



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** November 5, 2018

From: Jason Kita **File:** 01-0025-01/2018-Vol
Director, Corporate Programs Management Group 01

Re: **Richmond's Submission to Transport Canada on the Port Authority Review**

Staff Recommendation

1. That the submission to Transport Canada detailed in the report “ Richmond’s Submission to Transport Canada on the Port Authority Review” from the Director, Corporate Programs Management Group, regarding the review of the Canadian Port Authorities, be endorsed and submitted to the Government of Canada; and
2. That copies of the submission be forwarded to local Members of Parliament and Members of the Legislative Assembly as well as senior Federal Ministers on the West Coast of British Columbia.

Jason Kita
Director, Corporate Programs Management Group
(604-276-4091)

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Economic Development	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Finance Department	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
Policy Planning	<input checked="" type="checkbox"/>	
Richmond Fire Rescue	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	

Staff Report

Origin

At the October 15, 2018 General Purposes Committee meeting, discussion occurred regarding Richmond's submission to Transport Canada on the Port Authority Review. As a result, the following referral was made:

That the staff report titled, "Richmond's Submission to Transport Canada on the Port Authority Review" from the Director of the Corporate Programs Management Group, be referred back to staff to provide further analysis.

This report responds to the referral with further analysis and information provided.

In March 2018, as part of the Government of Canada's Transportation 2030 Plan, Transport Canada announced a review of the Canadian Port Authorities in order to promote sustainable and inclusive economic growth through effective governance and innovative operations. The arms-length Canadian Port Authorities (CPAs) run Canada's 18 ports and were created in 1998. They are legislated under the Canada Marine Act¹.

The Vancouver Fraser Port Authority (VFPA), which manages the Port of Vancouver, has significant operations in Richmond. Over the last five years, the City has had several conflicts working with the VFPA primarily regarding land use. As the City has a direct interest in the outcome of the review, the City of Richmond should contribute to Transport Canada's review in order to recommend solutions to improve the working relationship and achieve the long term goals of the City.

This report supports Council's 2014-2018 Term Goal #5 Partnerships and Collaboration:

Continue development and utilization of collaborative approaches and partnerships with intergovernmental and other agencies to help meet the needs of the Richmond community.

5.1. Advancement of City priorities through strong intergovernmental relationships.

5.2. Strengthened strategic partnerships that help advance City priorities.

This report supports Council's 2014-2018 Term Goal #8 Supportive Economic Development Environment:

Review, develop and implement plans, policies, programs and practices to increase business and visitor appeal and promote local economic growth and resiliency.

¹ Canada Marine Act <http://laws-lois.justice.gc.ca/eng/acts/C-6.7/page-1.html>

Findings of Fact

Transport Canada is reviewing the effectiveness of the Canada Port Authorities (CPA) across Canada. Ports are significant economic generators. In 2017, CPAs handled more than 60% of Canada's commercial cargo volume, which is approximately 334 million tonnes, valued at over \$200 billion and generated \$2.1 billion in taxes. The Port of Vancouver is the largest port in Canada. Its role is to responsibly facilitate Canada's trade through the port at various locations across the Lower Mainland.

The CPA review is intended to increase the ability of ports across Canada to promote sustainable and inclusive economic growth through effective governance and innovative operations. The deadline for submission is December 3, 2018 with the results of the review released in the spring of 2019.

The CPA review will focus on five key objectives:

1. Support the competitiveness of Canada's economy by facilitating the movement of goods and passengers;
2. Strengthen relationships with Indigenous peoples and local communities;
3. Promote environmentally sustainable infrastructure and operations;
4. Enhance port safety and security; and
5. Optimize governance and accountability, including with respect to financial management.

Transport Canada's discussion paper which outlines the need for the review and identifies key target questions is included for information (Attachment 1).

The City of Richmond has identified various issues in working with the VFPA over the last four years. With the growth of the port operations and the City of Richmond, the priorities of the Port of Vancouver and the VFPA have often conflicted with priorities and long-term objectives of the City of Richmond.

The following table outlines the Reports to Council which provide background on the key issues with VFPA that Richmond City Council has dealt with in the last four years. These issues have primarily focused on the expansion of Port of Vancouver operations and the purchase of land in the Agricultural Land Reserve as well as the actions taken by the City to offset the future use of this land for industrial use.

