

2002

# Canadian Ports

## MAGAZINE



The Official Publication of the Association of Canadian Port Authorities

- A Time of Change:  
Message from the Minister of Transport /  
Une ère de changements :  
Message du ministre des Transports
- Canada Marine Act: Redux /  
La Loi Maritime du Canada en bref
- New Border Challenges

# Canadian Ports MAGAZINE



The Official Publication of the Association of Canadian Port Authorities

**Canadian Ports Magazine** is published annually for the Association of Canadian Port Authorities

Suite 1502 – 85 Albert Street  
Ottawa, ON K1P 6A4  
Tel.: (613) 232-2036  
Fax: (613) 232-9554  
E-mail: leroux@acpa-ports.net  
Website: www.acpa-ports.net

## ACPA BOARD OF DIRECTORS

### Chair

#### R. Scott Smith

Hamilton Port Authority

### Immediate Past Chair

#### Don Krusel

Prince Rupert Authority

### 1st Vice-Chair

#### Robert Masson

Trois-Rivières Port Authority

### 2nd Vice-Chair

#### Al Soppitt

Saint John Authority

#### Ghyslaine Collard

Quebec Port Authority

#### David Cree

Windsor Port Authority

#### Sean Hanrahan

St. John's Port Authority

#### Glen MacRae

North Fraser Port Authority

#### Bill Mills

Nanaimo Port Authority

### Associate Member

#### Mike Ircha

UNB Transportation Group

Published by

### Naylor Publications Co. (Canada)

600 – 920 Yonge Street,

Toronto, ON M4W 3C7

Tel: (416) 961-1028

Fax: (416) 924-4408

E-mail: lfasan@naylor.com

[www.naylor.com](http://www.naylor.com)

**Publisher:** Martin Rissin

**Editor:** Lisa Fasan

**Association Editor:** Gary LeRoux

### Sales Representatives:

Andrew Pattison, Bert Eastman,

Dawn Stokes, Gord Jackson,

Joanne Saciuk, Kathryn Bloy,

Kery O'Brien, Robert Bartmanovich,

Sheilah Davila, Steve Urias, Walter Niekamp,

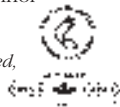
Wayne Jury, Wayne Tokar

**Layout & Design:** Irene Pohorécka

**Advertising Art:** Christina O'Connor

© 2002 Naylor Publications, Inc.

All rights reserved. The contents of this publication may not be reproduced, in whole or in part, without the prior written consent of the publisher.



PUBLISHED JUNE 2002/ACP-A0002/7289

Canadian Ports Magazine

**6 Letter from the Chairman / Lettre du président du Conseil**  
By/Par R. Scott Smith

**37 ACPA Upcoming Events**

**38 Buyers' Guide & Trade List**

## Features

**8/9 Message from the Minister of Transport: A Time of Change /**  
**Message du ministre des Transports : Une ère de changements**

By Hon. David Collenette, PC, MP /

Par L'hon. David Collenette, C.P., député

**18 New Border Challenges**

By Hon. Perrin Beatty, President and CEO,  
Canadian Manufacturers & Exporters

**19 Canada's World Competitiveness**  
**Linked to its Ports and Railways**

By Bill Rowat, President and CEO,

The Railway Association of Canada

**20 Continual Improvement and Best Practices:**  
**ISO 9001:2000 versus Benchmarking**

By Joe FitzGibbon, President, Orion Canada Inc.

**24/25 Canada Marine Act: Redux /**  
**La Loi Maritime du Canada en bref**

By J. Gary LeRoux,

Executive Director, ACPA /

Par J. Gary LeRoux,

Directeur exécutif, AAPC

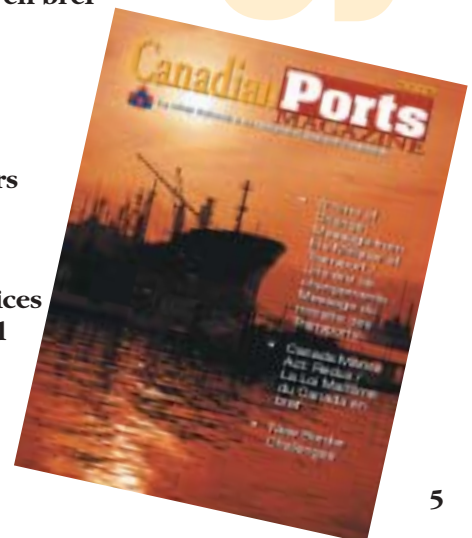
**33 Partners for Clean Harbours**

By Peter J. Kelly, Mayor,

Halifax Regional Municipality

**35 Development of Best Practices**  
**for the Valuation of Federal**  
**Port Property**

By Bruce Acheson, MBA



# Letter from the Chair

# Lettre du président

To see the port in your community you must look beyond the harbourview and to the “business” of ports. The 19 Canadian Port Authorities – from coast to coast – are truly *economic engines* and *gateways to trade* in what is commonly referred to as Canada’s National Ports System. Modern seaports have become critical nodes within a complex system of logistical and industrial centres. Many changes have taken place in the globalization of markets, production and consumption, forcing ports to meet new challenges. Ports must be competitive in all they do to become “ports of call” on international and domestic freight routes.

It is often overlooked that over 220 million tonnes, by volume, flow through Canada’s 19 major ports annually. This trade represents more than \$100 billion in goods handled; has an economic impact of \$20 billion annually; and creates direct and indirect employment in excess of 250,000 jobs. The National Ports System is strong, but public policy must focus its attention on enhancing the competitiveness of ports in a globalized, competitive world.

As the national voice of the port community the ACPA represents all Canada Port Authorities, companies doing business in the marine sector and various governmental entities. The ACPA is the pre-eminent Association for the advocacy and advancement of the Canadian Port Industry. ACPA members contribute greatly to the local, regional and national economy of Canada.

The Association’s ultimate objective is to encourage and stimulate the development of the Canadian port industry and to advance the vested interests of its members. The mission is accomplished through the development of programs that enhance and promote a positive business climate within the Canadian port industry.

The articles in our second annual *Canadian Ports Magazine* barely scratch the surface of the many issues being tackled by the port community in the 21st century. Thank you for taking the time to read our publication. ■

**R. Scott Smith**

Chair, Association of Canadian Port Authorities

Pour avoir un bon aperçu du port de votre communauté, vous devez regarder au-delà du paysage portuaire et de ses activités. Les 19 administrations portuaires canadiennes, d’un océan à l’autre, constituent de *véritables moteurs économiques* et des *portes d’entrée aux échanges commerciaux*, couramment appelés le Réseau portuaire national du Canada. Les ports de mer modernes sont devenus des éléments cruciaux d’un système complexe de centres logistiques et industriels. De nombreux changements sont survenus au chapitre de la mondialisation des marchés et de la production et de la consommation, amenant les ports à relever de nouveaux défis. Ils doivent être compétitifs dans tous les domaines afin de devenir des « ports d’escale » des itinéraires du fret international et intérieur.

On oublie souvent que plus de 220 millions de tonnes transitent par les 19 grands ports canadiens à chaque année. La valeur des produits manutentionnés dépasse 100 milliards de dollars; ces ports ont des retombées économiques de 20 milliards de dollars par année sur les économies locales et ils créent 250 000 emplois directs et indirects. Le Réseau portuaire national est solide, mais les politiques gouvernementales doivent se concentrer sur l’amélioration de la compétitivité des ports dans un contexte mondialisé et concurrentiel. À titre de voix nationale de la communauté portuaire, l’AACP représente toutes les administrations portuaires canadiennes, les compagnies faisant affaires dans le secteur maritime et diverses entités gouvernementales. L’AACP constitue la principale association pour la défense et le progrès de l’industrie portuaire canadienne. Les membres de notre association apportent une importante contribution à l’économie locale, régionale et nationale du Canada.

Le but définitif de l’AACP consiste à favoriser le développement de l’industrie portuaire canadienne et à faire progresser les intérêts acquis de ses membres. Elle accomplit cette mission en créant des programmes qui appuient un climat commercial favorable au sein de l’industrie portuaire canadienne.

Les articles contenus dans ce deuxième numéro de notre revue annuelle *Canadian Ports Magazine* ne font qu’effleurer les nombreux enjeux qui touchent la communauté portuaire du 21<sup>e</sup> siècle. Je vous remercie de prendre le temps de lire notre publication. ■

**R. Scott Smith**

Le président du Conseil de l’Association des administrations portuaires canadiennes



**R. Scott Smith**

# Message from the Minister of Transport

## A Time of Change



This is a crucial time to be part of the transportation industry in Canada. It is a time of change during which we can build on the significant accomplishments of the last several years. A time in which transportation is in the forefront of public policy.

