



The Port of Churchill: Time to migrate to a Port Authority

A policy brief by the Union of Canadian Transportation Employees

September 2016

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1. Introduction

The Union of Canadian Transportation Employees (UCTE) is the national union for the majority of workers at Transport Canada, the Canadian Coast Guard, the Transportation Safety Board and the Canadian Transportation Agency. We also represent workers at many of Canada's federally regulated airports and port authorities. Specifically, we represent the laid off workers at the Port of Churchill.

Because of who we represent, UCTE is in the unique position of being able to review transportation issues in Canada as a whole. Our members have the experience and the expertise in the work environments and know best what effects their communities.

2. Historical context for the present day situation at the Port of Churchill

In 1998, the *Canada Marine Act* (the Act) was promulgated and 19 port authorities across Canada were put in place by the Statute. These 19 ports were considered "strategic" and "economically significant" to Canada's commercial and trade interests and were deemed essential to remain under the regulatory control and supervision of the Minister of Transport of the Government of Canada. As the only North American port connected to the Arctic Ocean and the North American railway network, Churchill was designated as a strategic and economically significant port as well. However, it was exempted from inclusion in the Act, presumably because it was considered a good candidate for privatization. The town of Churchill, Manitoba was and is dependent on the Hudson Bay Railway, which by 1998 was bought by the same company that convinced the federal government of the time to sell the port of Churchill to it for \$1. It is this same company, Omnitrax Inc., that has now closed the Port of Churchill for the 2016 season and reduced the rail freight service for the same period of time.

Up until the last few years, it was the Canadian Wheat Board that was essential to the economic prospects and viability of the Port of Churchill. When the Conservative government elected to de-regulate the shipment of grain and privatize the Canadian Wheat Board, the business environment promoting the shipment of wheat through the Port of Churchill completely changed. Large producers and shippers were encouraged to establish their own financial and ownership relationships with railway companies and Canadian and U.S. ports. The synergy between strategic and policy interests and commercial interests was lost with the deregulation and privatization of the wheat market. In many cases, large grain and other commodity shippers actually own port facilities under the supervision of port authorities, thereby giving an incentive to ship commodities through vertically integrated port facilities. As an independent port with a captive railway owned by the same company, the Port of Churchill became an

exception. It did not fit within the new policy framework. Its commercial attractiveness was lost despite the strategic nature of the port itself.

The irony is that the Port of Churchill, Canada's only arctic deep water port, is more strategic and important today than it was in 1998. With the rapid opening of the Arctic commercial, recreational and tourism based industries, the Port of Churchill today and into the future is a vital and strategic Canadian asset. It is even more ironic that when the Government of Canada was looking for Northern port assets for defence, Canadian Coast Guard and other uses, we can only speculate that the very private ownership of the port itself may have discouraged the government from designating the Port of Churchill for these purposes. Fortunately, very little has been invested and there is time to correct this. It is time to bring the Port of Churchill back into the national legislative framework for strategic ports. It is time to make the Port of Churchill a port authority.

3. The *Canada Marine Act* contemplates bringing new strategic ports under its purview

Section 6(2) of the *Canada Marine Act* provides the authority to the Minister of Transport to amend the list of regulated port authorities by Order in Council or regulation. As long as the conditions and requirements in the statute are met, there is no reason why the Port of Churchill could not migrate to a port authority under the regulatory purview of the *Canada Marine Act*.

Section 8(1) of the Act, clearly outlines the requirements for a port to be a port authority:

- First, the port must be of "strategic significance to Canada's trade". Given that Churchill is the only Arctic Port connected to the North American railway grid, within a rapidly opening and accessible Arctic commercial waterway, surely these conditions are met.
- Second, the port must be connected to a major rail line or a major highway infrastructure. Again, this condition is met.
- Third, the port must have "diversified traffic".
- Fourth, the port must be "financially self sufficient".

With respect to these latter two requirements, one could make the point that they are not currently met; however, these conditions could be met if the Governments of Canada, Manitoba and the local stakeholders were committed to the Port.

As stated above, the Port of Churchill is Canada's only arctic deep water port. With a small amount of dredging and charting, this could be the best port location for the Canadian Coast Guard and the Canadian Navy as they plan to address issues of sovereignty and safety in the north.

Furthermore, Churchill is a northern gateway port for servicing vast regions of the North. This role could be significantly enhanced with Port Authority status and the proper and synergistic policy and regulatory support from all levels of government.

The recent voyage of the luxury cruise ship the Crystal Serenity to Cambridge Bay, Nunavut reinforces that all forms of tourism is coming to the Arctic and it is coming quickly. Unfortunately, the infrastructure is not in place to facilitate the safe docking of these types of vessels and therefore, tourists were shuttled by zodiac to shore. Conversely, the Port of Churchill is the ideal port for these ships and vessels thereby enhancing tourism activities already underway in this region.

As a Port Authority, Churchill would be eligible for federal and provincial infrastructure funding. One of the key investments should be in port storage facilities. State of the art storage facilities would significantly enhance the ability of the port to ship larger volumes to the East, Europe and Russia in the summer shipping window.

There is ample room to consider multiple commodities/products for shipment through the Port of Churchill. Wheat and oilseeds, potash, forest products and services/goods to the North could be viable uses of the Port, as long as the proper policy and regulatory support is forthcoming.

There are at least four Canadian port authorities, such as those located in Thunder Bay and Saguenay, that could be used as models for the Port of Churchill. There is much that can be learned from the experiences of other Canadian ports.

4. Conclusion

The Canadian and Manitoba governments are now engaged at the highest levels. Key aboriginal stakeholders and the local communities affected by the seasonal closure of both the Port and the Hudson Bay Rail are united in finding a long term solution for the community of Churchill, Manitoba.

Now is the time to act. With hard work and a united effort behind the creation of a Churchill Port Authority we believe that the structure and operations could be ready and in place for a 2017 shipping season. As the union that represents the workers at the Port of Churchill and other ports within Canada, we are knowledgeable, committed and available. As a result, we are willing to assist in the creation of a new port authority and believe we can add unique value to this critically important issue. Together we can bring back hope for the community of Churchill, Manitoba.