

**SUBMISSION TO THE
PORTS MODERNIZATION REVIEW**

BY

PRINCE RUPERT PORT AUTHORITY

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INTRODUCTION AND RECOMMENDATIONS

The Prince Rupert Port Authority (PRPA) welcomes the review of Canadian Port Authorities (CPAs) as Canada and the Port of Prince Rupert enter a new phase of Asia Pacific trade growth.

The Port of Prince Rupert shipped 24 million tonnes of cargo in 2017, with current capacity of 40 million tonnes. By value of the trade represented by that volume, the Port of Prince Rupert is the third largest port in Canada, shipping over \$35 billion of cargo, including \$5 billion in Canadian exports. For historical comparison, this represents a significant increase in trade from less than 5 million tonnes as recently as 2005.

The Prince Rupert Gateway has attracted approximately \$1.4 billion of capital investment into its terminals and infrastructure over the past decade, resulting in significant regional economic development opportunity. Transportation activity related to the port is now responsible for directly supporting 5,200 jobs (FTE) in direct and indirect regional employment, \$514 million in GDP and \$112 million in government revenues, including \$72 million to the Government of Canada. The growth of this service industry in northern BC has been critical to both the relatively small regional economy as well as the national economy and trade agenda.

The growth of the Gateway has been achieved through innovation—the development of a new gateway and supply chain model that has leveraged Prince Rupert’s natural attributes and the growth of Asia Pacific markets. Prince Rupert’s ability to provide not just capacity, but add value to shippers through speed, reliability and market reach has reshaped Canadian trade flows.

The Port of Prince Rupert is well positioned to continue to grow and provide solutions to Canada’s trade challenges, and has the ability to expand its future capacity to over 100 million tonnes of cargo annually. Northern rail corridor capacity, greenfield development land, and an absence of urban land use conflict and urban congestion issues that plague other west coast gateways are significant strategic advantages as Canada looks to grow and diversify its Asia Pacific markets.

In order to positively tackle the challenges that will arise in pursuing that vision, PRPA suggests the following recommendations:

INNOVATION & TRADE LOGISTICS

- 1. The Government of Canada should continue to support the proactive planning and timely development of port infrastructure projects through infrastructure funding programs.**
- 2. The Government of Canada should consider formal trade corridor initiatives to hardwire coordination and collaboration between marine, rail, truck, terminal and other direct stakeholders.**
- 3. The Government of Canada should review CBSA legislation and regulation in order to modernize and standardize the manifest data exchange in Canada, creating a common protocol that will improve real-time and forecast visibility of cargo movement by sharing important data with service providers.**

PARTNERING WITH INDIGENOUS PEOPLES

- 4. The Government of Canada should continue to consider whether the current port governance model is nimble enough to explore innovative indigenous joint ventures that could continue to expand these opportunities.**
- 5. The Government of Canada should consider a more proactive and consistent role in clarifying key policy issues related to the Crown's legal duty to consult with indigenous people, (e.g., accommodation, strength of claim) within the port context as well as the corridor as a whole.**

SUSTAINABILITY AND PORT COMMUNITIES

- 6. The Government of Canada's should continue its investment in and support for proactive infrastructure investment that advances energy and climate change objectives.**
- 7. The Government of Canada should consider developments proposed within a Canadian Port Authority related to petroleum storage, marine terminals and railway yards be omitted from the list of designated projects within the proposed Impact Assessment Act.**
- 8. The Government of Canada should consider creative alternatives for further embedding local First Nations into the environmental assessment process.**
- 9. The Government of Canada should consider a more proactive role in providing direct financial assistance to ports and gateway municipalities for increased capital infrastructure needs that are related to impacts from increasing traffic from national trade moving through Gateways.**
- 10. The Government of Canada should consider taking a more active role in local gateway labour force recruitment and training strategies given its potential impact on the national trade agenda.**
- 11. The Government of Canada should consider opportunities to be more actively engaged with and provide assistance to local government in Northwest BC towards municipal infrastructure, recreational and cultural facilities, and housing strategies.**