The transportation landscape was forever altered by the tragic events of September 11. While the focus has been on enhancing security, the aftermath of September 11 also demonstrated how important transportation is to the smooth functioning of the economy.

Although terrorist attacks put transportation in the spotlight, there are some very important public policy reasons why transportation will continue to be at the heart of the government's agenda well into the future. Because of its importance to the economy, no government can ignore the need for an efficient, safe, secure and reliable transportation system.

September 11 came at a transition point for Canada's transportation industry. We are coming to the end of an important phase in the history of transportation in this country; a phase defined by the successful commercialization of a large portion of the transportation infrastructure under federal jurisdiction, as well as market-based structural reforms that have promoted efficiency in the system.

### Focus on Ports

Looking at the marine sector in particular, we have made significant

changes over the past several years. For example, the National Marine Policy of 1995, and the passage of the Canada Marine Act (CMA) in 1998 followed a period during which we shone a spotlight on the marine mode. As a result, we restructured the port system, we divested local/regional ports, we commercialized the operation of the St. Lawrence Seaway, and we introduced changes in the delivery of ferry services.

As a result of the Government of Canada's commercialization initiatives, control of ports is now in the hands of those best able to respond to market conditions and introduce greater efficiency in the system. The CMA has led to reduced transaction times and overhead costs for Canadian ports, and has allowed them to proceed with decisions at the local level that make commercial sense. As a result, Canada Port Authorities (CPAs) are experiencing successes that could not have existed a number of years ago. This has allowed the CPAs to become more competitive, not only within Canada, but also with U.S. ports.

Despite certain pressures from the recent economic downturn, ports have taken steps to meet the challenges they face. For example,

CPAs recognize the importance of infrastructure improvements and the need to invest in their overall operations. It's worth noting that capital expenditures for 10 of the CPAs, including Vancouver and Montreal, are expected to be approximately \$760 million between 2001 and 2005.

### CMA Review Imminent

The borrowing limits that are set out in each port's Letters Patent ensure that CPAs have access to private markets. Where a CPA has established a business case for borrowing that goes beyond those limits, it may apply to have the borrowing limit increased. Ports now have the opportunity to explore the benefits of private markets and partnerships with private firms and they should take advantage of these opportunities to the greatest extent possible.

More recently, the passage of the Canada Shipping Act, (CSA) 2001, modernizes shipping and navigation for the entire marine community. Since the CSA 2001 received Royal Assent in November, the focus has shifted to reforming the regulatory regime that supports the Act. And, with the fifth-year review of the CMA, which must be completed by June of 2003, fast approaching, the marine mode will again be a focus in 2002-03.

Marine stakeholders, including CPAs, have provided a great deal of feedback over the last number of

*continued on page 10*

# Message du ministre des Transports

## Une ère de changements



est une période cruciale pour tous les intervenants de l'industrie des transports au Canada. Une période de changements où nous pouvons miser sur les réalisations importantes des dernières années. Une période où les transports se retrouvent au premier plan des politiques gouvernementales. Les événements tragiques du 11 septembre ont modifié à tout jamais le paysage des transports. On se concentre depuis sur l'amélioration de la sécurité, cependant les conséquences du 11 septembre ont également souligné toute l'importance que revêtent les transports pour le fonctionnement harmonieux de l'économie. Les attaques terroristes ont mis pleins feux sur les transports, mais il existe d'excellentes raisons de politiques gouvernementales qui font en sorte qu'ils demeureront au centre des priorités du gouvernement pendant bon nombre d'années. Vu leur importance pour l'économie, aucun gouvernement ne peut négliger la nécessité d'un réseau de transport efficace, sûr, sécuritaire et fiable.

Les événements du 11 septembre sont survenus à un moment de transition pour l'industrie des transports au Canada. Nous arrivons au terme d'une importante étape de l'histoire des transports de ce pays, qui se définit par la commercialisation réussie d'une grande portion des infrastructures de transports relevant de la compétence fédérale, ainsi que par des réformes structurales fondées sur les marchés qui ont favorisé l'efficacité au sein du réseau.

### Les ports : le point de mire

Nous avons effectué des changements considérables au cours des dernières années, particulièrement dans le secteur maritime. Citons par exemple la Politique maritime nationale de 1995 et l'adoption de la Loi maritime du Canada (LMC) en 1998, suivie d'une période au cours de laquelle nous avons dirigé les projecteurs sur le mode maritime. Nous avons par conséquent restructuré le réseau portuaire, dessaisi des ports locaux et régionaux, commercialisé l'exploitation de la Voie maritime du Saint-Laurent et modifié la fourniture des services de traversiers.

Par suite des initiatives de commercialisation du gouvernement du Canada, le contrôle des ports relève dorénavant de ceux qui possèdent toutes les capacités voulues pour réagir aux conditions du marché et améliorer davantage l'efficacité du réseau. La LMC a permis de diminuer les délais des transactions et les coûts généraux des ports canadiens et ils peuvent maintenant prendre des décisions au niveau local, bien inspirées sur le plan commercial. Les administrations portuaires canadiennes (APC) connaissent donc des succès qui n'auraient pu être réalisés il y a quelques années. Cela leur a

permis d'être plus compétitives, non seulement au Canada, mais aussi vis-à-vis les ports américains.

Les ports ont pris des mesures en vue de relever les défis actuels et ce, malgré les pressions qui découlent du récent ralentissement économique. Les APC sont notamment conscientes de l'importance des améliorations aux infrastructures et du besoin d'investir dans l'ensemble de leurs activités. Soulignons que les dépenses d'immobilisations des 10 APC, incluant Vancouver et Montréal, devraient se chiffrer à environ 760 millions de dollars entre 2001 et 2005.

### L'Examen de la LMC : le compte à rebours est commencé

Les limites d'emprunt établies dans les Lettres patentes de chaque port veillent à ce que les APC aient accès aux marchés privés. Lorsqu'une APC a établi un dossier commercial en vue d'un emprunt qui excède ces limites, elle peut déposer une demande d'augmentation de sa limite d'emprunt. Les ports ont maintenant la possibilité d'explorer les avantages des marchés privés et des partenariats auprès de firmes privées et ils devraient profiter de ces occasions dans la plus grande mesure possible.

La Loi sur la marine marchande du Canada (LMMC), adoptée récemment (en 2001), modernise le transport maritime et la navigation pour la communauté maritime tout entière. Depuis que la LMMC 2001 a

*suite à la page 11*

*continued from page 8*

years regarding the CMA. As a result of this feedback, which I have always welcomed, a number of issues have been raised with respect to potential areas of examination within the CMA Review. As far as ports are concerned, stakeholders have frequently raised issues such as borrowing limits, the definition of fees and leases, and the retention of proceeds from the sale of federal real property. These particular issues, among others, will form the framework of the Review. While the CMA does not require a comprehensive re-examination, the Review will provide an opportunity to address specific concerns.

As we turn our attention to the future of transportation in this country, there are a number of challenges for us to face, such as globalization, environmental protection, and heightened security concerns. Ensuring we meet these

challenges will require nothing less than a vision or framework to guide transportation development over the next decade. This vision must incorporate safety and security, efficiency, integration, accessibility and environmental responsibility. It must promote a system that flows smoothly – through our cities and across our borders – to link us quickly and efficiently with our trading partners around the world.

I launched the *Transportation Blueprint* project last April to address the fundamental transportation issues noted above. Since then, my department and I have worked tirelessly to keep the blueprint process on track despite other pressures. The Blueprint will provide us with the opportunity to articulate our fundamental transportation objectives, to collaborate with other jurisdictions and foreign governments, and to identify key priorities for the future and how we intend to address them.

## **Security a Priority**

I would be remiss if I did not mention the security challenges we face as a result of September 11. One of the many steps taken by the Government of Canada immediately following September 11, was the formation of the *Interdepartmental Marine Security Working Group*. A key task of this Working Group is to recommend improvements to marine and port security and to propose ways of achieving these improvements. There are a number of parties involved in marine security, and we will be looking at all of their responsibilities. You can rest assured that the views of the Association of Canadian Port Authorities, and other marine-sector stakeholders, will be considered in the Working Group's recommendations. In the meantime, the Government of Canada is reviewing all intelligence to identify specific threats in the marine sector, and the appropriate responses are being implemented as required.

*continued on page 13*

*suite de la page 9*

reçu l'assentiment royal en novembre, on se concentre sur la réforme du régime de réglementation qui appuie la Loi. Et avec l'examen quinquennal de la LMC, qui doit être terminé d'ici juin 2003, le mode maritime deviendra une fois de plus le point de mire en 2002-2003. Les intervenants maritimes, y compris les APC, ont fourni quantité de commentaires au cours des dernières années en ce qui concerne la LMC. Ces commentaires, que j'ai toujours accueillis favorablement, ont soulevé plusieurs questions relatives aux domaines potentiels sur lesquels devrait porter l'Examen de la LMC. Les sujets les plus fréquemment abordés par les intervenants portuaires touchent les limites d'emprunt, la définition des droits et des baux et la rétention des produits de la vente de biens immobiliers fédéraux. Ces questions constitueront, entre autres, le cadre de travail de l'Examen. La LMC ne nécessite pas un nouvel examen détaillé, toutefois l'Examen permettra de se pencher sur des préoccupations particulières.

