Ontario’s Marine Highway
Connecting Canada’s Central Heartland to the World
Budget Brief to the Ontario Minister of Finance
The Honourable Charles Sousa

On behalf of the members of the Association of Canadian Port Authorities we welcome and thank you for the opportunity to provide this input to the Government of Ontario’s 2014 Budget process. The Association of Canadian Port Authorities (ACPA) is a national association representing 18 Canada Port Authorities (CPAs) across the country, of which five – Oshawa, Toronto, Hamilton, Windsor and Thunder Bay – are located in Ontario. In addition, ACPA has support from smaller ports, including many in this province. In 2012, Ontario’s CPAs handled 72 percent of the Canadian tonnage flowing through the St. Lawrence Seaway, while other Ontario ports dealt with the remainder.

Ontario’s Great Lakes and St. Lawrence River comprise a major portion of a 3,700 km marine highway that connects Canada’s commercial, industrial and agricultural heartland to the world. This unique inland marine corridor is the longest in the world, and together, the five Canada Port Authorities on it handle more than 30 million tonnes of cargo – making Ontario ports the second largest cargo handlers in the country. Their wide range of cargo supports Ontario’s economy through as diverse cargo as international grain shipments from Thunder Bay iron ore feeding Hamilton’s steel plants; asphalt, aggregate, cement and salt supporting provincial highways and building projects; and wind turbine imports bolstering Ontario’s alternative energy programs.

Challenges facing Ontario’s Ports:
Despite the world-class status of several of Ontario’s major ports, they face numerous challenges; namely:
- a dynamic and rapidly evolving domestic and global shipping industry that demands increased port productivity and efficiency;
- Great Lakes environmental concerns for shipping including: ballast water management and Emissions Control Area (ECA) regulations;
The cumulative impacts of downloading of costs from government, reducing the ports’ abilities to reserve retained earnings for infrastructure rehabilitation and development;
- changing climate as witnessed by this winter’s extreme weather events leading to early ice formation and the blockage of shipping; and
- infrastructure needs - $201 million required over the next fifteen years in Ontario ports alone.

**Ontario Port Opportunities:**
Beyond their challenges, however, Ontario ports have tremendous opportunities for job and wealth creation. Ports are economic enablers – they handle the cargo that underpins and builds local and regional economies. A recent OECD study found that, on average, one million tonnes of port throughput is associated with 800 jobs and $100 million in direct and indirect economic value added. An economic impact analysis of the Great Lakes–St. Lawrence marine transportation system found the cargo moving through Ontario ports and marine terminals generated:
- total employment of 63,542, comprised of 28,894 direct and 34,649 induced and indirect jobs,
- $2.83 billion in direct and indirect personal income,
- business revenues of $9.64 billion,
- $2.49 billion in local purchases, and
- provincial and federal taxes of $243 million and $935 million.

Growing trade in numerous industrial sectors creates opportunities for Ontario ports, and reinforces their role as enablers of economic growth. For example, there is a growing opportunity to link Southern Ontario’s manufacturing strengths and Alberta’s oil sands by shipping project cargo through Thunder Bay. The GTA’s economic and population growth will continue to require additional cargo throughput in the ports of Toronto, Hamilton and Oshawa, while growth elsewhere will continue to rely on ports to provide the goods – witness 2.5 million tonnes of aggregate being handed by the Port of Windsor for the construction of the Herb Gray Parkway, one of Ontario’s largest highway projects.

Furthermore, Ontario’s Great Lakes marine highway provides a unique opportunity to address growing environmental and climate change concerns. Shipping by water is far more energy efficient and less costly than other land-based modes. Developing a viable and vibrant short sea shipping regime on the Great Lakes and St. Lawrence (including cross-border movements) will reduce trucking on the province’s highways, decreasing road congestion and help to cut capital requirements for expanded roadways. In turn, short sea shipping will decrease GHG emissions. Currently, considerable investments are being made by the Great Lakes fleet in a new build program to replace aged vessels to improve their energy efficiency and meet the federal government’s recent ECA standards.
Recommendations:
The Government of Ontario has a tremendous opportunity to leverage its marine highway strengths and promote its opportunities, and at relatively little cost to the province for doing so. Central to this would be the development of a **concerted and comprehensive marine strategy** to support the St. Lawrence Seaway system and the ports that serve domestic and foreign shipping on the Great Lakes and St. Lawrence River, similar to that undertaken in several other Canadian provinces, such as Quebec, British Columbia, Nova Scotia and New Brunswick. Such a strategy would include:

- a recognition of the significance of major Ontario ports as a key gateways supporting the province’s economic activities, coupled with firm policy leadership to ensure the federal government and other public and private agencies understand the economic importance of Ontario ports and the Great Lakes fleet,

- an allowance within forthcoming provincial budgets to support trade-enabling port infrastructure projects to meet market demands in partnership with other government, CPAs and private partners, including ensuring:
  - port infrastructure projects are be based on clear business cases,
  - innovative public private partnerships are supported.

- supporting development of a comprehensive Great Lakes short sea shipping regime in partnership with other governments and "Highway H2O,"

- taking an active role in the Council of Great Lakes Governors and Premiers Maritime Initiative and its Great Lakes-St. Lawrence River Maritime Task Force with its aim of finding financing options for the maintenance or replacement of aging infrastructure,

- working with its Great Lakes state partners and the federal government to co-ordinate appropriate bi-national initiatives to address marine issues such as invasive species and declining water levels in the Great Lakes and St. Lawrence River,

- encouraging Ontario’s Ministry of Economic, Trade and Employment and Human Resources and Skills Development Canada to focus, in partnership with port and maritime employers, on the personnel requirements in the maritime sector to ensure there is a suitable supply of workers to meet Ontario and Canada’s growing trade demands,

- ensuring marine and port security concerns are shared amongst all participating ports and agencies including the Ontario Provincial Police.

Ontario’s ports are critical transportation nodes supporting growing domestic and international trade. The federal government’s free trade initiatives in Europe and around the world will increasingly challenge the ability of Ontario’s ports to handle rising cargo throughput.
Endnotes:


ii. Canada Port Authority Infrastructure Study: Port Infrastructure Investment Needs and Plans, CPCS Transcom, Ottawa, 2011


competitive in North America’s integrated transportation network, Canada Port Authorities (CPA) in Ontario must achieve and maintain global productivity and efficiency standards. Ontario’s Great Lakes marine highway offers tremendous potential for domestic and international trade growth. With supportive provincial marine policies and strategies along with limited investment and policy leadership, Ontario’s ports will be set to harness Canada’s potential trade growth and help expand Ontario’s economy. The bottom line: Ontario’s ports are world-class, and we all benefit if we keep them that way.

We are at your disposal, should you wish to explore any of these elements further.