



House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

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AUGUST 2016



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EXECUTIVE SUMMARY:

- + *The economic prosperity that Canadians enjoy is dependent, largely in part, in getting Canadian goods to global markets via marine shipping. From coast to coast to coast, Canada's economic growth and prosperity is intrinsically linked to the marine shipping industry.*
 - + *Marine shipping is increasing because the demand for trade with Canada is growing. However, Canadians and the country's economic growth demand a safe and sustainable marine shipping industry.*
 - + *Polling shows that Canadians are equally aware of the importance of marine shipping to our economy but that environmental concerns cannot be ignored, especially along our coastlines.*
 - + *Canadians expect improvement by all marine shipping stakeholders — from governments to industry to port authorities — to provide better knowledge and oversight of marine shipping activities, especially safety policies.*
 - + *Clear Seas, which emerged in 2014 in response to a recommendation of the Tanker Safety Expert Panel, is the only independent voice on best practices for marine shipping in Canada.*
 - + ***Clear Seas recommends that consideration is given to establishing a Marine Emergency Prevention Fund aimed at improving marine safety in Canada through preventative measures.***
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House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

The economic context of marine shipping:

When examining the federal actions that would assist Canada's businesses and contribute to economic growth in the country, it is valuable to view transportation in Canada as a single, interconnected system that drives the Canadian economy. The economic prosperity that Canadians enjoy is dependent, largely in part, in getting Canadian goods to global markets via marine shipping. From coast to coast to coast, Canada's economic growth is intrinsically linked to the marine shipping industry.

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Marine shipping is increasing because the demand for trade with Canada is growing. To put into perspective specifically how marine shipping contributes to Canada's economic well-being, according to Transport Canada, the total marine freight traffic in Canada experienced an average annual growth rate of 1.1% between 2001 and 2010, and reached 475 million tonnes in 2012, the latest year for which data were available.

The value of Canadian international waterborne trade was \$205 billion in 2015. About one third of exports and over a quarter of imports by value are transported by water (Transport Canada, 2015). While the United States continues to be Canada's single largest marine trading partner, marine exports and imports from Asia have grown significantly in recent years and this growth is expected to continue (Statistics Canada, 2012).



House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

The perspectives of Canadians:

This growth comes at a time when the public dialogue regarding marine shipping has grown increasingly complex with debate around issues like increased public scrutiny of the industry, proposed expansion of marine shipments of oil and gas, hazardous and noxious substances, and the growth in vessel size, emerging.

Chief among Clear Seas' mandate is to consult with and communicate with the public. In order to benchmark public attitudes regarding marine shipping across the country, Clear Seas in partnership with the Angus Reid Institute conducted a poll which uncovered that Canadians see themselves as a sea-faring nation and have positive views overall about shipping and its contribution to the economy.

Overall, the findings of this poll showed that Canadians are equally aware of the importance of marine shipping to our economy and that environmental concerns cannot be ignored, especially along our coastlines.

Overall, the findings of this poll showed that Canadians are equally aware of the importance of marine shipping to our economy and that environmental concerns cannot be ignored, especially along our coastlines.

One of the key lessons learned from the survey is that Canadians expect improvement by all marine shipping stakeholders — from governments to industry to port authorities — to provide better knowledge and oversight of marine shipping activities, especially safety policies.

Most Canadians have confidence in existing oversight mechanisms to ensure industry safety (but have concerns that not enough attention is paid to them)

Specifically, the survey found that:

- + The vast majority of Canadians (75%) believe marine shipping makes an important contribution to the economy, facilitates international trade and benefits coastal communities
- + Most Canadians have confidence in existing oversight mechanisms to ensure industry safety (but have concerns that not enough attention is paid to them)
- + Canadians feel confident that marine shipping is safe, including the shipment of LNG (but have concerns about shipping petroleum products)
- + Only 14% of Canadians are aware that there have been no major oil spills in Canada in the last decade (major being 700 tonnes and greater)
- + Canadians' top three concerns about shipping safety are: potential oil spills (67%), potential fuel spills (61%) and water pollution (59%)



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A National Coastal Strategy:

In recent years, the Canadian government has been preparing for growth in shipping by addressing the marine safety system broadly. It does so knowing that both Canadians and the country's economic growth demand a safe and sustainable marine shipping industry.

