

# **Written Submission for the Pre-Budget Consultations in Advance of the 2021 Budget**

## **Facilitating Shipping to Restart the Canadian Economy**



**CHAMBER  
OF SHIPPING**

## Key Recommendations

**Recommendation 1:** The Government of Canada should prioritize marine related infrastructure investments that support safe waterways, supply chain efficiency, and sustainable growth in trade.

**Recommendation 2:** The Government of Canada should develop and implement a regional anchorage framework for the South Coast of British Columbia.

**Recommendation 3:** The Government of Canada should prioritize the digitalization of port data and the standardization of processes to promote improved decision-making to meet Canada's trade, environmental and security objectives.

**Recommendation 4:** The Government of Canada should support operational agencies that are under-resourced and incapable of sustaining or expanding operations needed to facilitate international trade.

**Recommendation 5:** The Government of Canada should develop a national standardized framework for evaluating risk posed by commercial shipping to provide safe, efficient, and predictable trade corridors.

**Recommendation 6:** The Government of Canada should form a Shipping Planning and Oversight Advisory Committee to support programming of Federal Departments.

**Recommendation 7:** The Government of Canada should extend the current leasing arrangement of two Emergency Towing Vessels until a full risk assessment and consultation can be achieved.

## ***Introduction***

The marine industry, including ports, labour, terminals, and oceans carriers, serves Canada's international trade interests and it continues to collaborate to ensure the movement of people and key supplies to support Canadians during the global pandemic. As Canadians and Canadian businesses begin to resume operations, the opportunity to leverage the lessons learned to prepare for the next disruption is now. Further defining the strategic vision for marine transportation within [Transportation 2030](#) is essential to improving Canada's overall competitiveness as a trading nation.

The marine industry continues to work with the Government of Canada and Indigenous groups to make our waterways and ports as safe, efficient, and productive as possible, especially as cargo volumes increase through Canadian ports. This growth has also presented several challenges and the lack of a consistent jurisdictional framework for waterway and shipping management hinders certain opportunities for increased international trade. A sustained investment in infrastructure, data and service integration, and a reduction in unnecessary bureaucracy has the potential to elevate our nation's status and competitiveness in international markets.

Canada has made positive strides in protecting its unique coastal waters and we support the objective of protecting 30 per cent of our coasts by 2030. This effort should include improved coordination by the Government of Canada to ensure that marine trading corridors are predictable, low-impact, and support Canada's international trade objectives.

Commercial shipping results in \$30 billion of economic activity annually in Canada and moves more than \$200 billion worth of goods to and from global markets. The marine transportation sector is vital to supporting Canadian trade, and Canada's continued prosperity and high standard of living depends on our ability to deliver resources, goods, and people in a responsible and competitive manner.

## ***Expanded Infrastructure Development for National Economic Recovery***

State-of-the-art, effective and reliable trade-related infrastructure is a key component of economic competitiveness. Expediting major infrastructure projects presents significant opportunities for job creation, growth, and economic recovery across Canada. The best source for shovel-ready projects that support a competitive business environment for Canada is the National Trade Corridors Fund (NTCF) administered by Transport Canada. In fact, Transport Canada identified the need to invest in trade corridors to increase global market access for Canadian goods.

Several major infrastructure projects in Canada's Pacific Gateway are shovel-ready, including the Robert's Bank Terminal 2 Project. Projects of this magnitude provide significant employment opportunities during project construction, and economic benefits to Indigenous groups and neighbouring communities. They also provide the unique opportunity to advance efficiencies to reduce the overall greenhouse gas footprint relating to Canada's international trade.

Canadian ports must also support the transition to a low-carbon economy, and investments in alternative fuels research and innovation, infrastructure, electrification, and reception facilities would make Canada a leading nation in supporting the decarbonization of shipping.

### ***Systems Integration to Drive Innovation***

The coronavirus pandemic identified challenges where existing processes had to adapt quickly as policies and response measures evolved. Federal departments and agencies collaborated well during the early stages and developed effective policies that would be considered, in a global context, successful in limiting the spread of the virus within Canada.

Despite these efforts, gaps and inefficiencies resulting from the lack of coordination and information sharing between departments and agencies have been highlighted. The inconsistent and informal sharing of information before and during a crisis is unreliable and compromises the health and safety of frontline workers on the waterfront.

There is an acute need for port data and process standardization that can only be achieved by inter-governmental collaboration, as the acceleration of digitalization will require change management at local, regional, and national levels.

Investment in big data and the integration of new surveillance equipment and artificial intelligence tools in government systems would help support decision-making where discretion is left with frontline regulators.

An electronic exchange of data through a maritime single window as defined by the International Maritime Organization's Facilitation Committee would help Canada develop a strong maritime authority that would support Canada's environmental, trade and security objectives.

