



**BC Marine Terminal
Operators Association**

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Ms. Lousie Yako and Mr. Jean Gattuso
Co-Chairs
National Supply Chain Task Force
Transport Canada
330 Sparks Street
Ottawa, Ontario
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Sent via e-mail: SCTaskForce-GroupeDeTravailCA@tc.gc.ca

Dear Ms. Yako and Mr. Gattuso:

I am writing on behalf of the BC Marine Terminal Operators Association (BCMTOA) in response to the request for written submissions to the Supply Chain Taskforce.

The BCMTOA is the voice of the majority of marine terminals in British Columbia. It directly employs almost 10,000 British Columbians and supports 22,000 jobs nationally. One in every 5 Canadian jobs is dependent on exports enabled by the Canadian maritime industry and its' partners. BCMTOA members play a central role in the Western Canadian marine shipping supply chain, contributing \$2.8 billion in GDP and \$5.2 billion in economic output every year. BCMTOA members invest billions of dollars into capital infrastructure, equipment and people, to ensure sufficient capacity to address current and projected growth in trade volumes efficiently, safely and in an environmentally responsible manner.

The post-COVID environment is a critical opportunity to make long-needed change to evaluate, and improve the competitiveness of Canada's supply chain. Now is the ideal time to pause, to evaluate the new realities that supply chain will face in a post-COVID economic slowdown - including shifting manufacturing practices away from just-in-time inventory management, and the need to prioritize investments in infrastructure to ensure resiliency, redundancy, and climate change preparedness. Efforts must be focused on ensuring current investments are optimized in this changing environment.

To ensure connectivity in decision-making to supply chain stakeholders, there must be a focus by government to ensure transparency and accountability in all decisions impacting to the attraction of investment and long-term export capacity for Canada. As an immediate step, BCMTOA recommends that the government renew and update the scope of the Port Modernization Review. The impacts of COVID-19, climate change and unprecedented flooding and the increasing vulnerability of critical supply chains have all had a direct impact on BCMTOA members and all Canadians since 2018. Any adequate review would need to take

these views and experiences into account to reflect the present reality of the challenges faced by the Western Canadian marine shipping supply chain.

In August of 2021, the Minister of Transport announced the intention to introduce a new Active Vessel Traffic Management System (AVTM) in Vancouver, to strengthen marine safety; improve efficiency and reliability of the flow of goods; reduce environmental impacts and reduce negative social impacts. The mandate to deliver the system was delegated to the Vancouver Fraser Port Authority (VFPA). However, no clear metrics to demonstrate the problem, targets for improvement nor metrics of success have been developed or shared with industry stakeholders. The consultation that has occurred with industry to date has increased the level of uncertainty in the future regulations that will govern marine shipping – and now causes the future investment environment in the Port of Vancouver to be uncertain. Consultations underway by Transport Canada and the Vancouver Fraser Port Authority to restrict vessel transits and anchorage utilization in response to the Minister's announcement, will result in capacity restrictions for the Asia-Pacific Gateway and change investment priorities. There can be no meaningful growth in the gateway, until all of these policy outcomes, priorities, and impacts on supply chains are evaluated

The potential impacts and necessary metrics for supply chain resiliency, redundancy, optimization, and competitiveness, as well as climate and reconciliation, will be impacted by other policies and actions of Port Authorities. It is critical that regulatory solutions be drafted and that interference in commercial relationships through Port imposed voluntary codes be minimized. Roles must be clearly defined, and oversight by government, must be direct. We must be transparent about the considerations and potential trade-offs to all levels of government and to stakeholders about policy decisions being made by Port Authorities.

The key issues related to the supply chain that could be actioned separately or as part of the Port Modernization Review include:

- **Governance** – it is critical the voices of BCMTOA members are heard and considered in discussions and decisions which impact operations. Terminal operators and primary financial investors in Port infrastructure. The role of the Port Authority as both a regulator and landlord is increasingly problematic as Ports are being asked to pick winners and losers in decisions that impact commercial viability and optimization of private sector investment. The lack of transparency of lease terms and lack of accountability to supply chain performic metrics must be corrected.
- **Competitiveness** – Clear supply chain criteria of performance must be established, and performance progress reviewed on an on-going basis by decision-makers.
- **Consultation** – recommendations must emphasize the clear and emergent challenges both faced and still facing Canadian terminal operators and ports over the last two years.
- **Governance**

