



*WE ARE SHORT SEA SHIPPING  
NOUS SOMMES LE TRANSPORT MARITIME À COURTE DISTANCE*

**CANADIAN  
SHIPOWNERS  
ASSOCIATION**

**ASSOCIATION  
DES ARMATEURS  
CANADIENS**

## **2014 Prebudget Submission**

The Canadian Shipowners Association represents the Canadian-flagged short sea shipping fleet which transits the Great Lakes, St. Lawrence, Arctic and Eastern Coastal Waterways. Short sea shipping is a key part of the global supply chain and is the cleanest form of transportation. The efficient movement of commodities by ship demands a waterway system that is equally efficient. Currently, both Canada and United States benefit from sharing the largest bi-national waterway in the world; the Great Lakes-St. Lawrence Seaway system. This safe and efficient system has capacity to expand in the future, which is making short sea shipping in Canada an economical and environmentally positive transportation choice. The CSA is submitting the following recommendations to the Committee, in keeping with the key themes identified for input and within the context of supporting continued growth for domestic short sea shipping:

1. Government partnership on marine industry-sponsored ballast water research and evaluation fund.
2. Review the current Canadian Coast Guard fleet renewal strategy with the goal of accelerating the delivery of additional icebreaking assets.
3. Budget enhancements to address the current and transitional challenge of maintaining an aging Canadian Coast Guard fleet.
4. Enhanced support to the Canadian Coast Guard for fixed operating costs, such as fuel.
5. The CSA recommends the following to reduce red tape for Canadian short sea shipping:
  - Cross-border harmonization of ballast water regulations to ensure a level playing field for Canadian flag short sea shipping vessels.
  - Recognition of the uniqueness of the Canadian-flagged short sea shipping fleet within regulations and policy thereby ensuring that regulations are appropriate to the fleet
  - Focused reduction, harmonization and streamlining of marine regulations
  - Reduction of the cumulative administrative burden of regulation and downloading of services
  - Development of single window reporting systems across various key interacting departments such as Transport Canada and Canada Border Security Agency.





## **Increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization**

### Government partnership on marine industry-sponsored environmental technologies research and evaluation fund

The CSA membership is constantly innovating new technologies and processes to ensure that the marine environment is protected, regulations complied with and business is competitive and contributing to Canadian prosperity. Research and commercialization of research and technologies for feasible environmental protection is a challenge and CSA is seeking to partner with and leverage funding from its membership with currently available sources of government research funding. Research challenges involve finding feasible technologies for ballast water discharge management, air emissions and other marine technical challenges that are specific to the Canadian flag domestic short sea shipping fleet that competes with rail and truck modes. As a first step, the CSA membership has pledged 1.5 million dollars towards a fund devoted to research and evaluation of feasible technologies for ballast water discharge and would like to partner with current or potential new government programs into research and commercialization of ballast water treatment technologies. To leverage this funding and build capacity, the CSA is asking that eligibility for partnering within current research programs and envelopes be considered including within the Transport Canada Transportation Innovation Program and the Transportation Research Centre and NSERC's various industrial research and commercialization programs including the industry-driven collaborative research program.

## **Ensuring prosperous and secure communities, including through support for infrastructure**

### Immediate increased icebreaking assets

The winter of 2013/2014 was exceptional for ice coverage and exposed the inadequacy of ice breaking support on Canada's Great Lakes, St. Lawrence River and East Coast. While the CCG did its best to manage the situation, it did so with limited resources. Notwithstanding the strong potential of this waterway system, ice breaking services during the months of December to April remain a challenge and the renewal of the CCG's fleet is an essential element of the overall system's success. The CSA has been consistent in asking for enhanced ice breaking capacity in past Prebudget Submissions and representations, and will reiterate this request for additional assets. While CSA is supportive of the National Shipbuilding Procurement Strategy (NSPS), it now believes that the time has come to accelerate the CCG's fleet renewal program to deliver new icebreaking capability sooner and minimize service disruption as a result of an aging fleet. While the CCG officers and crew have world-class expertise in maintaining waterways, the current Canadian icebreaking fleet is insufficient to meet the needs of marine transportation, and unreliable due to the age of the fleet. Furthermore, the decommissioning of CCGS Tracy (1050 class) has affected buoy tending in the Quebec region to a certain extent, especially when other units go down for unplanned maintenance. Given these challenges, the CSA is encouraging the government to review the current fleet renewal strategy with the goal of accelerating the delivery of additional icebreaking capabilities and increasing the overall number of assets across the CCG's regions.



