



# **Western Canada Marine Response Corporation**

**Fee Justification Document  
Proposed Bulk Oil Cargo Fees  
January 1, 2024**

## INTRODUCTION:

The membership fees for Western Canada Marine Response Corporation (“WCMRC”) are listed below, and are unchanged. This document details the manner in which the Bulk Oil Cargo fees have been calculated, and provides supporting financial information.

## MEMBERSHIP FEES:

### a.) Registration Fee

The current registration and subscription fees are \$775.

There is no defined fee setting formula for determining the Registration Fees, however, the *Framework for Membership Fees dated February 3<sup>rd</sup>, 1999* has identified that the preparedness costs of WCMRC are recovered through membership fees, and the components are outlined as follows:

- a fixed annual fee
- applicable to all members of WCMRC
- provides 10 – 15% of the total preparedness cost. As preparedness costs escalate, so too must applicable fees.

### b.) Bulk Oil Cargo Fee (“BOCF”)

- is determined on the basis of cost per tonne;
- the BOCF is calculated by multiplying a Bulk Oil Cargo Fee Rate (“BOCFR”) by the applicable quantity of bulk oil loaded or unloaded within WCMRC’s Geographic Area of Response (“GAR”), and where applicable, bulk oil cargo transferred between ships within WCMRC’s GAR;
- the BOCFR is calculated by dividing the forecast annual *Net Expense (1)* of WCMRC by the forecast *Annual Volume (2)* of bulk oil cargo to be loaded or unloaded within WCMRC’s *GAR (3)*;
- *Net Expense (1)* = Debt servicing + operating costs including depreciation + return on equity less revenue from forecasted registration fees and other revenues, plus/minus the previous years operating surplus/deficit;
- *Annual Volume (2)* = Total volume of bulk oil cargo unloaded + total volume of bulk oil loaded for international destinations and north of 60 within WCMRC’s GAR and where applicable, bulk oil cargo transferred between ships within WCMRC’s GAR;
- *GAR (3)* = Geographic area of response for which WCMRC is certified to operate.

The above formula for the BOCFR was endorsed by the participants of the Multi-Stakeholder Consultation Meeting held in Toronto, June 1<sup>st</sup> – 5<sup>th</sup>, 1998.

The BOCFR calculated by the above formula is applicable to all products except asphalt. The BOCFR for asphalt is 50% of the rate for all other products.

**c.) Capital Asset/Loan Fee (“CALF”)**

- is determined on the basis of cost per tonne;
- the CALF is calculated by multiplying a Capital Asset/Loan Fee rate (“CALFR”) by the applicable quantity of bulk oil loaded or unloaded within WCMRC’s Geographic Area of Response (“GAR”), and where applicable, bulk oil cargo transferred between ships within WCMRC’s GAR;
- the CALFR is calculated by dividing the forecast annual Funds Required for Capital Purchases (1) of WCMRC, plus the provision for tax (2) by the forecast Annual Volume (3) of bulk oil cargo to be loaded or unloaded within WCMRC’s GAR (4);
- Funds Required for Capital Purchases (1) = Annual Capital Budget plus the annual principal bank loan repayment, less amortization of capital assets (excluding amortization of assets purchased previously with the CALF);
- Provision for tax (2) = (Funds Required for Capital Purchases less amortization of capital assets purchased previously with the CALF) multiplied by the applicable rate of tax;
- Annual Volume (3) = Total volume of bulk oil cargo unloaded + total volume of bulk oil loaded for international destinations and north of 60 within WCMRC’s GAR and where applicable, bulk oil cargo transferred between ships within WCMRC’s GAR;
- GAR (4) = Geographic area of response for which WCMRC is certified to operate.

**Bulk Oil Cargo Fee Rate (BOCFR)**

BOCFR	GAZETTED effective January 1, 2023	PROPOSED effective January 1 <sup>st</sup> , 2024
Asphalt	\$0.880	\$0.963
Other Products	\$1.760	\$1.926

The basis for establishing the Bulk Oil Cargo Fee is as follows:

	BOCF FEE CALCULATION	
	2023 Budget Effective: 2023	2024 Budget Proposed: 2024
<b>Revenue</b>		
Deferred Revenue Previous Year	1,700,000	
Interest and Other	35,000	35,000
Projects	1,000,000	360,000
Registration Fees	1,550,000	1,550,000
	<b>4,285,000</b>	<b>1,945,000</b>
<b>Expenses</b>		
Depreciation	1,001,000	1,076,252
Insurance	420,000	293,300
Technology and R&D	63,200	59,940
Maintenance and Readiness	2,099,009	2,026,135
Office	926,719	947,968
Travel	432,068	463,921
Interest and Other	411,831	538,697
Public Relations	56,950	43,950
Professional Fees	425,625	377,749
Rent and Moorage	978,118	863,201
Salaries	8,880,076	9,656,758
Training	398,080	428,835
	<b>16,092,676</b>	<b>16,776,706</b>
Total Funds Required	<b>11,807,676</b>	<b>14,831,706</b>
Total Volumes	<b>6,710,727</b>	<b>7,702,775</b>
<b>Bulk Oil Cargo Fee</b>	<b>\$ 1.760</b>	<b>\$ 1.926</b>

**Notes:**

- 1.) Registration Fees  
Vessel and oil handling facility registrations are based on 2024 projections and are consistent year over year.
- 2.) Project revenues  
Include projected revenues from consulting projects.
- 3.) Deferred Revenue  
This consists of fees collected in excess of expenses, unbudgeted spill revenues, past and expected volume adjustments to billing, and revenues collected in advance of being earned. Although we had about \$900k in net spill revenue, were over-budget on expenses by a similar amount, therefore we have zero prior-year deferral.
- 4.) Amortization

Consists of actual loan payments to be made against current debt that was used to fund capital purchases and estimated payments for loans for future planned capital purchases.

- 6.) Financing and Interest  
Calculated at approximately 6.6%.
  
- 7.) Member Volumes  
Based on the actual 2023 volumes or predicted changes if significant events have changed those prior volumes.