PORT SAFETY AND SECURITY

- 12. The Government of Canada should consider a more formal engagement with port authorities to target quantified marine safety risk related to cargo vessel traffic originating from or destined for ports, and dedicate investment to mitigating those specific risks.**
- 13. The Government of Canada should review and consider the ACPA recommendations related to port security, in particular the following:**
 - a. A review of legislation and instruments to provide appropriate enforcement authorities to CPAs**
 - b. Appropriate legislative steps to permit information sharing between CPAs and other partner agencies to ensure safety and security of the port and its people.**
 - c. Enhance regulations to provide CPAs the authority to designate and publish security exclusion zones.**
 - d. Establish a suitable, ongoing funding program to support the CPA's designated port security regime.**

PORT GOVERNANCE

- 14. The Government of Canada should consider improving the timeliness of the appointment process as a priority.**
- 15. The Government of Canada should consider increasing PRPA's number of Directors by one in order to accommodate defined Director appointment for local First Nations.**
- 16. The Government of Canada should consider increasing the financial tools available to CPAs, and decreasing the financial restrictions, while ensuring that CPA investments are core to their mandate of enabling trade and unlocking private sector investment.**
- 17. The Government of Canada to review and consider the ACPA recommendations, particularly those related to financial flexibility, including:**
 - a. Revising the criteria for determining borrowing limits,**
 - b. Remove or revise the requirement for gross revenue charges,**
 - c. Shorten and simplify process to amend CPA Letters Patent, and**
 - d. Other financial and land use-related limitations.**

PORT OF PRINCE RUPERT OVERVIEW

The Prince Rupert Port Authority (PRPA) is a Canadian Port Authority (CPA) created under the Canada Marine Act. Its mission is to be an innovative and integrated trade gateway providing value and advantage to its customers and creating economic vitality for the community, region, and whole of Canada and do this in an innovative, economical, safe and environmentally sound manner.

The Port of Prince Rupert currently consists of six terminals:

INTERMODAL:

- Fairview Export Terminal:
 - Container Capacity: 1.4 Million TEUs (i.e. 14 Million Tonnes)
 - 2017 Volumes: 0.93 Million TEUs (i.e. 9.3 Million Tonnes)
 - Primary export cargoes: Forestry, Agricultural Products
 - Primary import cargoes: Automotive & Manufacturing inputs, Consumer & Household Goods

DRY BULK:

- Prince Rupert Grain
 - Capacity: 7.0 Million Tonnes
 - 2017 Volumes: 5.8 Million Tonnes
 - Primary export cargoes: Wheat, Canola, Barley
- Ridley Terminals
 - Capacity: 18 Million Tonnes
 - 2017 Volumes: 7.6 Million Tonnes
 - Primary export cargoes: Metallurgical coal, Thermal coal, Petroleum Coke
- Westview Terminal
 - Capacity: 1.2 Million Tonnes
 - 2017 Volumes: 1.1 Million Tonnes
 - Primary export cargoes: Wood Pellets

LIQUID BULK:

- Ridley Island Propane Export Terminal
 - Capacity: 1.2 Million Tonnes
 - Beginning Operation in Q2 2019
 - Primary export cargoes: Propane

CRUISE:

- Northland Terminal
 - 2017 Volumes: 16,400 Passengers

PROJECT CARGO & HARBOUR OPERATIONS

- 2017 Volumes: 0.5 Million Tonnes

The Port of Prince Rupert's development is integral to Canada's Asia Pacific trade agenda, particularly in the context of the Canada-Korea Free Trade Agreement, Comprehensive and Progressive Agreement for Trans Pacific Partnership and continued development of trade with China. In 2017, over 80% of the Port's trade was imported or exported from Asian countries. Expanding Canada's ability to access these markets in terms of capacity, capabilities, reliability, and resiliency is critical to seizing the economic opportunities being enabled.

