

## CANADA PORT AUTHORITIES – AMALGAMATION

The *Canada Marine Act* (CMA) is silent with respect to the ability of Canada Port Authorities (CPAs) to merge or amalgamate in the sense of two or more CPAs combining and continuing as one integrated port authority.

### Background

The CMA created a national ports system made up of 19 CPAs: federally incorporated, non-share capital corporations mandated to operate self-sufficiently and according to business principles.

Since their establishment in 1998, CPAs have generally undertaken their management responsibilities in a sound and fiscally responsible manner. CPAs are well managed, with minimal debt. However, there are several distinguishing factors among the CPAs, including variations in: traffic levels, diversification of port activities, levels of availability of intermodal facilities investment, opportunities for growth, gross revenues and financial performance.

New and emerging trends in the economics of marine transportation have provided an opportunity to explore options that could make CPAs more modern, efficient, competitive and able to respond more quickly to emerging global opportunities and growing business volumes (e.g. with the Asia-Pacific region). Of particular interest are closer forms of integrated port operations such as amalgamations. An integrated port authority may be a possible option for selected CPAs in regional proximity for addressing

competitive forces in a manner that maximizes business opportunities.

### Proposed Change

While regulations with respect to the amalgamation of CPAs are in place under the existing CMA framework, these proposed amendments to the CMA would complement the regulations and address amalgamation issues that are outside the scope of the regulations.

The following amendments to the CMA are being considered:

- create transitional measures with respect to fees at an integrated port in the sense of having different fees at the ports that are amalgamating on a temporary basis and at which fees would not have been discriminatory prior to amalgamation;
- permit changes to the Act's schedule so as to remove the names of CPAs that are amalgamated and add the name of the integrated CPA under which the amalgamated CPAs are continued;
- add express regulatory enabling authority for amalgamation-related provisions;
- provide for the removal of any director by the Governor in Council; and
- exclude directors of an amalgamating port from provisions that allow them to remain in office in section 14.

### Recommendation by the CMA Review Panel – 5.15

*The CMA should be amended to permit mergers of CPAs where the resulting*

*entity meets the objectives of the National Marine Policy and of section 8(1) of the CMA. Any such process should ensure that all affected stakeholders have input into the final decision to integrate or merge CPAs.*

### **Stakeholder Views**

The Association of Canada Port Authorities has recommended that the CMA be amended to permit CPAs to amalgamate in the future should there be a strong and practical business case for such an alliance.

Terminal operators and port users were generally concerned that an integrated port might eliminate competitive choices for shippers and indicated that public consultations should be part of any amalgamation process.