Table 1: Key Reports to Council 2014 to 2018

Report to Council	Date	Description
1. Removal of Highway 99 interchange at Blundell Road and extension of Blundell Road	July 23, 2018	Council approved the removal of the transportation corridors on Blundell Road from the Official Community Plan.
2. Application by VAFFC for a Development Permit	February 13, 2018	Council approved the development permit for the construction of a marine Terminal facility for aviation/ jet fuel at 15040 Williams Road. Staff

at 15040 Williams Road		issued the permit
3. Industrial Designation of 1700 No.6 Road	July 8, 2017	Council approved the designation of additional industrial land for Port use on land already designated/ zoned as industrial.
4. Vancouver Airport Fuel Delivery Project Environmental Assessment Certificate Amendment	April 26, 2016	Council approved comments to send to the BC Environmental Assessment Office regarding the Vancouver Airport Fuel Corporation's application for amendment of the approved Vancouver Airport Fuel Delivery project's Environmental Assessment Certificate submission.
5. FCM Resolution – Federal Port Operations on Agricultural Land	January 22, 2016	Staff reported on the approved resolution at the FCM Annual General Meeting. The resolution recommended the Port Authorities establish a meaningful consultation processes and prohibit the expansion of Port Metro Vancouver operations onto lands within the Agricultural Land Reserve.
6. Update on Port Metro Vancouver Project and Environmental Review Application Process	October 9, 2015	Council approved the staff analysis of the new Environmental Review Process.
7. Revised UBCM Resolution-Port Metro Vancouver and Agricultural Lands	September 24, 2015	Council approved a revised resolution be sent to and approved by UBCM. The resolution recommended the prohibition of the expansion of Port Metro Vancouver operations onto lands within the Agricultural Land Reserve.
8. Vancouver Airport Fuel Delivery Project Update	September 14, 2015	Council approved the staff comments sent to Port Metro Vancouver regarding the Vancouver Airport Fuel Facility Corporation's Fuel Receiving Facility.
9. Supporting Port and Industrial Development While Protecting Agricultural Lands in Richmond	July 27, 2015	Council recommended letters be sent to Port Metro Vancouver, the Prime Minister, the Minister of Transport Canada, Provincial Ministers and the Agricultural Land Commission.
10. Port Metro Vancouver Resolutions to LMLGA, UBCM and FCM	February 25, 2015	<p>Council approved that resolution be sent to LMLGA, UBCM and FCM. The resolution recommended the prohibition of the expansion of Port Metro Vancouver operations onto lands within the Agricultural Land Reserve.</p> <p>Council directed staff to send a letter and the staff report to all the municipalities in the Lower Mainland.</p> <p>Council directed staff to send copies to the Prime</p>

		Minister, the Minister responsible for Transport Canada, the Premier of British Columbia, the Minister of Agriculture, Richmond Members of Parliament and Members of the legislative assembly and the Federal and Provincial leaders of the official opposition.
11. Richmond Response: Adopted Port Metro Vancouver Land Use Plan	January 27, 2015	Council approved the staff comments to send to Port Metro Vancouver regarding the Vancouver Airport Fuel Facility Corporation's Fuel Receiving Facility.
12. Update on PMV's Approval of Fraser Surrey Docks Direct Transfer Coal Facility	September 3, 2014	Council recommended letters be sent to Port Metro Vancouver and senior government elected officials outlining outstanding concerns regarding the Fraser Surrey Docks Direct Transfer Coal Facility.

Analysis

The City of Richmond understands the important role that the Port of Vancouver plays in the economy of the region, the province and the country. Richmond will continue to work toward an effective working relationship and a viable port operation. For 2018, Port Authorities and their related tenants contributed over 4% of total municipal taxes and ranked as the 2nd highest commercial property tax payer to the City.

With the growth of the Port of Vancouver, there have been several areas where conflict has arisen. The City of Richmond has identified several issues and suggests the following recommendations be submitted to Transport Canada in order to develop a more effective and integrated port operation that aligns with the long term goals of municipal government.

Richmond Submission to Transport Canada – Canadian Port Review

The following is Richmond's proposed input to the Canadian Port Authority Review. Through the identification of City issues and recommendations, the intention is to ensure the VFPA's goals support the City's priorities and plans.

1. Port Governance

City of Richmond Issues:

- a. VFPA has been perceived in a position of conflict of interest as it relates to the environmental assessment review of the Vancouver Airport Fuel Delivery Project. The VFPA leases the land to the owner of the fuel tanks facility, the Vancouver Fuel Facilities Corporation (VAFFC). VAFFC managed the environmental permit process for the Fuel Receiving Facility and the VFPA was the federal reviewer of the project even though it was on VFPA owned land. Richmond could only comment on the review but had no recourse if a dispute arose. Fire Safety Plans and disaster response plans requested by the City still have not been provided.