Nous aurons plusieurs défis à affronter lorsque nous nous pencherons sur l'avenir des transports dans ce pays, dont la mondialisation, la protection de l'environnement et les préoccupations accrues en matière de sécurité. Nous devons ni plus ni moins créer une vision ou un cadre de travail qui orientera le développement des transports au cours de la prochaine décennie, en vue de pouvoir relever ces défis. Cette vision doit englober la sûreté et la sécurité, l'efficacité, l'intégration, l'accessibilité et la responsabilité environnementale. Elle doit promouvoir un réseau qui fonctionne harmonieusement – dans nos villes et aux frontières – afin de nous relier rapidement et efficacement à nos partenaires commerciaux du monde entier.

J'ai lancé, en avril dernier, le projet de *Schéma d'orientation en transports* afin d'étudier les enjeux

fondamentaux en transports, mentionnés plus haut. Depuis, mon ministère et moi travaillons sans relâche en vue de poursuivre ce processus malgré d'autres pressions. Le Schéma nous permettra d'exprimer clairement nos objectifs essentiels en transports, de collaborer avec d'autres compétences et gouvernements étrangers et de déterminer les grandes priorités de l'avenir et la façon dont nous les aborderons.

## **La sécurité : une priorité**

Ce serait négligent de ma part de ne pas mentionner les défis entourant la sécurité avec lesquels nous sommes aux prises depuis le 11 septembre. L'une des nombreuses mesures prises par le gouvernement du Canada immédiatement après ces événements a consisté à former le *Groupe de travail interministériel sur la sécurité maritime*. Ce groupe a pour principale tâche de recommander des

*suite à la page 14*

*continued from page 10*

It is a challenge to provide a safe and secure transportation system, while promoting the free flow of goods. We believe the right balance can be achieved, and the federal government has taken significant steps with that in mind. Transport Canada has taken the lead in coordinating transportation security initiatives between federal departments. Security initiatives are being developed in coordination with the marine sector. In addition, my department is now working with several international organizations, including the International Maritime Organization (IMO), the Asia Pacific Economic Community (APEC) and the Organization for Economic Cooperation and Development (OECD) to develop new security protocols, international standards, and screening of trade and vessels at their points of origin.

Transport Canada, along with other federal government agencies, is working with its U.S. counterpart to ensure that security initiatives from both countries are in-step with one another. For example, the governments of Canada and the United States signed a *Joint Statement of Cooperation on Border Security* on Dec. 12, 2001. Also, on March 26, 2002, Canadian and U.S. authorities announced that enhanced security screening procedures for ships entering the St. Lawrence Seaway-Great Lakes system – introduced in the aftermath of September 11 – have been updated and agreed upon.

Transportation, including marine transportation, is – and will increasingly be – at the heart of this government's agenda. Transport Canada's role has changed dramatically over the past decade and it will continue to evolve. We no longer own or operate a large part of the transportation system. And we will continue to divest assets where it makes economic sense, where local interests are better able to make business decisions to reflect local concerns. But, while business princi-

ples are important, government will continue to have a role to play in the oversight and regulation of the industry; in the safety and security of important transportation infrastructure and its users; in the field of policy; in ensuring that our legislative environment is integrated and allows us to remain competitive with our trading partners; and in helping address challenges like congestion, pollution and the need for

innovation and skills development.

I am grateful for the continued support and feedback from the ports community, and look forward to building on this strong relationship. Together we have accomplished much, and we will continue to work together to build a world-class marine industry. ■

**Hon. David Collenette, PC, MP**  
Minister, Transport Canada

---

*suite de la page 11*

améliorations à la sécurité portuaire et maritime et de proposer des façons de les mettre en œuvre. La sécurité maritime compte plusieurs intervenants et nous étudierons toutes leurs responsabilités. Je puis vous assurer que les recommandations du Groupe de travail tiendront compte du point de vue de l'Association des administrations portuaires canadiennes et d'autres intervenants du secteur maritime. Entre temps, le gouvernement du Canada examine tous les renseignements en vue d'identifier les menaces particulières au secteur maritime et de veiller à ce qu'on prenne les mesures qui s'imposent, au besoin.

La fourniture d'un réseau de transports sûr et sécuritaire, tout en favorisant la libre circulation des marchandises, constitue un défi. Nous croyons qu'il est possible d'atteindre un juste équilibre à ce chapitre et le gouvernement fédéral a effectué d'importantes démarches en ce sens. Transports Canada dirige

la coordination des initiatives en sécurité des transports entre les ministères fédéraux, initiatives élaborées en collaboration avec le secteur maritime. De plus, mon ministère travaille maintenant avec plusieurs organismes internationaux, dont l'Organisation maritime internationale (OMI), la Communauté économique Asie-Pacifique (CÉAP) et l'Organisation de coopération et de développement économiques (OCDE), en vue de mettre sur pied de nouveaux protocoles, des normes internationales et le contrôle du fret et des navires à leurs points d'origine.

Transports Canada travaille, de concert avec d'autres organismes gouvernementaux fédéraux, avec ses homologues américains afin de s'assurer que les initiatives de sécurité entreprises dans chaque pays soient bien agencées. Les gouvernements du Canada et des États-Unis ont d'ailleurs signé, le 12 décembre 2001, la *Déclaration conjointe de coopération sur la sécurité de la frontière*. De plus, les autorités canadi-

ennes et américaines ont annoncé, le 26 mars 2002, que les procédures de contrôle de sûreté pour les navires entrant dans le Réseau Grands Lacs-Voie maritime du Saint-Laurent – introduites après les événements du 11 septembre – ont été mises à jour et acceptées par ces deux autorités.

Les transports, incluant le transport maritime, sont au centre des priorités de ce gouvernement et le deviendront de plus en plus. Le rôle de Transports Canada a évolué de façon spectaculaire au cours de la dernière décennie et il continuera d'en être ainsi. Ce ministère n'est plus propriétaire ni exploitant d'une grande partie du réseau des transports. Et nous continuerons de des-saisir des biens lorsque cela représente un avantage sur le plan économique et lorsque les intérêts locaux sont plus en mesure de prendre des décisions commerciales qui tiennent compte des préoccupations locales. Cependant, le gouvernement continuera, sans toutefois négliger

*suite à la page 16*

*suite de la page 14*

l'importance des principes commerciaux, de jouer un rôle de supervision et de réglementation en ce qui touche l'industrie, la sûreté et la sécurité des importantes infrastructures de transport et de leurs utilisateurs et le domaine des politiques. Il veillera à ce que notre milieu législatif soit intégré afin de pouvoir continuer à concurrencer nos partenaires commerciaux et de relever les défis comme la congestion, la pollution et le besoin d'innovation et de perfectionnement des compétences.

Je suis reconnaissant à la communauté portuaire de son appui soutenu et de ses commentaires et je suis impatient de faire fond sur cette solide relation. Nous avons beaucoup accompli ensemble et nous continuerons d'unir nos efforts en vue de créer une industrie maritime de catégorie mondiale. ■

**L'hon. David Collenette, C.P.,  
député**

Ministre, Transports Canada



# New Border Challenges

Border efficiency is a bottom-line issue for business. Time is money, and border delays represent major costs. Those costs are mounting as more companies adopt just-in-time production and delivery systems that result in less inventory at the business site and a greater reliance on the ship, plane, truck or train as the inventory warehouse.

The September 11, 2001 terrorist attacks against the United States put the spotlight on longstanding problems at the Canada-U.S. border. Steady and dramatic increases in cross-border traffic, combined with benign neglect by government, had chipped away at border efficiency over the years and the need to resolve this problem was urgent. In the months since, Canadian industry has been working hard to overcome the border challenges posed by new security realities. And it has been succeeding.

Canadian Manufacturers & Exporters, whose members account for 75 per cent of Canada's manufacturing output and 90 per cent of its exports, has been targeting border problems for years. For example, we helped lead the development of Customs Self-Assessment and CANPASS, and formed a joint working group on border issues with the U.S. National Association of Manufacturers. After September 11th, we redoubled our efforts.

On October 3, CME spearheaded the formation of a broad coalition of business associations and individual companies. Through it, over 50 major business associations and key individual companies are helping the federal government deal successfully with border and security issues, performing a key consultative and advi-

sory role. The Association of Canadian Port Authorities has provided an invaluable contribution to the work of the *Coalition for Secure and Trade-Efficient Borders*.