PRPA is pursuing a vision to enable a trade gateway that will handle 100 million tonnes of cargo and 6 million TEUs of containers. The Port's development plan is based on a long-term forecast of trade demand for multiple modes and industry cargoes, and ensuring common infrastructure is in place to guide development of trade capacity in the most efficient, fluid and cost-effective manner. The Port is currently developing and expanding opportunities for multimodal cargoes such as agricultural products, dry and liquid bulk energy products, forestry and mineral products, manufactured consumer goods and industrial inputs, and a variety of breakbulk and project cargoes. The current total demand for the Gateway is forecast to measure 55 million tonnes by 2027.

The development plan reflects the forecast demand through common infrastructure and land use planning that enables both new and expanded terminal capacities without compromising the velocity, fluidity and reliability at the heart of Prince Rupert's value proposition. This approach ensures the Port's ability to avoid future congestion issues and mitigation solutions that would otherwise require very high public capital expenditures to add incremental improvements in fluidity.

REVIEW STREAM 1: INNOVATION AND TRADE LOGISTICS

Global supply chain transportation and logistics has undergone massive transformation over the past decade, and will continue that transformation into the foreseeable future.

Manufacturing and retail supply chains are considering many factors to maximize their competitiveness, including fully landed costs, tariffs, speed, and reliability. In the context of new trade agreements and changes in tariffs and regulations, supply chain networks can be expected to continue to change greatly.

In this highly uncertain context, the ability to maintain Gateway volumes by offering capacity, flexibility, and shipper service options will be key to maintaining competitiveness for Canadian importers and exporters.

The need to proactively develop corridor resiliency and redundancy is an important aspect of reducing risk to trade-exposed industries, and calls for senior governments to play a more active role in this capacity. The introduction of multiple options for Canadian trade ensures both competitive services and an increased ability to handle transportation corridor interruptions or unexpected changes to trade volumes.

PRPA is implementing a strategy to develop an innovative Gateway model, based on a pragmatic future growth forecast, that relies on proactive deployment of capital to minimize adverse congestion, environmental, safety and community impacts before they occur, instead of fixing them after.

The value of this approach of staying ahead of capacity constraints and bottlenecks through forward-looking Port development plans and collaborative planning with multiple stakeholders has been recognized and supported by federal funding of master planning and infrastructure project design and engineering. PRPA believes this approach has the potential to maximize return on investment for public funding by investing in gateway infrastructure (i.e. “common user” infrastructure that is used by multiple terminals and cargoes) based on future growth, as opposed to reacting after issues occur and apply expensive and/or inefficient ‘after market’ solutions.

In planning for growth from 25 million tonnes to 50 million tonnes in the next ten years, PRPA is forecasting the need to invest approximately \$500 million into “common user” gateway infrastructure over the next decade. This investment does not include private sector investment into terminal and logistics services, but would unlock several billion dollars of capital into those future enterprises.

With recognition of the value of this approach, and recognizing that a proactive approach by definition will precede an increase in revenues associated with the trade that will use the infrastructure, **the Government of Canada should continue to support the proactive planning and timely development of these port infrastructure projects through infrastructure funding programs.**

However, in order to be successful, solutions will not be found by an exclusive focus on specific nodes of supply chains like ports, but rather ensuring a strategic ‘origin to destination’ approach is taken for trade corridors and gateways. **The Government of Canada should consider formal trade corridor initiatives to hardwire coordination and collaboration between marine, rail, truck, terminal and other direct stakeholders.**

- Corridor approaches need to include recognition of the specific needs of different transportation modes and trade-oriented industries, encouraging economies of scale where opportunity presents and customization where required.
- While these initiatives often focus on coordinating public and private sector investment in strategic physical infrastructure investments, it will be important to ensure that systemic policy and regulatory environments are also aligned to support corridor objectives. This includes ensuring that the regulatory framework around rail incents innovation, investment and broad and equitable access to services.
- In addition to volume capacity, strategic gateway initiatives should prioritize additional complimentary corridor objectives including velocity, reliability, resilience, and capabilities.
- Sustainable trade corridors will also require the proactive mitigation of environmental impacts, safety & security concerns, and First Nations and community engagement, alignment and support.