- b. The community consultation identified by the VFPA is often perceived as information sharing as opposed to meaningful engagement where feedback is integrated into solutions. Where VFPA has the authority as the lead agency, meaningful public consultation is not required. It needs to become evident where public consultation has an effect on the project to meet the community's needs.
- c. The City is opposed to the use of agricultural land for industrial use. With the growth of the Port of Vancouver and the City of Richmond, land use is becoming a very important issue. There is growing conflict over the jurisdiction of municipal bylaws and upholding of Provincial legislation, especially as it relates to the Agricultural Land Reserve. The VFPA has purchased land zoned as agricultural land in Richmond. This purchase and the refusal of the Port Authorities' Board of Directors to begin communication with Richmond City Council, has strained the relationship for several years and sent a clear message to Richmond that VFPA does not respect, acknowledge and support municipal priorities or the City's Official Community Plan (OCP).
- d. The VFPA Board of Directors is comprised mainly of port users and business leaders, including directors from out of Province, who can assist with the growth and expansion of port operations. The VFPA has minimized the influence of municipal government. The organizational structure prevents the VFPA from being aware of community concerns or opportunities for City input.
- e. The focus on growth and expansion and increasing funding for new Port projects often places the objectives of the Port Authorities in direct conflict with municipal government's priorities to ensure livable and safe communities. Growth and expansion is often perceived as more valuable than the objectives and priorities of municipal government. Opportunities for collaboration and creative solutions are lost due to perceived conflicting priorities.
- f. There is a lack of a dispute mechanism when a conflict arises with municipalities. Municipal governments have very few options to resolve a conflict with the port authorities. There is a lack of clarity on port authority accountability.

Recommendations:

- a. Revise the governance model in order to include and respect municipal government's priorities, the OCP and bylaws including the protection of the Agricultural Land Reserve. VFPA needs to be clearly accountable to longstanding municipal plans, regulations and jointly planned outcomes with municipal governments.
- b. Ensure the VFPA is accountable to municipal safety bylaws including enforcement of the building code and the Fire Safety Code and takes responsibility for financial costs relating to its projects.
- c. Include the possibility of currently serving municipal representation on the VFPA Board of Directors as well as working committees and build in mechanisms to work with municipal governments.
- d. Provide joint planning and communication opportunities on a regular basis with municipal government. Create letters of agreement with municipal governments in

multiple areas including land use, utilities, disaster and emergency planning, police services, dredging development and fire protection.

- e. Integrate joint planning when problem solving and include the participation of municipal governments. Use meaningful community engagement which affects project outcomes.

2. Innovation and Trade Logistics

City of Richmond Issues:

- a. There is an industrial land scarcity and need for efficient and customer-optimized use of industrial lands in the region.
- b. A labour shortage exists in the logistics & warehousing sectors and a skills shortage in administering and operating digital supply chains.
- c. There is a lack of co-operation and integration of goods movement between the Port and regional and local jurisdictions regarding transportation network planning.
- d. There is a need for the VFPA to support long-term municipal priorities, objectives and policies with respect to land use and transportation planning.
- e. Infrastructure improvement is often planned in isolation of stakeholders (e.g., business tenants and the City). Lands owned by the VFPA are not subject to municipal bylaws or taxes. The VFPA does not pay Development Cost Charges (DCCs) including Roads DCCs, which decreases the assistance the City can provide in funding transportation capital projects. Timely project implementation is often lacking especially with respect to infrastructure required by the VFPA operations within its lands to support current and future demand for transportation services, both short-term and long-term.

Recommendations:

- a. Increase cross-jurisdictional integration and include OCP objectives as well as industrial land use, transportation planning and project requirements amongst all stakeholders. This includes transportation planning especially where municipal infrastructure and Port infrastructure connect.
- b. Recognize, support and reflect municipal priorities and OCP objectives when expanding industrial land use on Port lands.
- c. Create increased density on VFPA owned lands to minimize the pressure on agriculture land and use the land for Port related uses only.
- d. Investigate the expansion of Port operations outside the Lower Mainland to decrease the demand for land in Richmond.
- e. Do not expand industrial uses onto land in the Agricultural Land Reserve.
- f. Increase smart technology and ensure collaboration with Richmond, academia and the private sector toward efficient, shared infrastructure and a transportation network integrating municipal and Port operations. This will assist with increased efficiency, emergency planning, improved safety and increased communication between stakeholders.

- g. Develop partnerships to augment the labour force, develop local labour skills and enhance environmental sustainability, including educational institutions, academia and training organizations, as well as First Nations, municipal government and Provincial ministries.
- h. Ensure capital costs allocated by the Port for road improvements within Port lands keep pace with growth.

3. Partnering with Indigenous Peoples

The City of Richmond recommends the continued commitment to work with First Nations communities.