The Coalition was quick to recognize that the events of September 11th imposed a new paradigm on border management, one in which security and trade facilitation are mutually reinforcing priorities. Its first report, *Rethinking Our Borders*, outlined a set of principles for an integrated approach to the security of Canada and the United States that aimed to remove pressure from the 49th parallel by improving Canada's ability to ensure security domestically. It proposed a risk-based border management approach that would enable low-risk travellers and goods to move efficiently while focussing resources on high-risk travellers and cargo.

The report pointed out that a shared Canada-U.S. approach to managing our borders must comprise three lines of security: offshore interception, first point of arrival, and the Canada-U.S. border. By expanding its intelligence capacity, and working cooperatively with its international partners, Canada can take steps to stop high-risk travellers from getting here in the first place. People and cargo arriving in Canada from abroad, by sea or air, including those passing through on their way to the United States, must be properly assessed and dealt with to ensure, to the extent possible, that they pose no threat to either country. Meanwhile, the Canada-U.S. border can be made smarter by moving as much processing away from the 49th parallel as possible.

Building on those principles, the second report of the *Coalition for Secure and Trade-Efficient Borders* presented an integrated plan of action to fundamentally change the way our borders are managed, and set forth a detailed set of recommendations covering a range of issues, including improved container securi-

ty and shore-side infrastructure, and investments in ship-tracking technology.

The December federal budget and the joint announcement of the *Canada-U.S. Smart Border Declaration* and its 30-point action plan signalled acceptance of the Coalition's principles and its specific recommendations, a number of which were reflected therein. We are encouraged by the government's response, and optimistic the measures announced to date could go a long way towards resolving Canada-U.S. border problems. But we cannot afford to be complacent. The participation of business, represented by the *Coalition for Secure and Trade-Efficient Borders*, continues to be important during the critical implementation phase, as the government seeks to transform its announcements into concrete actions.

Canada-U.S. negotiations on the 30-point action plan appear to be proceeding well, and Deputy Prime Minister John Manley has indicated they are on track for an agreement to be announced at the G8 Summit in Kananaskis this June. Meanwhile, the Coalition is providing the government with input and monitoring progress.

For the country that now sells more of its goods to the United States than it consumes here at home, there are few issues more important than ensuring that the forty-ninth parallel remains open to legitimate travellers and goods. Literally millions of jobs and the standard of living of every Canadian family depend upon it.

Our goal must not be to return the border to where it was at 8:30 a.m. on September 11, but to make it even better. There can be no more appropriate response to the tragic human loss that resulted from these terrorist attacks than to demonstrate our determination to ensure the economic and physical security of our citizens is even stronger than it was before. ■

**by Hon. Perrin Beatty, President and CEO, Canadian Manufacturers & Exporters**

# Canada's World Competitiveness Linked to its Ports and Railways

## Competitive Partnerships

Canada is a trading nation. One key to Canada's success in global markets lies in its ocean ports. Canada's ports cannot be competitive without competitive railways. Canada's railways are not competitive without competitive ports. Together, Canadian partnerships compete with U.S. routes.

The value of marine overseas trade is now \$80 billion. The output exported through Canada's West Coast ports alone provides 143,000 jobs in production and transportation, underpinning 700,000 jobs throughout Western Canada. Similar economic engines in the ports of Montreal and Halifax help drive the eastern and central Canadian economies.

## Economic Engines

Shipping activity at Halifax, for example, has an economic impact generating 9,000 jobs and more than half a billion dollars in Gross Domestic Product, even though its local market is modest compared to U.S. ports. Halifax is therefore vitally dependent on having an efficient, cost-effective rail service to connect it with its primary markets in Central Canada, and increasingly, the U.S. Midwest. To keep the rail-port partnership thriving, Canadian railways have lowered their cost base through improved productivity and efficiency. This allowed declining prices in real terms and increased investment to improve service, speed of delivery and reliability.

Canadian rail freight rates have declined some 40 per cent in real terms since 1985. The railways have shared those savings with shippers. It is one more example of how global transportation systems are becoming seamless, how Canadian ports and railways have formed an

integrated relationship through logistics, and how modern technologies, including the Internet and e-business, are changing the way business is done. Customers now look at overall efficiency, the cost and reliability of supply chains. As a result, Canadian ports and railways are in direct competition with U.S. port-rail partnerships to deliver the goods throughout North America. As a result, the Canadian rail-port partnership offers a unique coast-to-coast-to-coast distribution network.

## Railways Making the Investment

Canadian National's investments and expansion in recent years, including construction of the St. Clair Tunnel, new intermodal terminals and CN's purchase of the Illinois Central and Wisconsin Central railways, have allowed ocean carriers calling at Canadian ports to expand their reach into new North American markets. The Port of Montreal is a leading Canadian port in terms of containerized freight. Containers make up 40 per cent of the overall tonnage at the port. About 60 per cent of containerized traffic is transported by rail to main markets in Ontario and the American Midwest.

CPR container trains can run directly from the port of Montreal without marshaling off-site. Transit times are 10 hours to Toronto, 25 hours to Detroit and 30 hours to Chicago. The port owns its own extensive railway system, about 100 kilometres in length, with switching capacity of 1,000 cars per day.

There is a risk that some of this import traffic and related transportation jobs could be diverted to U.S. ports. That risk is intensified by any increase in the Canadian dollar, lower rail traffic density on Canadian rail lines than in the U.S., and a

heavy tax burden, compared with American railroads and North American trucking.

CN and CPR have both improved the efficiency of train operations to the Port of Vancouver by coordinating train operations between Matsqui/Mission and Basque. Running eastbound trains on one railway and westbound trains on the other railway allows longer trains, greater capacity and fewer conflicts on sidings. CPR carried out major upgrading, grade revision and tunneling projects in the 1980s, resulting in double track capacity for some 35 per cent of the total track between Field and Coquitlam, B.C.

The CPR route operates with centralized traffic control. The CN line to Vancouver operates with centralized traffic control too, but has sections of double track in the interior, and nearly continuous double track from Matsqui to Surrey. CN also carried out major upgrading programs in the 1980s to increase the capacity of the line to Prince Rupert.

The smooth, efficient and secure rail-port interface in Canada reinforces intermodal solutions as the power of two, or more! ■



By Bill Rowat, President and CEO, The Railway Association of Canada  
Canadian Ports Magazine

# Continual Improvement and Best Practices

## ISO 9001:2000 versus Benchmarking

By Joe FitzGibbon, President, Orion Canada Inc.

Organizations face ongoing pressures to reduce costs while improving their level of service. In most cases, budget and resource reductions are no longer options. Increasingly, organizations are turning to best practice models such as ISO 9001:2000 or 'benchmarking' to provide a framework for improving efficiency and quality of service. Although it is undisputed that improvement initiatives should be well planned, structured and supported by top management, it is less clear which path to improvement delivers the best return on investment. This article provides a brief overview of two of the most popular options:

- 1) the ISO 9001:2000 quality management standard, and
- 2) process benchmarking.

### The ISO 9001:2000 Quality Management Standard

The ISO 9000 series of standards were first published by the International Organization for Standardization (ISO) in 1987. The intent of the standard at that time was to define the requirements to assure an organization produced consistent output. The standard quickly became the most recognized international business standard. Today, hundreds of thousands of organizations of every type and size – in almost every country and industry – use third-party certification to assure their customers that they meet the ISO 9001 requirements.

Since its inception, the ISO 9000 series of standards have evolved considerably. Early versions of the standard emphasized consistency of process and placed emphasis on process documentation. The most recent revision to the standard (published in 2000 and commonly referred to as ISO 9001:2000) has shifted the focus to ensuring customer satisfaction, measuring performance, continual improvement, and conformity to regulatory and statutory requirements. ISO 9001:2000 compliant organizations specify requirements, communicate responsibilities and define the processes that are critical to the production and provision of their products and/or services.

Processes such as port safety, ship management, emergency planning, dangerous vessel management, pilotage operations, issuing notices to mariners, ship-to-bulk chemical transfer, mooring management, anchoring management and water level management would be defined. Compliance with the Canada Marine Act marine regulations, and various maritime codes: i.e., Ship Management – ISM code, International Ports Safety Management – IPSM code, and the UK Ports Marine Safety Code – PSC, would be a requirement of this standard. The personnel who perform key tasks are qualified to perform their tasks and the achievement of requirements is verified. Management systematically

monitors the effectiveness of the overall system, makes adjustments where needed, and identifies improvements.

### Benchmarking Best Practices

Benchmarking is the process of improving performance by identifying, understanding and adopting best practices. Best practices may be from internal sources such as other business units within the organization, or from external sources such as other organizations or best practice models. The benchmarking process involves determining the process that requires improvement, identifying a suitable benchmarking partner, understanding and customizing the benchmarked process to fit the organization, implementing the process and monitoring performance to determine where adjustments are required.