Ports must be much more responsive to community and customer concerns. The CPA mandate was first developed in 1998. The world has changed and evolved since. Most of the conflict being seen today stems from the current mandate of CPAs and the way that mandate is implemented differently in each region and local context. This unpredictable framework often causes jurisdictional tensions with other levels of government, be they municipal or provincial,

around items such as land use planning and environmental permitting, as CPAs at times threaten or exercise their federal supremacy. As such, one of our recommendations is to update the CPA mandate section of the Act to clearly and strategically define the roles, responsibilities and national interests to be advanced by CPAs. Some of this ability to be responsive stems from frank and meaningful dialogue and consultation, as mentioned previously. It also hinges on a commitment by ports to make decisions that actually take into account and demonstrably act on user/customer input.

In cases where this kind of approach to commercial management is not being used, there are few tools at users'/customers' disposal to respond to decisions. The arm's length nature of CPAs is one thing; BCMTOA members understand this model and appreciate its origins. However, significant challenges arise when commercial and/or operational relations are not optimal, and there is no real recourse available to assist in mediating disagreements. While CPAs do report to Parliament through the Minister of Transport, the absence of a more direct and regular oversight function or structure is risky, and oftentimes, detrimental. There are a number of examples that illustrate how more robust oversight would rebalance the port/user relationship and inject more transparency and accountability into it. As mentioned above, with a clearer sense of the philosophy and approach to be used in defining CPAs' mandate as federal entities and allowing that mandate to reflect the economic and commercial realities of 2022, not 1998, we as a country will be better served.

- ***Competitiveness***

The Canadian maritime system, and the industries and companies that support it, are important contributors to the Canadian economy and trade competitiveness. Remaining globally competitive continues to be a focus at all levels of government. At a time when Canada is faced with low productivity rates, a limited private investment rate and, thanks to reforms put forward under the current Trump administration, an increasingly attractive business tax and investment landscape in the United States, Canadian business stakeholders — along with government — need to be as vigilant as possible in enabling business growth.

From this perspective, there are certain issues related to how the Canadian port system currently functions that need to be seriously considered.

One is the overall approach to labour management. As with other sectors, unpredictable labour developments and disruptions can wreak havoc on a supply chain's ability to function. Furthermore, these kinds of workforce issues dissuade prospective investors looking at the Canadian market and call into question the Canadian network's capacity to efficiently move both current and future potential traffic. BCMTOA members fully appreciate and respect the rights of workers, but also believe there is a role for government to play in protecting the viability and health of the maritime sector in Canada. We encourage the federal government to closely monitor potential labour disruptions moving forward, and to engage from a mediation and legislation standpoint when required.

Another critical issue is ensuring a healthy and solution-oriented interface between CPAs and their railway partners. The holistic and highly integrated nature of the marine supply chain, as mentioned above, necessitates communication and collaboration between the industry's key players. Chief among these are Class 1 railways. BCMTOA strongly encourages the Government of Canada to continue to support policy, investments and initiatives that underline

the importance of a positive port authority-terminal operators-railways dialogue and positions it for long-term sustainability.

Like many other sectors, the integration of new technology solutions that help make operations more efficient and profitable is critical to the Canadian ports system. BCMTOA members remain at the forefront of developing some of the most innovative technology and process solutions in the world. The Government of Canada, together with industry, has a role to play in investing in this kind of innovation and encouraging all to engage in its development. One excellent example — and one which emphasizes how the port/customer interface can work well — is the Supply Chain Visibility Project launched by the Vancouver Fraser Port Authority in 2015. Aimed at gathering and assessing real-time data on supply chain performance for all rail cargo moving to and from the Port of Vancouver, early results of this initiative look to be positive, thanks to the involvement of many BCMTOA members, among others. This is the kind of forward-looking initiative that ports, and those that work with them, need to stay focused on.

Another item that should be addressed relates to ongoing challenges with container trucking. In short, obligations and regulations being imposed by both government and CPAs is rendering a more costly and less efficient trucking model.

