



Minister-led Roundtable: Waterways and Coasts

July 4, 2016, 11:00AM to 1:00PM | Vancouver, B.C.

Summary of Discussion

The meeting was conducted under Chatham House Rule: “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”

Notes on Roundtable Discussion:

The Waterways and Coasts Roundtable was intended to seek stakeholder perspectives on increasing the competitiveness of the Canadian marine industry and to solicit input on improving marine safety, to protect the environment and support economic growth.

Highlights of participants’ comments follow below, grouped according to the questions that were shared with participants ahead of the meeting.

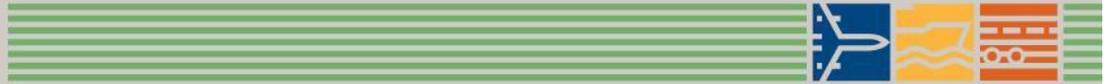
1. How can Canadian marine corridors and assets, such as ports and the St. Lawrence Seaway, be positioned competitively vis-à-vis other North American corridors?

- Changes in global manufacturing will temper growth in the shipping industry and, as a result, Canada’s ports must increase their competitiveness.
- As infrastructure ages and vessels continue to get larger, ports’ abilities to adapt to related infrastructure investment needs will be a determining factor in Canada’s competitiveness and the other challenges relating to the development of new terminals and port facilities were highlighted, including high land prices and rents.
- There is an opportunity now to establish a national transportation and trade strategy for the next 30-50 years to maximize Canada’s opportunities. Infrastructure investments should be rationalized based on the strategy, ensuring the best return on investment and a systems approach. It was noted that the corridor does not end when goods arrive at a port; rather the corridor concept should encompass marine shipping and that environmental protection should be considered as part of a strategy.
- The opportunity of an Atlantic Gateway for the East Coast of North America was never fully realized.
- There were opportunities for innovation and efficiencies in Canada’s pilotage services. Regardless of how pilotage services are organized in Canada, they still need to address local issues. It was noted that pilots do not normally have ice navigation training, an important consideration for Arctic navigation.
- The cruise ship sector represented an area of potential growth for the Canadian economy and globally. It was noted that in Vancouver, the cruise industry is a vital area however infrastructure is lacking already to support modern ships and planning is not occurring to take advantage of future infrastructure needs, including the next generation of cruise ships.

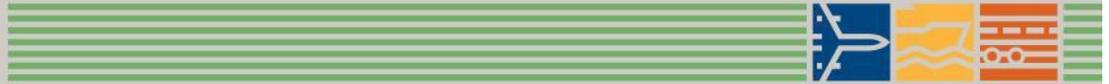


2. Is the existing legislative and policy framework for Canada's marine industry effective? How might the framework need to evolve going forward in order to foster economic growth and increase the competitiveness of the marine sector?

- There was debate on the role of shortsea shipping in Canada, with some participants noting the absence of economies of scale and others pointing out that shortsea shipping powers Central Canada's economy and the industrial market (e.g., movement of like iron ore, salt, and sugar).
- A barrier to shortsea shipping is value-taxation under the U.S. *Harbor Maintenance Act*, which was seen to favour low-value commodities over high value goods. Federal support in working with the U.S. to change the legislative formula to a volume-based tax was sought.
- It was further noted that there is a significant difference between the import/export of freight undertaken by the international fleet and the domestic fleet which is primarily engaged in short-sea shipping and that these need to be considered as two separate policy areas and that the international fleet is not interested in cabotage.
- The question of how to achieve a reliable supply chain through investments in the Canadian shipping industry was raised. It was argued that while trade was important cabotage supported environmental protection and strong labour standards in the domestic maritime shipping industry. More specifically, it was stated that vessels under flags of convenience had collectively dumped more oil into the oceans than the Exxon Valdez. Further, that other countries also had cabotage rules and that, with respect to the United States, their cabotage regime (the *Jones Act*) had not hurt competitiveness.
- Government and other user fees had been increasing and there is a desire for more consistent procedures for fee changes with clear processes for stakeholders to provide input and consistent dispute resolution mechanisms.
- The lack of harmonization of Canadian and U.S. regulatory requirements in some areas, such as waste water systems, was noted as an ongoing challenge. It was noted there is a need for a performance-based regulatory framework for responsible shippers.
- There are strong elements to the governance structure of the port authorities that provide competitive advantages, such as requirements for ports to consult with communities, which promotes the balancing of complex issues.
- However, it was felt that the mechanisms for making appointments to Canadian Port Authority boards of directors could be improved to ensure boards can attract the right mix of skill sets and to be more timely to ensure good candidates are not lost due to protracted appointment timelines.
- Greater responsiveness on the part of Transport Canada was desired in relation to Canadian Port Authority borrowing limits and access to financing and for processes relating to commercial land transactions.
- Collaborative processes between government, industry, First Nations and communities were seen as the key to ensuring a successful approach to shipping, coastal environmental protection and ports' competitiveness. The concept of a network of expertise, bringing together experts from a range of federal departments, industry and academia, was proposed. Marine spatial planning exercises received broad support and it was noted that options to incorporate this in legislation should be considered.