Although best practice models, including ISO standards, are more readily available, analyzing a process already implemented by an internal or external organization offers unique benefits. Benchmark-

**ISO 9001:2000 is typically an organization-wide initiative while benchmarking is often focused on a specific process.**

ing may involve similar processes, i.e., storage, collecting dues and rents, and issuing permits, from an organization in the same industry or a completely different industry. And, it may involve a cooperative partner; or, when benchmarking involves a competitor, an unwilling partner.

### **Comparing the Two Approaches**

The similarities of ISO 9001:2000 and benchmarking include the

need for top management commitment to organizational improvement, defined processes, performance measurement, and reassessment and adjustment, if necessary. Both approaches must be customized to fit the organization and involve improving efficiency and effectiveness. And if not used properly, both tools can fail to deliver the intended results. While ISO 9001:2000 has a defined set of organizational requirements, bench-

marking is much less structured. ISO 9001:2000 is typically an organization-wide initiative while benchmarking is often focused on a specific process.

### **Conclusion**

ISO 9001:2000 provides a framework for a well managed organization. Benchmarking is a tool used to identify and implement best practices. Each offers unique benefits. In fact, the two best practice models compliment each other. Organizations with, or working toward, ISO 9001:2000 compliance may use benchmarking to implement “best-in-industry” processes or to improve their existing processes. Organizations that are already benchmarking their processes may look to ISO 9001:2000 to provide a “framework” for their processes and a structure for their continual improvement. The optimal approach would be to use both approaches to implement best practices and continually improve. ■

*Orion is an Ottawa-based consulting company specializing in assisting organizations to improve efficiency, effectiveness and customer satisfaction. Contact: [joe@orioncanada.com](mailto:joe@orioncanada.com) or [www.orioncanada.com](http://www.orioncanada.com).*

# Canada Marine Act: Redux

By J. Gary LeRoux  
Executive Director, ACPA

## In the Beginning

The Canada Marine Act (CMA) of 1998 made Canada's 19 major ports more commercial by establishing them as Canadian Port Authorities (CPAs). As CPAs they receive no budgeted funding from the federal government. This initiative helped further the development of the National Ports System in Canada, but there is still much to do to ensure the competitiveness of the System.

As expected, however, there were a number of unintended consequences of the CMA with respect to the commercial business of ports. CPAs brought these deficiencies to the attention of the Minister of Transport who, in turn, agreed to an early review of the Act. The Minister announced in several forums late in 2001 that the CMA review would begin early in 2002 and he has lived up to his promise. The critical question now being asked in the port community is: What's next?

## CMA Objectives

Without getting bogged down in the process for the formal amendments required for the Canada Marine Act, this article focuses on the underlying logic necessary for a successful review.

First and foremost, the CMA sought to "make the system of Canadian ports competitive, efficient and commercially oriented." Furthermore, the Act declares several key objectives. The most critical are: "Implement a National Marine  
*continued on page 26*



# La Loi Maritime du Canada en bref

par J. Gary LeRoux  
Directeur exécutif, AAPC

## Au tout début

La Loi maritime du Canada (LMC) de 1998 a accru la vocation commerciale des 19 principaux ports canadiens en leur accordant le statut d'administration portuaire canadienne (APC). À ce titre, ces ports ne reçoivent aucun financement budgétisé du gouvernement fédéral. Cette initiative a également aidé à l'établissement du Réseau portuaire national du Canada, mais il reste encore beaucoup à faire pour assurer la compétitivité de ce réseau.

Cependant, comme l'on s'y attendait, plusieurs conséquences non intentionnelles découlent de la LMC en ce qui a trait aux activités commerciales des ports. Les APC ont fait part de ces lacunes au ministre des Transports, qui a consenti à un examen hâtif de la Loi. Il a annoncé, lors de plusieurs forums tenus à la fin de 2001, que l'examen de la LMC commencerait au début de 2002, promesse qu'il a tenue. La communauté portuaire se pose maintenant la question suivante: Quelles seront les prochaines étapes?

## Les objectifs de la LMC

Cet article se concentre sur la logique sous-jacente nécessaire en vue d'effectuer un examen fructueux, sans toutefois s'embarquer dans le processus des amendements officiels qui s'imposent à la Loi maritime du Canada.

La LMC cherchait tout d'abord à « favoriser la compétitivité du réseau portuaire canadien par une rationalisation de sa gestion. » De plus, la Loi énonçait plusieurs grands objectifs, à

savoir : « Mettre en œuvre une politique maritime nationale qui vise à assurer la mise en place de l'infrastructure maritime qui est nécessaire au Canada et qui constitue un outil de soutien efficace pour la réalisation des objectifs socio-économiques locaux, régionaux et nationaux, et qui permettra de promouvoir et préserver la compétitivité du Canada et ses objectifs commerciaux et fonder l'infrastructure maritime et les services sur des pratiques internationales et des approches compatibles avec celles de ses principaux partenaires commerciaux dans le but de promouvoir l'harmonisation des normes qu'appliquent les différentes autorités » (Loi maritime du Canada, 1997).

Ces principaux objectifs doivent servir de fondement à l'examen officiel de la Loi. Il va sans dire que « la compétitivité, » « l'harmonisation des normes » et « les pratiques internationales » constituent les mots clés de ces objectifs. L'Association des administrations portuaires canadiennes (AAPC) se réjouit des récentes déclarations contenues dans le *Rapport sur les plans et les priorités pour 2002-2003*, de Transports Canada. Ce rapport représente en effet le plan opérationnel stratégique de ce ministère. On y souligne que : « [Transports Canada] vise une industrie canadienne du transport maritime renforcée détenant une part de marché accru. La stratégie à long terme consiste à influencer sur le développement d'un réseau de transport maritime qui soit concurrentiel, efficace, efficace, souple,

*suite à la page 27*

*continued from page 24*

Policy that provides Canada with the marine infrastructure that it needs and that offers effective support for the achievement of local, regional and national social and economic objectives and will promote and safeguard Canada's competitiveness and trade objectives; and base the marine infrastructure and services on international practices and approaches that are consistent with those of Canada's major trading partners in order to foster harmonization of standards among jurisdictions" (Canada Marine Act, 1997).

These key objectives must form the basis on which the formal review of the Act is conducted. The key words in the objectives are clearly "competitive," "efficient," "commercially oriented," "harmonization of standards" and "international practices."

The Association of Canadian Port Authorities (ACPA) has been most encouraged by recent pronouncements in Transport Canada's *Report on Plans and Priorities for 2002-2003*. The report is, in effect, Transport Canada's strategic operational plan. It notes that: "[Transport Canada's] goal is a strengthened Canadian marine transportation industry that has an increased market share. The long-term strategy is to influence development of a marine transportation system that is competitive, efficient, effective, flexible, affordable and well integrated with other modes." This appears to be a logical extension of the CMA and its stated objectives for Canadian ports.

The *Report on Plans and Priorities* goes on to say that: "The department's involvement in inter-governmental organizations and its modernization of economic legislation will increase harmonization with international practice and improve the Canadian marine sector's international competitiveness. The department will continue to examine issues that may have an impact on the competitiveness of Canadian ports." These are indeed

**There are many critical issues that must be tackled to ensure the competitiveness of Canadian Port Authorities.**

laudable objectives setting the stage for the formal review of the CMA.

### **Business Impact on Ports**

It is obvious that the national objectives for the Canada Marine Act were primarily business-oriented. In fact, CPAs must be commercially viable and self-sufficient as "legislated" by the CMA. Given the prevailing preoccupation with sound business practices, it must be the central focus of the CMA review. It should be noted that there are two key elements of the federal government's regulatory process to be considered in the CMA Review.

The first is the *Regulatory Impact Analysis Statement* (RIAS) and all that it implies relating to full and effective consultation with Canada's port community. The second is the *Business Impact Test* (BIT) which is "designed to assist government analysts in understanding and evaluating the impacts on business of proposed regulatory measures and their cost effectiveness" (Regulatory Business Impact Test Web Site, Strategis). The key issues that have been raised by the ACPA all deal

with "business impact" on the competitiveness of CPAs and the need for such impacts to be appropriately addressed in the formal review of the Act.

### **Key Issues**

There are many critical issues that must be tackled to ensure the competitiveness of Canadian Port Authorities. A year after the introduction of the CMA, two major port tenants attempted to provide a misguided interpretation of the definition of "fees" in the Act. An Order-in-Council rescinded a Canada Transportation Agency ruling on the matter clearly showing that the federal government never intended "fees" to include leases. Several subsequent legal judgments affirmed this as fact. Yet, the "definition of fees" was the tip of the regulatory iceberg related to CMA concerns and it must be the first amendment to the Act per the Order-in-Council decision.

