

## **Transportation Act Review - Port of Owen Sound**

The port of Owen Sound has a demonstrated history of moving and receiving a variety of goods across Canada. It currently receives and exports grains, salt and cement, with a capacity for much more. With new opportunities and timely investment, the port of Owen Sound could once again be a significant economic generator for the region and contribute to the national transportation system. It's important that the Transportation Act and other related acts stress the need for strategic planning and support for all commercial ports, large and small. Ports, working with railways and roadways, link Canada to the world. Policy needs to support these linkages and ensure proper investment is available to ensure functioning harbours.

Currently, the lack of maintenance dredging in Owen Sound has held back investment and opportunities for the existing private-sector companies, and has no doubt limited new investment. The government's focus on asset divestiture, without consideration of the important role smaller commercial harbours can play in the whole transportation picture, has prevented the Owen Sound harbour from thriving and realizing its potential. It's time to reset the overall Transportation Policy to focus on economic priorities and value added opportunities that benefit all regions.

In this report, the City of Owen Sound has provided comment on the Transportation Act Review to highlight three points:

- a) Owen Sound's historical significance within the national transportation system,
- b) The potential of the Owen Sound harbour to develop and further contribute to the national transportation system,
- c) The lack of strategic foresight to integrate smaller commercial ports within the national transportation system and the effect this program policy has had in all but crushing the single greatest economic asset the community of Owen Sound has going forward.

### **Port of Owen Sound: A brief history**

Owen Sound has been a port city since its inception, its pulse measured in large part by the vitality of its harbour. Located on southern Georgian Bay in a protected river valley beneath the sheer cliffs of the Niagara Escarpment, the city and its harbour are inseparable.

Its inner harbour was first dredged by the federal government in 1860, only a few years after the town was incorporated. Owen Sound began to grow and prosper soon after, earning a reputation (at its peak) as one of the busiest – and safest -- ports in Canada. The addition of two railways by the late 1800s -- the Canadian Pacific Railway on the east side of town and the Grand Trunk Railway on the west – ensured that Owen Sound would provide a vital link in the transportation of goods and people across the country.

In 1884 the CPR built a grain elevator on the west side of the harbour with a capacity of 4,000,000 bushels, or about 100,000 tonnes. The grain elevator was destroyed by fire in 1911. New elevators were built in 1925 and expanded with another dredging of the inner harbour. The elevators, owned by Parish & Heimbecker Inc., are still in use today, with a capacity of 93,000 tonnes.

Shipping played a huge role in the local economy and a number of ship builders located on the harbour, along with cement companies, furniture makers and more. Ships were used for commerce, fishing, and

to ferry people to other communities. Steamers plying Georgian Bay and Lake Superior transported timber, grain, products and people to and from Owen Sound, a busy urban centre by the turn of the century, with hundreds of boats docking in port.

By 1911, there were 643 vessels docked in the city's harbour. Most of these boats would have been carrying passengers as Owen Sound was the main transfer point for passengers traveling to and from the western provinces on the Canadian Pacific Railway. Owen Sound's access to railway lines and close proximity to American ports was invaluable in the export of goods to US and importation of goods to Canada. An American consulate was built downtown.

The wars made the Owen Sound port and its industries even more essential. Russell Brothers was a shipbuilder for the Royal Canadian Navy and William Kennedy & Sons Owen Sound Iron Works (later Black Clawson Kennedy) built the propellers of the ships destined for war.

Today the Owen Sound Port is used mostly for shipments of grain, salt and cement (cement silos were constructed in 1990) plus winter lay-up and maintenance work, but in earlier years the loads were much more varied. For example, a snapshot of shipments to the Owen Sound harbour in 1977 includes:

6,336,844 gallons gasoline

693,308 gallons stove oil

1,858,514 gallons diesel oil

2,074,417 gallons liquid calcium

1,469,261 gallons furnace oil

7,524 tonnes salt

6,257,906 bushels grain.

Coal, potash, cement, logs, wind turbines, stone, trap rock, used boilers and organic wheat from Europe have also passed through the Owen Sound harbour since the 1960s. The port has also received several cruise ships -- the Caribbean Prince in 1983 and Columbus in 2001. It is also the winter home of the Chi-Cheemaun ferry. The largest annual volume of grain ever handled in Owen Sound was 23.5 million bushels, or 639,560 tonnes, in 1945.

The opening of the St. Lawrence Seaway in 1959 dramatically altered the transportation network in Ontario and directly affected Owen Sound. Shipping volumes decreased and eventually, the railroads pulled their tracks. Passenger train service to Owen Sound ended in the 1970s and the trains stopped shipping cargo in 1989 (CN Rail) and 1994 (CP Rail) -- about the same time that grain subsidies for rail shipments ended. The former CN station is currently being used as a marine and rail museum and public visitor centre.