Underlying a strategic corridor and gateway approach is the availability of quality data. As cargo owners face the imperative of developing more flexible and adaptable supply chain networks, the timely visibility of cargo movement is clearly a criterion for globally competitive corridors, and would provide value across the entire supply chain and transportation corridor. Moreover, the availability of data in a common format through a corridor from end-to-end provides the key performance indicators that will be necessary to develop the most responsive, efficient and effective supply chains within the strategic corridor framework. Lastly, the accuracy and completeness of this data underlies the quality of the forecasting necessary to coordinate corridor infrastructure needs.

One of the challenges of implementing the digital technologies required to enhance visibility is the contribution of complete and comprehensive data from the variety of players in the full supply chain. The Government of Canada can play a unique role in removing this barrier to innovation by actively coordinating and incenting the provision of this data throughout the corridor and developing a single window solution in Canada.

In particular, Canada Border Services Agency (CBSA) is a critical source of manifest data related to Canadian trade, and its ability to act as an economic agent that supports Canadian trade is restricted. **The Government of Canada should review CBSA legislation and regulation in order to modernize and standardize the manifest data exchange in Canada, creating a common protocol that will improve visibility of cargo movement by sharing important data with service providers.**

REVIEW STREAM 2: PARTNERING WITH INDIGENOUS PEOPLES

Engagement with indigenous peoples is pivotal to the continued success of the development of the Port of Prince Rupert. PRPA is committed to supporting Canada's reconciliation objectives, and working closely with local First Nations to explore ways in which to achieve mutually beneficial objectives and to ensure that development occurs responsibly and collaboratively.

PRPA and Canada entered into economic benefit agreements in 2011 with five local Tsimshian First Nation communities with respect to the development of the Fairview Container Terminal. The agreements provide significant benefits and opportunities for First Nations, including revenue sharing based on annual throughput, employment opportunities, and contracting opportunities associated with port infrastructure development. Importantly, the structure of these agreements align First Nations' economic interest with continued future port growth.

PRPA has committed to providing preferential contracting opportunities to First Nations through PRPA infrastructure and asset maintenance projects. Between approximately October 2010 to April 2018, contracting opportunities totaling more than \$130 million have been awarded by PRPA to local First Nations contractors. Examples of projects include the \$97 million development of the Road Rail Utility Corridor, one of the largest First Nations joint venture developments to have occurred in Canada. A First Nations joint venture will also be responsible for the development of the \$100 million Fairview-Ridley Connector Corridor, due to start construction in Fall 2018.

Outside of benefit agreements, First Nations-owned business interests are also active in transportation and logistics services in a commercial manner. These businesses include trucking services, intermodal logistics, and several other related industrial services. Notable examples include a First Nations joint venture being granted a concession to operate the Ridley Island Project Cargo facility, the Coast Tidal container stuffing operation and Gat Leedm trucking. PRPA has also partnered with a local First Nation to investigate the development of an integrated logistics park development on First Nation-owned land.

Prince Rupert is unique in that approximately 40% of the census metropolitan area identifies as indigenous heritage, and its business community and labour force reflects that demographic makeup. Informally, port-related businesses in Prince Rupert report approximately 35% of their employees are of indigenous heritage. As a result, First Nations engagement is well-aligned with broader community relations efforts, and goes well beyond regulatory consultation, including engagement with traditional chiefs, elders, and multiple audiences within the indigenous community.

For the past several years, PRPA has hosted annual career fairs with local First Nations and has contributed hundreds of thousands of dollars towards employment and training initiatives. A Port Opportunities Committee made up of local First Nations members was established and holds bi-monthly meetings with port terminals and port related companies to bring awareness of potential employment and training opportunities. Further, PRPA has created community

information forums with local First Nations to help ensure the timely delivery of information on new projects and other activities proposed at the Port of Prince Rupert.

