canada intends to join this international regime and has put into place the supporting regulations. The SOPF will report to the international HNS Fund the Canadian receipts of persistent and non-persistent oil for the purpose of establishing and paying the Canadian contribution to the international HNS Fund with respect to its “Oil Account” (which will cover damages caused by persistent and non-persistent oil).

Table 1**Canadian Contributions to the International Funds**

The amounts listed below totalling more than 55 million dollars reflects the contributions Canada has paid to the IOPC Funds since 1989.

Fiscal Year	Paid from the SOPF (\$)
1989/90	207,207.99
1990/91	49,161.28
1991/92	1,785,478.65
1992/93	714,180.48
1993/94	4,927,555.76
1994/95	2,903,695.55
1995/96	2,527,058.41
1996/97	1,111,828.20
1997/98	5,141,693.01
1998/99	902,488.15
1999/00	273,807.10
2000/01	6,687,696.71
2001/02	2,897,244.45
2002/03	3,219,969.17
2003/04	4,836,108.49
2004/05	3,448,152.80
2005/06	-
2006/07	360,233.37
2007/08	106,305.06
2008/09	5,161,013.63
2009/10	-
2010/11	3,895,877.19
2011/12	1,394,815.32
2012/13	318,156.19
2013/14	1,028,982.01
2014/15	246,094.95
2015/16	268,029.15
2016/17	870,705.76
Total	55,284,538.68

Note (1): There was no call for Canadian contributions to the International Funds during the fiscal years 2005-2006 and 2009-2010.

Note (2): In Fiscal 2016/2017 the actual cost of the IOPC contributions (@ £530 024.34) is slightly more than the actual amount paid out from the SOPF (@ £527 157.33). A small credit from the IOPC for an amended oil report for 2014 was applied to the amount owing in 2016/2017. The actual cost for 2016/17 is \$875,441.15 Canadian funds - a total difference is \$4,735.39.



Arctic Waters

Clipper Adventur (2010)
Investigator (2016)
Sten Fjord (2016)

580-C1
696-R
694-R



Newfoundland and Labrador

Tug Matherhorn (2014)
Mystery Spill Belleoram (2016)
Baffin Sound (2015)
Mystery Spill St. John's (2015)
Thorco Crown (2017)
Norcon Galatea (2016)
John I (2014)
Jana (2014)
Stalie II (2016)

695-C1
698-C1
685-C1
686-C1
706-R
649-R
662-R
687-R

Nova Scotia

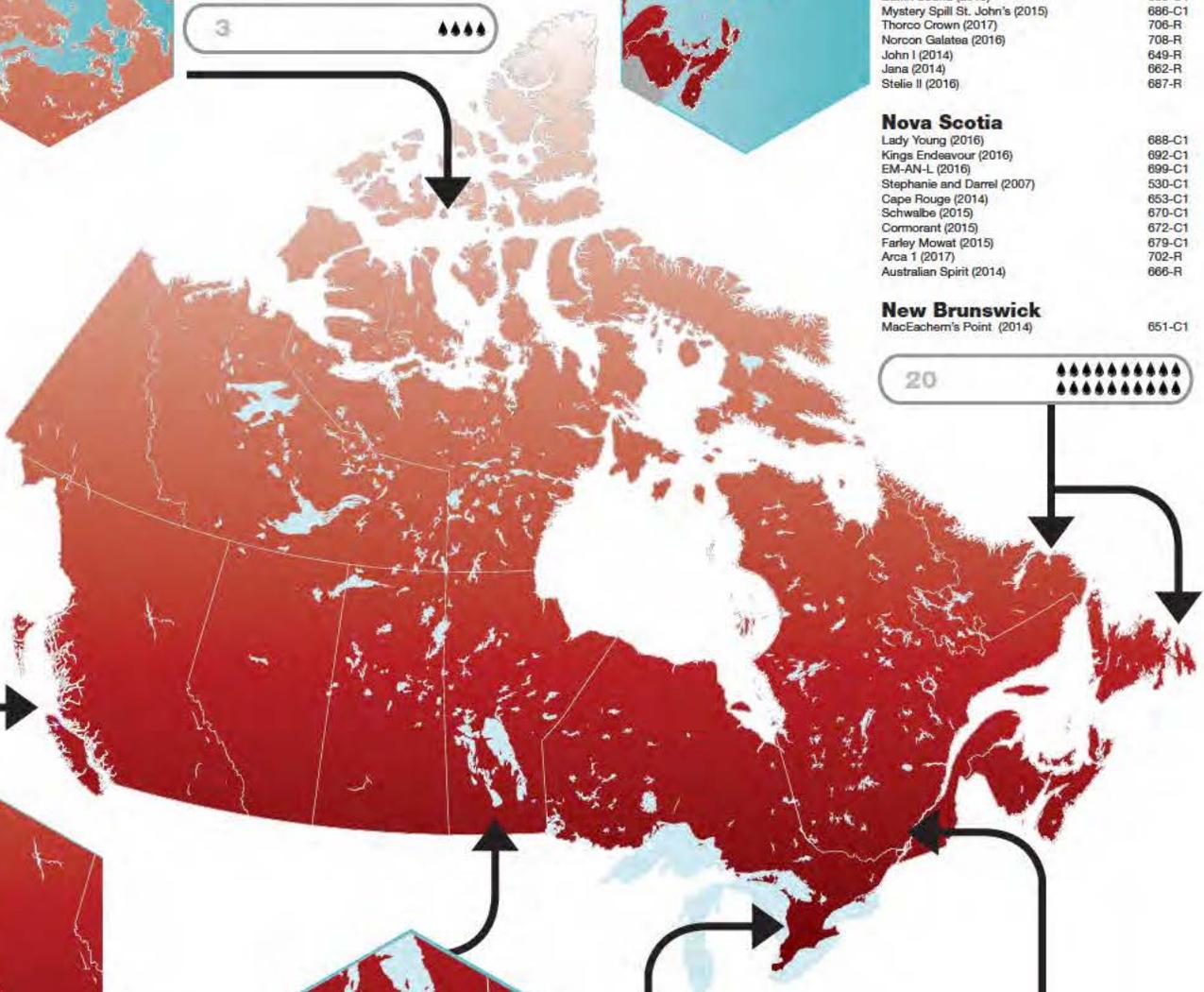
Lady Young (2016)
Kings Endeavour (2016)
EM-AN-L (2016)
Stephanie and Darrel (2007)
Cape Rouge (2014)
Schwalbe (2015)
Cormorant (2015)
Farley Mowat (2015)
Arca 1 (2017)
Australian Spirit (2014)

688-C1
692-C1
699-C1
530-C1
653-C1
670-C1
672-C1
679-C1
702-R
666-R

New Brunswick

MacEachern's Point (2014)

651-C1



British Columbia

Crown Forest B4-6 (2014)
Spudnik (2014)
Chilcotin Princess (2015)
Pacific Grizzly (2015)
Western Chief (2015)
Elva M II (Port) (2017)
Elva M II (CCG) (2017)
Pursepa (2015)
Command Performance (2017)
South Wind (2017)
Mistann (2011)
Bertha G (2012)
Mikon (2013)
Bromada (2013)
Gale Force (2013)
Porcher G (2014)
Elf (2014)
Baltic II (2014)
Dominion I (2014)
Maryjack (2014)
Windago (2014)
King Arthur (2016)
Top Hatt (2016)
Rhonda (2017)
Mystery Spill, Port Edward (2016)
Mowitch (2017)
Acquaculture Site, Echo Bay (2017)
Lightship LV76 (2017)
Tug Nathan E. Stewart (2016)
Viki Lyne II (2012)
Pacific Challenge (2013)
Silver King (2014)
Simushir (2014)
Marathassa (2015)

683-C1
685-C1
689-C1
691-C1
693-C1
704-C1
704-C1-1
707-C1
710-C1
714-C1
608-C1
664-C1
629-C1
641-C1
680-C1
644-C1
646-C1
647-C1
613-C1
657-C1
659-C1
689-R
690-R
703-R
701-R
705-R
711-R
713-R
697-R
619-R
635-R
660-R
624-R
673-C1



Manitoba

Lord Selkirk II (2014)

655-C1



Ontario

Navicula (2015)

668-R



Quebec

Chauk Determiation CCG (2014)
Sainte-Anne-de-Bellevue (2013)
Grand Charlevoix (2013)
Tandem I (2015)
Bayliner (2013)
Chauk Determiation (TRPA) (2015)
Mystery Spill, Port of Quebec (2017)
Kathryn Spirit (2013)
Sarah Desgagnés (2015)
Louis Jolliet (2015)

667-C1
678-C1
677-C1
676-C1
675-C1
700-C1
712-R
642-R
683-R
684-R



APPENDIX 3 –

2016-2017 Active Files - Canadian Incidents

This section summarizes each of the 69 incident files which were handled by the Administrator during the fiscal year beginning April 1, 2016, and ending March 31, 2017. They involve either claims filed with the Fund, or those for which some action may have been initiated to ensure that the Fund's interests are properly protected.