4. Sustainability and Port Communities

City of Richmond Issues:

- a. The Fraser River Estuary Management Program (FREMP) which provided an integrated environmental review of projects along the Fraser River was disbanded. Since that time the review process has become increasingly disjointed. There appears to be no reference to, or coordination of the processes for projects spanning areas of foreshore under jurisdiction of the Port of Vancouver, the Province of BC and the local First Nations.
- b. Tenants of VFPA that are in violation of municipal bylaws and contribute to significant environmental pollution, are not held to the same standard as other municipal businesses not located on Port land.
- c. Joint planning between municipalities and VFPA with respect to sustainability, is not consistent. There is little recognition of City Policies or Bylaws or how the VFPA's permit process will address a project that may contradict Richmond's Official Community Plan or adjacent land uses.
- d. It remains unclear how or when the City will be notified in an environmental review process and if and how public consultation will be carried out for assessed projects.
- e. Multiple agencies are responsible for separate environmental reviews. Richmond is an island and only part of the foreshore is covered under the Port of Vancouver's permit process. The balance of the foreshore is managed by the Province's Ministry of Forest, Land, and Natural Resource Operations and Rural Development. First Nations are also required by the Provincial Government to conduct an independent review of projects in and around the Fraser River. The disjointed review process often adds significant time and potentially cost to projects.
- f. The Environmental Review Process, conducted on Port of Vancouver land, is not legally required to consider municipal priorities. Municipalities are not approving partners in the approval process. The Vancouver Airport Fuel Delivery Project owned by the Vancouver Fuel Facilities Corporation (VAFFC) is an example of a project that was not consistent with City priorities. A conflict of interest was perceived when the VFPA issued the environmental review process approval on land they owned. The Port of Vancouver leases the land to the VAFFC, where the potential 107 million litre capacity jet fuel receiving facility, providing fuel to Vancouver International Airport, is housed. The

Environmental Review Process, while it included the federal and provincial governments, was managed by the VAFFC and the Federal reviewing agency was the VFPA. The City was permitted to comment but there was no dispute mechanism to challenge the outcomes of the project. Permits and plans expected in the rest of the municipality, such as a Fire Prevention Plan including clear access roadways, are currently not in place creating a significant safety hazard. The City currently has no course of action to require these or other plans.

- g. There is limited consideration for timely evaluation of projects.
- h. There is confusion with respect to who is responsible for dredging of the Fraser River which is affecting the primary and secondary channels bordering Richmond. There is a need for timely dredging and regular communication with key stakeholders along the Fraser River.

Recommendations:

- a. Reinstatement of an integrated environmental review board, similar to the FREMP model that includes multiple partners and conducts reviews in a comprehensive and timely manner. Include municipal government as a required partner in the review process.
- b. Plan jointly around community environmental enhancement areas that integrate with the long term objectives of the City of Richmond.
- c. Ensure tenants of VFPA adhere to municipal/regional bylaws and standards regarding pollution and odor emission.
- d. Include municipal, provincial and other federal agencies with vested interest in Richmond when planning in areas such as disaster mitigation, traffic management and other areas of mutual interest. Integrate shared smart technology, increase renewable power sources and maximize operational efficiency. Share data where appropriate.
- e. Understand and support municipal sustainability principles and the OCP. Set measurable deliverables with municipal governments which demonstrate a genuine interest in community enhancement.
- f. Formalize intergovernmental relationships to create accountability for areas of mutual concern such as land use planning, disaster and emergency planning, dredging of the Fraser River and/or environmental assessment.
- g. Integrate a clear community consultation requirement when developing projects that potentially have effect on the City of Richmond. Public consultation or notification should be a requirement regardless of project size or category. Ensure the consultation involves meaningful community engagement, influences project outcomes and is more than information sharing.
- h. Take ownership of the dredging of primary and secondary channels along the Fraser River. Planning should include shared timelines and work plans in order to ensure smooth operation of businesses along the river.

5. Port Safety and Security

City of Richmond Issues:

- a. Emergency planning is conducted in isolation of municipal priorities. There are challenges with enforcement and compliance on VFPA owned lands.
- b. Data is not shared between partners in areas such as transportation, crime statistics and fire safety.
- c. City Bylaws are not enforced on Port of Vancouver land and Richmond Fire Rescue is challenged to enforce the Fire Safety Code as accountability of the VFPA is unclear. The Port does require tenants on their land to comply with bylaws and in general are not obstructive when RFR has tried to enforce bylaws. The accountability of the VFPA is not clearly defined.
- d. The Vancouver Airport Fuel Delivery Project on leased Port of Vancouver land was not required to adhere to municipal safety and building bylaws as well as other standards. With a 107 million litre capacity of jet fuel at the receiving facility, the potential for a major disaster is significant. Fire Safety Plans and disaster response plans have not been provided to the City. This creates a significant safety hazard and there appears to be no course of action.