Federal real property, as defined in the CMA, implies that CPAs are mere managers of federal real property on port lands, while the Minister has administration of the property. As such, some have argued that the Minister is the person responsible for any payments arising under another Act, such as, the Payments in Lieu of Tax Act (PILT). This remains a contentious issue and it has been subject to several legal interpretations in support of the federal government paying PILTs on federal real property on port lands. PILT payments are another direct cost diminishing the competitiveness of CPAs by reducing their financial reserves.

In contrast to the Canadian situation, one has only to consider the findings of the CTA Review Panel: "The Panel believes that U.S. government expenditures on marine infrastructure do, in the longer term, represent a competitive threat to Canada's largest ports. About half of all U.S. ports receive some form of funding assistance, while others

*continued on page 28*

*suite de la page 25*

abordable et bien intégré aux autres modes. » Cela semble un prolongement logique de la LMC et des objectifs qu'elle énonce pour les ports canadiens.

Le *Rapport sur les plans et les priorités* ajoute que : « La participation du ministère à des initiatives intergouvernementales et sa modernisation de la législation économique accroîtront l'harmonisation avec les méthodes internationales et rehaussera la compétitivité internationale de l'industrie canadienne du transport maritime. Le ministère continuera d'examiner les questions qui pourraient influencer sur la compétitivité des ports canadiens. »

Ce sont là en effet des objectifs louables qui ouvrent la voie à l'examen formel de la LMC.

## **L'impact sur les activités portuaires**

Les objectifs nationaux contenus dans la Loi maritime du Canada étaient de toute évidence axés sur les activités. En fait, les APC doivent être viables sur le plan commercial et autonomes, comme l'impose la LMC. Vu toute l'attention accordée aux bonnes pratiques commerciales, l'examen de la LMC doit se concentrer sur cet aspect. Soulignons qu'il faut tenir compte de deux grands éléments du processus de réglementation du gouvernement, fédéral par rapport à l'examen de la LMC.

Le premier consiste au *Résumé de l'étude d'impact de la réglementation* (RÉIR) et tout ce qu'il comporte en ce qui a trait à la consultation globale et efficace de la communauté portuaire canadienne. Le second concerne le *Test de l'impact sur les entreprises* (TIE), conçu « afin d'aider les analystes du gouvernement à comprendre et à évaluer l'impact, sur les entreprises, des mesures réglementaires proposées et leur rentabilité » (voir le site Web sur le Test de l'impact de la réglementation sur les entreprises, Statégis). Les principales questions soulevées par les APC visent toutes l'impact sur leur compétitivité et le fait que l'examen

**« Il faut aborder de nombreuses questions cruciales afin d'assurer la compétitivité des administrations portuaires canadiennes ».**

formel de la Loi doit se pencher sur ces répercussions de façon adéquate.

## **Les principales questions**

Il faut aborder de nombreuses questions cruciales afin d'assurer la compétitivité des administrations portuaires canadiennes. Un an après le dépôt de la LMC, deux importants locataires portuaires ont tenté de recourir à une interprétation peu judicieuse de la définition des « droits » contenue dans la Loi. Un décret a abrogé une décision de l'Office des transports du Canada à ce sujet, démontrant clairement que le gouvernement fédéral n'a jamais prévu que les « droits » englobent les baux, ce que d'autres décisions juridiques ultérieures ont confirmé. Toutefois, la « définition des droits » représentait la partie visible de l'iceberg quant aux préoccupations entourant la LMC et elle doit faire l'objet du premier amendement à la Loi, conformément au décret susmentionné.

La définition des biens immobiliers fédéraux, contenue dans la LMC, sous-entend que les APC n'agissent que comme administrateurs des terrains portuaires, alors

que le ministre en a la gestion. D'aucuns estiment que le ministre est la personne responsable de tous les paiements exigés en vertu d'une autre loi, à savoir la Loi sur les paiements versés en remplacement d'impôts (PVRI). Cela demeure une question litigieuse, qui a fait l'objet de plusieurs interprétations juridiques appuyant le versement, par le gouvernement fédéral, des PVRI relativement à des biens immobiliers fédéraux situés sur des terrains portuaires. Les paiements versés en remplacement d'impôts représentent un autre coût direct qui diminue la compétitivité des APC en réduisant leurs réserves financières.

Par opposition à la situation au Canada, il n'y a qu'à songer aux conclusions du Comité d'examen de la LTC : « Le Comité croit que les dépenses qui seront engagées dans l'infrastructure maritime américaine ... constitueront, à long terme une menace à la compétitivité des grands ports canadiens. En outre, environ la moitié de tous les ports américains sont subventionnés d'une manière ou d'une autre et les autres ports ont le pouvoir de percevoir une taxe municipale auprès des citoyens locaux pour le financement d'améliorations portuaires. D'autres ports peuvent utiliser des fonds générés par des activités non portuaires. » (Rapport du Comité d'Examen, juin 2001). Cela démontre que la politique portuaire canadienne est en contradiction absolue avec le plus important partenaire commercial du Canada. Elle va à l'encontre du principe fondamental de la LMC quant au respect des « pratiques internationales et des approches compatibles avec celles de ses principaux partenaires commerciaux dans le but de promouvoir l'harmonisation des normes qu'appliquent les différentes autorités. » On espère que l'examen de la LMC se concentrera sur une harmonisation adéquate avec les autorités portuaires américaines, également énoncée dans la Politique maritime nationale initiale, comme on l'a souligné au début.

*suite à la page 31*

*continued from page 26*

have the ability to levy a municipal tax on local citizens to fund port improvements. Still others can use revenues generated from non-port activities” (CTA Review Report, June 2001). This illustrates the fact that Canadian port policy is diametrically opposed to that of Canada’s largest trading partner. It contradicts the basic principle of the CMA with respect to meeting “international practices and approaches that are consistent with those of Canada’s major trading partners in order to foster harmonization of standards among jurisdictions.” It is hoped that the CMA review will focus on appropriate “harmonization” with US Port Authorities, which was also the stated intent of the original National Marine Policy noted at the outset.

The CMA stipulates that no payment is to be made to a CPA under an appropriation to enable the port authority to discharge an obligation or liability. This is patently unfair to Canadian ports if Canada is to maintain a competitive ports system, especially when one considers the level of support accorded U.S. port authorities and other Canadian profit and not-for-profit organizations. CPAs should be eligible to apply for – and receive – all funding available to other organizations in recognition of the “public assets” functions undertaken by CPAs.

Currently, all CPAs are subject to an annual gross revenue charge or stipend that is sent to the General Revenue Fund of the federal government. This stipend simply serves as a drain on the reserves of CPAs, reserves that could be re-invested to enhance the competitiveness of the National Ports System. The “business impact” of this charge on some smaller CPAs does nothing to help such ports remain “self-sufficient,” as decreed by the Act.

In this instance – as in others – it is illogical to mandate self-sufficiency on the one hand, and then engage in a “cash grab” on the other.

A primary objective of the CMA was to allow ports to be self-financing entities with a greater degree of autonomy in a number of areas including incurring debt. However, when the CMA was passed into law the right of ports to pledge federal real property was prohibited. Thus the borrowing capacity of ports was predicated solely on operating cash flow. This does not permit Canadian Port Authorities to undertake major infrastructure investments or allow ports to be major players in the development of major container hubs in this post-Panamax era. Any change in borrowing limits must be subject to a change in a Port Authority's letters patent which generally takes months to effect, months that do not permit the necessary flexibility in a punishingly competitive business world.

CPAs cannot retain the proceeds from the sale of real property. The actual sale, and the proceeds from the sale, rests in the hands of Transport Canada. Hence, the needs of CPAs are not considered with respect to the competitive marketplace in which Canadian ports must operate or the strategic business needs of the respective ports. CPAs lose on two counts:

1) the lack of ability to effect timely and strategic land disposals; and

2) the inability to retain the proceeds from the sale of land for re-investment in the port. This is a disincentive to maximize the use of strategic port lands.

Several of these financial issues were addressed by the CTA Review Panel when it highlighted the disparity between Canadian and US ports: "In the larger matter of port access to funding, the U.S. decision to support public port investment shows recognition of the role of ports as generators of economic activity and facilitators of trade. Such recognition has arguably been lacking in Canadian transportation policy, notwithstanding the designation of CPAs as the National Ports System" (CTA Review Panel Report, June 2001). It further noted that: "Modern, efficient terminal facilities are essential if ports are to be competitive in the container and, increasingly, in the bulk business. Future trade flows and attendant unit costs of imported or exported goods dictate that ports be able to move quickly to upgrade, modernize and develop new handling capabilities. Ports also need access to capital for dredging, environmental compliance and other facilities-related projects. A flexible administrative system appears critical to achieving these objectives."

CPAs now look to the review of the CMA to obtain a more "flexible" system based on hard business realities.