To be truly competitive at a global level, and sustain that competitiveness, the Government of Canada must establish a truly national framework approach underpinning the port and maritime sector in this country. One enabling mechanism is the implementation of a national transportation strategy involving provinces, municipalities, indigenous and First Nations groups and industry that identifies and protects national transportation corridors like the Asia-Pacific Gateway. BCMTOA appreciates that economic, trade and logistics realities differ from region to region throughout Canada; these regional differences must be contemplated and at times exploited for benefit of the nation, and of course, taken into account when making important policy or investment decisions. However, there is a need to bring increased uniformity or, at a minimum, a basic set of standard commercial goalposts/methodologies regarding CPAs' operations. This extends across items including transparency around rent-setting and leasehold management, accountability pertaining to fee collections and subsequent capital investment decisions, and permitting and approval processes. It also extends to the notion of CPAs' dual role as both regulator and landlord, and how to apply appropriate checks and balances. Revisiting the existing framework could also provide an opportunity to reflect on the existing Letters Patent model and whether it remains suitable as currently structured to facilitate future success of the ports framework and Canadians' confidence in the system.

One of our recommendations would be to activate the Canadian Transportation Agency (CTA) to conduct a national review of port competitiveness to ensure that CPA methodologies and rate-setting mechanisms are serving the national interest and providing desired benefits to both government and the industry partners, who are at the front-line in developing trade-enabling infrastructure. Furthermore, the review would provide a benchmark that the CTA could use to monitor and review on a regular basis, ensuring optimal and ongoing competitiveness of the national ports framework.

Lastly, to maximize our competitiveness and utilize all our national port assets to their full potential, amalgamation of port authorities should be explored on both the east and west coasts of Canada. In particular, on the west coast, there is a proven concept as to how port amalgamation in the Lower Mainland has enabled growth and increased private sector investment into the gateway. This should be considered on a coast-wide basis. Different levels

of scope under 'amalgamation' could be considered — including a consolidation of planning and other regulatory mandates and responsibilities of CPAs on the west coast but leaving commercial/land management decision-making at the local level.

- **Consultation**

BCMTOA has publicly stated many times that the need for predictable, honest and unbiased input to the investment and land management decision-making of Canada Port Authorities is critical. This includes the input of the user community, including BCMTOA members, as well as local communities, First Nations and Indigenous Canadians, and other important stakeholders. At this point, no formal process exists to include external expertise and considerations in these decisions. Without this kind of dialogue, decisions are made in a vacuum and do not take the appropriate operational, logistical and sometimes legal considerations into account — especially those offered from the private sector's perspective.

With that said, it is imperative this not devolve into 'consultation for consultation's sake.' Engaging with users, commercial partners and other relevant stakeholders is always important, but the rationale for this engagement must be clear at the outset. The purpose of consultation must be to render timely decisions that actually account for the input received and draw on the expertise available to the CPA in question.

Recommendation Summary

- The Government of Canada should review and implement the recommendations in the 2016 Canada Transportation Act report.
- The Government of Canada should establish a truly national framework approach for the port and maritime sector in this country. One enabling mechanism is the implementation of a national transportation strategy involving provinces, municipalities, indigenous communities and industry that identifies and protects national transportation corridors like the Asia-Pacific Gateway.
- The Government of Canada should continue to support policy, investments and initiatives that underline the importance of a positive port authority-terminal operators-railways dialogue and positions it for long-term sustainability.
- The Government of Canada should request the Canadian Transportation Agency (CTA) conduct a national review of port competitiveness.
- The Government of Canada should establish increased uniformity or a basic set of standard commercial goalposts and methodologies regarding CPAs operations.
- Predictable, honest, and unbiased input to the investment and land management decision-making of Canada Port Authorities is critical. The purpose of consultation must render timely decisions that account for the input received and draw on expertise available to the CPA in question.
- The Government of Canada should closely monitor potential labour disruptions moving forward, and engage through mediation and legislation where required.

- The Government of Canada should update CPA mandate section of the *Canada Marine Act* to define roles, responsibilities, and national interests clearly and strategically to be advanced by CPAs. A more direct and regular oversight function or structure will ensure the table is set to attract private sector investment into Canada.
- The Government of Canada should consider all aspects of the port-terminal supply chain including container trucking and rail. The approach of trucking currently being implemented by both governments and the CPAs is leader to a costlier and less efficient model.
- The Government of Canada should consider the integration of new technology solutions that helps make operations more efficient and profitable, and the criticality of such innovation to the Canadian ports system. Access of all participants to any data modelling will be critical so that it can be properly leveraged by all supply chain participants.

BCMTOA would be pleased to meet to expand on any of these recommendations at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Jones". The signature is written in a cursive, flowing style.

Stephanie Jones
President, BC Marine Terminal Operators Association

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CC: BCMTOA Board of Directors