When the Administrator pays a claim, he or she has a statutory obligation to take all reasonable measures to recover the amount of payment from the owner of the ship or any other person liable. For that purpose, the Administrator may commence legal proceedings. In claims where the responsible shipowner is known, the services of legal counsel may be obtained to commence recourse action. In some situations involving abandoned and derelict vessels, the name of the shipowner is not always readily available. In these instances, the Administrator may engage a professional locator service to trace the name and location of the registered owner and identify assets that may be available for recovery purposes.

The Administrator receives reports of oil pollution incidents from a variety of sources. These include individuals who wish to be advised if they are entitled to compensation under the *Marine Liability Act* (MLA) for costs and expenses incurred in the clean-up of oil pollution. The Administrator responds to all enquiries about compensation entitlement and investigates all claims resulting from oil pollution that are submitted to the Fund. Additional oil pollution incidents are reported to the Canadian Coast Guard (CCG) nationally, but most of them are minor. Others may involve greater quantities of oil but are not brought to the attention of the Administrator, because they were satisfactorily dealt with at the local level. A number of ship-source oil pollution incidents are dealt with by the shipowner through contractual arrangements with the applicable Canadian Response Organization.

The 2016-2017 portfolio includes 42 claims files (26 carried over from 2015-2016, and 16 new claims), and 27 incident files (13 carried over from 2015-2016 and 14 new incidents).

2016-2017 Incident Index

Region – Name of Ship and Year of Incident	Case Number	Type of File	File History	Annual Activity	Page Number
Newfoundland and Labrador					
Tug Matterhorn (2014)	695-C1	Claim	New Claim	Active	43
Mystery Spill Belleoram (2016)	698-C1	Claim	New Claim	Closed	46
Baffin Sound (2015)	685-C1	Claim	Carried Forward	Active	42
Mystery Spill St. John's (2015)	686-C1	Claim	Carried Forward	Closed	42
Thorco Crown (2017)	706-R	Report	New Report	Closed	51
Norcon Galatea (2016)	708-R	Report	New Report	Carry over	52
John I (2014)	649-R	Report	Carried Forward	Carry over	48
Jana (2014)	662-R	Report	Carried Forward	Carry over	49
Stelie II (2016)	687-R	Report	Carried Forward	Carry over	50

Region – Name of Ship and Year of Incident	Case Number	Type of File	File History	Annual Activity	Page Number
Nova Scotia					
Lady Young (2016)	688-C1	Claim	New Claim	Active	45
Kings Endeavour (2016)	692-C1	Claim	New Claim	Closed	44
EM-AN-L (2016)	699-C1	Claim	New Claim	Active	45
Stephanie and Darrel (2007)	530-C1	Claim	Carried Forward	Active	36
Cape Rouge (2014)	653-C1	Claim	Carried Forward	Active	40
Schwalbe (2015)	670-C1	Claim	Carried Forward	Closed	41
Cormorant (2015)	672-C1	Claim	Carried Forward	Active	41
Farley Mowat (2015)	679-C1	Claim	Carried Forward	Active	42
Arca I (2017)	702-R	Report	New Report	Active	51
Australian Spirit (2014)	666-R	Report	Carried Forward	Carry over	49
New Brunswick					
MacEachern's Point (2014)	651-C1	Claim	Carried Forward	Closed	39
Quebec					
Chaulk Determination CCG (2014)	667-C1	Claim	New Claim	Active	46
Sainte-Anne-de-Bellevue (2013)	678-C1	Claim	Carried Forward	Closed	37
Grand Charlevoix (2013)	677-C1	Claim	Carried Forward	Closed	37
Tandem I (2013)	676-C1	Claim	Carried Forward	Closed	37
Bayliner (2013)	675-C1	Claim	Carried Forward	Active	38
Chaulk Determination (TRPA) (2015)	700-C1	Claim	Carried Forward	Active	41
Mystery Spill, Port of Quebec (2017)	712-R	Report	New Report	Carry over	52
Kathryn Spirit (2013)	642-R	Report	Carried Forward	Carry over	48
Sarah Desgagnés (2015)	683-R	Report	Carried Forward	Carry over	49
Louis Jolliet (2015)	684-R	Report	Carried Forward	Carry over	50
Ontario					
Navicula (2015)	668-R	Report	Carried Forward	Carry over	49
Manitoba					
Lord Selkirk II (2014)	655-C1	Claim	Carried Forward	Closed	40
British Columbia					
Crown Forest 84-6 (2014)	663-C1	Claim	New Claim	Active	44
Spudnik (2014)	665-C1	Claim	New Claim	Active	42
Chilcotin Princess (2015)	669-C1	Claim	New Claim	Active	45
Pacific Grizzly (2015)	691-C1	Claim	New Claim	Closed	43
Western Chief (2015)	693-C1	Claim	New Claim	Closed	43
Elva M II (Port) (2017)	704-C1	Claim	New Claim	Active	46
Elva M II (CCG) (2017)	704-C1-1	Claim	New Claim	Active	46

Region – Name of Ship and Year of Incident	Case Number	Type of File	File History	Annual Activity	Page Number
Pursepa (2015)	707-C1	Claim	New Claim	Active	47
Command Performance (2017)	710-C1	Claim	New Claim	Active	47
South Wind (2017)	714-C1	Claim	New Claim	Active	47
Mistann (2011)	608-C1	Claim	Carried Forward	Active	36
Bertha G (2012)	664-C1	Claim	Carried Forward	Closed	37
Mikon (2013)	629-C1	Claim	Carried Forward	Closed	37
Bromada (2013)	641-C1	Claim	Carried Forward	Closed	38
Gale Force (2013)	680-C1	Claim	Carried Forward	Closed	38
Porcher G (2014)	644-C1	Claim	Carried Forward	Closed	38
Elf (2014)	646-C1	Claim	Carried Forward	Active	39
Baltic II (2014)	647-C1	Claim	Carried Forward	Closed	39
Dominion I (2014)	613-C1	Claim	Carried Forward	Closed	39
Maryjack (2014)	657-C1	Claim	Carried Forward	Active	40
Windago (2014)	659-C1	Claim	Carried Forward	Active	40
King Arthur (2016)	689-R	Report	New Report	Carry over	50
Top Hatt (2016)	690-R	Report	New Report	Carry over	50
Rhonda (2017)	703-R	Report	New Report	Carry over	51
Mystery Spill, Port Edward (2016)	701-R	Report	New Report	Carry over	51
Mowitch (2017)	705-R	Report	New Report	Carry over	51
Acquaculture Site, Echo Bay (2017)	711-R	Report	New report	Carry over	52
Lightship LV76 (2017)	713-R	Report	New Report	Active	52
Tug Nathan E. Stewart (2016)	697-R	Report	New Report	Active	51
Viki Lyne II (2012)	619-R	Report	Carried Forward	Carry over	36
Pacific Challenge (2013)	635-R	Report	Carried Forward	Carry over	48
Silver King (2014)	660-R	Report	Carried Forward	Carry over	48
Simushir (2014)	624-R	Report	Carried Forward	Carry over	49
Marathassa (2015)	673-C1	Report	Carried Forward	Active	49
Arctic Waters					
Clipper Adventurer (2010)	580-C1	Claim	Carried Forward	Active	36
Investigator (2016)	696-R	Report	New Report	Active	50
Sten Fjord (2016)	694-R	Report	New Report	Carry over	50

CLAIMS CARRIED OVER FROM 2015-2016

Note: The incident details in this report focus solely on the developments that have occurred during the fiscal year 2016/2017. Earlier annual reports should be consulted for historical information published previously.

Stephanie & Darrel (2007)

Case number: 120-530

On April 11, 2007, the abandoned fishing vessel *Stephanie and Darrel* moored at the Shelburne Marine Terminal, in Nova Scotia, was determined to be a pollution risk and was subsequently cleaned. The Fund obtained an encumbrance against the owner of the vessel from the Supreme Court of Nova Scotia. The judgment was extended until 2019 and the file remains open.