## **Flexibility**

CPAs eagerly look forward to a more "flexible administrative system" as recommended by the CTA Review Panel, one in which the initial "objectives" of the Canada Marine Act and the National Marine Policy are brought squarely back into focus. CPAs are now more competitive than they were before the CMA, but many question the ability to sustain such competitiveness against a backdrop of inconsistent regulatory imperatives which dictate: paying an annual stipend to the federal government; turning over the proceeds from the sale of port lands; an inability to effect timely and strategic land transactions; foregoing revenue from non-port activities; and limiting the ability to borrow funds.

Some have argued that it is illogical to legislate "self-sufficiency" and then tie the hands of the ones so legislated. This principle is certainly at odds with Transport Canada's *Transportation Blueprint's* goal, "... to have the best national transportation system in the world." ■

*suite de la page 27*

La LMC stipule qu'il ne peut être accordé à une APC aucune somme par voie de crédit affecté par le Parlement pour lui permettre d'exécuter ses obligations, ce qui est manifestement injuste pour les ports canadiens si le Canada doit maintenir la compétitivité du réseau portuaire, surtout si l'on songe au niveau d'appui accordé aux autorités portuaires américaines et à d'autres organismes canadiens à but lucratif et sans but lucratif. Les APC devraient être admissibles à tout le financement offert à d'autres organismes – et le recevoir – afin de tenir compte des fonctions de « biens publics » qu'elles assument.

À l'heure actuelle, toutes les APC sont assujetties à un droit sur le revenu brut annuel ou une redevance, qui est envoyé au Fonds d'administration générale du gouvernement fédéral. Cette redevance ne fait qu'épuiser les réserves des APC, réserves qu'elles pourraient réinvestir en vue d'accroître la compétitivité du Réseau portuaire national. L'incidence de cette redevance sur les activités de certaines plus petites APC ne les aide en rien à demeurer autonomes, comme le décrète la Loi.

Dans ce cas comme dans d'autres, il est illogique d'exiger l'autonomie d'une part et de » mettre le grappin sur les encaisses » d'autre part.

L'un des principaux objectifs de la LMC consistait à permettre aux ports d'être des entités financièrement autonomes, en leur accordant plus de latitude dans plusieurs domaines, dont l'engagement de dettes. Toutefois, les ports se sont vu interdire le droit de donner des biens immobiliers fédéraux en garantie lorsque la LMC a été promulguée. La capacité d'emprunt des ports repose donc uniquement sur leur flux d'encaisse d'exploitation. Cela ne permet pas aux administrations portuaires canadiennes d'effectuer d'importants investissements dans les infrastructures ou d'agir comme principal intervenant pour la création d'importantes plaques tournantes au chapitre des conteneurs, en cette ère post-

panamax. Tout changement apporté aux limites d'emprunt doit s'accompagner d'une modification aux Lettres patentes des administrations portuaires, ce qui prend en général des mois, durant lesquels les ports n'ont pas la souplesse nécessaire dans un contexte commercial où la concurrence est féroce.

Les APC ne peuvent conserver le produit de la vente de biens immobiliers. La vente comme telle et le produit de la vente demeurent entre les mains de Transports Canada. Par conséquent, on ne tient pas compte des besoins des APC en ce qui a trait au marché de concurrence où doivent évoluer les ports canadiens, ni des besoins commerciaux stratégiques de chacun d'entre eux. Les APC sont perdantes à deux points de vue :

- 1) elles ne peuvent procéder à des aliénations de terrains de manière opportune et stratégique;
- 2) elles ne peuvent conserver les produits de la vente de terrains et les réinvestir dans le port. Cela constitue une désincitation à maximiser l'utilisation de terrains portuaires stratégiques. Le Comité d'examen de la LMC s'est penché sur plusieurs de ces questions financières et soulignait l'écart qui existe entre les ports canadiens et américains :

« Sur le plan plus vaste de l'accès des ports au financement, la décision prise par les États-Unis d'appuyer l'investissement public dans les ports atteste que ce pays est conscient que les ports sont des générateurs d'activité économique et des catalyseurs du commerce. Il est permis de croire qu'une telle prise de conscience faisait défaut au moment de l'élaboration de la politique des transports du Canada, et cela même si l'on a désigné les APC aux fins du Réseau portuaire national » (Rapport du Comité d'examen, juin 2001). Le rapport mentionnait également que : « Des terminaux modernes et efficaces sont nécessaires au maintien de la compétitivité du transport par conteneur et, de plus en plus, du transport en vrac. À en juger d'après les

perspectives de flux d'échanges et d'après l'évolution à venir des coûts unitaires des marchandises importées ou exportées, il est essentiel que les ports agissent rapidement pour se mettre à niveau, se moderniser et se donner de nouvelles capacités de manutention aux terminaux. Les ports doivent également accéder à des fonds d'investissement pour l'exécution des travaux de dragage, pour se conformer aux exigences environnementales et pour consacrer d'autres projets aux installations. Une administration souple semble essentielle à la réalisation de ces objectifs. » Les APC se tournent maintenant vers l'examen de la LMC afin d'obtenir un réseau plus « souple, » fondé sur les dures réalités commerciales.

### **Souplesse**

Les APC attendent avec impatience l'établissement d'un « système administratif plus souple, » comme le recommande le Comité d'examen de la LTC, où les « objectifs » initiaux de la Loi maritime du Canada (et la Politique portuaire nationale) redeviennent carrément le point de mire. Les APC sont plus compétitives depuis l'entrée en vigueur de la LMC, mais nombre d'entre elles s'interrogent quant à leur aptitude à maintenir cette compétitivité face à des impératifs réglementaires incompatibles qui exigent le versement d'une redevance annuelle au gouvernement fédéral et la remise des produits de la vente de terrains portuaires, les empêchent d'effectuer des transactions foncières opportunes et stratégiques, les privent de revenus provenant d'activités non portuaires et restreignent leur capacité à emprunter des fonds. D'aucuns prétendent qu'il est illogique de faire des lois en faveur de « l'autonomie » et de lier les mains des entités concernées par ces lois. Ce principe est nul doute en désaccord avec le but du *Schéma d'orientation des transports* de Transports Canada : «...d'avoir le meilleur réseau national des transports au monde. » ■

# Partners for Clean Harbours

By Peter J. Kelly  
Mayor  
Halifax Regional Municipality

The quality of water in our saltwater harbours has an immediate and long-term impact on the ability of communities to be environmentally sustainable and to offer a healthy, pleasant quality of life. Discharge of untreated sewage into our harbours, including straits, bays and other contained water bodies, results in the following: poor water quality along shorelines; widespread bacterial contamination; large areas of contaminated sediments around outfalls; bans on fishing; reduction in recreational boating and swimming experiences; unpleasant smells; and a bad visual experience at the waterfront. These negative effects on residents, businesses and tourists must be halted. There must be a renewed focus on addressing this unsustainable situation.

## Need for Resources

Canada's coastal communities and cities do care about their harbours, but are limited by resources. There must be a new partnership approach in addressing the issue of polluted harbours. The federal government is committed to assisting Canada's harbour communities in the provision of infrastructure, education and incentives to reduce pollution from source. Municipal and provincial governments, as well as industries and institutions, share in this commitment by adding their resources and efforts to ensuring Canada's harbours are clean, protected and sustainable.

On November 24th and 25th, 2001, the Halifax Regional Municipality

convened the *Saltwater Harbours Wastewater Symposium*. Mayors from Cape Breton Regional Municipality, Charlottetown, St. John's, Saint John and Mount Pearl, as well as representatives of Atlantic Coastal Action Program, Environment Canada, Fisheries and Oceans Canada, Association of Canadian Port Authorities, and the Federation of Canadian Municipalities agreed that there must be a renewed commitment to working toward seeking solutions to the problem of untreated sewage outfalls in Canada's harbours. On the west coast, this is also a major issue for the cities of both Vancouver and Victoria, B.C.

## Program Proposal for Cleaner Harbours

Untreated sewage flowing into the harbours of the municipalities noted above continues around the clock. The Symposium sought the necessary input to produce a program for Canadian municipalities situated on saltwater harbours. It also agreed to work with the federal gov-

ernment in building a strong partnership for cleaner harbours.

The forum was initiated in response to a challenge put forward by then Industry Minister Brian Tobin. Mr. Tobin told municipal leaders not to wait until they could agree to a common plan among themselves before they approached the government of Canada for assistance with this problem. The Symposium invited Mr. Tobin to lunch with the mayors and the result was a fruitful exchange of ideas regarding this and other cooperative ventures for Atlantic Canada cities.

The Symposium met for two sessions. A draft proposal was discussed and participants made presentations to the group. One outcome was a program proposal called *Partners for Clean Harbours* which included six key elements: 1) Guiding principles; 2) Objectives and evaluation mechanisms; 3) Defining the scope of eligible projects; 4) An approval process; 5) An anticipated time frame; and 6) A communications plan.



