



**Ship and Rail
Compensation Canada**
Ship Fund

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OFFER LETTER

Ottawa, 8 October 2025
SOPF File: 120-1048-C1

BY EMAIL

Manager, Operational Support
Compliance and Enforcement
Canadian Coast Guard
200 Kent Street
Ottawa, Ontario K1A 0E6

*Via email to DFO.CCGERCostRecoveryRSP-
RecouvrementdescoutsIESIPGCC.MPO@dfo-mpo.gc.ca*

RE: Millbanke IV – Ladysmith Harbour, British Columbia
Incident date: 2023-04-13

SUMMARY AND OFFER

[1] Ship and Rail Compensation Canada is an independent federal office, financed by industry, which helps manage two compensation funds: the Ship Fund and the Rail Fund. Ship and Rail Compensation Canada is the joint operating name for the two Funds. The Ship Fund helps manage the Ship-source Oil Pollution Fund, established by the *Marine Liability Act* (the “MLA”).

[2] This letter responds to a submission from the Canadian Coast Guard (“CCG”) for an incident involving a 90-foot steel ex-commercial vessel identified as the *Millbanke IV* (“Vessel”). The Vessel was partially sunk in Ladysmith Harbour, British Columbia, and releasing oil into the marine environment (“Incident”).

[3] On 11 April 2025, the Ship Fund received a submission from the CCG. The submission advanced a claim totaling \$55,485.64 for costs and expenses arising from measures taken by the CCG to respond to the Incident.

[4] The submission has been reviewed and a determination with respect to its claims has been made. This letter advances an offer of compensation to the CCG pursuant to sections 105 and 106 of the *Marine Liability Act*, SC 2001, c 6 (“MLA”).

[5] The amount of \$35,838.71 (“Offer”), plus statutory interest calculated at the time the Offer is paid, and in accordance with section 116 of the MLA, is offered with respect to this claim. The reasons for the Offer are set forth below, along with a description of the submission.

THE SUBMISSION RECEIVED

[6] The claim submission includes a narrative that describes events relating to the Incident. It also includes a summary of the costs and expenses that the CCG claims and corroborating documents. To the extent that the narrative and corroborating documents are relevant to the determination, they are reviewed below.

Narrative Summary

[7] According to the narrative, on 13 April 2023, the CCG received a report that the Vessel identified as the *Millbanke IV* was partially sunk in Ladysmith Harbour. A rainbow sheen of 60 feet in diameter was observed near the Vessel, so a containment boom was put in place around it.

[8] The CCG contracted with Saltair Marine Services Ltd. to assist the response. Saltair responders replaced oil-saturated absorbents within the containment area.

[9] The following day on 14 April 2023, the owner adjusted the position of his adjacent fishing vessel, compromising the integrity of the containment boom that had been previously deployed, which was promptly rectified.

[10] An overflight reported a dull grey, rainbow sheen around the sunken Vessel with strips of bronze observed throughout Ladysmith Harbour. Some pollution reported in the area originated from a nearby marina.

[11] On 18 April 2023, a Ministerial Direction was issued to the owner, who initially agreed to comply but ultimately failed to do so. The CCG took over the response on 19 April.

[12] Between 20 and 21 April 2023, Saltair continued to monitor the boom and absorbents as required.

[13] On 22 April 2023, continuous leaching of persistent product was evident, and a second Ministerial Direction was issued to the owner to take immediate action to refloat and repair the Vessel to prevent further pollution. The owner was willing but unable to comply with the Direction.

[14] On 24 April 2023, the CCG began the process to secure a contractor to remove the vessel from the marine environment.

[15] On 26 April 2023, the situation was stable, and Saltair began monitoring the site every second day.

[16] On 28 April 2023, the owner of the *Millbanke IV* observed a very light sheen within the containment area. The following day, Saltair reported that the Vessel had shifted and settled, and a strong smell of diesel was noticeable.

[17] On 30 April 2023, the owner of the Vessel observed more sheening within the containment area. The CCG travelled to the Incident site on 3 May. The owner reported another light sheen within the containment area on 4 May.

[18] On 5 May 2023, the salvage, recovery and storage contract was awarded. These costs are not claimed in the submission. The contractor was expected to be on location 9 May. The boom and containment area were monitored on 7 May.

[19] On 10 May 2023, the Vessel was removed from the marine environment and secured on a salvage barge for transport to the storage yard for survey. The containment booms remained in place until 12 May.

[20] By 16 May 2023, the Vessel survey was completed. The following day, the decision was made to deconstruct it.

Cost Summary

[21] The CCG submission summarizes the claimed costs as follows:

Schedule	Costs Claimed
2 - Contract Services	\$54,215.05
3 - Travel	\$1,232.51
13 - Administration	\$38.08
Total	\$55,485.64

Table 1: Summary of amounts claimed

DETERMINATIONS AND FINDINGS

The CCG submission presents potentially eligible claims under section 103 of the MLA

[22] The Incident resulted in the threat of oil pollution damage within the territorial seas or internal waters of Canada, and in costs and expenses to carry out measures to address the threat of oil pollution damage and mitigate the threat. As a result, claims arising from the Incident are potentially eligible for compensation.