Furthermore, while the CSA acknowledges the government commitment to renew the fleet, the CSA also notes that budget enhancements to address the current and transitional challenge of maintaining an aging Coast Guard fleet would also improve capacity to protect public and marine safety.

The Canadian Coast Guard provides essential services to protect public and marine safety and must do so on a fixed operating budget. Given that end of season icebreaking requirements coincide with the end of the fiscal year for the CCG and rising fuel costs, the CSA recommends enhanced support for fixed operating costs, such as fuel.

These additional icebreakers and enhanced budget for fixed operating costs and fleet maintenance would enhance marine safety and environmental protection and will support the use of the Great Lakes and St. Lawrence Waterway for marine transportation and augment the economic competitiveness and sustainability of the Canadian marine transportation system.

### **Improving Canada's taxation and regulatory regimes**

The CSA is pleased that the Committee is looking at reducing red tape and enhancing government efficiency. As a highly regulated industry that operates on tight margins with relatively low average cargo values, our membership applauds any effort that can decrease red tape while enhancing efficiency, competitiveness and protection of the public and the environment.

While protection of the marine environment and marine personnel is essential, the current regulatory burden exceeds what is required, is often not substantiated by risk or evidence and is not appropriate to the unique nature of our domestic fleet and its trades. Our membership of short sea shipping vessel owners is very highly regulated in areas including marine personnel, air emissions, ballast water, ship discharges and vessel design. Cumbersome, redundant or outdated regulations can impede our best efforts, as they impose an unnecessary burden on our industry. We believe that a life cycle approach to regulations is consistent with a broader policy goal of maintaining and enhancing Canada's short sea shipping fleet; removing, realigning and even strengthening the right regulations can go a long way towards accomplishing this policy goal. Our membership recognizes the need for regulation to protect the environment, workers and the public; however, our membership asks that the government recognize and follow its own policies for developing a fair and feasible regulatory framework.

The potential of our industry to help grow continental and international trade and Canadian prosperity is great and is partially dependent on the fairness, flexibility and predictability of Canada's regulatory regimes. Given that much of our trade is with the United States, it is imperative that Canadian regulations be synchronized with those in the United States. We have found that regulations appropriate to the international transoceanic fleet are being adopted for our fleet while ignoring regional differences in the context of North America. A very significant contemporary example is the patchwork of ballast water regulations, both current and pending,



that require Canadian ships that are new or sail East of Anticosti Island in the St. Lawrence River to install systems for treating ballast water discharged in the U.S., while other vessels are not required. Given the lack of approved systems for treating these unique fresh waters, at least half of our fleet and the customers that rely on it to ship goods will face tremendous difficulty complying and continuing to operate. Cross-border harmonization of ballast water regulations would ensure a level playing field for Canadian flag short sea shipping vessels.

We agree that there is room for improvement. In that spirit, we note the following irritants that are out of date, unnecessarily burdensome or no longer needed as well as an indication of their relative significance to our industry, including current the aforementioned developments on ballast water regulation; pilotage regulation; marine transportation security regulations; marine personnel regulations; and recognition of foreign credentials. The CSA recommends the following to reduce red tape and improve government efficiency as they affect the Canadian short sea shipping industry:

- Recognition of the uniqueness of the Canadian-flagged short sea shipping fleet within regulations and policy thereby ensuring that regulations are appropriate to the fleet
- Focused reduction, harmonization and streamlining of marine regulations to provide for a level playing field
- Reduction of the cumulative administrative burden of regulation and downloading of services
- Development of single window reporting systems across various key interacting departments such as Transport Canada and Canada Border Security Agency.

Regulatory frameworks are fundamental to protect Canadians and the environment; well developed and balanced frameworks are also fundamental to competitiveness and prosperity. The benefits of streamlined regulations are decreased duplication of effort for both industry and government as well as enhanced competitiveness for the industry. Our ongoing participation in an active Life-Cycle approach to regulations will ensure that our industry contributes to doing its part to build a regulatory framework that achieves the goals of prosperity and well-being for Canadians. We appreciate the opportunity to provide input to the prebudget planning cycle and are available to answer any future questions.