- The past role played by Transport Canada of bringing parties together for work on Gateways and Corridors was recognized. The continuation of that type of collaboration was encouraged with emphasis on the need for Transport Canada to play a lead role in marine spatial planning and for the government, more broadly, to use its convening power to bring together a broad group of stakeholders, indigenous groups and government representatives to discuss issues and agree on frameworks that support environmental and economic objectives.
- 3. Is there a more strategic approach to enhance the competitiveness and capacity of the marine transportation system to support Canada's trade objectives, while supporting environmental protection, safety and the marine industry's social license?**
- Some participants felt there could be economic and environmental advantages to shortsea shipping, for instance in replacing road transportation to move auto parts between Canada and the U.S.; however, winter ice presents a barrier. Better icebreaking on the Great Lakes could resolve this issue.
 - The need for greater access to data, including through investment in information systems was considered important both for improved efficiency, allowing businesses to make better decisions within the supply chain, and for greater transparency, which was linked to social license. These were suggested as areas the Government could advance.
 - It was noted that consumers want to know where products come from and their carbon footprint.
 - Data solutions should be future-proof. Broad data should be captured today, so that analytics can later be developed to respond and plan for the questions of the future.
- 4. What are the most important issues to be addressed by the Government commitment to improve marine safety and a moratorium on crude oil tanker traffic in Northern BC?**
- There were mixed views on the formalization of the moratorium on oil tankers for the northern coast of British Columbia.
 - Several participants wondered what issue was being resolved by formalizing the moratorium, noting that evidence showed the marine corridor to be safe for shipping. Concerns were raised that the moratorium would leave the impression that Northern BC waters are not safe for navigation, and further that it would create a negative impact on investment in Northern BC and in Canada more generally.
 - The potential impact on other parts of the country, as well as for future supply chain growth, was noted and it was underlined that how the Government implements the moratorium will be critical.
 - Some felt that the Port of Prince Rupert would feel the greatest impacts of the formalized moratorium. There was also a view that it would focus all export projects to the Port of Vancouver, which would have consequences for that community.
 - Stakeholders indicated willingness to collaborate with the government in achieving clearly-articulated objectives, and offered some alternatives to a widespread ban on tankers.
 - There was also support for a moratorium on crude oil tankers. It was noted that a major concern is lack of techniques for cleaning up oil spills and the need for further industry and government research in this area. The Canadian Coast Guard should have the training and resources needed to



manage an incident response and communicate effectively with concerned parties. Consideration should be given to where the Coast Guard fits best within the Government of Canada and some participants felt that the Coast Guard's role in environmental response should be bolstered and that this expanded role should potentially be enshrined in legislation.

- Support for implementing the Tanker Safety Expert Panel's recommendations on Area Response Planning was expressed and on implementing the Panel's other recommendations.
- Some felt that reform of the Ship-source Oil Pollution Fund was needed so that access to compensation in the event of an oil spill was quick and guaranteed.

5. What are the most important actions that could be taken to address these issues and improve marine safety?

- It was noted, some communities had been actively planning and had marine use plans that were developed in consultation with stakeholders and provincial and territorial governments.
- Collective thinking about how communities can benefit from developing major infrastructure of national significance was considered important along with recognition of the challenges that communities adjacent to ports may face.
- The role of outreach and relationship-building was recognized in the context of developing social license and building trust with citizens and communities.
- Some participants felt that while the environmental assessment process was not entirely broken, strong environmental assessment processes would enable the social license needed to move projects forward, keeping the sector competitive.
- There are extensive permitting and environmental processes applied by Canadian Port Authorities already, and to make them all need to be undertaken by the federal government would slow down projects to the point where economic development would be threatened.
- Various efforts on the part of industry and operators to reach out to communities were noted.
- It was felt that departments such as Health Canada, Environment and Climate Change Canada and Fisheries and Oceans Canada needed to be more visible participants in permitting and development processes, as increased visibility would provide greater assurance to stakeholders that all aspects were being examined.

6. With respect to a moratorium, what approach could best ensure that the environment is protected in the context of broader marine safety efforts and any economic impact on communities is minimized?

- General agreement on the level of safety needed to operate in a given area, as well as the level of oil spill preparedness required were considered important moving forward. There was support for additional improvements in marine emergency response in Canada.
- It was suggested that a complete review of marine safety and environmental protection legislation and regulations would be a good first step in identifying any gaps. Such a legal review would need to stand up to peer review by academics, industry, and communities.
- Emphasis was placed on the need for meaningful two-way dialogue to establish relationships built on trust.