PRPA has seen significant benefit resulting from First Nations' economic and commercial alignment and engagement in the port industry, and wants to explore further equity participation opportunities with First Nations in port-related projects. **The Government of Canada should continue to consider whether the current port governance model is nimble enough to explore innovative indigenous joint ventures that could continue to expand these opportunities.** In particular, this may include examining existing restrictions on CPAs that limit capitalization of and investment in subsidiaries (currently limited to 50% of a CPA's net income before depreciation) and limits of joint ventures (currently limited to subsidiaries 100% owned by the CPA and cannot be done for Port activities on port properties).

It should also be noted that the Port of Prince Rupert is the location of several overlapping First Nations' traditional territories and title claims, which can make apportionment of benefits complex and, at times, conflictual. The Government of Canada has provided advice as to the relative strength of these claims, which PRPA has followed as guidelines for its agreements. **The Government of Canada should consider a more proactive and consistent role in clarifying key policy issues related to the Crown's legal duty to consult, (e.g., accommodation, strength of claim) within the port context as well as the corridor as a whole.**

REVIEW STREAM 3: SUSTAINABILITY AND PORT COMMUNITIES

Energy and Climate Change

From an energy use and climate change perspective, PRPA is pursuing a development strategy that focusses on increasing efficiencies through smart port planning. Prince Rupert's position as a shorter and more efficient trade corridor to Asia provides a naturally lower carbon footprint for Canadian trade. To build on that, the Port's primarily greenfield development plan focusses on increasing capacity and resiliency, while maximizing density and integrating operations, and has the effect of further minimizing our environmental footprint. In other words, the priority is placed on structurally minimizing environmental impact, as opposed to mitigating issues after they have occurred.

By shortening truck distances, minimizing delays, and integrating logistics operations into a port community, energy intensity is minimized and opportunities for closed-loop efficiency programs are maximized. A good example of this is the planned development of the Fairview-Ridley Connector Corridor beginning this fall, which will shorten distances and emissions by 75%, in advance of an increase in container truck traffic which is expected to increase by over 400% over the next decade.

The Government of Canada's should continue investment in and support for proactive infrastructure investment that advances energy and climate change objectives. Prince Rupert's position as a growing gateway provides a significant opportunity to ensure that Canada's trade has the ability to utilize a gateway with a lower carbon footprint.

Enabling new investment is a critical companion to the Government of Canada's commitment to pricing carbon. New plant, machinery and equipment investments that come with growing volume will respond to these incentives by choosing more energy efficient operations. However, the most significant improvements in reducing emissions often occur when new capital investment decisions are made, and the Government of Canada must ensure that fiscal and regulatory frameworks incent and support that new investment. Inherent to this is ensuring that regulatory timeliness and certainty are consistently achieved, and that capital taxation remains globally competitive. The proactive advancement of these two principles are critical to ensuring Canada's trade has a foundation of "clean competitiveness".

Environment

Robust environmental assessments for new projects are an important aspect of not only ensuring that the development of new terminals and port infrastructure are not likely to have significant adverse effects, but also to ensure that the public has trust in the same. However, these goals need to be achieved through a process that is efficient, cost effective, timely and predictable.

Recent history has shown that CEAA 2012 has not been able to consistently meet that standard, and the Impact Assessment Act, as proposed, will exacerbate that issue. The level of evaluation

proposed in the Act may not be appropriate for terminal developments proposed within the jurisdiction of a Port Authority. The environmental and societal concerns for the development of a marine terminal within the jurisdictional boundaries of a federally mandated Canadian Port are significantly different than many other projects, and the environmental aspects are generally addressed through existing federal regulatory processes including approvals for impacts to navigation, permits for dredging/disposal at sea, and authorizations for impacts to fish and fish habitat. Federal land management policies, including the policy for the protection of wetlands and Port Land Use Plans developed with public consultation, are also in place. Through regulatory instruments and Port Management processes, meaningful opportunities for public and Indigenous engagement are also in place for new Port developments. Marine and rail transport associated with Port developments are also stringently regulated through an existing framework.