Clipper Adventurer (2010)

Case number: 120-580

On August 27, 2010, the Bahamian-registered cruise ship, *Clipper Adventurer*, ran aground in the Coronation Gulf, in the Canadian Arctic and the CCG was alerted. Coast Guard responded to the incident first as Search and Rescue responders and secondly as Environmental Response responders.

The case went to trial in November 2016, with the Fund being party by statute (under s.109 of the *Marine Liability Act*). Judgment was rendered in January 2017, the plaintiff's action (Adventurer Owner Ltd et Al) was dismissed and Her Majesty the Queen in Right of Canada's action was maintained. On February 24, 2017 a notice of appeal was filed with the Federal Court. The file remains open.

Mistann (2011)

Case number: 120-608

The 37-foot fiberglass fishing vessel *Mistann*, sank at the Yacht Club in Prince Rupert on Friday October 14, 2011. The Department of Fisheries and Oceans/Canadian Coast Guard (DFO/CCG) submitted its claim in 2012, for which the Fund made a payment of \$103,425.74 inclusive of interest.

On January 29, 2014, a default judgment against the shipowner was issued by the Prothonotary of the Federal Court in Vancouver.

In 2016, the Administrator decided to proceed with legal action to seize the assets of the registered owner, with the intent that this action would prompt the owner to address the default judgment. In February, 2017, bailiffs from North Central Bailiffs Ltd, British Columbia commenced action on the advice of Counsel to seize and sell three vessels, generator sets and one vehicle. After costs, the Fund received \$18, 080.42 as partial recovery of the claim costs. The file remains open.

Viki Lyne II (2012)

Case number: 120-619

On June 21, 2012, the CCG informed the Administrator that an old steel-hulled fishing vessel, *Viki Lyne II*, was abandoned in Ladysmith Harbour, British Columbia, and was likely to discharge a pollutant. The CCG conducted an initial assessment and found the vessel in a deteriorated condition with substantial amounts of oil aboard.

On July 26, 2016, the Fund was advised by Coast Guard that they had published a Request for Proposals for the deconstruction of the vessel. The Fund's Marine Surveyor confirmed that the vessel was subsequently deconstructed.

In March of 2017, the Administrator engaged a locator service to trace the location of the registered owner and identify assets that may be available for recovery purposes. A claim has not been filed with the Fund. In the meantime the file remains open.

Bertha G (2012)*Case number: 120-664*

The ex-fishing vessel *Bertha G*, grounded near Dunsmuir Island in Ladysmith Harbour, Vancouver Island in November 2012. In October 2014, the Coast Guard submitted a claim for clean-up costs. Payment of the claim was withheld due to the Release and Subrogation issue.

The Claim was paid in full in the amount of \$71,298.93 including interest on November 9, 2016. The Administrator had during the course of the year considered all recourse options available; however, given that the ownership of the vessel could not be established the Administrator closed the file on November 29, 2016.

Mikon (2013)*Case number: 120-629*

This claim involves a 37-foot wooden hull ex-fishing vessel, *Mikon* that sank at its moorings in 2013 and caused oil pollution in Port Browning, Pender Island, British Columbia. In December 2014, the Coast Guard submitted a claim. Payment of the claim was withheld due to the Release and Subrogation issue.

On August 25, 2016, the Fund paid the Department of Fisheries and Oceans \$44,595.50 for costs and expenses incurred by Coast Guard while responding to this incident. The Administrator after careful consideration of the facts, and recognizing the time bar status for recourse action decided on September 28, 2016 to close the file.

Mystery Spill, Sainte-Anne-de-Bellevue (2013)*Case number: 120-678*

On July 14, 2013, the CCG was alerted about an oil spill occurrence in the lock area of the Sainte-Anne-de-Bellevue Canal, which connects Lac St. Louis and Lac des Deux Montagnes near Montreal. In June 2015, the DFO/CCG submitted a claim for clean-up costs. Payment of the claim was withheld due to the Release and Subrogation issue.

On July 21, 2016, the Administrator processed payment of the claim including interest to the Coast Guard in the amount of \$15,857.00. This being a mystery spill, a responsible party could not be identified and the Administrator concluded that all reasonable effort to identify the responsible party had been taken and consequently on August 10 closed the file.

Grand Charlevoix (2013)*Case number: 120-677*

July 15, 2013, the *Grand Charlevoix*, a 19.8-metre commercial excursion vessel touched bottom and was holed with 38 persons including passengers on board about three nautical miles from Cap du Basque, at the mouth of the Saguenay River, Quebec. The vessel had 800 litres of diesel on board and traces of pollution were sighted around the vessel. In June 2015, the DFO/CCG submitted a claim for costs and expenses. Payment of the claim was withheld due to the Release and Subrogation issue.

In July 2016, the Administrator paid the Department of Fisheries and Oceans \$7,111.26 including interest and proceeded with recourse action against the shipowner before the statutory deadline. Counsel for the shipowner initially raised the issue of the long delay in presentation of the Fund claim and invoked the fact that no court action had been filed before the 3 year period after this delay was passed. The shipowner did not accept financial responsibility under the *Marine Liability Act*. After consideration the Administrator concluded that all reasonable steps to recover the costs of the claim had been taken and subsequently closed the file on March 31, 2017.

Tandem I (2013)*Case number: 120-676*

On July 17, 2013, the maritime shuttle ferry, *Tandem I*, was aground in the St. Lawrence River, at Montreal. The 24-metre vessel sustained a fire in the engine room, and grounded about 2.34 cables off the wharf in Longueuil. There were three crew members, but no passengers on board at the time. A sheen of oil

pollution was seen to be dispersing with the river current. In June 2015, the DFO/CCG submitted a claim for monitoring costs. Payment of the claim was withheld due to the Release and Subrogation issue.

In July 2016, the Administrator paid DFO/CCG \$2,733.69 including interest and proceeded with recourse action against the responsible shipowner before the statutory deadline. Counsel for the shipowner initially raised the issue of the long delay in presentation of the Fund claim and invoked the fact that no court action had been filed before the 3 year period after this delay was passed. The shipowner did not accept financial responsibility under the *Marine Liability Act*. After consideration the Administrator concluded that all reasonable steps to recover the costs of the claim had been taken and subsequently closed the file on March 31, 2017.

Bayliner (2013)

Case number: 120-675

During the afternoon of August 17, 2013, the 27-foot pleasure craft *Bayliner* grounded in the “Rivière des Prairies Rapides du Cheval Blanc” in the vicinity of Montreal. In June 2015, the DFO/CCG submitted a claim for costs and expenses of pollution prevention. Payment of the claim was withheld due to the Release and Subrogation issue.

In July of 2016, the Administrator paid the department of Fisheries and Oceans \$15,585.20 including interest in settlement of their claim. Recourse action was commenced against the shipowner, pursuant to the *Marine Liability Act*. He subsequently declared bankruptcy and the Administrator filed a proof of claim with his trustee in bankruptcy. The recovery action continues and the file remains open.

Bromada (2013)

Case number: 120-641

On September 19, 2013, the old 50 foot, abandoned, derelict fishing vessel *Bromada* sank in Ladysmith Harbour, British Columbia, and was discharging oil. In February 2015, the DFO/CCG filed a claim. Payment of the claim was withheld due to the Release and Subrogation issue.

In September, 2016 the Department of Fisheries and Oceans received payment of their claim in the amount of \$35,066.41 including interest. During the assessment of the claim and the CCG response to the incident it was not possible to identify the owner of the vessel. The Administrator concluded that all reasonable measures to recover the amount of the payment had been taken and closed the file.

Gale Force (2013)

Case number: 120-680

On October 9, 2013, the *Gale Force*, a derelict 61-foot wooden hull ex-fishing vessel built in 1940, grounded and discharged pollutants in the sensitive marine estuary at Comox, British Columbia. In August 2015, the DFO/CCG filed a claim. Payment of the claim was withheld due to the Release and Subrogation issue.

In July of 2016, the Administrator authorized payment of the claim in the amount of \$55,249.73 including interest to the Department of Fisheries and Oceans. The vessel was an unregistered derelict fishing vessel. During the assessment of recourse potential the Administrator determined that it was unlikely that successful recourse actions could be taken and in August of 2016 after full consideration closed the file.