### **Port of Owen Sound: Present Day**

The harbour is 4,500 feet long and considered one of the safest on the Great Lakes. It has a depth of 22 feet with a mixture of commercial and recreational uses. It moves grain, powder cement and road salt. In recent years salt has been shipped from Goderich, Ontario, and Cleveland, Ohio. Various grains are shipped from Western Canada via Thunder Bay through the Owen Sound Great Lakes Elevator to different mills and locations. Locally grown grains also move through the elevator and are distributed to those same feed and flour mills. Parrish & Heimbecker (P&H) occasionally gets a "saltie" from Europe with specialized grains like organic wheat or corn. The P&H grain elevator has significant capacity with 93,000 tonnes and 300 bins and separations, allowing it to hold and store a wide range of products simultaneously. The elevator is well suited for specialized grains both for export or import. Cement moves to Owen Sound from the Charlevoix cement plant in Michigan.

In 2014 approximately 13 vessel movements occurred moving between 150,000 and 180,000 tonnes of product. Several ships winter in the harbour each year, including Chi Cheemaun ferry, which is

celebrated in the community with its arrival and departure each year. Algoma Shipping vessels and other Great Lakes ships also winter in Owen Sound.

This level of activity is far below historical levels and potential for the Owen Sound harbour. A limiting factor for the last 15 years has been low water depth compounded by a lack of maintenance dredging. The lower depth results in reduced loads and limits the types of vessels that can service the needs of the harbour users and increase costs. This impacts area grain producers who face lower returns for their product due to these inefficiencies.

Large international cruise ships have entered the port but have not returned, partly due to low water levels. Wind mills have also been transported through the harbour. A recent proposal called for large, nuclear steam generators to be shipped and recycled in Europe, demonstrating the potential for the heavy lift market.

### **Potential Economic Impact**

A 2001 economic impact study showed that 260,000 tonnes of cement, grain and salt moved through the port, worth more than \$46-million in gross product. Expenditures on winter maintenance are worth another \$3.25-million in 2001. While the report is dated, the potential to increase commercial uses of the harbor were highlighted in the report, which called for dredging the harbour to sea-going depth. It was estimated that the volume of products could double to 530,000 tonnes, worth \$100.8 million. An updated economic impact study would be valuable in demonstrating the value of expanded exports and new products.

The harbour could be self-sustaining from an economic point of view under the right conditions and investment. Its mixed uses include harbour-related commerce (grain and cement elevators), tourism and recreation (Best Western hotel, museum, visitor centre, full-service marina), provincial government offices, medical offices and county health services, and some residential. It is ripe for development and the City has a master plan that includes a mix of commercial, residential and recreational uses.

With only a limited number of ships that can enter the harbour because of its depth the harbour's commercial potential is held back as is the economic progress of our area. Given the limitations on depth, it's surprising how much shipping activity actually occurs. The current variety and level of activity suggest that with proper depth, the harbour's economic potential could once again be capitalized.

From a shipping perspective Owen Sound remains the closest southwestern Ontario port to northern Ontario, and to the larger U.S. ports of Chicago and Duluth.

In conclusion, the Owen Sound harbour has historically demonstrated its value and importance to the movement of a variety of goods and products, most notably grains. It fundamentally remains a sound and safe harbour with significant public and private existing infrastructure, and could facilitate significant increased volumes of products. The Owen Sound harbour should play a more important role in the national transportation system.

### **Transportation Act Review**

The mandate of the review is to "examine the extent to which the national transportation system has the capacity and adaptability that will allow it and its users, to respond effectively to evolving international and domestic conditions and markets." Further, the review will look at whether "the system has the capacity and nimbleness to support economic activity across all sectors over the medium and long-term." (Mandate: Canada Transport Act Review).

Specifically, in Owen Sound's context, "how strategic transportation gateways and corridors can be developed and leveraged to support Canadian prosperity through linkages to global markets, how to improve alignment of transportation policies and regulations and or use of financing mechanisms, and whether current governance and service delivery models for key federal operations, assets and agencies can be improved."

The Owen Sound Port is caught in a bind with Transport Canada's focus on port divestiture while refusing to undertake basic maintenance dredging. Both public and private investment in infrastructure in the port remain viable and significant (4500 ftmetre wharf, including Owen Sound Transportation Company's wharf for winter ferry, 93,000 tonne grain elevator, and cement silos), and yet the harbour's water depth allows only partial loads and restricted access.