Recommendations:

- a. Ensure buildings on Port lands are accountable to fire safety and other municipal bylaws related to safety. Create binding agreements between municipal, provincial and federal governments and the VFPA with respect to safety plans on Port land. This includes taking responsibility and being accountable for fire response, safety and other related costs.
- b. Increase smart technology and ensure collaboration with multiple Smart Cities partners on traffic management and disaster mitigation. Create opportunities to strengthen partnerships between public, academic and private sectors to advance new solutions and processes.
- c. Integrate joint planning around transportation routes and work with City departments for funding requests.
- d. Develop joint strategies with municipal governments to meet the demand of limited resources including policing, flood protection and fire services.
- e. Create data driven solutions to increase digital monitoring and surveillance to decrease crime, increase emergency response and increase communication between the VFPA and the City of Richmond as well as other stakeholders.
- f. Create regular bilateral planning sessions between the VFPA Board of Directors and Richmond City Council and safety working committees. Demonstrate a commitment to more effective communication between municipal and Port operations.

Financial Impact

None

Conclusion

Transport Canada is reviewing the Canadian Port Authorities (CPA) to promote sustainable and inclusive economic growth through effective governance and innovative operations. To improve the viability of the Port of Vancouver operation in Richmond and the working relationship with the Vancouver Fraser Port Authority, staff recommends the City of Richmond contribute the included submission to Transport Canada to help shape the future direction of port operations.



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Att. 1: Ports modernization review: discussion paper Transport Canada

Ports Modernization Review Discussion Paper

Purpose and objectives

Transport Canada is reviewing Canada Port Authorities. We're aiming to increase their ability to promote sustainable and inclusive economic growth through effective governance and innovative operations.

The review will focus on how ports can best advance five key objectives:

- Supporting the competitiveness of Canada's economy by facilitating the movement of goods and passengers
- Strengthening relationships with Indigenous peoples and local communities
- Promoting environmentally sustainable infrastructure and operations
- Enhancing port safety and security
- Optimizing governance and accountability, including with respect to financial management

This discussion paper explains the need for the review. It identifies considerations and questions that we at Transport Canada will consider through both public consultation and our own research and analysis.

Setting the context

The marine sector is evolving. In 2016, the Canada Transportation Act Review Report was released. In the report, the independent review panel made many recommendations for Canada Port Authorities. The report also noted the need for more analysis and engagement about the future of Canada's ports system.

Also in 2016, the Minister of Transport unveiled Transportation 2030. This is our strategic plan to support:

- trade and economic growth
- a cleaner environment
- the well-being of the middle class

Transportation 2030 has five themes:

- The Traveller: support greater choice, better service, lower costs, and new rights for travellers
- Safer Transportation: build a safer, more secure transportation system that you can trust
- Green and Innovative Transportation: reduce air pollution and embrace new technologies to improve lives
- Waterways, Coasts and the North: build world-leading marine corridors that are competitive, safe and environmentally sustainable, and enhance northern transportation infrastructure
- Trade Corridors to Global Markets: improve the performance and reliability of our transportation system to get products to markets to grow Canada's economy

Ports will be big contributors. They will help us:

- improve our transportation system and how we get products to market
- grow our economy
- build world-class marine corridors that are competitive, safe and environmentally sustainable

As a plan, Transportation 2030 reflects much consultation with Canadians. Canadians told us that government, industry, Indigenous groups and communities must work together to strengthen the competitiveness of ports. We also heard that we must go beyond infrastructure investments. We need to use innovation, policy, regulations, partnerships and creativity to improve the efficiency of supply chains.

How Canada's port system is structured

The 1995 National Marine Policy and the 1998 *Canada Marine Act* form the basis for today's port system. The Policy laid out a detailed model for Canada's marine transportation system. Its key principles emphasized accountability to users and the public, business discipline and self-sufficiency. This was done to shift the cost of port operations from the general taxpayer to users. The Act, meanwhile, placed federal ports of national significance on a commercial footing by creating 18 Canada Port Authorities. It also began the divestiture of other ports owned by Transport Canada to local interests such as provincial governments, municipalities and private organizations.

Together, these changes promoted a more competitive, effectively managed and sustainable port system.

Why ports are important

Canada is a very large trading nation. Canadians rely on the port system for the goods they use and consume, and for getting their merchandise to domestic and international markets.

In 2017, ports and marine shipping carried almost:

- \$101 billion (19%) of Canada's **exports** to world markets
- \$116 billion (21%) of Canada's total **imports** by value

The commodities with the biggest shares of marine **exports** were:

- petroleum products (23.8%)
- grains and oilseeds (15.8%)
- mineral or stone products (9.5%)
- base metals (9.0%)
- pulp or paper products (7.2%)

The commodities with the biggest shares of marine **imports** were:

- petroleum products (17.8%)
- machinery (14.6%)
- motor vehicles and parts (11.7%)
- base metals (8.9%)
- chemical products (7.7%)

Canada Port Authorities alone handled about 60% of Canada's marine commercial cargo tonnage.