Porcher G (2014)

Case number: 120-644

On January 13, 2014, the 45-foot wooden hull ex-fishing vessel *Porcher G* sank at the wharf in Campbell River, British Columbia and was discharging oil. In March 2015, the DFO/CCG filed a claim. Payment of the claim was withheld due to the Release and Subrogation issue.

In July of 2016, the Administrator authorized payment of the claim in the amount of \$32,828.07 including interest to the Department of Fisheries and Oceans. The Administrator engaged a professional locator service to conduct an asset search of the vessel owner. It was determined that there were no exigible assets,

the Administrator concluded that all reasonable measures to recover the amount of the payment had been taken and closed the file.

Elf (2014)

Case number: 120-646

On January 14, 2014, the CCG received a report from the District of Squamish that the *Elf* sank near the government wharf in Squamish Harbour. It was reported that a significant amount of oil was upwelling from the wreck, which had sunk in an environmentally sensitive area. In August 2014, the DFO/CCG filed a claim for clean-up costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On August 4, 2016, the Administrator paid the Department of Fisheries and Oceans \$88,702.92 as full and final settlement of their claim. On September 30, 2016 the Administrator made demand by registered mail upon the shipowner to pay the claim amount plus interest. On October 7, 2016, the Administrator filed a statement of claim in the Federal Court against the shipowner.

This court case was joined with another Federal Court case where the shipowner sues the DFO/CCG for damages caused to his ship. This second court case involves several third parties. On October 26, 2016, the shipowner filed a Statement of Defence and Counterclaim against the Administrator. Squamish Marine Services Ltd filed a Defence to the Counterclaim on December 16, 2016 and on January 3, 2017, a Third Party Defence was filed with the Federal Court by Valley Towing Ltd. The file remains open.

Baltic II (2014)

Case number: 120-647

On January 24, 2014, the CCG received a report from the harbour authority at Deep Bay, British Columbia, that an abandoned wooden fishing vessel was at risk of sinking and discharging oil at its mooring in the harbour. In March 2015, the DFO/CCG filed a claim for pollution prevention costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

The Administrator requisitioned payment of the claim on July 28, 2016, in the amount of \$10,449.72 including interest. In September of 2016, the Counsel for the Administrator sent a registered Demand Letter to the vessel owners for costs and expenses paid. The letter was not delivered to the owners. The Administrator having fully considered the likelihood of successful recourse action closed the file on March 31, 2017.

Dominion I (2014)

Case number: 120-613

On March 12, 2012, the *Dominion I* dragged anchor and came in contact with the anchored fishing vessel *Polar Prince* in Cowichan Bay. Throughout the incident, the *Dominion I* did not release any pollutants. In March 2014, the DFO/CCG filed a claim for pollution prevention costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On November 9, 2016, the Administrator paid the Department of Fisheries and Oceans \$65,000.00 in settlement of their claim. On November 29, 2016, the Administrator after consideration of advice from Counsel that there was little potential for successful cost recovery concluded that all reasonable measures to recover the amount of the payment from the owner of the ship had been taken and subsequently closed the file.

MacEachern's Point Wharf (2014)

Case number: 120-651

On May 5, 2013, a fire occurred at the MacEachern's Point Wharf in Tabusintac, New Brunswick. The fire destroyed the upper structure of five fishing vessels and they sank alongside their mooring docks. Each vessel contained approximately 150 gallons of fuel oil, plus a quantity of lube and hydraulic oils. In March 2014, the DFO/CCG filed a claim for clean-up costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

In August of 2016, the Administrator paid the Department of Fisheries and Oceans \$60,497.28 including interest for their claim. On August 10, 2016 the Administrator noted that a responsible party had not been identified during the assessment and investigation of this claim. She concluded that all reasonable measures to recover the amount of the payment had been taken and subsequently closed the file.

Cape Rouge (Ryan Atlantic II) (2014)

Case number: 120-653

The incident occurred on March 10, 2014, when the CCG received a report from a concerned citizen that the vessel *Cape Rouge* was sinking at the wharf in Bridgewater, Nova Scotia. In June 2014, the DFO/CCG filed a claim for clean-up costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On July 27, 2016, the Administrator directed Transport Canada to pay the Department of Fisheries and Oceans the established claim amount of \$382,353.33 including interest. Earlier in July of 2016, the Administrator had tasked a professional locator service to investigate the assets of the owners of the vessel and no significant financial assets were identified. However, noting that the vessel owner is a repeat polluter, the Administrator decided to pursue recovery action. On October 4, 2016, the Administrator filed a Statement of Claim with the Federal Court.

Lord Selkirk II (2014)

Case number: 120-655

In early March 2014, the CCG was informed by Transport Canada about the situation of the derelict vessel, *Lord Selkirk II*, aground in the ice-covered waters of the Red River in Manitoba. In January 2015, the DFO/CCG filed a claim for oil pollution prevention costs.

On May 30, 2016, after investigation and assessment of the claim, the Administrator made a final offer to the Department of Fisheries and Oceans for the established amount of \$78,793.14 plus interest. The offer was accepted and paid in the amount of \$84,591.76 including interest.

The Administrator asked Counsel to review the situation and to recommend how best to proceed with recourse action. The shipowner was a US company that had gone into bankruptcy. Counsel advised the Administrator to take no further steps as cost recovery success was unlikely. Consequently, on October 11, 2016, after careful consideration of all options available the Administrator closed the file.

Maryjack (2014)

Case number: 120-657

The incident occurred on May 31, 2014, when the 60 foot wooden hull ex-fishing vessel *Maryjack* sank in Sibell Bay on Vancouver Island. In July 2015, the DFO/CCG filed a claim for clean-up costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

The Administrator and the Commissioner of the Canadian Coast Guard met and it was subsequently agreed to use this particular incident to bring closure to the unresolved issue of Coast Guard providing the Administrator with an executed Release and Subrogation Agreement prior to receipt of the claim payment.

On October 7, 2016, the Administrator brought a referral to the Federal Court, to determine whether the Administrator has the right to require a claimant to execute the Release and Subrogation Agreement as a condition precedent to payment of the claim. The hearing is scheduled for April 26, 2017 and the file remains open.

Windago (2014)

Case number: 120-659

On June 11, 2014, the sailing vessel *Windago* dragged anchor and grounded on Kitsilano Beach, Vancouver, British Columbia. In February 2016, the DFO/CCG filed a claim for oil pollution clean-up costs.

After investigation and assessment of the claim, on June 1, 2016 the Administrator made an offer to the Department of Fisheries and Oceans for the established amount of \$41,506.93 plus interest. The offer was accepted and a payment of \$44,035.16 was made.

In November, 2016, the Administrator engaged a locator service to complete a locate and asset search on the vessel owner. No assets were identified. Two demand letters were sent to the two addresses identified for the vessel owner. No response was received. In the interim the file remains open.

Chaulk Determination (Trois-Rivières Port Authority) (2015) *Case number: 120-700*

The *Chaulk Determination* was an ocean-going tug of 566 gross tonnes owned by CAI Marine Inc. On December 26, 2014, the vessel sank at Section 1 of the Port of Trois-Rivières with 22 tonnes of pollutants on board. On February 21, 2015, the vessel was raised and on April 16, the Port observed that the refloated tug was listing and concluded after investigation that the vessel was again at risk of sinking and was a pollution threat.

In October 2015, the Port Authority filed a claim for costs and expenses incurred responding to the pollution threat of the tug, in the amount of \$71,909.71. In parallel, procedures were introduced in the Federal Court.

After investigation and assessment of the claim, on February 2, 2017, the Administrator made an offer for the established amount of \$71,909.71 minus the amount of \$1,277.13 that the Port had received from the Federal Court. The offer was accepted by Counsel for the Port on February 6, 2017, and an executed Release and Subrogation Agreement was returned to the Administrator. A payment of \$73,848.78 including interest was made to the Port.

The Ship-source Oil Pollution Fund received \$45,184.44 as per the Court decision in the sale of the *Chaulk Lifter* in regard to the *M/V Chaulk Determination* Trois-Rivières Port Authority incident.

The Administrator closed the file on March 31, 2017.

Schwalbe (2015) *Case number: 120-670*

On February 1, 2015, the 60-foot abandoned sailboat, *Schwalbe*, had broken its moorings and drifted ashore on the south side of Lunenburg Harbour, Nova Scotia. In April 2015, the DFO/CCG filed a claim for pollution prevention costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On July 27, 2016, the Administrator directed payment of \$5,533.71 (established amount plus interest) to the DFO/CCG.