The divestiture program has taken far too long without consideration of these assets and the lost opportunities these existing companies have seen come and go, not to mention future and potential investment that has been unrealized. The loss of economic opportunities to our community and region are significant, and yet it remains one of our greatest economic development assets.

**Divestiture Program Leads to Failure to Maintain Harbour Functionality** - The Owen Sound harbour is under the ownership and management of Transport Canada. Since the last dredge in the 1980s, Transport Canada has implemented a divestiture program that divests smaller ports and airports to local and private interests. For smaller commercial ports divestiture discussions have taken far too long and prevented a commitment to undertake basic maintenance dredging. Ports like Owen Sound have seen their shipping activity and investment decline. For the last 15 years while Transport Canada struggles with divestiture the uncertainty has inhibited private sector investment. No change in approach, no new thinking just a single minded attitude that all the financial, business and environmental risks can be transferred to a private or municipal entity. At a minimum the commercial ports should at least be maintained while divestiture options are reviewed.

**Owen Sound Port as Alternative Route and Surge Protection** – From the Transportation Act and the Marine Act, policy is focussed on a national transportation system linking rail to ports and export. This focuses on large profitable ports and ignores the contribution and role smaller commercial ports (and short rail lines) could play. If there is a breakdown or capacity issue in the transportation network smaller commercial ports offer an alternative route. That is the unique characteristic of ports as they can be linked to all other ports in the world. Owen Sound could be a significant alternative route and assist in building surge capacity. Alternative routes also help to keep the market competitive, allowing shippers more options. It also provides for another level of security to the system knowing alternative routes and options are available.

**Strategic Plan Needed To Support Transportation Network** – Divesting of smaller facilities and focussing on larger ports or port authorities fails to recognize that the shipping network is linked to every port regardless of size and location. This flexibility of the Great Lakes is a unique aspect of our transportation system. The Marine Act defines a profitable Port Authority as one that is linked by rail or a major highway, of national significance and has diversified trade. The Marine Act does not identify or lay out criteria for a broader transportation network that includes smaller commercial ports. Small commercial ports were not encouraged to be port authorities and until recently, existing port authorities could not take over smaller operations. The private sector is always considering new investment in facilities to take advantage of opportunities, but this is more difficult if there is no overall plan that includes smaller ports. If Canada is to grow its exports and participate in expanded global trade it will flow through our ports internationally. What happens when our larger ports hit their capacity?

There is already an insufficient over wintering capacity in the great lakes system that will soon be relying solely on the larger commercial ports. Expanding and investing in small commercial ports gives the national system significant flexibility to deal with growth, new opportunities, or disasters. If the mandate of the Transportation Act is to move western grains from Thunder Bay, then it seems shameful that a 93,000 tonne capacity grain elevator which at one point turned over 630,000 tonnes of grain sits underutilized because of a lack of maintenance dredging.

**New Opportunities** – The Owen Sound harbour is the only operating commercial port left on Georgian Bay. It can still export or import products and finished goods to the world. Part of having capacity and facilities in numerous areas of the county allows for new opportunities to be capitalized on. For example , the Ring of Fire development poses numerous opportunities that are just now being studied. Taking natural resources from the north and incrementally moving them south and at the same time adding value to that product is something that should be encouraged. The former PPG glass plant in Owen Sound was often used as an example of this. Raw material was mined in the north, turning it into sand in Midland, shipping the sand to Owen Sound to be melted into plate glass and shipping the plate glass into forming companies in the GTA. Not only is Owen Sound a port but it's a full-serviced community with significant industrial land and a skilled work force.

**National Transportation Policy and Provincial Roads Network** – National and provincial highways have been linked and accounted for in policy and strategy. The same cannot be said for ports and shipping. Ports and rail have been a federal responsibility for many years and yet there has been little priority or planning given to the links between rail / ports / provincial highways (except for major board crossings). If economic development is a priority both rural and northern Ontario, better linkages and considerations need to be given to all Great Lake commercial ports. This speaks nothing of the public benefits of reduced emissions and traffic congestion and other public benefits that are not being considered in the divestiture process or the national transportation strategy.

**Shipping Route from Thunder Bay to GTA** - The functionality and capacity of the harbour was greatly reduced when the rail lines were removed from Owen Sound to the GTA. The former rail corridor still exists and could be re-established to Orangeville. If rail was brought back (and it was considered not long ago by a private company), then a whole new transportation link from Thunder Bay through the Great Lakes to the GTA would be established. This would add another whole shipping option for moving western grain through Thunder Bay to Ontario, and give the system needed options and capacity. If one of the goals is a competitive, environmentally and robust national transportation system, then alternative routes need to be maintained and planned for.