Ports play an important role in supporting economic development and enabling trade with the world. In Canada, ports:

- support local and regional economic development
 - They help local industries and provide well-paying, middle-class jobs
- contribute over 213,000 direct and indirect jobs and over \$25 billion to Canada's gross domestic product (according to a recent study by the Association of Canadian Port Authorities)

Their contribution affects communities and Canadians across the country, whether they are near a port or far away.

Ports are an important part of the supply chains and gateways to the world. They are also important members of the community. They manage lands often at the heart of municipalities and build partnerships with communities and Indigenous groups. Canada Port Authorities also have important regulatory functions in the areas of marine safety and security, and environmental protection. Canadians have a clear interest and stake in these areas.

Why we are reviewing Canada Port Authorities

The Canada Port Authority system has served Canada well by supporting regional economic development and international commerce. But, over the past 20 years, the operating landscape has changed greatly. And it will likely continue to change at a greater pace. These changes mean new challenges and opportunities. We need to re-examine Canada Port Authorities to ensure our nation continues to be well-positioned to innovate and compete.

Key drivers of change include:

- an evolving marine industry
- reconciliation with Indigenous peoples
- local communities
- environmental protection and climate change
- safety and security
- governance

An evolving marine industry

- Marine industry consolidation
- Digital connectivity
- People

Marine industry consolidation

The shipping industry has undergone a period of major restructuring. As of April 2018, only 10 shipping lines control more than 87% of deep sea shipping container capacity. Some members of the shipping industry are concerned with these mergers and acquisitions. They worry about issues like competition, carrier instability and services offered.

The shipping industry is ordering new, larger container ships to realize economies of scale. 20 years ago, the standard ship size was Post-Panamax. It could carry 4,000 to 8,000 twenty-foot equivalent units (TEUs) or standard-sized metal container boxes that can be transferred between ships, trains and trucks. Today, major ship building yards around the world are working on ships with 22,000 TEU capacity. Consolidation may mean that shipping companies use fewer of these larger ships to optimize their services on each trade route.

The consolidation of the shipping industry and the growth in ship sizes may deeply affect the port sector and our economy. How? By the number of ports at which ships call and the infrastructure and logistics services needed to support them. This consolidation will likely mean much more traffic for certain ports and added pressure to improve the efficiency of facilities and marine, rail and road connections.

Digital connectivity

Technology is evolving. We now have:

- autonomous vessels
- expanded use of block-chain applications
- big data
- artificial intelligence
- Internet of Things

We expect technology to fundamentally change the maritime industry. How? By connecting everyone and everything in the supply chain. We may be able to help improve and streamline supply chain operations by gathering, sharing and analyzing data more effectively and securely. How the marine sector adopts these technologies will be important. Ports are convergence points in the supply chain, so they will need to be at the centre of these innovations. They will need to work more closely with their users to maximize:

- coordination of supply chain logistics
- convergence across marine, road and rail suppliers, carriers and operators

Early adopters will set the pace for the marine industry, as they do in other sectors. They will likely gain greater benefits such as a larger client base and secure, broader access to global value chains for their national economies.

People

People continue to be the heart of the marine sector's ability to support the economy and ensure the reliability of Canada's supply chains. For many years, the marine sector has been a source of quality jobs with good wages, stability and benefits. During this time, transportation and logistics companies have consistently reported difficulty in keeping enough skilled and qualified workers at all levels. This problem could weaken regional economic development and trade if we don't take action.

New technologies and automation in several ports worldwide may mean many changes for the Canadian marine labour market. Technology has made ports more productive and has opened up new career possibilities, including for underrepresented groups.

Together, we need approaches for adapting workforce training systems to best support current and future workers. Government, employers, academic institutions and individuals will need to evolve and better understand the opportunities and challenges associated with the future of work in the sector. By working together, we can ensure our workforce is prepared and can successfully adapt to an ever-changing labour market.

Reconciliation with Indigenous peoples

We are working to renew the relationship with First Nations, Inuit and Métis peoples based on the recognition of rights, respect, cooperation and partnership. Well over 100 Indigenous communities across Canada live and practice their protected rights near ports. These communities are diverse and how they interact with ports can vary a lot. Port-related activities may affect Indigenous communities, so Canada Port Authorities need to work closely with them to understand their concerns and needs.

We have done a lot of work toward reconciliation, including through the \$1.5 billion Oceans Protection Plan. The plan is made up of many initiatives to:

- improve marine safety
- improve responsible shipping
- protect our marine environment
- offer new possibilities to work with Indigenous communities

Some Indigenous communities have expressed a desire to see Canada Port Authorities reflect our commitment to reconciliation. The partnerships between Canada Port Authorities and Indigenous communities vary. Both the Canada Port Authorities and Indigenous communities have shown they can build partnerships around concrete issues and can advance their interests through these relationships. But federal and Indigenous partners need to do more to come together. The perspectives and concerns of Indigenous communities are important factors that will shape the future of Canada Port Authorities.