The Administrator concluded that all reasonable measures to recover the amount of the payment from the owner of the vessel who was no longer residing in Canada had been taken. The file was closed on November 29, 2016.

Cormorant (2015) *Case number: 120-672*

On March 18, 2015, the CCG was notified that the *Cormorant*, a former diving support ship in the Royal Canadian Navy that had been decommissioned and sold in 1997, was listing heavily and sinking at the dock in LaHave River, Bridgewater, Nova Scotia. The Coast Guard assumed the role of Federal Monitoring Officer and on May 4, 2015, the CCG took over management of the incident response in the role of On-Scene Commander.

In November 2015, the DFO/CCG filed a claim. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On August 19, 2016, the Administrator processed payment of the claim to Coast Guard in the amount of \$534,340.76 including interest.

In June of 2016, the Administrator contracted a professional locator service to complete a locate and asset search on the owner of the *Cormorant*. Pursuing further recourse action in September, Counsel for the Administrator filed a Statement of Claim, Warrant, and Affidavit to Lead Warrant with the Federal Court and arranged for the arrest of the *Cormorant*. In the interim, the file remains open.

Farley Mowat (2015)

Case number: 120-679

On June 24, 2015, the CCG was notified that the *M/V Farley Mowat* was sinking at the wharf in Shelburne, Nova Scotia. The vessel sunk and the CCG and contractors responded to the pollution incident. In January 2016, the DFO/CCG filed a claim with the Fund.

On June 27, 2016, after investigation and assessment of the Claim, the Administrator made an offer to Coast Guard in the amount of \$814,815.05. The offer was accepted on July 7, 2016. After reaching an agreement with Coast Guard on a way forward with respect to the Release and Subrogation issue, the Administrator paid the claim in the amount of \$839,863.02 including interest.

The Administrator engaged a professional locator service to complete a locate and asset search of the owner of the vessel. No exigible assets were identified. The owner is however a repeat polluter, as claims paid by the Fund for the *Ryan Atlantic II*, the *Hannah Atlantic* and the *Farley Mowat* involve the same owner and total over one million dollars. The Administrator then commenced an action in the Federal Court seeking a default judgement against the owner of the vessel. The owner of the vessel filed a Defence with the Court. The file remains open.

Baffin Sound (2015)

Case number: 120-685

On June 23, 2015, the CCG received a report from the local Harbour Authority that oil sheen was originating from the fishing vessel *Baffin Sound* in St. Anthony Newfoundland. The steel vessel had been tied up at the town wharf in St. Anthony Harbour for the past seven to eight years with the main engine removed. In December 2015, the DFO/CCG filed a claim for clean-up costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On July 26, 2016, the Administrator directed payment to the CCG in the amount of \$22,926.95 including interest to settle this claim. A professional locator service was engaged to complete a locate and asset search on the registered owner. The vessel owner was served with a Statement of Claim in January 2017. In February 2017 Counsel advised that they had secured judgment from the Federal Court against the owner in the amount of \$22,926.25 plus pre and post judgment interest. In the interim the file remains open.

Mystery Spill, St. John's Harbour (2015)

Case number: 120-686

On July 4, 2015, the CCG received a report of an oil sheen on the surface of the water in St. John's Harbour. This mystery spill occurred in the area of pier 10 and black oil droplets were also found along the north shore of the harbour in the vicinity of the Outer Battery. In December 2015, DFO/CCG filed a claim for clean-up costs. Payment of the claim was subsequently withheld due to the Release and Subrogation issue.

On August 18, 2016 the Administrator settled with the Coast Guard for \$28,101.98 including interest. This being a mystery spill, a responsible party could not be identified and the Administrator closed the file on December 6, 2016.

CLAIMS RECEIVED IN 2016-2017

Spudnik (2014)

Case number: 120-665

On November 12, 2014, the CCG informed the Administrator that the derelict 195 foot steel vessel *Spudnik* had broken its moorings and was adrift in Howe Sound, British Columbia. This incident was reported in the Administrator's 2015-2016 report.

On April 28, 2016, the Administrator received a claim from the DFO/CCG for costs and expenses in the amount of \$149,043.60. After investigation and assessment of the claim the Administrator made a final offer to the Coast Guard for the established amount of \$131,064.45 plus interest. The offer was accepted on September 8, 2016 and the claim was paid in the amount of \$137,747.51 including interest.

The Fund commenced recourse action against the vessel owner. The Administrator engaged a locator service to complete a locate and asset search of the vessel owners. No assets were identified. A further survey was done by a local marine surveyor of three vessels owned by the same owner. The survey concluded that the vessels had no significant market value. The file remains open.

Pacific Grizzly (2015)

Case number: 120-691

In the early evening of August 4, 2015, the CCG was informed that the 80 year old, 20.5 metre wooden fishing vessel *Pacific Grizzly* had sunk alongside the dock in Bella Coola and was polluting the local area. The vessel contained an estimated 1,000 gallons of diesel fuel and 10 gallons of lube oil. The release of pollutants was both visible and continuing. The owner took responsibility for the spill and responded to the situation. He removed 13 barrels of diesel fuel and six drums of fuel/water mixture from the vessel and finally, deconstructed the vessel. Coast Guard had two roles, first to monitor the work arranged and managed by the owner and second to provide specific booms and absorbents directly to the site.

On June 10, 2016, the Coast Guard filed a claim with the Administrator for costs and expenses in the amount of \$23,110.35, pursuant to the *Marine Liability Act*. The Administrator confirmed that the claim was a legitimate one on the Fund and after investigation and assessment she made a final offer for the established amount of \$23,110.35 plus interest. The offer was accepted on July 7, 2016, and the Department of Fisheries and Oceans was paid \$23,851.79.

The Administrator engaged a professional locator service to identify the assets of the registered owner of the vessel.

Counsel for the Administrator pursued recourse action against the registered owner. A negotiated settlement of \$12,500.00 was agreed and upon receipt of payment the Administrator provided the owner with an executed Release. On February 8, 2017 the Administrator closed the file.

Western Chief (2015)

Case number: 120-693

On June 14, 2015, the Coast Guard was advised of a mystery diesel spill near the fishing vessel *Western Chief* at the Fishermen's Wharf in False Creek, British Columbia. Coast Guard responded to the scene and confirmed that the spill was both significant and recoverable. The vessel owner did not initially accept responsibility for the spill. Transport Canada inspectors attended the scene as well as the Vancouver Fire Department.

The Coast Guard responded as Incident Commander; 1,000 litres of oily water was skimmed from the area, 3,000 litres of oily water was removed from the bilges of the vessel and in addition 76 bags of solid waste (absorbents) were recovered from the area.

The Western Canada Marine Response Corporation (WCMRC) was contracted by Coast Guard and provided timely and effective response.

On July 18, 2016, the Administrator received a claim in the amount of \$45,521.92 from Coast Guard pursuant to the *Marine Liability Act*. The claim was assessed and on August 18, 2016, the Administrator made an offer to Coast Guard for the established amount of \$45,521.92 plus interest. This offer was accepted.

The Administrator through Counsel pursued recourse action against the shipowner. On March 14, 2017, the Administrator executed a Release for the owners of the *Western Chief* and received a settlement payment of \$43,000.00 from the owners' insurers. Having concluded a successful recourse action the file was closed on March 28, 2017.

Tug Matterhorn (2014)

Case number 120-695

The tug *Matterhorn*, a vessel fitted with 13 fuel tanks sunk while secured alongside another vessel at a marine facility at Mount Carmel, St. Mary's Bay, Newfoundland on August 10, 2014. The tug was not in

service, it was moored at the Miller Shipping Facility apparently awaiting repairs. The tug had been towed to Mount Carmel in 2011 and at the time had 15,000 litres of diesel onboard. At the time of sinking the vessel had 3,000 litres of fuel in the fuel tanks, 1,000 litres of fuel in the day tanks and an additional 1,250 litres of lube oils onboard.

Initially the owner provided inadequate booming and sorbents in the area and eventually ignored all further attempts by Coast Guard to communicate with him. During 2014 and 2015, the Coast Guard attended the site and provided ongoing response services and eventually assumed the role of On-Scene Commander.

