

Honourable Marc Garneau, PC MP
Minister of Transportation
Transport Canada
330 Sparks Street
Ottawa, ON
K1R 7S3

Dear Minister Garneau,

The British Columbia Maritime Employers Association (BCMEA) welcomes the opportunity to participate in Transport Canada's Ports Modernization Review.

The BCMEA represents approximately 54 waterfront employers and, by extension, the more than 6,000 men and women who work for them. Our customer members are ship owners and agents, stevedores, container and cruise ship terminal operators working out of ports from Victoria to the Alaska border. Our role is to help optimize our members' operations by contributing expertise in labour relations, safety and training, and recruiting.

Canada's west coast ports are a key part of the Western Trade Corridors Strategy. Links in a vital supply chain, they connect Canada to the rest of the world. BC's maritime industry is an important contributor to both the provincial and national economies. Each year, the Port of Vancouver alone trades approximately \$200 billion in goods with more than 170 trading economies. One of our key measures of activity is the annual number of longshore hours worked on the west coast. We reached a record six million hours in 2006 and repeated that in 2007 and 2008. Now, just over ten years later, we are likely to exceed nine million hours in 2018.

BCMEA member companies are a vital part of the BC economy and a mainstay of our coastal communities. Operating 24 hours a day, 365 days a year, our partners move 60 million tonnes of goods worth \$53 billion around the globe every year. The BCMEA is working hard to lower emissions and do our part to be leading stewards of the marine environment in the ports and communities where our members operate.

Attached is our submission to the Ports Modernization Review. Thank you once again for the opportunity to participate, robust consultation with both industry and community stakeholders will serve only to improve the operations of our ports and ensure their sustainability well into the future. Please do not hesitate to contact us if you have any questions.

Regards,



Terry Duggan, President & CEO
British Columbia Maritime Employers Association



The British Columbia Maritime Employers Association

Submission to the Ports Modernization Review (2018)

Commercially sensitive information

[Confidential]

November 29, 2018



Who We Are

We at the British Columbia Maritime Employers Association (BCMEA) have 54-member companies in ports from Victoria to the Alaska border. Members include ship owners and agents, stevedores, container, bulk and break bulk terminal operators. Our members employ more than 6,000 Canadians and deliver over \$500 million in wages in BC each year. Almost 130,000 jobs are indirectly created across Canada, by the BC maritime sector.

Our customer members also connect to the rest of the world through an astonishing variety and volume of goods. Every day of the year, we move 60 million tonnes of commodities, from wheat, coal and lumber to bananas, cars and electronics. You name it, BCMEA customer members and their International Longshore and Warehouse Union workforce move it.

Introduction

Transportation 2030 has proven an important initiative for building the strategic vision of Canada's transportation systems. Legislation like the Transportation Modernization Act has included important measures to allow shippers freer movement of containers and for Canadian Port Authorities (CPAs) to diversify their sources of financing. The Ports Modernization Review is an important part of this process for providing strategic vision to the challenges facing Canadian ports, particularly in light of increasing cargo traffic volumes in Canadian ports.

The discussion paper included as part of the Ports Modernization Review included important themes and questions for consideration. Throughout our submission, we have striven to present the issues we see developing under these themes, issues that ultimately challenge the sustainability of Canadian ports. International shipping is a competitive sector but if the government commits itself to helping address many of these challenges then we remain optimistic about the future of Canadian marine transportation.

Innovation and Trade Logistics

With Transportation 2030 serving as the government's roadmap for the future of transportation in Canada, the government has undertaken the difficult task of considering and addressing challenges to CPAs and by extension the Canadian shipping industry through the Port Modernization Review. Challenges to innovation and trade logistics in the industry takes several forms, including negotiating tensions in international trade, supply chain bottlenecks, harmonizing how shipping stakeholders interface with the government and labour stability.

Canada's ongoing economic success and competitiveness fundamentally depends on continued and increasing access to international markets, including the United States and the nations of the Pacific Rim. The successful ratification of both the United States-Mexico-Canada Agreement and the Comprehensive and Progressive Agreement for Trans Pacific Partnership will significantly move the needle on supporting Canada's ongoing economic development. Yet in recent years, sources of uncertainty in our international trade regime have grown. Here, the federal government should serve as a counter-balance; it is increasingly important that the government use the tools at its disposal to limit uncertainty in international trade and keep both British Columbia and Canada's economies moving.

