



**Ship and Rail
Compensation Canada**
Ship Fund

Suite 830, 180 Kent Street
Ottawa, ON K1A 0N5

**Indemnisation
Navire et Rail Canada**
Fonds Navire

180, rue Kent, pièce 830
Ottawa (Ontario) K1A 0N5

OFFER LETTER

Ottawa, 13 November 2025
SOPF File: 120-1021-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: Isa – Kinsmen Beach Park, Chemainus, B.C.
Incident date: 2022-10-08

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 fishing vessel, the *Isa* (“Vessel”). The Vessel partially sank in Chemainus, British Columbia on 8 October 2022 (“Incident”).
- [3] On 4 October 2024, the Ship Fund received a submission from the CCG on behalf of the Minister of Fisheries and Oceans. The submission advanced a claim pursuant to sections 101 and 103 of the MLA, seeking compensation for costs and expenses arising from measures taken in response to the Incident, totaling \$42,782.92.

- [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 \$14,283.61 (“Offer”), plus statutory interest calculated at the time the Offer is paid, 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 8 October 2022, the CCG learned that the Vessel was taking on water offshore of Kinsmen Beach Park in Chemainus, British Columbia.
- [9] CCG personnel responded. The crew reported that the Vessel was partially submerged at the bow. The team observed a faint sheen, estimated at less than one liter, with no signs of upwelling. The Vessel was in a stable position.
- [10] On 11 October, the CCG assessed the Vessel. The Vessel remained in the same position. No pollution was observed.
- [11] On 14 October, the CCG received a report from the Vessel’s caretaker that a rainbow sheen and a fuel odor were present. CCG personnel reassessed the incident site.
- [12] Two CCG Response Specialists conducted a shoreline assessment. The Response Specialists detected fuel odour; however, they did not observe pollution near the shoreline. The Response Specialists launched their Pollution Response Vessel to assess the incident site. The two Response Specialists observed a non-recoverable sheen with an odour within 100 meters of the Vessel. The Response Specialists concluded that the Vessel was actively polluting. The Response Specialists deployed a sorbent boom around the Vessel.
- [13] The CCG contracted Eagle Eye Marine Services Limited (“Eagle Eye”) to deploy a containment boom around the Vessel. On 16 October, Eagle Eye replaced the boom because the boom reached maximum recovery capacity.
- [14] On 18 October, Eagle Eye arrived on site, raised the Vessel, and towed it to Saltair Marine Services Ltd. (“Saltair”). Saltair removed the Vessel from the marine environment.

- [15] On 25 October, Total Boat Marine Surveyors Limited conducted a marine survey to determine the condition and value of the Vessel. The survey stated that the Vessel was a total constructive loss and recommended disposal of the Vessel.
- [16] The Vessel was deconstructed. That concluded the CCG operation.

Cost Summary

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

Schedule	Costs Claimed
1 – Material and Supplies	\$85.00
2 – Contract Services	\$41,633.78
3 – Travel	\$46.10
5 – Overtime – Full time personnel	\$627.64
11 – Pollution Counter Measure Equipment	\$53.21
12 – Vehicles	\$333.14
13 – Administration	\$4.05
TOTAL	\$42,782.92

Table 1: Summary of amounts claimed

DETERMINATIONS AND FINDINGS

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

- [18] 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.
- [19] The CCG is an eligible claimant under section 103 of the MLA.
- [20] The submission was received within the limitation periods set out under subsection 103(2) of the MLA.
- [21] 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.

- [22] 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

- [23] 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

- [24] The Vessel was partially submerged and merited some response measures.
- [25] According to the narrative, on 8 October, CCG personnel observed a faint sheen, estimated at less than one liter, with no upwelling. Between 9-11 October, the Vessel remained in the same position. No pollution was observed.
- [26] On 14 October, the CCG observed a non-recoverable sheen within 100 meters of the Vessel. The CCG retained Eagle Eye to place a boom around the Vessel, Eagle Eye placed the boom and then replaced the boom on 16 October.
- [27] On 18 October, Eagle Eye raised the Vessel and towed it to Saltair for removal from the marine environment. The Vessel remained in storage for 14 days until deconstructed on 1 November.
- [28] The difficulty with the claim is that most of the expenses were for the deconstruction of the Vessel. The evidence does not establish that, after removal from the marine environment, the Vessel remained an oil pollution threat or that there was any reasonable oil pollution threat after 18 October. Deconstruction expenses, as well as those incurred after 18 October, have not been established as measures reasonably taken with respect to an oil pollution threat and are therefore disallowed.

CLAIM AND OFFER DETAILS

- [29] The CCG presented its claimed costs and expenses to the Fund across seven schedules, each outlined below.
- [30] 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 1 – Materials and Supplies

Claimed: \$85.00

- [31] These costs arise from the use of absorbent boom deployed by CCG personnel on 14 October. The evidence establishes that the use of an absorbent boom to minimize pollution damage was necessary, and the costs are accepted.
- [32] **The materials and supplies portion of this claim is accepted in its entirety.**

