



**CFA • ACT**  
Canadian Ferry Association • Association canadienne des traversiers

## **State of Canada's Supply Chain**

### **Canadian Ferry Association Submission to the Standing Committee on Transport**

#### **About the Canadian Ferry Association**

The Canadian Ferry Association (CFA) is the national voice of the ferry industry in Canada. Our members adhere to the highest professional and operational standards and promote the safe delivery of ferry services across Canada.

CFA is a member-based organization representing Canadian ferry owners, operators, and industry stakeholders across the country. CFA has more than 90 members, with our owner/operator members accounting for most major ferry routes in Canada.

Ferries are an integral part of Canada's transportation system. Ferries are critical infrastructure, connecting communities in every region of the country. CFA member's transport 55 million passengers and 22 million vehicles annually, and billions of dollars of goods. Members directly employ 9,000 individuals and generate 22,600 jobs in supporting industries.

#### **Ferries are Vital to Canada's Supply Chains**

The ferry sector is critical to Canada's supply chains. Ferries connect provinces to each other in the Atlantic, connect popular international ports in the Pacific, and connect remote locations and islands to major centres and emergency services.

Urban, rural, and remote communities rely on ferries for the transport of goods, passengers, and vehicles. Ferries play a vital role in supporting Canada's Indigenous communities such as the Beausoleil First Nation and the Chippewa First Nation, among others. Municipalities such as Toronto and Halifax have ferries as a part of their public transit system and are vital components of the underlying transportation networks and supply chains serving local communities and businesses.

There are ferry dependent communities in every region of the country. From Inuvik in the North to the Sunshine Coast on the Pacific to the Îles de Madeleine in the Atlantic, safe, reliable, and affordable ferry services are a necessity. Disruptions to regular ferry services can adversely affect ferry dependent communities and the efficient movement of goods, vehicles, and passengers.

Disruptions to regular ferry services can significantly impact supply chains. Delayed or cancelled sailings can result in delayed deliveries to businesses. This has caused shortages of fresh food, fuel, and other

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goods in some ferry dependent communities.

Conversely, ferries transport goods, particularly agricultural products, out of communities for export. Disrupted ferry services can result in losses (i.e., the spoilage of fresh caught fish) or by creating significant delays in getting goods to market. This can also have a downstream impact on the broader supply chain, for example, by increasing truck traffic into ports that are unable to accommodate a large influx of traffic.

Importantly, the sector provides an essential lifeline for the movement of goods, vehicles, and passengers during times of crisis. The sector has proven to be vital for the resiliency of Canadian supply chains when disruptions to other modes of transportation occur. This has been true of climate change related natural disasters and extreme weather events, as well as the turmoil caused by COVID-19.

Despite the ferry sector being a critical link in Canada's supply chains, particularly for ferry dependent communities, the sector is often overlooked. We believe that investing in the ferry sector is critical to strengthening Canada's supply chain infrastructure in the face of crises like the COVID-19 pandemic or climate change.

### **Impact of Climate Change on Supply Chains Served by Ferries**

Climate change poses a major challenge for the ferry sector. Extreme weather events and other consequences of climate change have introduced an unprecedented level of uncertainty and risk to ferry operations and infrastructure. This in turn has disrupted supply chains that utilize ferry services in the following way:

- Erratic freeze thaw cycles and extreme weather events have made the start and end of ferry season more unpredictable resulting in planning and logistical uncertainty.
- The increasing frequency and severity of storms is causing more delays and cancelled trips hindering the efficient movement of goods, vehicles, and passengers and, in extreme cases, causing supply shortages.
- Extreme weather events, flooding, fluctuating water levels, and unusual ice flow patterns can severely reduce the ferry operating season creating the potential for ferry dependent communities to be cut off from regular supply chains for prolonged periods of time.
- Rapidly accelerating erosion can damage shore-based infrastructure including terminal and road infrastructure needed for the transport of goods to and from vessels.