One of the most significant sources of risk to Canadian ports and the associated supply chains comes from infrastructure bottlenecks. Terminal operators have been proactive in anticipating the growth of exports and imports and have generally upgraded their facilities to stay competitive. Initiatives such as expanding berths and the installation of new cranes have enabled terminals to adjust to growing demands. The trend in trans-Pacific shipping is towards larger vessels with more capacity, therefore it

is increasingly important for terminals to keep pace. This transition obviously carries with it challenges: the continued need for capital investment to fund berth expansions, the infrastructure required to service these larger ships and the increased labour demands of loading and unloading vessels.

Despite the challenges to growth within ports, it is the availability of Class 1 rail capacity that has proven to be at the greatest risk of bottlenecking supply chains. Already, when offloading large vessels, rail capacity has proven limiting. Likewise, terminal expansions projects (DPW Centerm and Fairview, GCT Vanterm and Deltaport, Lynterm G3 and FSD Fraser Grain) and the Port Visibility Project will play an important role in expanding both the capacity and data analytics of Canadian ports.

Current rail capacity is restricted in part due to the transport of crude oil by rail and does not appear set to develop at sustainable pace with the demands larger ships and shipping alliances impose on land side capacity. Increasing rail capacity will require dialogue between stakeholders including shippers, ports, terminal operators, and railways. The rail capacity issue is particularly acute for BCMEA container terminal operators, such as GCT's Vanterm and DP World's Centerm locations respectively, which are located on the South Shore of the Vancouver's inner harbour. The same is true for BCMEA members: Kinder Morgan, Fibreco Export Inc. Neptune Bulk Terminal and Western Stevedoring located on Vancouver's North Shore. The federal government is well positioned to act as convener of these discussions and to consider the need for strategic investments to increase rail capacity. In the recent Fall Economic Statement, many of these concerns were acknowledged, as the government committed \$773.9 million in accelerated funding over five years to the National Trade Corridors Fund and \$13.9 million to accelerate the implementation of a Multimodal Integrated Passenger-Freight Information System. There is an urgency to accelerate these investments as they will prove valuable in reducing these bottlenecks. Accordingly, the need for continued and proactive government engagement on this file remains.

One of the logistical challenges facing BCMEA members, inclusive of ship owners and terminal operators, has been the coordination of communications with government. For instance, shippers may be required to interface with a variety of government departments and agencies on a given issue. The Department of Fisheries and Oceans, Canadian Coast Guard, Canadian Border Services Agency, and Transport Canada often have overlapping jurisdictions, which makes it unclear who the appropriate point of contact is, or which department is in charge of a given decision. Communications confusion can result in costly delays for vessels operators. Another communication challenge is the lack of transparency around timelines for decision making. The federal government should move towards fewer points, or even consider a single window, for communication with vessels and terminals. This would allow for more timely decision making and limit confusion and mixed messages emanating from inter-agency communication.

Internally, the BCMEA has undertaken initiatives to improve and facilitate its own communications with the goal of improving the fluidity of the entire supply chain. In early 2017, the Board of Directors requested the creation of a workforce supply and demand dashboard. This request initiated an effort that engaged all departments, from dispatch to information services, labour relations and finance.

To achieve its mandate, the team reached out to the Vancouver Fraser Port Authority, Transport Canada, the Port of Los Angeles, GE Transportation, the Pacific Maritime Association and the Health Employers Association of British Columbia. A Tableau software consultant provided an analytics road-mapping session to establish a data governance policy, install software and share ideas for harnessing the power of our vast amounts of varied data.



Staff members identified monitoring activities to improve the process, all while providing the Board with greater transparency on workforce supply and demand. As a result of the team's hard work, the Board of Directors now has a new supply and demand dashboard for Vancouver, and 2018 has seen sector-specific targets established for a number of metrics.

The BCMEA continues to build on the capabilities established in 2017 with the aim of increasing our data transparency, improving communication and building a common language around our data, as well as increasing our analytics offerings, in order to better serve our customer members in all ports.

Stability in labour relations is another critical part of port operations. A strong working relationship between unions and employers is essential to mitigating risk to supply chains, especially when evaluating the competitiveness of Canadian ports against international competitors. Threats of strikes and other labour action present significant challenges in terms of port reliability. This makes the desirability of reaching long-term contract agreements paramount. The Government of Canada must recognize that it has a role to play in encouraging negotiations and facilitating successful labour relations.

Partnering with Indigenous Peoples

The BCMEA is a supporter of equity hiring in our workforce, be it women, people with disabilities, visible minorities or Indigenous Peoples. For instance, the BCMEA in conjunction with Prince Rupert, Local 505 have negotiated several longshore applications during each recruitment cycle that will go directly to the neighboring Indigenous bands in the Northern British Columbia. The longshore workforce in Prince Rupert is comprised of over 40% Indigenous workers.

