



SUBMISSION TO THE HOUSE OF COMMONS

STANDING COMMITTEE ON FINANCE

BY THE

UNION OF CANADIAN TRANSPORTATION EMPLOYEES (UCTE)

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Executive Summary

The Union of Canadian Transportation Employees (UCTE) is the national union for transportation Inspectors and Investigators working for the federal government. UCTE also represents most of the non-management workers in the Canadian Coast Guard (CCG), Transport Canada, Canada's airports and many other agencies involved in transportation functions. UCTE members are performing essential services for the safety and security of the public. As essential services, we believe these functions need to be protected and enhanced in a Strategic Operating Review (SOR) environment. At the same time, these functions lend themselves to enhanced user fees, while the process encourages an important opportunity to consider cost-saving restructuring changes. We are recommending three important financial and restructuring policy changes.

Canadian Coast Guard as a Separate Statutory Agency

- We recommend that the Coast Guard be restructured as a Statutory and Separate Agency reporting to both the Minister of Fisheries and Oceans and the Minister of Public Safety. For Arctic sovereignty and coastal patrol priorities alone, Coast Guard vessels should be armed with heavy caliber weapons. As a separate Agency with more robust fee and service collection abilities, the Coast Guard would be in a position to offer enhanced services to other governments, federal government departments and agencies, municipalities, the private sector and others. We believe that this restructuring will actually result in a more efficient and streamlined Agency, with considerably enhanced revenue generation potential.

Increased User Fees for essential government services

- Currently, Transport Canada charges fees for aviation, marine and rail safety inspections and for providing certifications and compliance certificates. We believe these fees could be increased and used to support the Transport Canada Inspectorate operations. Furthermore, the Coast Guard currently charges Marine Services Fees for Aids to Navigation among other things. These fees currently supplement DFO Operations. We believe the Coast Guard could also be charging fees for icebreaking, marine pollution prevention, services to other governments and federal agencies, research assistance to business, etc. All Coast Guard fees should be used to support Coast Guard operations. This would be possible under separate Agency status.

Long Term Sustainable Funding for the Canadian Coast Guard

- The CCG currently works off 5-year funded capital plans. We are recommending a conversion of the 5-year plans to 20-year plans. This change would be consistent with the commitments to Canada's Navy as well as critically important to the proper function of the National Shipbuilding Procurement Strategy (NSPS). The combined changes of increased user fees plus restructuring as explained below would ensure that secure long term capital plans can be achieved with a minimum of budgetary changes.

Canadian Coast Guard as a Separate Statutory Agency

We believe that CCG should not be part of the Department of Fisheries and Oceans (DFO). It just does not make any sense given the broad role and responsibilities of the CCG. The CCG should be more autonomous, possibly reporting to Parliament through two Ministers.

Most critical CCG roles and responsibilities such as icebreaking, search and rescue, marine navigation and aids, environmental protection and security are roles that are multi-jurisdictional in nature. There are many important stakeholders and decision-makers, including House and Senate committees, and the Conservative Party (2011 election platform) among others, that have called for an enhanced security role for the CCG, including arming CCG vessels with large caliber guns. The UCTE is also in support of arming the Coast Guard.

With the addition of a law enforcement mandate, it would seem logical that the Department of Public Safety would have a role and responsibility.

As the CCG becomes increasingly autonomous, it is clear that the Commissioner of the Coast Guard must be a senior manager of a Deputy Minister rank reporting directly to a Minister or Ministers.

We believe a Statutory Service Agency may be the best approach for the Coast Guard at this important time. All Treasury Board policy tests will be met for this type of Agency. For example, the CCG provides multiple services to multiple agencies and governments. These services are provided to other federal departments and agencies, to the military, to provincial and municipal police forces, to industry and to academia. While Treasury Board policy for Statutory Agency status does not require that fees be collected for services, the CCG currently collects fees for marine services, among other things. Second, the CCG engages in partnerships with police forces, provinces, academics, industry and others and we can see a future where these partnership roles could be enhanced and strengthened. Additionally, new and enhanced fees for service could be collected by the Coast Guard as it plays an increasingly important role in maritime security and in providing essential services for all Canadian jurisdictions.