The Coast Guard contracted Marine and Engineering Consultants to provide options to CCG to allow removal of pollutants from the vessel. Based on the options, CCG made the decision to remove the pollutants from the vessel in situ. Contractors completed the work on July 14, 2016. The tug remains on the bottom.

On August 9, 2016 the Coast Guard filed a claim with the Administrator for costs and expenses in the amount of \$172,751.64. The Administrator found the amount of \$172,751.64 to be established. Therefore on February 21, 2017 the Administrator made an offer of \$172,751.64 plus interest in the amount of \$8,456.76. The offer was accepted and the claim was paid.

A professional locator service was hired to complete an asset search of the vessel owner and in March of 2017, the Administrator engaged Counsel to commence recourse action against the vessel owner. In the interim the file remains open.

Kings Endeavour (2016)

Case number: 120-692

On December 29, 2015, the Coast Guard was advised that the abandoned 15.58 meter wooden F/V *Kings Endeavour* was sinking at the Falls Point Wharf in Wood's Harbour, Nova Scotia. The owner was contacted and promised to undertake necessary repairs but later was not cooperative. The local Harbour Authority and Coast Guard concluded that the vessel was a pollution threat and engaged contractors in April 2016, to remove 900 litres of fuel, 100 litres of lube and hydraulic oils and 2,500 litres of oily bilge water.

Coast Guard had the roles of On-scene Commander, Responder and Federal Monitoring Officer during the response to this pollution threat.

The Administrator received a claim from DFO/CCG on August 9, 2016, in the amount of \$5,773.41. It was investigated and assessed and on August 18 the Administrator made an offer to Coast Guard of \$5,234.32 plus interest. The Coast Guard accepted the offer, and the payment was made.

The Administrator considered all options available for recourse action. Given that the owner of this vessel is also the owner of the *Farley Mowat* and the *Cape Rouge* and that the Administrator is currently seeking a default judgment for these two claims, it was decided that it was not necessary to commence another action. The Administrator closed the file on November 23, 2016.

Crown Forest 84-6 (2014)

Case number: 120-663

On September 27, 2014, the CCG informed the Administrator that an old 40-metre barge was sinking and polluting in Zeballos Inlet on the west side of Vancouver Island. This incident was reported in the Administrator's 2015-2016 report.

On September 19, 2016, the Administrator received a claim from DFO/CCG in the amount of \$67,348.81. The claim was investigated and assessed and on November 24, an offer in the established amount of \$67,348.81 plus interest was made. Coast Guard accepted the offer and was paid \$71,698.27 including interest.

The Administrator instructed Counsel to commence recourse action against the shipowner. A demand letter was sent on February 2, 2017. A response was not received.

On February 21, 2017, the Administrator filed a Statement of Claim with the Federal Court. Counsel for the shipowner responded to the February 2 demand letter on March 13, 2017. The file remains open.

Lady Young (2016)*Case number: 120-688*

On April 14, 2016, the fishing vessel *Lady Young* grounded on Deming's Island in a lobster fishing and holding area of Nova Scotia while en route from Liverpool to Jordan's Bay. The vessel contained 300 gallons of diesel fuel as well as other pollutants. The vessel owner was given "Notice" by Coast Guard and he replied that he did not have the financial means to respond. Coast Guard assumed the role of On-scene Commander and engaged RMI Marine Services to remove pollutants from the vessel. The work was completed on the 19th of April. The vessel hulk was left on the island.

On August 9, 2016, the Administrator received a claim from Coast Guard for costs and expenses in the amount of \$25,747.66 pursuant to the *Marine Liability Act*. After confirming the legitimacy of the claim and completing an investigation and assessment, the Administrator made a final offer to the Coast Guard for the established amount of \$25,598.67 plus interest. The offer was accepted by Coast Guard on December 14, 2016, accordingly, a payment of \$26,098.69 was made to the Department of Fisheries and Oceans/CCG.

The Administrator is pursuing recourse action for full cost recovery and the file remains open.

Chilcotin Princess (2015)*Case number: 120-669*

On January 30, 2015, the 51-metre old steel vessel, *Chilcotin Princess*, was listing at its berth and in danger of sinking at Namu, British Columbia. The vessel was moored alongside the old dock of the abandoned Namu cannery for over 10 years. A portion of the dock had collapsed, so the vessel was at risk of capsizing and causing oil pollution.

On September 19, 2016, the Administrator received a claim from the DFO/CCG in the amount of \$137,680.88. After investigation and assessment on November 2, 2016, the Administrator made an offer for the established amount of \$137,680.88 plus interest. The offer was accepted and the DFO/CCG was paid \$144,794.66 including interest.

In December 2016, the Administrator started recourse action against the vessel owner and tasked a professional locator service to complete a locate and asset search. Counsel sent a Demand letter to the owner, a response was not received. On February 1, 2017 Counsel on behalf of the Administrator commenced recourse action against the Province of British Columbia, as the provincially incorporated company which owned the ship was dissolved before the incident. Counsel sent a demand letter to the Government of British Columbia seeking costs and expenses in the amount of \$144,794.66 plus further interest thereon from the date of payment, i.e. November 23, 2016. The Province responded on March 7, denying liability for the claim. The case is pending in court and the file remains open.

F/V EM-AN-L (2016)*Case number 120-699*

On September 18, 2016, a local fisherman reported to Coast Guard that a 40-foot fishing vessel had sunk and was polluting Weymouth North Harbour. The vessel had struck a shoal while entering the harbor, was holed, and eventually sunk at the Irving dock.

Coast Guard responded to the scene, confirmed the pollution and identified the pollution threat to lobster holding crates in the area. Coast Guard took on the dual role of On-Scene Commander and Responder. They were assisted by local fishermen. Sorbents were utilized and pollutants were removed from the area. The vessel owner did not respond to the incident.

On December 2, 2016, the CCG filed a claim with the Administrator in the amount of \$4,808.25. On January 25, 2017, after assessment and investigation, the Administrator made an offer for the established amount of \$4,605.94 plus interest. The offer was accepted and the Administrator paid the full amount of \$4,663.38.

The Administrator instructed Counsel to pursue recourse action against the vessel owner. The file remains open.

Mystery Spill, Belleoram, Nfld. (2016)

Case number 120-698

On July 4, 2016, the Harbour Master in Belleoram Harbour reported an oil sheen in the vicinity of the main wharf and floating docks to the Coast Guard. The local response spill kit was used by the Harbour Master to contain the spill. The diesel sheen measured 100 feet by 500 feet and had been driven up onto the adjacent beach. Boom and absorbent pads were utilized and the used equipment was recovered for disposal by the harbor authority.

Coast Guard arrived on-scene on July 5, 2016, and spoke with local fishermen, who confirmed that the remainder of the spill had dispersed with the local weather conditions. Coast Guard assumed the role of Federal Monitoring Officer and concluded that the source of the pollution damage was unknown and that they were unable to establish that this occurrence was not caused by a ship. The Administrator concluded that this was a mystery spill.

On December 2, 2016, the CCG filed a claim with the Administrator in the amount of \$2,178.55. The Administrator found the amount \$2,137.39 to be established and on February 13, 2017, made an offer of \$2,137.39, plus interest to Coast Guard. The offer was accepted and payment of \$2,174.38 was made. The Administrator closed the file on March 28, 2017.

Chaulk Determination (2014) (CCG Claim)

Case number: 120-667

The incident occurred on December 26, 2014, when the tugboat *Chaulk Determination* sank at the wharf in the port of Trois-Rivières, Quebec, and began leaking fuel oil into the St. Lawrence River. This incident was reported in the Administrator's 2015-2016 report.

On December 09, 2016, the Coast Guard filed a claim with the Administrator in the amount of \$4,585,963.68. The claim was acknowledged and the Administrator commenced investigation and assessment of the claim. The file remains open.

Elva M II (2016) (Harbour Authority Claim)

Case number 120-704

On November 4/5, 2016, the 19-metre wooden fishing vessel *Elva M II* sunk at the government dock in Steveston, British Columbia. The local Harbour Authority attended the scene along with the Coast Guard Environmental Response group. They deployed booms and equipment to effectively deal with the pollution threat. Local contractors were engaged to raise the vessel. Once the vessel was raised it was hauled out the water and deconstructed. The Steveston Harbour Authority staff provided effective and timely response to this pollution incident.

On February 9, 2017, the Fund received a claim for costs and expenses in the amount of \$7,649.63 from the Harbour Authority. The Claim was investigated and assessed and on February 22, 2017, an offer for the established amount of \$7,649.63 plus interest was made. On March 21, 2017 having received an executed Release and Subrogation Agreement, the Administrator paid the claim in the amount of \$7,736.30 as full and final settlement of the claim.