The Mandate Letter of the Minister of Transport very clearly outlines two strategic priorities linked to marine safety – the first being to work with the Minister of Fisheries, Oceans and the Canadian Coast Guard and the Minister of Environment and Climate Change to improve marine safety and second is to formalize a moratorium on crude oil tanker traffic on B.C.'s north coast alongside the Minister of Fisheries, Oceans and the Canadian Coast Guard, the Minister of Natural Resources and the Minister of Environment and Climate Change.

It is clear that a vibrant marine sector is in the interests of a many federal ministries, including Transport Canada, Fisheries, Oceans and Canadian Coast Guard, Environment and Climate Change, Natural Resources, and International Trade – demonstrating an alignment with Clear Seas' mandate and purpose.



House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

Clear Seas wholly supports the pursuit of a Coastal Strategy aimed at improving marine safety, however, this imperative can only be delivered using the best data and knowing that Canadians are consulted and provided with the most credible and unbiased information available.

Using a model of consensus-building research in this area, Clear Seas has commissioned two independent research projects to be completed by the Council of Canadian Academies (CCA): *Commercial Marine Shipping Accidents: Understanding the Risks in Canada* and *Social and Economic Value of Commercial Marine Shipping in Canada*.

The 2016 report, *Commercial Marine Shipping Accidents: Understanding the Risks in Canada*, identified the risks of commercial marine shipping accidents across Canada and for different cargo types, while highlighting gaps in understanding and areas for further research. This particular research is significant because it builds consensus – from coast to coast to coast - on the contributing factors of marine incidents and accidents, the impacts and severity of marine spills on the environment and provides guidance for building social license – the prerequisite for the sustainable growth of the marine shipping sector.

Clear Seas also has four additional studies underway with a focus on maritime safety. These studies are anticipated to be completed between October 2016 and December 2017 and are examining the prevention of and response to incidents involving the commercial marine shipping industry:

- + Project 3: “Preparedness and Response in the Event of Spills during Fuel Transfer Over Water”
- + Project 4: “An Examination of Leading Incident Command Systems in Ports for Response



House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

to Oil Spills”

- + Project 5: “Investigation of Loss-of-Control Events Onboard Ships and the Analysis of Effective Response Countermeasures for the Prevention of Ship-Drift Groundings”
- + Project 6: “Marine Approaches to and Safety Regulations for LNG Terminal Locations Worldwide”

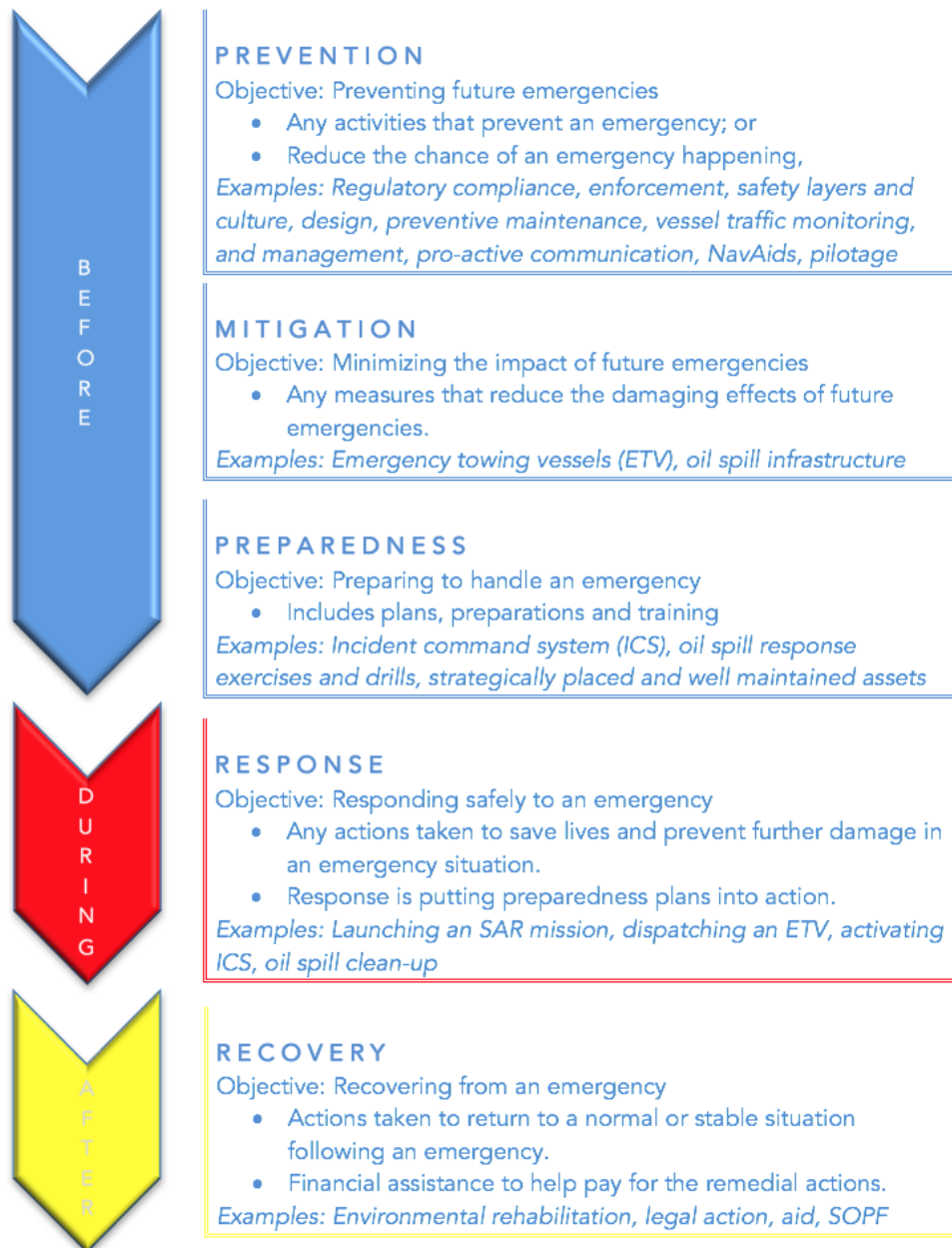
Together, these studies address several prevalent and current concerns of the general public and will provide evidenced-based information on best practices for safe and sustainable operations. As a result, the quality of the public debate on these issues will improve and the research will support focused policy decisions, contributing to the development of a vibrant, safe and sustainable marine shipping industry that leads world standards and that Canadians feel a part of and trust.

