

Transport and Infrastructure

2005

Port Access and Development

Background

Canada's ports are vitally important to the Canadian economy. Overall, marine transportation contributes in excess of \$175 Billion annually to the Canadian economy. Canada's non-U.S. international trade represents over \$51 billion in exports and over \$125 billion in imports. Marine transport is the most used form of transportation to move goods between non-U.S. countries, accounting for 70% of exports and 40% of imports by value. In total, the marine sector moves over 290 million tonnes of international trade. Total tonnes handled by Canadian ports are over 408 millions tonnes and 3 million containers and rising. To maintain and improve our standard of living and quality of life, improved transportation links, both rail and road, to ports and increased port capacity are required to facilitate Canada's growing trade volumes. Without improved access to Canadian ports and the ability of Canadian ports to handle increasing cargo volumes, Canadian ports risk losing traffic to U.S. ports, which in turn will negatively impact the Canadian economy.

Port Access

An example of ports that are currently facing challenges associated with road and rail access to facilitate the movement of cargo is the Fraser Surrey Docks. The Fraser Surrey Docks described as a "multi-purpose marine terminal" is the largest facility of its kind on the west coast of North America. It handles over 400 deep-sea vessels per year, two million tonnes of cargo, 320,000 TEUs (Twenty Foot Units – containers) in 2004, expecting to hit 350,000 TEUs in 2005, and expanding to a capacity of 600,000 TEUs. The dock is serviced by Canadian National Rail, Burlington Northern Santa Fe, CP Rail, and Southern BC Rail, as well as road access/egress for trucks which enter via three separate routes. All these routes pass through urban areas. One of the major obstructions to the efficient, and safe, operation of the Fraser Surrey Docks, and the other businesses in the area, is the inability for traffic to flow in and out of the area uninterrupted. Frequently the access points are blocked by trains which are either standing on sidings awaiting passing traffic, shunting, loading or queuing for the New Westminster rail bridge. These interruptions mainly involve commercial truck traffic, but have also caused problems for emergency services.

In order to ease the flow of goods to the Fraser Surrey Docks and other port installations across the country, a number of improvements to the road and rail infrastructure are urgently needed. In the case of the Fraser Surrey Docks mile long trains running on the CN, BNSF and SRY networks converge south of the Fraser River at the 101 year old New Westminster single track rail swing bridge, creating the previously described delays. The current situation is already disastrous and increasing trade flows continue to make the situation worse.

An additional safety concern is access for firefighting and other emergency services to the ports themselves. For those ports across Canada that do not have the resources to

fund full time on-sight emergency services, the necessary road links must be put in place to ensure that municipal emergency services, including firefighting and ambulance, can access ports in a timely manner.

The congestion of the rail network and the resulting inability of commercial trucks to have unrestricted access and egress to and from ports is an unacceptable impediment in the efficient and competitive development and operation of these vital port facilities in Canada. Our ports are up against competition from the well serviced and well funded ports, such as, Seattle, Portland, New York, New Jersey, and Miami. It takes very little to undermine the advantages offered by Canadian ports and everything necessary must be done to foster their success in this highly competitive environment.

Port Development

As mentioned Canadian ports play a vital role in our national economy. Canadian ports serve all of Canada and, the competitiveness and efficiency of Canadian ports are directly linked to the competitiveness of the Canadian economy. However, Canadian ports are in direct competition for traffic with U.S. ports, due to our closely linked economies and geographic proximity to the U.S. In order to maintain significant operations in the future, Canada must operate in a regulatory environment that will allow them to remain competitive with U.S. ports

The National Marine Policy of 1995 was intended to redefine the management and operations of Canada's major commercial ports. It identified the need for Canada's ports to operate under consistent national criteria and be accountable to users and to the general public. The Canada Marine Act (CMA) created a National Ports System consisting of independently managed Canadian Port Authorities (CPAs). The CPAs operate self sufficiently.

Under the current CMA, CPAs are restricted in the amount of capital they can access to invest in new facilities. They do not have access to federal government funding for infrastructure, and they are restricted in the amount that they can borrow. They and their tenants also pay substantial amounts of property taxes or the equivalent to the municipalities in which they are located.

In contrast, many competing U.S. ports are the recipients of property taxes from surrounding municipalities. In addition, the U.S. government invests in port infrastructure renewal in order to improve the competitiveness of their port system. Further, U.S. ports are able to access greater level of capital as compared to Canadian ports. For example, U.S. ports are able to issue revenue bonds. These circumstances give U.S. ports an inherent competitive advantage over Canadian ports who are not afforded the same tax and regulatory treatment.

The U.S. decision to publicly invest in their ports demonstrates a recognition of the importance of ports to their economic and transportation systems. According to the Canada Transportation Act Review Panel, U.S. government expenditures on marine infrastructure do, in the longer term, represent a competitive threat to Canada's ports.

In the scheduled revision of the Canada Marine Act, changes should be made which will facilitate investment by Canadian ports in required new facilities. The competitive position of Canadian ports should be enhanced to facilitate increased trade and to help ensure that they can compete on an even footing with U.S. ports

Recommendations

That the federal government:

1. Immediately dedicate transportation infrastructure funds in order to reduce congestion at the access points to Canadian ports.
2. Provide an environment of regulatory certainty so that rail companies may proceed in undertaking the necessary investments in infrastructure to improve access at Canadian ports.
3. Partner with provincial and municipal governments and the private sector to ensure that plans and financing to critical infrastructure progress in a timely way.
4. Amend the Canadian Marine Act to allow Canadian Port Authorities to access capital markets without the constraints of Treasury Board. Removing the borrowing limits in the Letters Patent and allowing the market to determine the effective borrowing capacity of ports can accomplish this. Additionally, government contributions for infrastructure projects should be allowed.
5. Re-examine the gross revenue charges paid to the federal government by Canadian Port Authorities to ensure that the charges are not unduly burdening ports or adversely affecting their competitive position with the U.S.