In consideration of the role of Canadian Port Authorities, the existing regulatory framework for marine terminal developments, and the public and Indigenous engagement opportunities currently in place, the scale of potential impacts from a Port development within a Canadian Port Authority should be reflected in the project list identifying designated projects. Accordingly, **the Government of Canada should consider that developments proposed within a Canadian Port Authority related to petroleum storage, marine terminals and railway yards should be omitted from the list of designated projects within the proposed Impact Assessment Act.** These projects will continue to be subject to the requirements for non-designated projects as defined in the proposed *Impact Assessment Act*.

However, **in recognition of the special role of Indigenous title and rights, the Government of Canada should consider creative alternatives for further embedding local First Nations into the environmental assessment process.** Moving beyond the existing transactional nature of consultation (and where appropriate accommodation) on projects, a more inclusive relationship framework may provide for a more aligned, collaborative, and efficient process.

Community

Community support is also tied to the actions that PRPA has taken to strive toward global standards in our environmental stewardship, safety, and security practices, including increased communications, transparency and third-party validation in these areas. Visible prioritization of these areas of concern are directly tied to local values. The Port of Prince Rupert's growth and success has had a direct positive impact on PRPA's capacity to monitor and understand its environmental context, and improve its performance in these areas. Examples of PRPA initiatives include being the first port in North America to join the Green Marine program, implementation of harbour dues discounts to incent vessels with lower air emission and underwater noise profiles, and the development of a robust monitoring program related to carbon emissions, air emissions, water quality, industrial noise, aquatic invasive species, and others values.

From a community perspective, the Port of Prince Rupert has witnessed significant support from the community for port operations and future port expansion, and the support is viewed as a unique and significant competitive advantage. As per earlier comments in Stream 2, PRPA's relationship with local First Nations, and the significant demographic occupied by First Nations in the community, is a central aspect of this support. The Port has taken advantage of local geography and effective land use planning to separate industrial development from populated areas, and minimize land use conflicts as much as possible. The central economic development role being played by the Port in the region is recognized and many residents can make direct connections between the port and their employment and business. Moreover, the Port of Prince Rupert has benefitted from a sense of regional "ownership" of the Port, underlining the importance of the existing Port Authority governance model and its associated independence, and the related ability to be responsive to relevant local and regional concerns.

However, the community is also cognizant that it bears a significant burden related to increasing traffic related to the growth in trade through the Gateway. This is most acute in areas related to increasing rail and truck traffic, and their relative impacts in terms of noise (train operations and whistling), congestion (truck traffic interface with public), air emissions, and infrastructure maintenance. While local municipalities benefit from a growing industrial tax base related to the port (Payments In Lieu of Taxes and terminal property taxes contributed \$8 million in 2017, or 35% of local government taxation revenue), they continue to struggle with a significant infrastructure deficit. **The Government of Canada should consider a more proactive role in providing direct financial assistance to ports and gateway municipalities for increased capital infrastructure needs that are related to impacts from increasing traffic from national trade moving through Gateways.**

PRPA has taken direct action to address this issue in a broader community context. In addition to its direct PILT obligations, PRPA has contributed a share of its annual income to the Community Investment Fund, which is used to support local projects that contribute to the region's quality of life and create long lasting benefits. Since 2010, more than \$9 million has been contributed to the Fund, and the Fund has donated to more than 70 capital projects in local communities, including \$1 million directly into projects in coastal First Nations communities. Each of these projects has filled an important role in supporting sports, recreation, arts, culture, health, education, the environment and other needs in the community.

Labour Supply

An important sustainability challenge for the continued development of the Port of Prince Rupert is future labour supply. While its location outside of a major urban centre has significant advantages from an operations and development perspective, local labour force availability is limited. The significant employment growth experienced over the past decade has been well timed to access a large regional unemployment pool created from the decline of traditional forestry and fishing related industries. In addition, many of the jobs created tended to have

low barriers to entry from a formal skills and training perspective, making them particularly well suited for transition from other industries.