The absence of detailed and credible data for shipping in Canada has negative impacts to policy development, investment, and safety management. Moreover, the lack of data fails to inform Canadians about the overall benefits accrued by shipping to

Canadian businesses and the Canadian economy. Statistics Canada's last report on Shipping in Canada was issued in 2012 and this report has not been replaced. The most consistently available statistic focuses on marine occurrences and accidents, which may imply to Canadians, that the consequences of shipping outweigh the benefits, as expressed by many stakeholders throughout consultations under the \$1.5B Oceans Protection Plan.

For Canada to remain a strong trading nation that seeks further diversification of trade, improving the data available to inform and support better decision-making is paramount.

### ***Cost Recovery and Alternate Service Delivery***

For decades, several key Federal departments and agencies have struggled to meet the increasing demands of the shipping industry and Canada's growing international trade largely due to a lack of resources and other priorities. In particular, the Canadian Food Inspection Agency (CFIA), Canada Border Services Agency (CBSA), and Transport Canada have not updated policies and systems to equip inspectors and ports of entry with adequate resources to keep up with the pace of demand for key services.

The Western Region is continuing to see steady growth in the movement of containers and export of agricultural products. Grain ships, for example, require onboard inspections by CFIA and Transport Canada prior to loading. While there is a demand for these services, both inspection groups are challenged with providing inspectors beyond typical office hours and during weekends.

CBSA has adopted procedures for managing vessels clearances after hours and on weekends, but service delivery is inconsistent from one port of entry to the next. New projects and terminals in northern British Columbia have highlighted the inability for Government to adequately service new businesses in what are still considered remote ports. In the absence of inspectors, ships are delayed or incurring significant costs that could make these ports unviable unless appropriate government resources are provided.

The *Services Fee Act* enacted in 2017 provides Federal departments and agencies with the ability to increase fees sufficiently to cover the cost of providing services. The marine industry is concerned that Federal departments and agencies that are currently recovering less than 50 per cent of the cost to provide services to the marine industry will move quickly towards recovering 100 per cent of costs at a time when the industry is already facing unprecedented financial pressure and significant challenges to its competitiveness and the Canadian industries which it supports. For example, the Pacific Pilotage Authority, a Federal Crown Corporation, is facing a \$7M deficit that is expected to be recovered from future ship movements in the region.

There may be efficiencies to be realized in the provision of Government services while also respecting cost recovery. It is important that the Government of Canada continue to look at the cumulative costs of shipping and focus on developing technology and resources to better serve the industry that moves 90 per cent of Canadian goods.

### ***Safe, Efficient, Predictable Trade Corridors***

Competing Federal jurisdictions and programs are overly complex, inefficient, and costly for marine carriers supporting Canada's international trade, and ultimately reduce the competitiveness of Canadian exports on the world stage. While Canada has an enviable safety record, a strategic approach to marine safety has not kept pace with technology, data integration, and developments in oceans and coastal management. It is now common for multiple Federal departments to impose further constraints on commercial shipping without coordination, consideration, and integration of effort across Federal departments and Indigenous groups. This convoluted approach to coastal protection and shipping management is unpredictable and makes Canada one of the most complex operational and commercial jurisdictions in the world.

A safe, efficient, and predictable waterway starts with a consistent and recognized approach to risk evaluation and management. Over the past two decades, competing Federal jurisdictions including ports, pilotage authorities, regulators and other Federal departments have diverged in approach to risk management, largely in the absence of a clearly defined safety framework and governance. Operational assets such as the Canadian Coast Guard's addition of two Emergency Towing Vessels in 2018 were positive but lacked a comprehensive risk assessment, consideration of service delivery models, and integration into a larger risk management framework.

A clearly defined safety management framework would support safe, efficient, and predictable trade corridors. Trade inefficiencies are very evident in British Columbia's coastal waters. For example, the lack of a framework for managing anchorages on the South Coast results in a significant number of additional and potentially unnecessary ship movements. If this were to be managed appropriately, there would be substantial benefits to improving safety, reducing greenhouse gases, and increasing the competitiveness of Canadian exports.

Likewise, the coastal waters of British Columbia are becoming increasingly complex from a plethora of Federal programs that lack coordination and necessary integration. This challenge requires careful consideration across multiple Federal departments and engagement with Indigenous leaders in order to identify the most appropriate approach to governance to address concerns of First Nations, protect these important coastal waters, and responsibly develop competitive trade for the benefit of all

Canadians. In many current Federal programs, opportunities and impacts from commercial marine shipping are not a priority and lack appropriate resources, leaving Canada's international trade vulnerable to decisions that lack appropriate expertise, data, and evidence.

The establishment of a Shipping Planning and Oversight Advisory Committee would be beneficial to addressing the incongruence in the current approach to coastal protection and management.

### ***Next Steps***

Canada's economic recovery should include consideration of marine shipping that is competitive by global standards and supports Canada's international trade, conservation, and climate change objectives. While significant strides have been made by the marine transportation industry and the Government of Canada to ensure continued trade during the global pandemic, it is now crucial to focus attention on removing existing constraints to the industry's increased competitiveness.

The Ports Modernization Review and Oceans Protection Plan are Federal programs that could address these recommendations and we strongly recommend that the objectives of these programs be reconsidered in the context of Canada's economic recovery.