Local communities

Port cities are dynamic. Ports provide a long-term basis for local socio-economic development. They once served to welcome newcomers, and continue to generate jobs and provide goods. But ports can also create challenges for local communities. Port operations as well as truck and rail connections can affect quality of life, such as through noise, traffic and poor air quality. Some communities, both in large and small cities and towns, have expressed concern that port activities occur without enough local involvement and at their expense.

Leading ports understand that working together with local communities is becoming very important to facilitating port development and operations. Examples of what ports are doing to include:

- hosting open houses to explain their major projects
- starting good neighbour committees
- talking with Canadians on social media

Through efforts such as these, ports can continue to provide local benefits while working to lessen negative effects.

Together, we will need to do more to make sure community partnerships effectively inform the pace of change at our ports. As trade grows, local communities will keep advocating for liveable communities. Ports will need to create and maintain community partnerships. This will affect how they share objectives and solve challenges.

Environmental protection and climate change

We are working to protect the environment and address climate change. It is one of our priorities. The Pan-Canadian Framework on Clean Growth and Climate Change is our plan to grow our economy, reduce emissions and build resilience to a changing climate. The transportation sector is a key part of this plan. It includes many actions to reduce greenhouse gas emissions from all transportation modes (marine, air, rail and road). It calls for the federal, provincial, and territorial governments to invest in building more efficient trade and transportation corridors, including investments in ports.

Ports must do their share to better protect the environment, and serve as environmental stewards. Canada Port Authorities:

- have added environmental and sustainable development practices and oversight into their governance structures
- have put environmental management systems in place based on internationally-recognized standards
- are global leaders through the Green Marine partnership, which helps them:
 - reduce the environmental footprint of the marine sector
 - focus on other issues such as local air quality and protecting marine species

Ports contribute to a greener, low-carbon transportation system. Such a transportation system creates new economic opportunities and good jobs and helps Canada remain an environmental world leader.

Together, we need to pay attention to the role ports play in environmental regulation and to their ability to adapt, build resilience and adequately prepare for climate risks. Why? As trade and transportation intensify, and as we better understand the effect of climate change, we will need to monitor and talk about the environmental effects of port-related activities.

Safety and security

As Canadians, we enjoy a high degree of security. But world events show us that the maritime transportation system is not immune to safety and security threats. These threats could affect our physical and socio-economic well-being. This means we must secure our important port infrastructures and related transportation systems. This will make sure that criminal and security threats do not weaken the competitiveness of our ports.

Today, our maritime transportation system is more complex and interconnected than ever. The system involves much more than just vessels and port-specific activities. Every year, over 2.5 million TEUs move through our ports to be delivered by truck and train. The multimodal nature of Canada's port sector means that government and private sector partners need to take a broad view. Plus, the increasing reliance on automated systems and emerging technologies adds even more considerations.

Over the last two decades, we have been investing to secure our ports. Human and technical investments include:

- enhanced cargo screening
- advanced notification requirements for vessels

- automated targeting systems
- gamma-rays
- ion mobility spectrometers
- trace detection systems

These investments allow goods and people to transit safely and security through our ports. Canada has a reputation as a trusted and effective maritime trading nation. But port users and operators depend on clear norms and procedures. Some industry players are moving forward with their own solutions to make marine transportation more efficient and secured. For example, new block-chain applications show that security and the economy are two sides of the same coin. Regulations and practices will need to keep pace with an evolving safety and security landscape. And so will the partnerships across federal departments, provinces, communities, the private sector and international community that strengthen our performance in this area. How we adapt and advance collaborative solutions in this area will influence whether our reputation continues to constitute an advantage for our ports.

Governance

Canada Port Authorities are federally incorporated, non-share corporations. They operate at arm's length from the federal government. They fulfil important public policy objectives such as:

- supporting economic development
- performing many regulatory functions relating to safety, security and environmental protection

They must be financially self-sufficient. We designed the corporate structure of Canada Port Authorities to let them be both sound businesses and accountable, transparent managers of public assets.

We established this governance model 20 years ago. It was suitable for the maritime sector and was rooted in the regional and socio-economic conditions and markets of those times. As our ports and neighbouring communities have prospered, we are seeing many new challenges. These challenges sometimes expose the potential limitations of this governance model to meet either:

- new demands
- the desire for greater scrutiny and accountability when they seize large development opportunities

The 2016 *Canada Transportation Act* review examined, in part, whether we needed to make changes to the current policy and legislative frameworks for port authorities to support our:

- economic growth and prosperity
- trade interests
- international competitiveness

The review suggested we need to do more work about:

- how ports are legally constituted, governed, and financed
- how to could support clearer approaches to planning and growth across the port system

As well, we note above that some Indigenous groups and municipalities have expressed a desire:

- for ports to respond better to their concerns
- to be more involved in decision-making activities that affect their interests and quality of life

While the Canada Port Authority system has proven to be strong, we now need to consider how the Canada Port Authority model can better reflect and align global and local considerations while maintaining a strong commercial orientation to day-to-day operations.

