

November 30, 2018

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport
330 Sparks Street
Ottawa, ON
K1A 0N5

Dear Minister Garneau,

Re: Ports Modernization Review

The Canadian Canola Growers Association (CCGA) appreciates the opportunity to participate in the Ports Modernization Review. CCGA represents 43,000 canola farmers from Ontario to British Columbia on national and international issues, policies and programs that affect farm profitability. The canola sector contributes \$26.7 billion to the Canadian economy annually and supports 250,000 jobs across the country.

Canola is a trade powerhouse, exporting approximately 90% of production in any given year to over 50 countries, with export sales of seed, oil and meal reaching \$10.1 billion in 2016. Our Canadian ports underpin the ability to satisfy this growing international demand, and beyond the immediate economic activity at the ports, these exports keep farms successful and help ensure strong rural communities, employment and value-added activities.

With much of Canada's canola exports destined for the Asian markets, naturally the West Coast terminal facilities located in Vancouver and Prince Rupert play a dominant role. For illustration, in the 2016-17 crop year, of the total 11.094 million tonnes of canola seed shipped from Canadian terminal elevators, 7.066 million tonnes were shipped from Vancouver (64%), 2.176 million tonnes from Prince Rupert (20%) and 1.852 million tonnes from Thunder Bay (16%).

The Port of Vancouver plays a pivotal role in the movement of Canadian canola and all grains – both now and into the foreseeable future. As such, CCGA supported the application of the Gateway Transportation Collaboration Forum and the suite of projects contained within their Greater Vancouver Gateway 2030 Strategy funding application. CCGA was pleased to see that this application received over \$222 million in funding under the National Trade and Corridors Fund announced in May and June 2018. These projects, working in concert, will provide some gains in system efficiency and fluidity, to the benefit of the grain sector and all commodity sectors using the port.

That stated, there remains a serious looming issue with infrastructure in the Port of Vancouver, namely in two critical locations. Two bridges and one tunnel essentially govern the current and future capacity of the port as a system. With many of the port users optimistic regarding their near and long-term growth (especially within the grain sector), Canada needs to seriously consider this critical, aging infrastructure, as it poses a serious risk to the functioning of the current and future port operations. This is especially important as there is no existing, and little opportunity for future system redundancy or a "plan b" if this existing infrastructure is imperilled (even temporarily).

The first location is the Fraser River Bridge which is owned by Public Works Canada. It is known to be operating close to its capacity and Transport Canada has studied this situation. Although an optimal solution will be relatively expensive, it is critical to all rail-based users of the port (e.g. freight) and the broader region (e.g. passengers). As the federal government owns this public infrastructure asset, we encourage Transport

Canada, Public Works Canada and other federal departments and agencies to begin to develop a plan to address this.

The second location is the Thornton Tunnel and the Second Narrows Rail Bridge. In combination, these “regulate” the flow of grain and all other commodities to the North Shore area of the port. Unlike the Fraser River Bridge situation, these infrastructure assets are privately owned by a Class 1 railway. There have been significant infrastructure upgrades to existing grain terminal facilities on the North Shore in recent years and the first new grain terminal build in decades is currently underway – all of which will continue to place increasing strain on this infrastructure link (as well as the other primary commodities that utilize it such as coal, potash and sulphur) as companies seek to maximize their expanded operations. The company that owns the assets publicly acknowledges the issue and cites the economic regulatory environment for grain and certain regulated inter-railway services as being a hurdle to any major infrastructure investment. This situation needs to be assessed and an action plan developed. For both the Fraser River Bridge and the Second Narrows Bridge, the impact of the *Navigable Waters Act* and the significant restrictions on railway operations that the precedence of transiting watercraft causes needs to be at the forefront of consideration.

Lastly, CCGA supports the recommendation provided by the Western Grain Elevator Association, that Transport Canada undertake an exploratory study as to the appropriateness of a limited port railway model. Given that there exists very little opportunity to significantly alter the increasingly constrained railway and terminal footprint in the port area in Vancouver (now or into the future), the ability of a port railway model to potentially provide a significant improvement in operational coordination, execution, and optimal use of the limited physical footprint may be warranted (and there is Canadian precedent for this approach). Within limits, such an operational model could also potentially allow for more focused and optimal railway / terminal infrastructure planning and potentially coordinated investment, to the benefit of the port, its users and the broader growth of the Canadian economy. A study would be a first step to help government and all stakeholders gain a better appreciation if this service delivery model may be worth exploring any further.

This review provides an opportunity for Transport Canada to reflect upon the multitude of issues as noted in the consultation document. When dealing with issues that may require billions of dollars to adequately address, 2030 is not that far into the future. CCGA encourages the Department to use this process as a time to seriously consider the critical infrastructure issues in the Port of Vancouver, and what the role of government (policy, programs or investment) can be. Canola and the agriculture sector is focused on long-term growth, largely driven by exports. It is time to ensure that the long-term capacity is in place to sustain this national economic activity and this may require some bold approaches to the regulatory and investment environment. Canada has an aggressive trade agenda, supported by recent trade agreements and the agricultural sector plays a major role. The supply chain, in particular the critical ‘last-mile’ into the Port of Vancouver, needs to be addressed.

Thank you for the opportunity to provide our perspective.

Sincerely,

Rick White
Chief Executive Officer
Canadian Canola Growers Association

cc: The Honourable Lawrence MacAulay, P.C., M.P., Minister of Agriculture and Agri-Food