The Five Elements of Marine Emergency Management:

Broadly speaking, marine emergency management is comprised of five related elements. These five elements stretch across a continuum of three phases – the period before a marine emergency, the period during, and the period immediately following.

In Canada, the period during and after a marine emergency are sufficiently resourced both from a policy and funding perspective. However, what is overlooked, in our opinion, is the period before a marine emergency – the period of “prevention”, “mitigation” and “preparedness”. Cumulatively, this period before an accident represents the period that is essential to fostering marine shipping’s social license to operate. However, our polling also found that this is the period where Canadians are prone to lack confidence in the system.

The Five Elements of Marine Emergency Management





House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

Budget Recommendations:

In 2014, the Tanker Safety Expert Panel and the urgent need for evidence based decision-making related to marine shipping inspired the creation of Clear Seas – founded as an independent, not-for-profit organization to provide impartial and evidence-based research about marine shipping in Canada, including risks, mitigation measures and best practices.

Clear Seas was initially established with funding (for three years) with contributions of \$3.7 million each from the Government of Canada (Transport Canada), the Government of Alberta and industry groups represented by the Canadian Association of Petroleum Producers (CAPP).

In order to deliver on the Government's mandate to improve marine safety through world class prevention and mitigation measures, Clear Seas recommends that consideration is given to establishing a **Marine Emergency Prevention Fund**. Clear Seas would access a portion of these funds to specifically promote best practices geared towards the *prevention* of marine emergencies.

The National Oil Spill Preparedness and Response Regime addresses the "response". The Ship Source Oil Pollution Fund (SOPF) is a strong component of the "recovery". However, what is less represented in the national conversation is a focus on "prevention" and ensuring that accidents are averted.

Adding "prevention" to the agenda of the public dialogue can be expected to shift the current focus on "response" and "recovery" towards a new narrative around safe and sustainable marine shipping in Canada.



House of Commons Standing Committee on Finance
Pre-Budget Submission, August 2016

Conceptually, the fund could be structured a number of ways, and by establishing a Canadian Marine Emergency Prevention Fund, the Government would reinforce the economic value that a safe and world-leading marine transportation system brings to Canada's economic well-being.

Canada's economic prosperity also demands community support, or as it is sometimes referred to as: *social license*. Earning public trust requires that the marine shipping industry strive to improve its safety and environmental performance to make it best in class and pursuing an agenda of *prevention* would accomplish this goal.

BUDGET RECOMMENDATION:

Clear Seas, the Centre for Responsible Marine Shipping, recommends that consideration is given to establishing a Marine Emergency Prevention Fund aimed at improving marine safety in Canada through preventative measures.