Schedule 2 – Contract Services

Claimed: \$41,633.78

- [33] Contract services costs were incurred via three contractors, Total Boat Marine Surveyors Limited for \$1,285.20, Saltair for \$27,470.33, and Eagle Eye in the amount of \$12,878.25.
- [34] Total Boat Marine Surveyors Limited performed a condition and valuation survey of the Vessel. The survey was not directed to evaluating the oil pollution threat posed by the vessel. This item is not eligible for compensation.
- [35] Saltair was tasked with the removal of the Vessel from the marine environment, storage, deconstruction, and disposal. The Saltair invoice is accepted in part. The CCG submitted documentation that provided what Saltair did and what their subcontractors, D.B.L Disposal Services and Environmental 360 Solutions did.
- [36] In chief, Saltair's work was vessel deconstruction. As the evidence does not establish that the structure of the vessel itself posed an oil pollution risk, vessel deconstruction expenses cannot be accepted as reasonable measures to address an oil pollution risk. In the result, the bulk of this invoice is rejected.
- [37] Two items on the invoice are accepted as related to pollutant removal: \$420 for four hours of crew work to remove and place the Vessel on a containment pad; and \$525 for the equipment used to haul out the Vessel. That is a combined \$945 which is reasonable and therefore accepted.
- [38] The CCG hired Eagle Eye to boom, monitor, and tow the Vessel. Between 14 – 16 October, Eagle Eye conducted an environmental assessment, deployed a containment boom, and monitored the Vessel. The tally of hours that Eagle Eye submitted in invoice 1889 had calculation errors. On 14 October, Eagle Eye employees worked from 18:00 – 20:48, a total of 2.8 hours. The invoice claims 3.5 hours at a rate of \$350 per hour. From the submission, the correct value on 14 October is 2.8 hours. As a result, invoice 1889 is allowed in the amount of \$4,317.25.
- [39] The costs submitted by Eagle Eye for the salvage and tow of the Vessel, are accepted in full in the amount of \$8,316.00, as this measure is reasonable for oil pollution prevention.
- [40] **The contract services portion of the submission is allowed in part in the amount of \$13,578.25.**

Schedule 3 – Travel

Claimed: \$46.10

- [41] The submitted travel costs are for two CCG personnel who traveled to the incident site on 18 October.

[42] For the second CCG officer for whom travel expenses are claimed, the submission includes almost no information about what that officer's involvement in the incident was. Therefore, half of the travel expenses are rejected.

[43] **The travel portion of the submission is allowed in part in the amount of \$23.05.**

Schedule 5 – Overtime – Full-Time Personnel

Claimed: \$627.64

[44] The costs for overtime (full-time personnel) are accepted in part. The costs are for hours worked by two CCG personnel at various levels and hourly rates.

[45] The overtime hours worked by the Incident Commander are accepted for October 12, 14, 15, and 16, in the amount of \$455.16. The evidence establishes that the overtime costs incurred by the Incident Commander from the start of the incident to the Vessel being removed from the marine environment on 18 October were necessary, and the costs are accepted.

[46] The other portion of the overtime claim is made for a CCG officer on 22 November 2022. This is several weeks after the vessel was deconstructed (2 November). With no explanation as to how these hours are tied to oil pollution response measures, they must be rejected.

[47] **The overtime portion of the submission is allowed in part in the amount of \$455.16.**

Schedule 11 – Pollution Counter-measures Equipment

Claimed: \$53.21

[48] The use of pollution counter-measures was reasonable.

[49] 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 conduct a site assessment on 14 October after a report of a rainbow sheen and fuel odour around the Vessel.

[50] **The pollution counter-measure equipment portion of this claim is accepted in its entirety.**

Schedule 12 – Vehicles

Claimed: \$333.14

[51] These costs are for the vehicles used by the CCG in its response to the incident over three days.

[52] The CCG claimed \$0.22 per kilometer plus the \$67.56 daily rate for the use of one vehicle on 4 and 12 October. As there is no evidence in the claim that establishes the CCG's activity on those days, these costs are rejected.

[53] The Vehicle Log indicates that on 14 October, CCG personnel traveled from Quadra to Chemainus and Chemainus to Victoria.

[54] The costs associated with the vehicle usage from Quadra to Chemainus (178km) are rejected because their contribution to the response is unaccounted for. The usage of a vehicle from Chemainus to Victoria (82km) was reasonable, and the costs are accepted.

[55] **The vehicles portion of the submission is allowed in part in the amount of \$85.60.**

Schedule 13 – Administration

Claimed: \$4.05

[56] 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 travel (\$23.05) and materials and supplies (\$85). When calculating the administrative costs for these claims, the sum of the accepted amounts without EBP for the CCG personnel is \$108.05. Applying the 3.09% administrative rate to \$108.05, the amount equals \$3.34.

[57] **The administration portion of the submission is allowed in part in the amount of \$3.34.**

OFFER SUMMARY AND CLOSING

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

Schedule	Costs Claimed	Offered
1 – Material and Supplies	\$85.00	\$85.00
2 – Contract Services	\$41,633.78	\$13,578.25
3 – Travel	\$46.10	\$23.05
5 – Overtime – Full time personnel	\$627.64	\$455.16
11 – Pollution Counter Measures Equipment	\$53.21	\$53.21
12 – Vehicles	\$333.14	\$85.60
13 – Administration	\$4.05	\$3.34
TOTAL	\$42,782.92	\$14,283.61

Table 2: Summary of amounts claimed and accepted.

[59] Costs and expenses in the amount of **\$14,283.61** are accepted and will be paid together with statutory interest calculated at the date of payment if the Offer is accepted.

[60] 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.

[61] 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.

[62] 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.

[63] 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