Although the impact of climate change on today's operations and infrastructure has been substantial, with rising sea levels and more extreme weather events on the horizon the consequences of climate change on the future of the sector could be catastrophic.

Ensuring Canada's critical transportation infrastructure is more resilient to the impacts of climate change will require sustained strategic investment in adapting ferry operations, vessels, terminals, and other supporting shore infrastructure to withstand disruptions and damage associated with climate change. The sector requires a committed federal partner to adapt to climate change while

simultaneously reducing GHG emissions.

**Recommendation:** the government to recognize that Canada's transportation system is diverse. All current and future infrastructure programs should ensure that projects that combine the transportation of goods and passengers are eligible for funding.

**Recommendation:** the government should consider dedicated support for the ferry sector to lower their GHG emissions and adapt their operations and infrastructure to be more climate resilient.

### **Impact of COVID-19 on Supply Chains Served by Ferries**

The lack of qualified seafarers is an issue that impacts the entire marine sector, including passenger vessels. Chronic labour shortages are hampering the ferry sector's ability to provide critical transportation services to communities across the country. Specifically, the shortage is for licensed deck and engineering officers.

The COVID-19 pandemic has only intensified the chronic labour shortages that have plagued the ferry sector for some time. The issue is now acute due to an unprecedented number of retirements and some departures due to vaccine mandates.

#### Key facts:

- 200,000 Canadians work on ships, in ports and provide marine-related logistic services.
- 43 per cent of the marine transportation workforce is expected to retire in the next ten years.
- There were more than 1,200 job vacancies in 2020 onboard commercial vessels and ferries in 2020.
- Over the next ten years Transport Canada (TC) projects that 19,000 new seafarers will need to be hired.

Operators undertook extraordinary measures to ensure the safety of their passengers and crew during the COVID-19 pandemic. Like other sectors, the ferry sector has struggled throughout the pandemic to maintain the staff complement required by the regulator to continue operations. Due to necessary public health restrictions staff absences from sickness increased significantly. Unfortunately, this on occasion resulted in service disruptions and cancelled trips.

To cope with severe labour shortages operators implemented a myriad of stop gap measures such as enticing recent retirees to return to the job and offering overtime to the existing workforce. These are not sustainable solutions to chronic labour shortages. The sector needs a committed federal partner to address the underlying issues causing a shortage of qualified marine personnel.

In addition to exacerbating labour shortages, the COVID-19 pandemic caused a sharp decline in ridership and therefore revenues. Capacity limits cut in half the number of passengers permitted to board each vessel. With social distancing fewer people were commuting to work or traveling, and travel restrictions meant fewer tourists.

- In March 2020 BC Ferries saw an immediate 40 per cent reduction in passengers.

- Marine Atlantic carried approximate half the number of passengers and vehicles in 2020-21 as they did the year before.
- Many ferry services like the Quyon ferry and the Oka-Hudson ferry were cancelled entirely for portions of 2020. When they reopened, some services were limited to essential travel only.
- Some operators along the Ottawa river were initially unable to benefit from employment support programs since they also had a decline in revenues as a result of the 2019 floods. Basically, one disaster qualified some for funding but two disasters in a row rendered operators ineligible for financial support.

Ferry operators recognize the need for public health restrictions and are proud of our track record of keeping people safe during the pandemic. But operators also feel the impact of reduced fare revenues for many years to come. Operators may need to make difficult decisions like deferring maintenance, pushing back GHG emission reduction timelines, reducing investments in workforce development or service improvements and more. This can have a negative impact on service delivery and ultimately on the efficient, affordable movement of goods, passengers, and vehicles.

**Recommendation:** the government should expediate the process that allows internationally trained deck and engineering officers to assume those roles in Canada.

**Recommendation:** the government should fast track international reciprocal agreements, prioritizing agreements with key origin countries like the Philippines.

**Recommendation:** the government should work towards recognizing international mariner officer and engineering licenses and certifications of IMO compliant origin countries.

**Recommendation:** the government should provide adequate staffing levels in support of the Provincial Nominee Program to ensure expediated processing times can be achieved.