We are also a partner in the Maritime Indigenous Internship Program. Originally initiated by the BC Business Council and Vancouver Island University, the BCMEA has expanded the concept to partner with one of our member companies, to deliver long term internship opportunities to Indigenous post-secondary graduates.

Through this program Indigenous interns are provided with professional paid work experience, leadership development training and paired with an industry mentor to support them throughout the duration of their internship. The goal of this program is to provide exposure to leadership opportunities for Indigenous graduates, who would be strong candidates for full time leadership-based employment within the industry, ideally within one of our member organizations.

We believe this type of program encourages long-term mutually beneficial relationships with Indigenous groups and we encourage CPAs to consider how they can introduce or support similar programs. More broadly, the BCMEA supports the federal government's reconciliation efforts and initiatives to recognize Indigenous perspectives and values. We believe we can all do more to support this work in our communities.

Sustainability and Port Communities

The BCMEA has long believed in reinvesting in the communities in which we operate. One of the ways we are doing this is through our Waterfront Training Centre. We invested over \$35 million in the Centre, designed to teach prospective longshore workers all aspects of waterfront work in a safe, supervised environment. The Center uses some of the latest technology, including computer simulators for front-end loader and bulldozer training, and a full-sized gantry crane to let prospective workers get real-world experience moving containers. At our downtown Vancouver office, we provide classroom training to the next generation of waterfront workers. We work with unions and employers to develop curricula. Prospective workers come away with a solid understanding of operator responsibilities, physical



demands, safety, process, equipment and controls and operating procedures. It's all part of our mission to supplying our partners with a reliable, skilled and safe workforce, and our commitment to investing in the communities where we work and live.

CPAs can also contribute to building healthier communities by increasing local reinvestment. Many port authorities already operate community investment programs, but these investments should be expanded, and they should serve to highlight the network of stakeholders, such as terminal operator tenants, that make them possible. CPAs have an important role at the centre of communities, and they should work to raise not only their own profile but also those of their stakeholders as well, as each is essential for the ongoing sustainability of port operations.

Port Safety and Security

Safety is of the utmost importance to the BCMEA and is one of the central focuses of our Training, Safety and Recruitment (TSR) team. The TSR team engages in activities to reduce the industry accident frequency rate. The team made significant progress through initiatives including constructing a new lashing training station at the Waterfront Training Centre (WTC), increasing log safety training, assisting terminals with hazard prevention programs and implementing additional labour training and disability management programs. In 2016, the BCMEA launched the Hazard Prevention Program (HPP) to develop and review hazard prevention and assist in terminal-specific hazard analysis. The HPP is part of the BCMEA's commitment to supporting its customer members and raising the standard for safety on the waterfront.

The BCMEA continues to be an active participant in the National Maritime Safety Association (NMSA) Technical Committee. The committee meets four times yearly to share best practices, analyze trends, and develop tools and information useful to the maritime community. In 2017, the BCMEA shared information on the redevelopment of the logs and lashing training programs and collaborated in the development of a NMSA waterfront leadership video.

Seeing as ports are federally regulated, occupational health and safety on the waterfront is regulated by the Federal Occupational Health and Safety Regulations and the Canada Labour Code. The BCMEA supports strengthening the Code and associated regulation to further protect worker safety. The provisions regulating enforcement and compliance with the Code are in need of review. Employers often lack proper recourse for enforcing fundamental safety requirements, such as wearing hard helmets in the designated areas. The BCMEA understands that safety must be practiced 24/7 and is committed to an incident-free workplace.

In addition to the physical safety of workers, the Port Modernization Review should consider modernizing the relationship between stakeholders and the Canadian Border Services Agency (CBSA). Currently, paper documents are still heavily relied upon, with documents like export manifests needing to be physically couriered to the CBSA, rather than submitted via email. The CBSA can learn from best practices in other jurisdictions: initiatives by the U.S. Customs and Border Patrol (CBP) and the EU customs database can serve as models to follow. Effort should be taken to pursue harmonization with other jurisdictions where possible, lowering onerous compliance requirements for vessels operating globally, and facilitating smooth and timely port visits.

As cargo volumes grow, consideration must be given to increase resourcing for the CBSA, already struggling to meet their obligations. Presently, the CBSA lacks both the same levels of technology and the funding of their counter-parts in the U.S. and internationally. An underfunded CBSA means slower inspections, delays and more burdensome compliance for shippers. The CBSA should also strive



towards consistency in their inspections; over-inspecting vessels to meet quotas has often created unnecessary delays.