Since the November meetings, the December federal budget brought the new, large project infrastructure program. This has provided added incentive to pursue a harbours cleanup program for the affected municipalities across Canada.

### **Collaborating at All Levels of Government**

The parameters of the new federal infrastructure program are compatible with the key elements of the Working Paper developed at the Symposium. Municipalities are now much closer to a partnership with the federal government to clean up their harbours. Since Bill C-49 has

been proclaimed, the federal government is reviewing the various program proposals put forth by the respective municipal governments.

In Halifax, for example, the Nova Scotia Department of the Environment is also reviewing the program. The Halifax Regional Municipality is hopeful that the partnership for its harbour cleanup will include both the provincial and federal governments. Halifax Regional Council is negotiating with an international consortium for the construction and operation of a project involving three treatment plants and the requisite infrastructure. By the time provincial and federal officials have finished their review, Halifax will be

in a position to proceed in a positive and effective way with definitive, costed proposals associated with the cleanup of the Halifax harbour.

The Symposium participants remain united and committed as they move ahead with their initiatives. All are awaiting the completion of the review process to know – if and when – they will meet again for further refinements and to get on with the job of cleaning up Canada's harbours. Once the cleanup is complete, the ultimate goal is the prevention of further pollution in our harbours, thereby ensuring the long-term sustainability of our Canadian cities. ■

# Development of Best Practices for the Valuation of Federal Port Property

By Bruce Acheson, MBA

Every year, Canadian ports pay millions of dollars to the municipalities in which they are located. These payments form part of the federal government's Payments in Lieu of Taxes (PILT) Program, which encompasses all federal departments and agencies, including ports. This program results in total annual payments in excess of \$400 million being made on behalf of federal departments and agencies to approximately 2,200 local taxing authorities across Canada.

As federal government entities, ports are not legally required to pay municipal taxes. Under Canada's constitution, the federal government is exempt from local taxation. However, the government voluntarily accepts an obligation as a property owner to help pay the cost of local government in municipalities where it owns property. These payments in lieu of taxes are similar to real property taxes paid by private owners of similar properties.

## Need to Define Valuation

The federal government makes payments to municipalities under the authority of the *Payments in Lieu of Taxes Act 2000*, which defines eligibility for payments. Valuation of property for assessment purposes is not defined in the Act. Rather, property valuation is expected to be based on established valuation principles. However, this is complicated by the fact that many government properties have no true equivalent elsewhere

in terms of their essential characteristics, which makes valuation difficult and contentious. Special purpose properties, such as port property, often do not have counterparts in the taxable real property sector, which makes the value of these properties difficult to determine. This has resulted in numerous disputes over property valuation between local assessment authorities and federal officials.

To help reduce the number and magnitude of the disputes, and improve the predictability of the payments made under the PILT Program, a series of "best practices" is being developed for the valuation of five types of federal special purpose properties, including ports, prisons, military bases, historic sites and national parks. The best practices will state the principles, factors and methodologies to guide the valuation of each category of specialized federal real property. This initiative is being undertaken jointly by the Appraisal Institute of Canada (AIC) and the Ordre des Évaluateurs Agréés du Québec (OEAQ) on behalf of Public Works and Government Services Canada.

As a first step in pursuing this project, AIC/OEAQ has commissioned a background study, which is being undertaken by Professor James McKellar of the York University School of Business. The primary purpose of the study is to examine and report upon provincial assessment legislation and related jurisprudence with respect to the identified specialized proper-



**Valuation of  
property for  
assessment  
purposes is not  
defined in the  
Payments in Lieu of  
Taxes Act 2000.**

ties, including ports. This study, which will be completed in the spring of 2002, will serve as a key reference document for the development of the best practices.

### **A Consultative Process for Best Practices**

Following the completion of the background study, AIC/OEAQ will be issuing requests for proposals for the development of the best practices. Consulting teams of qualified appraisal professionals will be contracted to undertake the investigations and consultations necessary to produce a draft best practice for each of the five types of special purpose properties. The process for developing the best practices will emphasize solid research, the application of valid appraisal approaches, as well as extensive consultation with all stakeholders. Research will be conducted on the issues affecting valuation in Canada, as well as the practices of selected interna-

tional jurisdictions. Once a draft best practice has been developed, it will be tested, using a case study to demonstrate its usefulness for valuation purposes.

The consultative process is considered to be a particularly important part of developing the best practices and gaining their acceptance by all parties. The consultations envisioned for this project will involve seeking the input and hearing the concerns of all stakeholder groups equally, including provincial assessment authorities; members of the Federation of Canadian Municipalities; affected government departments and port organizations. Extensive, open and fair consultations are critical if the resulting best practices are to enjoy the support of the diverse stakeholder communities, and be able to serve as an authoritative standard for the valuation of properties for assessment purposes.

The Appraisal Institute of Cana-

da and the Ordre des Évaluateurs Agréés du Québec are fully committed to developing best practices that will embody 'world class standards' in the field of property valuation. It is recognized that in order for the best practices to withstand scrutiny and obtain the support of all stakeholders, many voices will have to be heard. Therefore, all concerned parties, including ports and port organizations, are strongly encouraged to participate in the process and make their views known. With all parties working together, a substantial and enduring contribution can be made in improving valuation practices, creating greater predictability and harmony, and facilitating the resolution of difficult property valuation disputes. ■

*Bruce Acheson is a member of the consulting team of Goss Gilroy Inc., which provides project management services to the Appraisal Institute of Canada.*

## Transport Canada Marine Conference: From Vision to Reality

May 26-27, 2002, Westin Harbour Castle Hotel, Toronto, Ontario  
For program and registration information contact:  
[www.fromvisiontoreality.com](http://www.fromvisiontoreality.com).

## ACPA Board Meeting

May 28, 2002, (1:00 p.m. to 4:00 p.m.), Westin Harbour Castle Hotel, Toronto, Ontario.

## Canada Port Authorities CEO Meeting

May 28, 2002, (9:00 a.m. to Noon), Westin Harbour Castle Hotel, Toronto, Ontario

## Institute for International Research

Seaport Security:  
Effectively Coordinating the Responses of Critical Agencies & Jurisdictions to Comply with Federal Mandates & Meet the Terrorist Threat to Port Infrastructure  
June 10-12, 2002, Wyndham Newark Hotel, New Jersey, USA  
To register: 1-888-670-8200; Web: [www.iirusa.com/seaportsecurity](http://www.iirusa.com/seaportsecurity)

## ACPA Board Meetings

August 24, 2002, (Noon to 4:00 p.m.), Windsor Port Authority, Windsor, Ontario.  
August 29, ACPA Board Meeting, (9:00 a.m. to Noon), Windsor Port Authority, Windsor, Ontario.

## ACPA Operations Seminar 2002

October 7-8, 2002, "Operations and Incident Response"  
Crest Hotel, Prince Rupert, B.C.

(Preliminary Program)

### Day One

- Shipboard Firefighting for Municipal Fire Crews
- Risk Assessment Methodology
- Port Security and Access
- Oil and Chemical Spill response

### Day Two

- Harbour Masters Review Real Life Cases: "My worst problem and how I survived!"
- Current topics of interest: Illegal immigrants/stowaways, Ballast Water, Port of Refuge and more.
- Dealing with the Media During Operational Activities

## IACP

October 22-25, 2002, International Association of Cities and Ports (IACP) is an international network of cities and ports already counting 180 active members in 35 countries. Centred on a general theme of "Port Cities and World Trade." For further information:  
<http://www.aivp.com>.

## ACPA Annual General Meetings and Conference:

### August 24-28, 2002 – Windsor, ON

Planning is under way for the ACPA's 44th Annual Meeting to be held August 24-28, 2002 at the Casino Windsor Hotel.

### August 23-27, 2003 – Trois-Rivières, QC

The 45th Annual Meeting/Conference of the Association will be held August 23-27, 2003 at the Delta Hotel in Trois-Rivières, QC.

### July 26-August 2, 2004

The 46th Annual Meeting/Conference of the Association will be held July 30-August 4, in St. John's, Newfoundland.

### August 2005

The Vancouver Port Authority will host the 47th Annual Meeting/Conference of the Association.

## Future AAPA Conventions

2002 – Palm Beach, Florida, September 22-26

2003 – Curacao, Netherlands, Antilles

2004 – Long Beach, California

## Association of Canadian Port Authorities

1502 - 85 Albert Street

Ottawa, Ontario

CANADA K1P 6A4

Phone: 613-232-2036

Fax: 613-232-9554

E-mail: [leroux@acpa-ports.net](mailto:leroux@acpa-ports.net)

Web Site: [www.acpa-ports.net](http://www.acpa-ports.net)