

WESTERN GRAIN ELEVATOR ASSOCIATION

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The Honourable Marc Garneau
Minister of Transport
Transport Canada
330 Sparks Street
Ottawa, ON
K1A 0N5

Dear Minister Garneau,

Re: Ports Modernization Review

The Western Grain Elevator Association (WGEA) is pleased to submit comments for the Ports Modernization Review. The WGEA is an association of six major grain businesses operating in Canada, which collectively handle in excess of 90% of western Canada's bulk grain exports. Our members are the owners of nearly all the port grain terminals in Vancouver, Prince Rupert and Thunder Bay. Our members are listed at the bottom of our letterhead.

First and foremost, the WGEA members' primary concerns relates to the notion of privatizing Canada's Port Authorities. As an exporting nation, Canada's ports operate for the benefit of Canada and its citizens. The growth of Canada's economy is governed in part by the ability of the ports to smoothly and efficiently facilitate the flow of goods. Any privatization of Port Authorities would change their focus. They would become primarily motivated to maximize shareholder returns, as opposed to facilitating the flow of goods for exporters and importers. They would become a monopoly service provider giving access to the highest bidder. The WGEA would strongly object to any move toward port privatization.

The same principle holds true for quasi-government entities that operate on a cost-recovery basis, or use revenues generated from their operations to expand their empires. There is an inherent conflict of interest when a regulatory agency is motivated in whole or in part by revenue generation. Rather than being primarily interested in undertaking activities that are in the best interest of Canadians, the agency's primary interest can become one of seeking to create and apply policies and procedures in a way that generates the most revenue for the entity itself. We urge you to be cognisant of this phenomenon when considering changes to the Port Authority model.

- Alliance Grain Terminal Ltd. • Cargill Limited • Cascadia Terminal • Louis Dreyfus Company Canada ULC •
- Pacific Elevators Limited • Parrish & Heimbecker, Limited • Paterson GlobalFoods Inc. •
- Prince Rupert Grain Ltd. • Richardson International Limited • Superior Elevator ULC • Viterra Inc. •

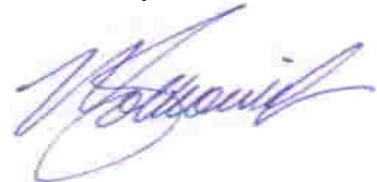
Secondly, with respect to Port Governance, the structure of the Boards of Directors should be amended to include seats for representation from the major user sectors, such as the grain industry. Municipal and provincial government nominees do not necessarily hold the perspective or have the knowledge base of the challenges faced by today's exporters in a rapidly changing global economy. The WGEA believes the composition of the Boards of Directors needs to change to, as a body, more closely represent the needs of the ports' users and to the Canadian economy as a whole, as opposed to the benefit of the ports themselves.

Finally, the WGEA believes the ports must have a stronger focus on rail efficiency. Grain companies have elevator networks throughout the prairies for sourcing grain from producers. Due to the geographic differences between CN and CP, each network draws grain from both railways. In Vancouver, they must transport all the grain from their catchment area to the destination port terminal on either the north shore or south shore. However, CN services the north shore and CP services the south shore and we find that cooperation between both railways can be very poor at times. By way of example, CN will give priority to its railcars on the north shore while holding out CP shipments, and CP retaliates likewise on the south shore. This occurs regardless of which train is the priority for the port terminal, based on the vessel at berth or the sequence of vessels arriving. Despite assurances from CN and CP that progress is being made to resolve these operational dilemmas, the problems have been reoccurring for many years.

One example of a solution would be for the Port of Vancouver to consider the viability of a port railway model. CN and CP would bring the train to a staging area, and the port railway would shuttle the trains to the terminals in the sequence required by the terminal itself to maximize fluidity of the terminal facility and therefore the Port of Vancouver. The WGEA is of the view that the Port Authorities should have the ability to pursue a solution to this enduring problem. This same model should be explored for the Port of Thunder Bay.

Once again, thank you for the opportunity to express our views within the review of Canada's Port Authorities. We would be pleased to engage with yourself or your officials in further dialogue on this matter.

Yours truly,



Wade Sobkowich
Executive Director