



**Ship and Rail
Compensation Canada**
Ship Fund

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Navire et Rail Canada**
Fonds Navire

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OFFER LETTER

Ottawa, 30 October 2025
SOPF File: 120-1019-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: *Maud J* – Roberts Bay, British Columbia
Incident date: 2022-11-29

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 48-foot wooden trawler, the *Maud J* (“Vessel”). The Vessel sank in Roberts Bay, British Columbia on 29 November 2022 (“Incident”).
- [3] On 27 September 2024, the Ship Fund received a submission from the CCG. The submission advanced a claim totaling \$36,007.47 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 MLA.

- [5] The amount of **\$18,876.02** (“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.
- [6] The reasons for the Offer are set forth below, along with a description of the submission.

THE SUBMISSION RECEIVED

- [7] 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

- [8] According to the narrative, on 29 November 2022, the Regional Operations Center (“ROC”) informed the CCG that the Vessel was partially submerged in Roberts Bay, British Columbia. A person ashore reported a sheen from the Vessel to the shore, approximately 200 meters.
- [9] The CCG examined the Vessel. CCG personnel observed a sheen from the Vessel to the shore, approximately 100 feet x 30 feet. The crew deployed a 24-inch containment boom and sorbent pads.
- [10] The CCG was concerned that the Vessel may shift on the ocean floor because of the tidal changes, which could increase the damage to the hull’s wooden structure. Further hull damage could increase the risk of more pollution release.
- [11] The CCG spoke with the owner of the Vessel and requested a response plan. The owner confirmed that he intended to refloat the Vessel on 30 November and that the Vessel contained approximately 100 liters of diesel.
- [12] On 30 November, the owner attempted to refloat the Vessel.
- [13] The CCG requested a National Aerial Surveillance Program (“NASP”) overflight. The NASP overflight reported no sheen outside the temporary containment.
- [14] CCG personnel monitored the containment boom at the incident site. The crew reported that no product breached the temporary containment and there was no smell of diesel.
- [15] On 1 December, the Vessel remained partially sunk. The owner informed the CCG that he could not comply with their request to remove the Vessel.
- [16] On 5 December, the CCG awarded Cold Water Marine Response Inc. (“CWMR”) the contract to salvage the Vessel.
- [17] On 5 December, the CCG used a Pollution Response Vessel (“PRV”) 01 with four CCG personnel to oversee the salvage operation performed by CWMR.
- [18] The Vessel was salvaged with minimal sheen and moved to Canoe Cove for deconstruction.
- [19] On 9 December, Total Boat Marine Surveyors Limited performed a condition and valuation survey of the Vessel.

[20] On 12 December, demolition of the Vessel was completed.

Cost Summary

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

Schedule	Costs Claimed
2 – Contract Services	\$34,605.40
4 – Salaries – Full time personnel	\$1,029.58
5 – Overtime – Full time personnel	\$287.47
11 – Pollution Counter-Measures Equipment (PCME)	\$53.21
13 – Administration	\$31.81
TOTAL	\$36,007.47

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 oil pollution damage within the territorial seas or internal waters of Canada and in costs and expenses to carry out measures to address that oil pollution damage and mitigate further damage. 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 subsection 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

The facts of the Incident as set out by the CCG are generally accepted

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

The Vessel posed a pollution threat and some of the measures taken are admissible

- [28] The Vessel was submerged and merited some response measures.

- [29] According to the narrative, CCG personnel observed oil pollution from the Vessel on 29 November and used sorbent pads within the containment boom to contain the pollution. After that, pollution was minimal and contained in the boomed area. The evidence includes no reports of oil pollution after that time. The oil pollution threat posed by the vessel was modest.
- [30] After the vessel was removed from the water, most or all of the expenses claimed for relate to vessel deconstruction. Vessel deconstruction can be accepted as an oil pollution response measure where it is demonstrated that the structure of the vessel itself posed an oil pollution threat.
- [31] Here, there is limited evidence that the vessel hull itself posed an oil pollution threat such that deconstruction should be undertaken as an oil pollution prevention measure. The survey carried out was a Condition and Valuation report which was not directed to oil pollution. The survey noted an oily and soiled bilge - an unremarkable finding for an older wooden vessel. No impregnation of the structure by hydrocarbons was noted. In the result, the evidence is insufficient to establish that deconstruction was a reasonable measure taken with respect to an oil pollution threat.
- [32] Most of the expenses incurred by the CCG was for the deconstruction of the Vessel. Those costs and expenses are rejected.

