

Windsor Port Authority
3190 Sandwich Street
Windsor, Ontario, Canada N9C 1A6
Tel: 519-258-5741
Fax: 519-258-5905
Email: wpa@portwindsor.com
Website: www.portwindsor.com



Administration Portuaire de Windsor
3190 rue Sandwich
Windsor, Ontario, Canada N9C 1A6
Tél: 519-258-5741
Télééc: 519-258-5905
Courriel: wpa@portwindsor.com
www.portwindsor.com

November 30, 2018

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport
Transport Canada

Dear Minister,

RE: Port Modernization Review: Windsor Port Authority Position Paper

On behalf of the Board of the Windsor Port Authority, I want to thank you Mr. Minister for the invitation and opportunity to comment and make a submission on this important review of the Canada Marine Act.

First, it is essential to note that overall, the Act is working in the best interests of Canadians and the Canadian economy. It also largely works for Port Windsor. The Windsor Port Authority annually moves more than 5 million metric tonnes of cargo, aggregate, salt, grain and other goods through its terminals. We are also a major fuelling station for the Great Lakes. This creates 1000 direct jobs in port operations and many more indirect jobs in Windsor-Essex and Ontario.

In addition to that, we have a strong community ethic where just this year we opened up a riverfront parkette, provide resources to community clean-ups and festivals, provide support to a number of community groups such as the Sandwich Teen Action Group, St. Johns Sandwich Church Food Bank, Friends of the Court (Historic MacKenzie Hall), Windsor Endowment for the Arts, Windsor Symphony Summer Concert Series, and scholarships at both the University of Windsor and St Clair College. We are also a proud sponsor of the Chief Tecumseh, General Brock and Hiram Walker statues. Soon, we will be announcing an Outdoor Marine Museum adjacent to our office, and a Letter of Intent with the City of Windsor to permanently preserve the Ojibway Shores Natural Heritage area for the community.

The Port of Windsor, a destination port, is uniquely located within eyesight of a major American urban centre (Detroit), sharing a tight international waterway (Detroit River), confronted with the persistent challenge of human, drug and contraband smuggling across this narrow passage, largely constrained within a marine corridor west of the Welland Canal (for larger ships) that includes multiple municipal and state-funded American port competitors, and limited by seasonal conditions that preclude year-round shipping.

Yet, Port Windsor is the third largest Canadian Great Lakes port in terms of shipments, and poised at the nexus of North America's busiest border crossing (Windsor-Detroit). The potential for multi-modal transportation options and a major logistics hub is significant. The two-season (marine and truck/rail) option remains the greatest opportunity for Port Windsor.

To move forward with continued success, and to create the environment for innovative and entrepreneurial growth, the Windsor Port Authority submits the following comments and recommendations:

1. Security and Enforcement
2. Improved access to capital
3. Schedule B Lands
4. Review of Mandate
5. International Competitiveness
6. Environmental Credit
7. Community Credit
8. Board Appointments

The following expands on each of these points:

1. Security and Enforcement

Section 62(d) of the Canada Marina Act requires "*the maintenance of order and the safety of persons and property in a port.*"

Unique amongst all federal ports is Windsor's proximity to Detroit, Michigan, USA (as little as 2km). The ongoing existence and opportunity for illegal smuggling of people, firearms and contraband goods exceeds the capacity and resources of Port Windsor, and remains a relentless level of activity that demands a higher response level.

Multiple police agencies (RCMP, OPP, Windsor Police) provide ongoing waterside security patrol and enforcement but there is an absence of core infrastructure that

reflects the significance and responsibility for this challenge. Marine law enforcement resources are moored at a variety of public accessible marinas scattered along the Detroit River and the Port. A shore-based Integrated Response Centre (IRC) is essential to provide coordinated marine law-enforcement in conjunction with WPA.

Land-based measures to patrol smuggling also require an enhanced level of support beyond the capacity or jurisdiction of the Port. The Port does not have the security infrastructure necessary to monitor movements within the Port. Furthermore, as identified in current efforts by the Centre for Enforcement Excellence, to align enforcement capacities with the Contraventions Act, resources are not available to process summary charges for routine and minor contraventions.

Recommendation #1: That Canada considers to make Ports eligible for Infrastructure grants, and/or provide loan guarantees, and/or enable participation as an equity stakeholder in the provision of security infrastructure for the purposes of port security.