Elva M II (2016) (CCG Claim)

Case number 120-704-C1-1

Overnight on November 4/5, 2016, the fishing vessel *Elva M II*, a wooden vessel built in 1927 sunk at the government dock in Steveston, British Columbia. The Coast Guard attended the scene along with the local Harbour Authority. The owner advised the Coast Guard that he was not in a financial position to engage contractors and was stepping away from the response. The Coast Guard assumed the role of On-scene Commander. The owner was advised that he would be liable for the costs and expenses incurred. The Harbour Authority and Coast Guard deployed booms and equipment to effectively deal with the pollution coming from the vessel. Local contractors were then engaged to raise the sunken vessel. Diving services were also engaged and finally, once raised the vessel was taken to a local boat repair facility for haul out and deconstruction.

The recovery operation took place during the late afternoon and early evening and at 21:25 hours the vessel was removed from the water.

In keeping with the “Polluter-pays” principle, the Coast Guard requested payment for the costs and expenses incurred from the vessel owner who declined payment stating that he was not personally responsible for any costs incurred in raising the vessel.

The Coast Guard then filed a claim in the amount of \$46,351.57 with the Ship-source Oil Pollution Fund on February 28, 2017. The claim was assessed and investigated and on March 30, 2017, the Administrator advised that Coast Guard that the claim had been assessed for the established amount of \$46,351.57. The Administrator offered Coast Guard \$46,351.57 plus interest as full and final settlement of the claim. The file remains open.

Pursepa (2015)

Case number 120-707

On March 2, 2015, the 50 foot, 89-year old wooden vessel *Pursepa* was aground on Tye Spit in the Campbell River Estuary in British Columbia. The vessel had been converted to a live-aboard boat, the owner was contacted, and he committed to take measures to mitigate the threat of pollution by refloating his vessel on the tide. Coast Guard concluded that the *Pursepa* was likely to discharge oil pollution as it lay aground on the sand bar in the mouth of the river. On March 4, the Coast Guard took over the response when it was apparent that the owner was unwilling and unable to take appropriate measures. Coast Guard personnel from the Campbell River Lifeboat Station boomed the immediate area around the grounded vessel to contain any released hydrocarbons. On March 5, after a site visit the Coast Guard concluded it was necessary to remove the wreck to prevent further pollution. A local contractor from Campbell River was engaged to dispose of the abandoned vessel and on March 18th the operation commenced. Coast Guard was on-scene as On-scene Commander. During a four-day period, 100 gallons of diesel fuel was removed from the vessel along with the fuel tanks, other contaminant and the main engine. During the lift operation the stern of the vessel separated from the hull. It was decided to leave the shell of the vessel on the Spit. The incident was closed on March 24, 2015.

On February 28, 2017, the Coast Guard filed a claim with the Administrator in the amount of \$24,504.93. The claim was investigated and assessed and the Administrator found the amount of \$24,473.92 to be established. On March 30, 2017, an offer in the amount of \$24,473.92 plus interest as full and final settlement was made to Coast Guard. The file remains open.

Command Performance (2016)

Case number 120-710

The CCG received a report that the fishing vessel *Command Performance* was sinking at the dock in Ahousat, BC on Sunday July 10, 2016. The old vessel was discharging oil into the marine environment and was determined to be a pollution threat. Coast Guard response personnel responded from Tofino lifeboat station. The vessel was boomed and Coast Guard assumed the role of On-scene-Commander. Attempts to locate the owner were unsuccessful. Local contractors were engaged to plug the vessel’s fuel vents and to refloat the vessel. CCG personnel continued to monitor the salvage operation. The vessel was towed to the Saltair Marine yard in Ladysmith and eventually deconstructed.

On March 21, 2017, the Administrator received a claim from Coast Guard, on behalf of the Minister of Fisheries and Oceans, for costs and expenses in the amount of \$116,433.70, made pursuant to the *Marine Liability Act*. The file remains open.

South Wind, Sechelt, BC (2015)

Case number 120-714

On August 31, 2015, the CCG received a report that the fishing vessel *South Wind* was mostly submerged near the marina at Sechelt Inlet, British Columbia. The vessel was discharging oil into the marine environment. The vessel was a 36-foot wooden hulled fishing vessel. The Coast Guard assumed the role

of On-Scene-Commander. Resources including a response craft and crew were deployed by Coast Guard from Richmond, BC to the incident site. The owner was unsuccessful in his attempt to salvage his vessel and address the pollution threat. Subsequently, a local contractor refloated and removed the vessel from the water.

On March 30, 2017, the Administrator received a claim from Coast Guard on behalf of the Department of Fisheries and Oceans for costs and expenses in the amount of \$14,300.21. The file remains open.

INCIDENT REPORTS CARRIED OVER FROM 2015-2016

Note: The incident details in this report focus solely on the developments that have occurred during the fiscal year 2016/2017. Earlier annual reports should be consulted for historical information published previously.

Pacific Challenge (2013)

Case number: 120-635

On June 27, 2013, the CCG reported that the ex-tug *Pacific Challenge* was in danger of sinking at its anchorage off Pender Harbour, British Columbia. The owner reported that hull deterioration was the cause for the slow ingress of water, but that he was unable to respond to the incident.

The derelict vessel contained approximately 25,000 litres of a mixture of diesel oil and sea water in its fuel tanks. There were also some 400 litres of hydraulic oil on board, and a quantity of oily waste in the bilges. No claim has been filed with the Fund and the file remains open.

Kathryn Spirit (2013)

Case number: 120-642

On September 19, 2013, the CCG informed the Administrator about a potential oil pollution incident involving the ship *Kathryn Spirit* near Beauharnois in the St. Lawrence River. The vessel has been moored on the shores of Lake Saint-Louis, in Beauharnois since 2011. A working group was established and recommended dismantling of the vessel. The Government has made funds available for this work. No claim has been filed with the Fund and the file remains open.

John I (2014)

Case number: 120-649

The Administrator was informed by the CCG that on March 14, 2014, the Panama-registered bulk carrier, *John I*, which was en route to Montreal, had lost power and drifted onto a shoal near Rose Blanche on the south coast of Newfoundland. DFO/CCG considered the grounded ship to be an oil pollution threat, and a Letter of Undertaking (LOU) was obtained from the shipowner's P&I Club in favour of the Fund and the DFO/CCG. On February 29, 2016, Counsel for the Administrator informed the Fund that the P&I Club and the DFO/CCG had come to terms on their claim discussion.

Further it was noted that a Release, Discharge and Receipt was executed on April 14, 2016. In October of 2016, the Coast Guard informed the Administrator that the shipowner had settled their claim. The Administrator closed the file on March 31, 2017.

Silver King (2014)

Case number: 120-660

On June 23, 2014, the CCG, Western Region, informed the Administrator that it was aware of an abandoned derelict tug near a sensitive fishing area in Deep Bay on the east coast of Vancouver Island. No further information was received during the year and no claim has been filed with the Fund. The file remains open.

Jana (2014)

Case number: 120-662

On September 21, 2014, the Administrator was informed about the incident involving the CCG about the multi-purpose cargo ship *Jana* in Mortimer Bay, Newfoundland.

No further information was received during the fiscal year and no claim has been filed with the fund. The file remains open.

Simushir (2014)

Case number: 120-624

On October 16, 2014, the CCG received a report that the Russian Federation general cargo ship *Simushir* was adrift 19 nautical miles west of the island Haida Gwaii, British Columbia. The ship had a main engine failure and was experiencing 7-metre seas with winds in excess of 90 kilometres per hour. On board there were 472 metric tonnes of bunker fuel oil and 59 tonnes of diesel fuel. All the fuel oils were in immediate danger of being released should the vessel drift aground on the Queen Charlotte Islands.

As of the end of the fiscal year, all claims received by the insurers had been paid and no claim has been filed with the Administrator. Meanwhile, the file remains open until the prescription period has expired.

Australian Spirit (2014)

Case number: 120-666

On December 10, 2014, the Administrator was informed by the CCG that the Bahamian registered crude oil tanker *Australian Spirit* was adrift about 40 nautical miles off the coast of Nova Scotia due to loss of steering.