CLAIM AND OFFER DETAILS

- [33] The CCG presented its claimed costs and expenses to the Fund across five schedules, each outlined below.
- [34] 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: \$34,605.40

- [35] The claimed contract services in Schedule 2 total \$34,605.40. Contract service costs arise from two invoices from Total Boat Marine Surveyors Limited for \$1,058.40 and CWMR for \$33,547.00.
- [36] The CCG hired CWMR to remove, store, and deconstruct the Vessel.
- [37] The amount of \$17,902.50 is accepted for costs for vessel lifting, towing, and placing the Vessel on the hard because it prevented potential oil pollution, plus 5% GST.
- [38] The rest of the claimed contract expenses relate to deconstruction and are therefore disallowed.
- [39] The contract services portion of the submission is allowed in part in the amount of \$17,902.50.

Schedule 4 – Salaries – Full Time Personnel

Claimed: \$1,029.58

- [40] The costs for salaries (full-time personnel) are for regular hours worked by four CCG personnel at various levels and hours of pay, including the Employee Benefit Plan (“EBP”).
- [41] The narrative states that on 5 December a crew of four CCG officers used a PRV-01 to oversee the salvage of the Vessel. The use of a PRV-01 with a crew of four rather than three has not been established on the evidence. The salary for three personnel for 5 December of \$786.19 is allowed.
- [42] The salaries portion of the submission is allowed in part in the amount of \$786.19.

Schedule 5 – Overtime – Full-Time Personnel

Claimed: \$287.47

- [43] The costs for overtime (full-time personnel) are accepted in part. The costs are for hours worked by one CCG response officer.
- [44] The CCG incurred overtime costs on 29 and 30 November and 12 December. These costs incurred on 29 and 30 November are reasonable because CCG personnel performed initial response actions.
- [45] There is no evidence that demonstrates what work was being done during overtime hours on 12 December. For that reason, overtime costs incurred on 12 December are rejected.
- [46] The overtime portion of the submission is allowed in part in the amount of \$114.99.

Schedule 11 – Pollution Counter-measures Equipment

Claimed: \$53.21

- [47] The CCG claimed for the use of a PRV-01 at a daily rate of \$53.21. The CCG used the PRV-01 boat to monitor the salvage of the Vessel on 5 December.
- [48] The pollution counter-measure equipment portion of the submission is allowed in its entirety.

Schedule 13 – Administration

Claimed: \$31.81

- [49] The CCG submission advances a claim for administration costs at a rate of 3.09% as applied to full-time salaries. The 3.09% rate is generally accepted as reasonable as applied to salary expenses. When calculating the administrative costs for these claims, the sum of the accepted salary costs without EBP for three CCG personnel is \$619.05. Applying the 3.09% administrative rate to \$619.05 the amount equals \$19.13.
- [50] The administration portion of the submission is allowed in part in the amount of \$19.13.

OFFER SUMMARY AND CLOSING

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

Schedule	Costs Claimed	Offered
2 – Contract Services	\$34,605.40	\$17,902.50
4 – Salaries – Full time personnel	\$1,029.58	\$786.19
5 – Overtime – Full time personnel	\$287.47	\$114.99
11 – Pollution Counter-Measures Equipment (PCME)	\$53.21	\$53.21
13 – Administration	\$31.81	\$19.13
TOTAL	\$36,007.47	\$18,876.02

Table 2: Summary of amounts claimed and accepted.

- [52] Costs and expenses in the amount of **\$18,876.02** are accepted and will be paid together with statutory interest calculated at the date of payment if the Offer is accepted.
- [53] 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.
- [54] 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 on 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.
- [55] 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.
- [56] Finally, when 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 its claim, and further, it must cooperate with the Ship 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