Recommendation #2: That Canada provide capital assistance to meet extraordinary security and safety obligations (such as the acquisition and provision of radar nodes of networked CCTV surveillance systems and law enforcement vessels for the Port waterside security and patrol of the international border).

Recommendation #3: That Canada provide additional resources to supplement local resources provided through the province/municipality and Port to ensure international border security. (Specialized units such as RCMP Shiprider be maintained in the region for the interdiction of illegal cross border activities and assist in waterside security.

2. Access to Capital

This issue has been identified at the national level through the Association of Canadian Ports Authorities' (ACPA) Finance Committee submission. Briefly, the issues of restrictive borrowing limits, Gross Revenue Charge, limits on capitalization to a subsidiary, Schedule B lands, and loan guarantees are particularly relevant to Port Windsor.

Windsor is in a second-tier group of Canadian ports in terms of gross revenues and capital (as compared to the Vancouver, Montreal, Hamilton, etc.). This reflects Windsor's inability to generate sufficient capital to invest and/or capacity to participate in individual projects that demand an equity position to proceed, and

generate the type of economic growth and future revenue streams essential to long term viability and sustainability.

Changes to legislation and regulations that remove barriers for access to capital and investment opportunities are essential. Current processes are timely, onerous and expensive for a smaller port such as Windsor to pursue, to say nothing of impatient investors and competitive ventures where timeliness is a critical factor. Moving to market and bank risk tolerances and returns for business opportunities could replace the departmental reviews currently in place. New risk management models whereby joint entities share and reduce risk exposure would also be beneficial to Windsor.

Recommendation #4: That Canada permit Ports to borrow at Bank rates, using bank credit risk criteria, and remove capitalization caps accordingly, to provide access to necessary capital at competitive rates to capitalize on economic expansion opportunities.

3. Increase flexibility on Schedule B (federal) lands

Most ports have some responsibility for the administration of federal land holdings as part of their portfolio of properties. Windsor holds several, including the Ojibway Shores challenged by community ecological claims and concerns that may well preclude development.

The inability to leverage federal holdings for capital expansion (Schedule B lands cannot be used as supporting assets for loans), and/or sales proceeds to acquire and expand on more profitable and demanded properties. This limitation constricts the fiscal ability to undertake development and expansion of existing or new properties.

Recommendation #5: That Canada provide greater flexibility to dispose Schedule B lands and purchase new properties of strategic importance with the proceeds from Schedule B land sales to generate economic benefit from non-productive lands.

Recommendation #6: That Canada provide loan guarantees equal to the value of Schedule B lands for local Port acquisitions and development to provide greater access to necessary capital for development and expansion of economic activity.

4. Greater Mandate Flexibility

Port Windsor is restricted to activities and locations within its Letters Patent. The process and justification for Supplementary Letters Patent is onerous, expensive, and time consuming. None of these trademarks are consistent with innovative, adaptive, commercial operations.

Windsor is at the nexus of the largest trade crossing in North America. This Nexus includes rail (and a rail tunnel), Ontario's Highway 401 (effectively the 'NAFTA Highway'), Port Windsor, and within minutes, Windsor Airport. Unfortunately, these four critical transportation links are unlinked in any meaningful strategic intent.

International Ports are wildly succeeding and prospering under a much less narrow mandate that encourages creative and bold initiatives to capture and capitalize on opportunity for expansive growth and success in areas that are port, related but not necessarily port driven. The mandate needs to be revised to be inclusive of the logistics of transportation of goods and people. This includes transportation hubs, logistics centres and free trade zones. The location of these economic entities may or may not be on the waterfront, but are vitally linked to marine transportation, but not in every case. Marine transportation becomes a strategic asset in a much larger network in the movement of goods and people, but by strategic design.

Recommendation #7: That Canada revise Letters Patent to strengthen the mandate of Canada's ports to expand upon the movement of goods and people inclusive of multi-modal transportation links and logistics facilities that are inclusive, but not exclusively, of marine activity to optimize and maximize the economic potential of Canada's transportation infrastructure.

5. International Competitiveness

Port Windsor competes most directly with American ports on the Great Lakes. These American ports do not have the same mandate of self-sufficiency, and in fact, many annually receive appropriations from the state, county or municipality (or all three). Furthermore, some ports (such as Detroit) may have a port authority, but the authority has no tariff or regulatory powers (more of an economic development agency). These advantages create a lower-cost structure, and a regulatory-free environment, both of which are more attractive to business, and investment.