Engagement questions for the review

The review will be evidence-driven. It will propose an updated model for Canada Port Authorities that helps them to continue supporting sustainable and inclusive economic growth. It will examine the changing landscape under five key streams:

- Innovation and trade logistics
- Partnering with Indigenous peoples
- Sustainability of ports and communities
- Port safety and security
- Port governance

Based on your knowledge of Canada's port system and Canada Port Authorities, we invite you to consider the following questions and we welcome your input.

Innovation and trade logistics: review stream 1

This stream will look at how to position ports in relation to key socio-economic and technological trends. Through this stream, the review aims to better understand how ports can continue to:

- support economic development and trade
- improve job opportunities
- respond to new technologies

More specifically, this stream will examine:

- marine transportation in Canada and the trade and traffic outlook, the role of ports in the supply chains and attributes of port competitiveness
- emerging socio-economic trends and changing technologies that affect ports and supply chains, and the ability of the port system to respond to opportunities and challenges created by these trends

Q1. What trends will affect port operations and supply chains, and who are the port partners that are key to adapting to these trends?

Q2. Do ports have the appropriate infrastructure and supply chain integration in place to support future demand for transportation services?

Q3. What strategies could link business to research, and research to learners in support of innovative solutions and greater competitiveness?

Partnering with Indigenous peoples: review stream 2

This stream will look at how Indigenous perspectives can inform and shape the role of Canada Port Authorities in carrying out their mandate, particularly with respect to enabling partnerships for fostering socio-economic growth.

More specifically, this stream will examine:

- opportunities for Canada Port Authorities to reflect Canada's commitment to reconciliation with Indigenous peoples
- ways to promote and integrate understanding of Indigenous perspectives, including the needs and concerns of Indigenous groups, to explore available means for achieving mutually beneficial objectives

Q4. How can Canada Port Authorities ensure their activities acknowledge Indigenous perspectives and values?

Q5. How can Canada and Canada Port Authorities best identify opportunities to develop mutually beneficial partnerships with Indigenous groups?

Q6. What current practices at Canada Port Authorities reflect to Government's commitment to reconciliation with Indigenous peoples and what additional steps can be taken?

Sustainability and port communities: review stream 3

This stream will look at:

- Canada Port Authorities' role in an environmentally responsible and low-carbon transportation system and how they can be more resilient in the face of climate risks
- how Canada Port Authorities can contribute to building healthy communities and integrate local perspectives in carrying out their mandate

More specifically, this stream will examine:

- Canada Port Authorities stewardship functions in support of environmental protection and sustainability
- the environmental liability of Canada Port Authorities as well as options for strengthening the federal government's environmental oversight role
- Canada Port Authorities accountability measures and relationships with local communities

Q7. How can ports ensure their operations and future development remain environmentally sustainable and adapted to climate risks?

Q8. How can Canada Port Authorities contribute to building healthier communities?

Q9. What mechanisms could be put in place to increase Canada Port Authority transparency relating to their environmental performance?

Port safety and security: review stream 4

This stream will look at ways to enhance port safety and security in an evolving operating environment while advancing the goal of efficient movement of goods.

More specifically, this stream will examine:

- safety and security challenges to port operations
- private sector led approaches and solutions to maritime transportation services that can enhance security of our ports and related supply chain
- opportunities to strengthen partnerships between public and private sectors to advance new solutions and processes

Q10. What are the current and emerging safety and security challenges facing Canadian ports?

Q11. What new actions and public-private collaborative efforts could be pursued to enhance safety and security at Canada's ports?

Port governance: review stream 5

This stream will look at ways to modernize the governance framework for Canada Port Authorities to seize the opportunities presented by a changing landscape, and to position themselves for success well into the future.

More specifically, this stream will examine:

- opportunities to strengthen the governance framework of Canada Port Authorities, including examining government oversight and approaches for optimizing responsiveness to users
- models to enhance the delivery of regulatory functions while ensuring accountability and transparency
- tools and approaches, including financial instruments, that can support smarter planning and growth at ports and across the Canada Port Authority system

Q12. Does the current governance model enable Canada Port Authorities to effectively manage their assets, support economic development and deliver their regulatory duties?

Q13. What models or approaches could be pursued to ensure Canada Port Authorities are more responsive to user and local perspectives?

Q14. Do Canada Port Authorities have the tools and partnerships they need to respond to an evolving maritime sector?

Submitting your input

Please submit your submissions either:

- directly at [Let's Talk Transportation](#)
- by email: tc.portsreview-examendesports.tc@tc.gc.ca