Increased User Fees for Essential Government Services at Transport Canada, Transportation Safety Board and the Canadian Coast Guard

Currently, Transport Canada and related organizations provide inspection, licensing and certification services to international and national business organizations in the aviation, rail, marine and automobile and trucking sectors. Highly trained government inspectors and adjudicators, many of whom are UCTE members, ensure that the transportation companies providing services to the traveling public are safe and secure. Sometimes, Transport Canada inspectors certify other private sector or international inspection organizations who charge fees to operators in order to secure operating licenses. Fees for some of these services are currently collected by Transport Canada, but the fees are a fraction of the value of these services to the transportation company operators who rely on these inspections and certifications to stay in business. We believe these fees could be increased. They should also be used to support essential Transport Canada and Transportation Safety Board inspection, investigation and adjudication functions.

With regards to the CCG, provincial police forces, the RCMP, the Navy and the Coast Guard are all involved in maritime security and safety. In the current structure, multiple agencies must

be present on the same vessel (often a CCG vessel) in order to provide a full range of security services. Where multiple agencies are not present, the CCG is not in a position to take appropriate actions to protect safety and security. There are sometimes multiple marine government fleets on the same body of water, where a rationalized service structure could provide much more effective and efficient service.

We believe the Coast Guard should play an enhanced role in coastal security in all jurisdictions. With an enhanced mandate and structure, with the ability to provide security roles and to carry arms, and to collect fees for these services, the Coast Guard could be in a position to provide services to other departments and governments, thereby reducing overall expenditures and providing more effective security services to Canadians.

Long Term Stable Capital Funding for the Canadian Coast Guard

It is recognized by most Canadians and all political parties that the CCG is one of the most critically important functions of the Canadian government. With climate change and the ever increasing importance of the North to our future economic prosperity, there is a deeper and wider role emerging for the Coast Guard and its 4554 employees. Whether it is Canada's presence and sovereignty in the Arctic, Search and Rescue, interdiction, marine safety and security, icebreaking, navigational aids, environmental response, coordination and leadership, and marine science and surveys, the CCG is busier and more important to Canada than ever before.

The CCG depends on ships and aircraft to do its job. The current marine fleet is approximately 120 vessels, with some past their economic life. Unfortunately, the CCG, while planning capital requirements over a 25 to 30 year period, is only granted financing based on 5-year plans. In our view, it is extremely difficult for a capital intensive function to be effective and plan appropriately when capital budgets are not assured over long periods of time. After all, it can take from 5 to 10 years to move from capital requirement, to design, to procurement and to actual shipbuilding.

The government has recognized this long term capital requirement with Canada's military. Under the Canada Defence First Strategy defence capital budgets have been funded for the next 20 years. Through accrual accounting, long term sustainable funding is possible and the budgetary pressures associated with it are minimized. Long term sustainable and predictable capital funding makes sense for capital intensive organizations such as the CCG.

Over the past year, the government has been working on the National Shipbuilding Procurement Strategy (NSPS) through which approximately 55 ships of over 1000 tons for the Navy and the Coast Guard will be built. Dozens of smaller ships will be built and refurbished as well. All these ships will be built in Canada providing excellent and high paying jobs for Canadians from Coast to Coast to Coast. It is an unfortunate fact that all 25 Navy ships of over 1000 tons are funded while only 5 of the 29 planned CCG ships are funded. What this means for NSPS is that it is difficult to plan regional and industrial benefits and regional balance into the procurement plan. More importantly however, it is very difficult for the CCG to plan appropriately and to be assured that it has the ships it needs to do the job expected of it.

Canada's two heavy icebreakers are getting to the end of their useful life. One replacement icebreaker, the John G. Diefenbaker, was funded in the last budget. There is a need to provide funding for a second. The CCG also has a need for 4 new medium icebreakers, 11 new multitask vessels, 1 offshore oceanographic science vessel and 7 Offshore Patrol Vessels.

Over the past few years, the Coast Guard has been in the unfortunate situation where it is has been unable to find the budget required to pay for ever increasing fuel costs for its fleet. As there is no long term contingency funding for these essential purchases, the CCG must annually go back to Treasury Board (and by extension Parliament) to keep its fleet in the water and doing the job it is mandated to do. Additionally, the Coast Guard is responsible for offshore environmental protection services in multiple jurisdictions, including the lead role in the North. Unfortunately, UCTE members with responsibility for environmental protection at the Coast Guard tell us that the state of capital equipment readiness, training and organization is very poor. We find these situations to be unacceptable and easily corrected with long term capital planning and long term sustainable budgets.