On March the 28, 2017, the Coast Guard confirmed to the Administrator that the vessel owner had paid the tug charges and that a claim would not be filed with the Ship-source Oil Pollution Fund. The file was closed on March 28, 2017.

Navicula (2015)

Case number: 120-668

On February 3, 2015, the CCG informed the Administrator that a former Canada Fisheries Research Vessel, *Navicula*, sank at a Welland Canal marina in Port Weller, Ontario. The manager of the marina reported to Coast Guard that the old 65-foot vessel was half encased in ice. All that was visible was part of the hull and a rusty foremast. There was a small amount of oil released, resulting in a minimal sheen but it was contained by the use of absorbent pads. Furthermore, Coast Guard was advised by the Seaway Authority that a salvage plan was under review.

As of the end of the fiscal year, no claim has been filed with the Fund. In the meantime, the file remains open.

Marathassa (2015)

Case number: 120-673

On April 8, 2015, the CCG was informed that there was an oil spill near the entrance to Vancouver Harbour. A Letter of Undertaking was received from the ship's insurer and the Administrator was advised that claims are being dealt with by counsel for the insurers. The file remains open.

Sarah Desgagnés (2015)

Case number: 120-683

On November 6, 2015, the Administrator received a written enquiry from a lawyer representing the Makivik Corporation of Nunavik about the procedure to obtain compensation for loss or damage due to an oil spill caused by a tanker in Canadian waters.

As of the end of the fiscal year, the Administrator has not received a claim for this incident. The file remains open.

Louis Jolliet (2015)

Case number: 120-684

In early November 2015, the cruise vessel *Louis Jolliet* was reported to be leaking diesel into the St. Lawrence River at Quebec City. The owner provided a copy of the certificate of financial responsibility to the Fund as well as assurance that the company would deal with both the clean-up and any future claims. The Administrator's file remains open.

INCIDENT REPORTS OPENED IN 2016-2017

Stelie II (2016)

Case number: 120-687

On March 29, 2016, the Administrator was informed by the CCG that the 90 foot wooden fishing vessel *Stelie II* was a potential oil pollution threat in the harbour of Port Saunders, Newfoundland. Coast Guard contacted the vessel owners who were uncooperative. The vessel was dewatered and removed from the water.

A claim has not been received and the file remains open.

King Arthur (2016)

Case number: 120-689

On April 14, 2016, the CCG advised the Administrator of a pollution incident report involving the barge *King Arthur* in Squamish, British Columbia. The CCG issued a "Notice" to the owner, to remove pollutants from the barge. In addition, CCG hired AMIX Marine Services to evaluate the current condition of the barge and as well engaged a marine surveyor to assess and report on the condition of the barge. Keystone Environmental was hired to take pollution samples from the barge for analysis. Transport Canada Marine Safety attended the scene and WCMRC was contracted to provide additional resources on standby.

The Administrator engaged a professional locator service to complete a locate and asset search of the vessel owner. A claim has not been received and the file remains open.

Top Hatt (2016)

Case number: 120-690

On May 6, 2016, the Fund received an email from Fraser Pacific Marine Services (FPMS) with an attached invoice in the amount of \$92,829.45. The Fund advised FPMS that the invoice did not constitute a claim and provided them with a copy of the "Claims Manual" in the event that they wished to file a claim.

Coast Guard was on-scene and advised that FPMS were contracted by the vessel owner to lighten the vessel and that the vessel was stored in their boat house when it sank.

On February 21, 2017, the Fund contacted FPMS seeking the status of his May 2016 inquiry. The file remains open.

Sten Fjord (2016)

Case number 120-694

On July 14, 2016, CBC reported that while unloading gasoline in the northern community fuel tanks at Rankin Inlet the Tanker *Sten Fjord* spilled some product from the resupply hose as a result of a small boat colliding with the resupply hose. Containment measures and cleanup actions were commenced immediately. The hose line was repaired and resupply continued. The polluter engaged the response organization. Coast Guard advised that they will not be submitting a claim to the Fund. This report file remains open.

Investigator (2016)

Case number 120-696

On September 2, 2016, the fuel barge *Investigator* ran aground near Toker Point, about 15 km north of Tuktoyaktuk and remains stranded. The Administrator engaged counsel to act on her behalf together with

Coast Guard to protect the interests of the Fund. A refloating attempt was unsuccessful and it is intended that the barge will over winter in the Arctic. The file remains open.

Nathan E. Stewart (2016)

Case number 120-697

On October 15, 2016, the Administrator was advised by Coast Guard that the Tug *Nathan E. Stewart* and Barge *DBL 55* ran aground on October 13 at the entrance to Sea Forth Channel, near Bella Bella, British Columbia. The barge was empty of cargo and moved to a safe anchorage. The fuel tanks on the tug were breached and contained approximately 59,924 gallons of diesel oil. A Unified Command and Incident Management Team was stood up at Heiltsuk Nation tribal Council Chambers. The Administrator engaged a local marine expert to provide her with advice. The Administrator and the CCG received a LOU from the ship's insurer on December 16, 2016. A claim has not been received. The file remains open.

Mystery Spill, Port Edward, BC (2016)

Case number 120-701

The Port Edward Harbour Authority advised the Fund on December 14, 2016, that they would be submitting a claim for a vessel that sunk at their dock. The vessel was not identified. The Fund requested further information from the Harbour Authority and provided a copy of the Claims Manual for reference. This report file remains open.

Arca 1 (2017)

Case number 120-702

On January 8, 2017, the Coast Guard was notified that the *MT Arca 1* had lost both engines and was aground off Sydney, Nova Scotia. The 53 metre tanker was in ballast with 15 tonnes of propulsion fuel onboard. An Incident Command Post was established at the Coast Guard College, Coast Guard response resources were tasked and the owners contracted McKeil Marine Ltd to attempt to free the vessel. The vessel owner activated their arrangement with the Response Organization. The vessel was successfully refloated and berthed in Sydney, Nova Scotia.

The Administrator engaged Counsel to obtain security from the vessel owners. Counsel confirmed on February 28, that the vessel had been arrested. An executed bail bond in the amount of \$385,000.00 was filed with the Federal Court and the vessel was released. The file remains open.

Mowitch (2017)

Case number 120-705

On February 1, 2017, CBC reported that the *Mowitch* sank off the east shore of Okanagan Lake, during the evening of January 30. The vessel is a small (4.6 metre) steel workboat. No pollution has been reported. This report file remains open.

Thorco Crown (2017)

Case number 120-706

On February 7, 2017, the *MV Thorco Crown* had a fire in the engine room Off Port Aux Basques, Newfoundland. The vessel was disabled and required assistance. Coast Guard Environmental Response were contacted as well as commercial tugs to tow the vessel. The Administrator engaged Counsel to arrange appropriate LOU security. On March 28, 2017, the Coast Guard advised the Fund that they had settled their claim with the shipowner. The file remains open.

Rhonda (2016)

Case number 120-703

On January 10, 2017, the Administrator was informed by Coast Guard that the fishing vessel *Rhonda* had sunk at the dock in Embree, Newfoundland on December 25, 2016. A claim has not been received. The file remains open.

Norcon Galatea (2017)

Case number 120-708

On March 8, 2017, the Coast Guard informed the Fund that the *MV Norcon Galatea* a 123-foot passenger vessel had experienced mechanical problems off the South Coast of Newfoundland on February 26, 2017. The crew were air lifted off the vessel and CCG considered the vessel to be a potential pollution threat. The vessel owners were fully engaged in the salvage operation and no damage to the vessel was reported, nor any release of pollutants. Coast Guard advised the Fund that they intend to submit their monitoring costs claim to the vessel owner. This report file remains open.

Aquaculture Site, Echo Bay, BC (2017)

Case number 120-711

On March 9, 2017, Counsel for the Administrator in British Columbia reported a spill of diesel at a floating fish farm near Echo Bay BC. This report file remains open.

Mystery Spill, Port of Quebec (2017)

Case number 120-712

On March 17, 2017, the Administrator was notified by the Port of Quebec that a spill had occurred the previous week. The situation was discussed with the Administrator and a copy of the Claims Manual was sent to the Port. This report file remains open.

Lightship LV76 (2017)

Case number 120-713

On March 24, 2017, Counsel for the Administrator in British Columbia reported that the vessel had sunk and that significant pollution was reported. The vessel was a former USCG Lightship, without means of propulsion. The West Coast Marine Response Corporation was engaged and boomed the vessel. This vessel is one of several derelict vessels in the area. This report file remains open.