[23] The CCG is an eligible claimant under section 103 of the MLA.

[24] The submission was received within the limitation periods set out under section 103(2) of the MLA.

[25] Some of the claimed costs and expenses arise from what appear to be reasonable measures taken to “prevent, repair, remedy or minimize” oil pollution damage from a ship, as contemplated under Part 6, Division 2 of the MLA. Alternatively, those costs and expenses arise from “preventive measures,” as contemplated under the International Convention on Civil Liability for Bunker Oil Pollution Damage. In either case, some of the claimed costs and expenses are potentially eligible for compensation.

[26] Accordingly, the submission presents claims that are potentially eligible for compensation under section 103 of the MLA.

Findings on the evidence submitted by the CCG

[27] The description of the material events in the CCG narrative is accepted as generally accurate.

[28] The Vessel posed a pollution threat and some of the measures taken are admissible. The Vessel was sunken and releasing hydrocarbons into the marine environment and merited some response measures.

[29] There were no confirmed quantities of fuel or oil on board the Vessel prior to its sinking, but pollution was observed within the containment area on several occasions, mainly in the form of light or minimal sheening.

[30] The pollution threat terminated on 10 May 2023 when the Vessel was removed from the marine environment.

CLAIM AND OFFER DETAILS

[31] The CCG presented its claimed costs and expenses to the Fund across three schedules, each outlined below.

[32] Under Part 7 of the MLA, the measures taken to respond to an oil pollution incident and the resulting costs must be reasonable and established in the evidence in order to be compensable by the Fund. To the extent that reasons are not already set out in this letter, the sections below elaborate.

Schedule 2 – Contract Services

Claimed: \$54,215.05

[33] The claimed costs for contract services include those for Total Boat Marine Services to survey the Vessel and Saltair Marine for pollution containment measures.

[34] The amount of \$1701.00 for the condition and valuation survey conducted by Total Boat Marine Services is found to be non-compensable. No copy of the condition and valuation survey was included in the claim submission, and it was conducted after the oil pollution risk was mitigated.

[35] The costs incurred for contracting with Saltair Marine Services Ltd. for pollution containment measures in the amount of \$52,514.05 are partially compensable. As shown in CCG email correspondence, Saltair was to reimburse the CCG in the amount of \$12,075.00 for the “Drums Waste Disposal”. Therefore, this cost is rejected.

[36] Because the salvage contractor took over containment duties as of 5 May, the sum of Saltair’s payment for boom containment services is deemed to be compensable from 13 April to 4 May, inclusively. Saltair Marine’s invoice included the amount of \$5,870.93 in incurred containment expenses from 5-7 May. These costs are rejected.

[37] The amount of \$34,568.12 is accepted for contract services.

Schedule 3 – TravelClaimed: \$1,232.51

[38] Travel costs include those incurred for two response officers. All supporting documentation was included in the claim submission. These costs are accepted in full.

Schedule 13 – Administration CostsClaimed: \$38.08

[39] Administration costs are applied to Schedule 3 costs at a rate of 3.09%. These costs are accepted in full.

OFFER SUMMARY AND CLOSING

[40] The following table summarizes the claimed and allowed expenses:

Schedule	Costs Claimed	Offered
2 – Contract Services	\$54,215.05	\$34,568.12
3 – Travel	\$1,232.51	\$1,232.51
13 – Administration Costs	\$38.08	\$38.08
Total	\$55,485.64	\$35,838.71

Table 2: Summary of amounts claimed and accepted

[41] Costs and expenses in the amount of **\$35,838.71** are accepted and will be paid together with statutory interest calculated at the date of payment if the Offer is accepted.

[42] In considering this Offer, please observe the following options and time limits that arise from section 106 of the MLA. You have 60 days upon receipt of this Offer to notify the undersigned whether you accept it. You may tender your acceptance by any means of communication by 16:30 Eastern Time on the final day allowed. If you accept this Offer, payment will be directed to you without delay.

[43] Alternatively, you have 60 days upon receipt of this Offer to appeal its adequacy to the Federal Court. If you wish to appeal the adequacy of the Offer, pursuant to Rules 335(c), 337, and 338 of the *Federal Courts Rules*, SOR/98-106 you may do so by filing a Notice of Appeal in Form 337. You must serve it upon the Administrator, who shall be the named Respondent. Pursuant to Rules 317 and 350 of the *Federal Courts Rules*, you may request a copy of the Certified Tribunal Record.

[44] The MLA provides that if no notification is received by the end of the 60-day period, you will be deemed to have refused the Offer. No further offer will be issued.

[45] Finally, where a claimant accepts an offer of compensation, the Administrator becomes subrogated to the claimant's rights with respect to the subject matter of the claim. The claimant

must thereafter cease any effort to recover for its claim and further must cooperate with the Fund in its subrogation efforts.

Yours sincerely,

Caroline Healey, LL.B., J.D., MBA
Chief Executive Officer, Ship and Rail Compensation Canada and
Administrator of the Ship Fund and the Rail Fund