However, the symptoms of a tight labour market are emerging. Port-related employers are having increasing challenges in filling roles, especially those requiring higher levels of education, experience, or certification. Recruitment is hampered by the community's distance from larger population centres, and the perception of relocating to a small and rural community lacking the full range of amenities found in metropolitan centres. While community-driven strategies are currently being developed based around enhancing quality of life in the community and training existing labour force to meet challenging occupations, **the Government of Canada should consider taking a more active role in local gateway recruitment and training strategies given its potential impact on the national trade agenda.** Potential solutions will require the resourcing of targeted local training programs for existing residents of regional communities, and especially residents of First Nations communities.

In addition, as indicated earlier, **the Government of Canada should consider opportunities to be more actively engaged with, and provide assistance to, local government in Northwest BC towards municipal infrastructure, recreational and cultural facilities, and housing strategies.**

REVIEW STREAM 4: PORT SAFETY AND SECURITY

The growth experienced at the Port of Prince Rupert has a direct relationship with the increased requirements to manage risks associated with port safety and security. PRPA has taken an approach to marine safety and security that is aligned with its approach to trade capacity and environmental impact, that being to focus on avoiding issues through proactive planning and development, as opposed to fixing issues after they have occurred. The demonstrated ability to mitigate risk is inextricably tied to supply chain reliability as well as continued community support for port operations and expansion. Both of these objectives are central to the goal of efficient movement of goods.

PRPA's benchmark analysis of marine navigational risk within the Port and its approaches has confirmed that the Port of Prince Rupert is one of the safest ports on the west coast of North America. Key risk factors are minimized by its wide, deep and short approaches from open water, as well as the relatively low volume of commercial, fishing, and recreational vessel traffic. PRPA has been proactive in further managing risk related to marine navigation, primarily through a collaborative relationship with partners such as the Pacific Pilotage Authority, BC Coast Pilots, and Canadian Coast Guard. Navigational policies and procedures are continually updated to reflect increasing cargo vessel traffic, as well as the diversification of cargoes and vessels that continue to evolve. PRPA has recently completed a significant investment into the development of a new Port Security Operation Centre, which will be an important collaborative asset for port partners and will support the efficient function of PRPA's Emergency Operations Centre. In addition, PRPA has made direct capital investments into navigational technology within the port jurisdiction such as shore-based radar, navigational aids, and electronic tide and current sensors, all of which directly target and mitigate quantified risk priorities as identified through analysis of the port and its approaches. The real-time information provided from these new systems are of benefit to all mariners, and are operated and maintained through agreements with the Canadian Coast Guard.

While the Port has justified their investments in marine safety based on the objectives indicated, the responsibility for many of these investments are traditionally the realm of the Government of Canada. In other words, these costs have been downloaded to PRPA, which have a negative impact on its cost structure and financial capacity. While the implementation of the Oceans Protection Plan (OPP) has made a significant difference in resources available for marine safety, its implementation can be improved. The development of key benchmark data related to vessel incident risk would improve the OPP's ability to focus on avoiding incidents, not just responding to them. Similarly, benchmark data can help inform designated marine routes into the Port, and further guide future investments within those parameters. Designated routes and strategic investments would provide a more economic and efficient approach than blunt instruments such as moratoriums on shipping. **The Government of Canada should consider a more formal engagement with port authorities to target quantified**

marine safety risk related to cargo vessel traffic originating from or destined for ports, and dedicate investment to mitigating those specific risks.

In the realm of port security, the Canada Marine Act makes CPAs responsible for port security but does not provide them with the appropriate level of resources or authority to enforce it. This disconnect between responsibility and legislative/regulatory authority puts Canada's growing international trade at risk. These service requirements also have a negative impact on PRPA's cost structure and financial capacity.

Port security requirements should be reviewed in the context of ensuring CPAs are the appropriate organization for any given requirement in any given port, including alternatives in both the public and private sector. When CPAs are deemed most appropriate, also ensuring that resources and regulatory authority to enforce those responsibilities are aligned.

