

Date: 14th December 2020

Re: 2021 Pilotage Tariff – Outcome of the consultation process and confirmation of proposed changes

Dear Port Customers,

The purpose of the consultation was to seek views on proposed changes to the Pilotage Tariff. The Pilotage service broke even in 2019, with the impact of COVID-19 and reduced levels of shipping activity, it is anticipated that the 2020 result will show a significantly worse position. ABP took a decision not to change the Core service charges beyond a 1.1% RPI uplift reflecting the September index and in line with the Port Tariff review.

The focus was instead to review areas within the tariff that was loss making and seek to revise those, for example, the pre/over carriage and Launch hire charges.

Additionally, the decision was taken to introduce a different structure around attendance, cancellation, late notice and administrative burdens placed on the service, which in our view align the tariff more closely with the Pilotage Directions and should be avoidable in the most part, if those directions are followed.

Following the consultation exercise, we can confirm that the invitation to participate was:

- Distributed to ABP customers (Agents, PEC holders & frequent shippers)
- Live from 2nd October 2020 – 30th November 2020
- Subject to 12 responses

Responses were collated into key recurring themes then reviewed systematically with the ABP Southampton Marine Department acting in their role as the Competent Harbour Authority.

The Key items are shown below:

| Notable Items | | |
|-----------------------|---|--|
| Items: | Proposed Changes: | Themes: |
| Administration Charge | Introduction of £200 charge for admin duties on behalf of shipping lines & agents | Responses requested clarification of the reasoning behind its introduction, which is to address non-performance and failure to comply with ABP’s booking requirements outside of unforeseen events. |
| Attendance Charge | Was 40% of minimum pilotage fee, now 75% subject to a maximum £800 charge | Responses invited an understanding of the charge breakdown. The charge not only encompasses the cost of pilot dispatch, transportation and planning but also the impact on the pilotage schedule, which previous charges do not reflect. |

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| Cancellation Charge | Was £260, now 75% subject to a maximum £800 charge | Responses requested clarification on the charge. If the cancellation is a result of optimising the pilotage operation or for circumstances outside of the shipping lines control this charge will be reviewed by ABP on an individual basis. It is emphasised that this charge will only be implemented if a cancellation is made within 3 hours of confirmed arrival/departure. |
| Late Notice Booking Charge | 50% of charges under sections 1.1, 1.2, or 1.3 if confirmed less than 3 hours before a vessel's arrival at a pilot station or departs the berth | Responses considered this charge to reflect a lack of service flexibility, however, it aligns the tariff with the pilotage direction requiring a minimum of 3 hours' notice in advance. If late bookings are agreed with VTS and optimise the pilotage operation the charge will be subject to ABP review. |
| Over/Pre-Carriage Charge | Was £1,116.45 UK/French Ports within the English Channel & £2,203.48 North Sea Ports, now £215 per hour or part thereof | Responses requested an explanation of the charge transitioning to an hourly charge. The previous tariff was identified as insufficiently covering the full consequential and direct costs to ABP in the event of an over/pre-carriage. |
| Pilotage Exemption Certificate | Examination Charge: £150 to £450 Issuing of Certificated: £50 to £150 Renewal & Amendment: £50 to 150 | Responses enquired into the reasoning behind increasing the PEC examination charge. It was identified that previous tariffs failed to accurately capture the cost to ABP with the inclusion of administration involvement, Senior Pilot and a member of marine managements time when conducting examinations. |

Following the review, the business has decided to implement the proposed changes as planned, with the exception of the below alterations. It was felt by the business that the introduction of the new charges and the changes to the existing structures are justified, given the costs incurred by ABP in providing the services. Accordingly, the 2021 document is now live on the website. The changes that we have decided to implement are;

PEC Examination Charge:

- Proposed increase from £150 to £450 per examination
- After the consultation a reduction to £300 in 2021 increasing to £450 in 2022 was considered appropriate. Examination process requires a Senior Pilot and another member of the Marine Management team and the current cost is deemed inappropriate. We have adjusted to step this increase over the next two years.

Introduction of a Caveat Note:

- Following questions on many of the themes outlined above, we offer the following to qualify when and how some of the above charges would apply (largely relating to Cancellation, Late Notice, Attendance). Essentially where the charges result from parties not following the pilotage directions or not keeping the required systems up to date, we will levy charges. We will however introduce a caveat on selected charges, whereby if it can be shown that there are unforeseen circumstances outside of shipping lines/agents' reasonable control, ABP Marine management will have absolute discretion as to whether to waive the charge.

ABP will continue to monitor the impacts of these changes in the tariff structure on the overall financial performance of the Pilotage service and will revisit as required.



Head of Commercial and Property