Port Governance

The BCMEA has always strived to work closely with Canadian Port Authorities (CPAs) in developing mutually beneficial relationships that facilitate port operations. Examples of successful cooperation include port visibility projects, cold ironing and cruise ship operations.

CPAs operate at arms length from the government of Canada, as designated through the Canada Marine Act. Their corporate structures are intended to strike a balance between autonomy and public accountability, but there are shortcomings in how they currently operate. There are instances of CPAs failing to involve both community and corporate stakeholders in their decision making and or in meaningful consultations, as was the case with the Low Level Road Project.

It is necessary to acknowledge the meaningful role CPAs can play in organizing, facilitating and contributing to discussions and providing critical support to their tenants, including BCMEA customer members. Regular communication is critical, and the BCMEA encourages regularity and transparency, and proposes that more opportunities for open dialogue be identified and put into practice with engaged stakeholders from both the business and corporate sphere, as well as with the local community. Complete engagement around the Roberts Bank Terminal 2 project would be a key instance for such engagement. The marine industry as a whole in Canada would be more successful and inclusive when prepared with additional insights, understanding, and clarity.

More transparency is required by CPAs in communicating their decisions, as well as the rationale behind them. This will facilitate community relations and understanding between stakeholders. CPAs have tremendous influence in shaping the community around them, and that needs to be reflected in how they communicate with stakeholders. One way to achieve this would be by creating a formal structure or process for industry stakeholders to interface directly with CPA board members. Instituting such a measure would help reduce information silos and improve information flow between CPAs and stakeholders, in turn improving governance accountability.

One further measure to consider in improving the governance of CPAs would be to review the *Canada Marine Act* with the intent of modernizing the concept of a mandate for CPAs. Initially published in 1998, the *Act* should be reviewed with the goal of providing clarity to the roles and responsibilities of CPAs. Clarifying the mandate of ports would help to proactively reduce jurisdictional conflicts and facilitate the smooth operation of ports in Canada.

Conclusion

The BCMEA lauds the government's engagement in the Ports Modernization Review and appreciates this opportunity to participate in consultations. Ports are essential partners in the sustained and continued development of the Canadian economy and we support the whole-of-government approach to strengthening Canada's global competitiveness.

We look forward to an ongoing partnership with the Government of Canada in growing our economy and creating good middle-class jobs for Canadians.

Once again, thank you for the opportunity to engage in the Port Modernization Review and we look forward to reviewing the results.



Recommendations

Please find below a summarized version of the recommendations found in our submission. Please do not hesitate to contact us if you would like additional information on any of the given recommendations.

Innovation and Trade Logistics

Recommendation 1

Continue to pursue international free trade agreements, particularly in the Pacific-Rim, and fight against the imposition of tariffs or other illiberal trade measures.

Recommendation 2

Work with port and rail stakeholders to identify and develop solutions to the current limitations of Class 1 rail infrastructure.

Recommendation 3

Improve internal communications and decision making within the Government of Canada, including the Department of Fisheries and Oceans, Canadian Coast Guard, Canadian Border Services Agency and Transport Canada.

Recommendation 4

Develop fewer or even a single point of communication between the Government of Canada and vessels.

Recommendation 5

Increase government participation in facilitating successful labour negotiations, with the intent of creating long-term labour stability.

Partnering with Indigenous peoples

Recommendation 6

Encourage CPAs to further develop and support Indigenous equity programs with the goal of advancing reconciliation.

Sustainability and Port Communities

Recommendation 7

Canadian Port Authorities should increase reinvestment in their communities with an eye towards developing community and social capital for all port stakeholders.



Port Safety and Security

Recommendation 8

Strengthen the Canadian Labour Code and Federal Occupational Health and Safety Regulations to increase compliance and further protect worker safety.

Recommendation 9

Digitize documents and the methods by which stakeholders like shippers communicate with key agencies (i.e. CBSA).

Recommendation 10

Increase funding for the CBSA, particularly with a view towards modernizing the technology at its disposal to be more in line with international counter-parts.

Port Governance

Recommendation 11

Improve the transparency of Canadian Port Authorities, particularly regarding the rationale behind major decisions and increase the amount of meaningful consultation that Port Authorities have with communities and stakeholders.

Recommendation 12

Develop structures or processes that enable industry stakeholders to communicate more regularly and directly with CPA boards.

Recommendation 13

Modernize the concept of a “mandate” for CPAs as detailed in the *Canada Marine Act*.