The Association of Canadian Port Authorities (ACPA) submitted a white paper to Transport Canada in 2015 outlining the details of many of these issues and relevant recommendations. PRPA is supportive of those positions, and would **encourage the Government of Canada to review and consider the ACPA recommendations related to port security, in particular the following:**

- **A review of legislation and instruments to provide appropriate enforcement authorities to CPAs**
- **Appropriate legislative steps to permit information sharing between CPAs and other partner agencies to ensure safety and security of the port and its people.**
- **Enhance regulations to provide CPAs the authority to designate and publish security exclusion zones.**
- **Establish a suitable, ongoing funding program to support the CPA's designated port security regime.**

REVIEW STREAM 5: PORT GOVERNANCE

The port governance system instituted in 1998 has generally worked well in the Port of Prince Rupert, as evidenced by its evolutionary growth, diversification and vital role in Canadian trade over the past 25 years. However, PRPA also believes that it can be improved by recognizing the specific competitive environment for individual ports, and that ‘one-size-fits-all’ models are not always optimal.

The provision of governance independence and a clear alignment with economic and commercial objectives have incited the Port to leverage the strategic competitive attributes unique to Prince Rupert. In addition, the governance independence has aided PRPA to be responsive to local and regional values and concerns. The maintenance of a relationship to the federal crown has ensured that its development and operation supported the national trade agenda, and was not diverted by conflicting regional interests. The delegation of responsibility to deliver a federal regulatory regime has enabled CPAs to find the most efficient application of regulations and a balance with their economic mandate.

While the Board appointment process (including the vital role of the Port User Nominating Committee) has resulted in quality Directors for PRPA, it has often had less than a full complement of Board of Directors. **The Government of Canada should consider improving the timeliness of the appointment process as a priority.**

Currently, local First Nations can recommend potential appointees to the Minister of Transport for appointment at the Minister’s discretion. **The Government of Canada should consider increasing PRPA’s number of Directors by one in order to accommodate defined Director appointment for local First Nations.** This could potentially be achieved by creating the ability for a direct appointment to be made by elected local First Nations governments, similar to the BC Government or the Local Government appointment to the Board.

The Port of Prince Rupert has also been limited in its ability to be fully responsive to economic opportunities due to financial limitations inherent in its Letters Patent. The Port of Prince Rupert development strategy hinges on the ability to maintain and enhance its speed and resiliency value proposition, which in turn relies on the ability to proactively deliver strategically planned common infrastructure in advance of growth-related issues. A failure to deliver compromises the ability to unlock private sector investment in terminals, optimize the density and utility of land and infrastructure, minimize the environmental and energy footprint of port operations.

While the financial and economic rationale is often available to move forward, the financial restrictions, debt cap, and lack of alternative financing mechanisms limit the Port’s ability to invest in its infrastructure in a timely manner. The current financial context of a growing Port, especially in juxtaposition to a mature port, leaves it significantly more dependent on federal infrastructure funding programs than is optimal. While it is appreciated that this ensures the Port Authority (and ultimately the Government of Canada) is less exposed to direct financial

risk, it should also be viewed as a transference of risk to future government revenues related to increased trade, other government infrastructure funding programs, the Canadian economy and trade agenda, and to the ability to mitigate environmental impact.

The Government of Canada should consider increasing the financial tools available to CPAs, and decreasing the financial restrictions, while ensuring that CPA investments are core to their mandate of enabling trade and unlocking private sector investment.

ACPA is submitting recommendations for improved financial flexibility as part of its Ports Modernization Review submission further outlining the details of many of these issues and relevant recommendations. PRPA is supportive of those positions, and would **encourage the Government of Canada to review and consider the ACPA recommendations, particularly those related to financial flexibility, including:**

- **Revising the criteria for determining borrowing limits,**
- **Remove or revise the requirement for gross revenue charges,**
- **Shorten and simplify the process to amend CPA Letters Patent, and**
- **Other financial and land use-related limitations.**