Contrary to this competitive situation, Port Windsor must apply a tariff to generate revenue to fulfil its mandate of development and regulatory responsibilities. Furthermore, the ability to generate fees is constrained by competitive pressures from users and other port or transportation options.

These pressures demand ongoing investment and expansion to remain competitive. However, a smaller port such as Windsor simply does not have the fiscal capacity or opportunity to make the required investments on a larger scale, or frequency. Thus, additional sources of capital are essential.

Recommendation #8: That Canada provide increased capital assistance to Ports and eligibility to access all federal grant programmes in support of competitiveness of Canada's Ports.

6. Environmental Credit

This government has placed a high priority on environmental responsibility and action. Ports everywhere have custody of a vital asset and resource to every community- its waterfront and natural habitat. Windsor (and ports everywhere) have taken a leadership role in protecting its shoreline through vigilant inspections of seawalls, spills, dumping and regulated activities. In addition, Windsor has provided more than 400m of fish habitat respiration along its lands and elsewhere- more than any other entity in Windsor-Essex County.

As a self-sustaining financial entity, limited resources also limit our capacity to maximize our potential environmental initiatives. Each dollar and each hour of staff resources is permanently diverted from operations and development that generate the economic capacity to undertake these important initiatives. It would further support the government's agenda should enabling mechanisms be created to credit ports such as Windsor that take their environmental stewardship seriously. It would encourage and further enable ports to continue, if not expand, upon this critical work.

Recommendation #9: That Canada make Ports eligible for environmental grants or a reduction/elimination of in the annual Gross Revenue Charge, to assist with funding that promotes and enables Canadian Ports to take a leadership role in environmental stewardship.

7. Community Credit

Port Windsor takes its community leadership responsibility as a core tenant in its relationship with its neighbours, community, and municipality. Our Seafarer Mission (financially supported by Port Windsor and volunteer led) is unique to Port Windsor where we provide welcome packages to visiting crews from foreign ports.

Our decision to locate in the heart of Historic Sandwich, next to our most intensive port lands sent a clear message that we are indeed a member of this community. Our aforementioned annual donations and support of non-profits and education impact the community across Windsor. The planned Outdoor Marine Museum will not only capture the history of Port Windsor and its impacts, but will also provide a community gathering place and performance space that restores a vacant property to a community asset.

As a self-sustaining financial entity, limited resources also limit our capacity to maximize our potential environmental initiatives. Each dollar and each hour of staff resources is permanently diverted from operations and development that generate the economic capacity to undertake these important initiatives. It would further support the government's agenda should enabling mechanisms be created to credit ports such as Windsor that take community leadership seriously. It would encourage and further enable ports to continue, if not expand, upon this critical work.

Recommendation #10: That Canada make Ports eligible for community Infrastructure grants, and/or a reduction/elimination of the annual Gross Revenue Charge, to assist with funding that promotes and enables Canadian Ports to take a leadership role in community engagement and improvements.

Board Appointments

The Windsor Port Authority recognizes and acknowledges the right of the Minister to make independent, merit-based appointments to the Board. Windsor would be supportive of that ongoing prerogative, with further consideration.

Windsor proposes an enhanced role for the Board in the recommendation and opportunity to comment on the User Group proposed candidates, to the point of possibly reserving up to half of user appointments as direct Board appointments.

To expand on this proposal, the Board would request that the Minister ensure that all federal appointments meet the competency matrix set by the Board as skills required or essential to the ongoing success of the Board. Furthermore, the Board would submit that 50% User recommended appointments be reserved for direct appointment by the Board, to promote and encourage local determination and independence, in response to local conditions and requirements.

Recommendation #11: That the Minister ensure that all federal appointments are made consistent with the competency matrix developed by the local Board.

Recommendation#12: That the Minister reserve 50% of User recommended appointments for direct appointment by the local Board.

Minister, Port Windsor believes that while these identified initiatives would address challenges and opportunities specific to Windsor, we also believe that these initiatives, applied at a national level through amendments to the Canada Marine Act, will enable all ports in Canada to remain competitive and ongoing economic engines of job creation, export, and prosperity.

Once again, I thank you for this opportunity of engagement and contribution to the national dialogue on the future of the Canada Marine Act, and the potential for enhanced trade and greater economic contribution by Canadian Ports to the Canadian economy.

Sincerely Yours,



Walter Benzinger
Chair

Cc WPA Board
ACPA