



Council of Marine Carriers

Comments on the Anticipated Labour Shortage in the Transportation Sector

Submitted to the House of Commons Parliamentary Standing Committee on
Transportation, Infrastructure and Communities

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Council of Marine Carriers

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The Council of Marine Carriers (“The CMC”) represents domestic marine operators on the west coast of Canada. The membership represents the majority of tug and barge operators and ro-ro cargo ferries that service the coastal communities throughout British Columbia in addition to providing services to foreign deep-sea vessels that enter British Columbia ports. The CMC’s mandate is to further the interests and to conserve the rights of members of the CMC who provide marine related trade, commerce, and marine construction in British Columbia’s coastal waterways.

ISSUE: SHORTAGES OF MARINE LABOUR

Our industry is experiencing extreme labour shortages. Domestic operators have tugboats ready to work but tied to their docks due to lack of experienced crew. Such shortages of skilled crew will adversely impact Canada’s supply chain if this issue is not addressed.

Below, I outline the economic contributions that our industry offers Canada and I set out several practical recommendations that will provide effective solutions to this serious labour shortage. In order for the marine industry to continue to support supply chain fluidity, proactive government assistance is requested to support industry, for example, through joint funding initiatives, tax incentives and regulatory changes. We hope that you not only take these recommendations seriously, but also put them to action.

THE DOMESTIC MARINE INDUSTRY’S ECONOMIC IMPACT TO CANADA

The domestic marine industry is not well known to the average citizen of our country. People tend to generally identify our industry as those “little tugs and barges” that go by as they enjoy family time in waterfront parks or sit on the deck of their summer cottages. But our industry never stops. These small yet powerful vessels ply the BC coast 24/7, 365 days a year despite adverse weather conditions. Port of Vancouver statistics show domestic cargo movements in 2021 exceeded thirty-two million tonnes, almost 22 % of the total volumes. Additionally, millions more are moved through smaller ports and to coastal communities along the entire west coast.

In Canada, one in five jobs depends on trade. Earlier this year, Transport Canada released a report, “Economic Impacts of Domestic Marine Transportation Services Study” which reported that overall, the domestic marine transportation sector in Canada contributed \$14.1 billion in revenues and \$6.4 billion in GDP with \$3.3 billion from the west coast. Overall, the sector is also associated with \$700 million in indirect taxes, 57,400 full-time equivalent jobs and \$4.1 billion in labour income.

In 2019, the CMC commissioned TyPlan Planning and Management and Lillian Hallin Consulting to produce an economic impact report which estimated \$745 million of economic contribution to Canada from the CMC membership including coastal tug and tow, ferries, and marine construction companies. Total direct employment of the CMC membership is estimated at 1530 individuals and the total employment impact is estimated at 2500 when including ancillary jobs in supplier industries and in industries benefiting from spending by marine workers. Wages account for 31% of total revenues with the average wage per employee within the CMC membership conservatively estimated at \$115,000. These are high value jobs that contribute to the Canadian economy. As much as these figures sound impressive, they do not tell the whole story. CMC’s impact to Canada’s supply chain is much greater. Few if any foreign deep-sea ships enter or depart our west coast ports without being touched by a CMC member vessel. Without a strong domestic marine industry, ships do not get alongside docks to load and discharge cargos, they do not receive bunkers to continue their voyages to their next port of call, they do not receive fresh water or other environmental services such as garbage and recycling collection. In fact, Canada’s international trade will come to a halt without the little tug.

SHORTAGES OF MARINE LABOUR WILL HALT CANADA'S TRADE

What is even more important, is the pipeline of labour our industry feeds. We have historically strong retention within the industry, but as tugboat officers gain experience and upgrade certificates, many move on to other sectors of the industry. They take positions within the fleets of the Canadian Coast Guard and BC Ferries, and most importantly into service as a BC Coast Pilot. Without a healthy supply of knowledgeable Coast Pilots, our coasts and supply chain remain at risk.

Recently, the West Coast saw strikes by Mariners at Seaspan ULC and dockworkers at Westshore Terminals which caused havoc on the supply chain with costly slowdowns in the port and threats to clogged anchorages. I am not here to pound my chest about the importance of the West Coast Marine operator but raise the alarm that our industry is not anticipating labour shortages; it is experiencing them every day. Domestic operators have tugboats ready to work but tied to their docks due to lack of experienced crew.

Our industry is suffering from an acute shortage of labour and we are now seeing a reduced intake within the industry. According to Transport Canada's own estimates, there were 1200 job vacancies on board commercial vessels and ferries in 2020. That does not consider the need for experience mariners in support positions on shore, which is also an area of huge demand. Over the next 10 years, 43% of the workforce will retire and we will need 19,000 seafarers to sustain our current needs. These numbers do not include the increases expected in export that have come about due to the Ukrainian conflict nor the increase in energy sectors such as LNG and other alternative fuels and power generations.

Additionally, the recently released final report from Canada's Supply Chain Task Force identifies the immediate labour shortages in Canada's transportation network and the need to develop a transportation supply chain labour / workforce strategy. Although these recommendations are certainly warranted, the connections between our domestic and the international maritime industries in terms of international certification and regulatory oversight creates additional challenges for Canada's Marine industry to overcome on its own.

We cannot rely on the "old ways" or increased immigration to bring people to the industry as the shortage is a global one. Taking qualified candidates in through immigration programs to solve our domestic issues takes them out of international shipping pools which service our exports. Programs such as reciprocal agreements will help but come with additional risk and it is not a long-term solution, Domestic labour pipelines from the commercial fishing sector have dried up to due devastating fleet reductions in every form of fishery so we need to find alternative solutions within our own country. As a start we need to

- improve the identity of our industry,
- promote the well-paying jobs within it and
- develop learning methods to train a skilled and qualified mariner, faster.
 - Incorporate technology such as Virtual Reality (VR) and Artificial Intelligence (AI).
 - Incorporate modern training methods such as simulation and allow for online learnings with customized curriculums to address gaps in students' knowledge that can be accomplished at home or on the jobsite.

RECOMMENDATIONS

1. Develop a nation-wide strategy. Programs like the recently established Imagine Marine program developed by the Canadian Marine Industry Foundation should grow from a regional focus to a national one. I look to the old “Participaction” program from the 1970’s or 80’s as a model. This should be funded equally by industry, Transport Canada and by maritime provinces and territories on all coasts.
2. Seafaring must be recognized as a trade and regional industrial training authorities established to create and govern standardized training programs for domestic certification. Job creation funding should be increased and be administered by these regional training authorities in collaboration with marine training institutions. We need training programs to include practical on the job training and co-op opportunities, not just classroom-based instruction programs.
3. Increase marine learning capacity. Increase the number of primary maritime institutions and provide mini- learning centres in remote areas where entry level and refresher courses could be offered. Flexible learning options should be offered so Mariner’s can learn while at sea and home rather than only in classroom environments.
4. Provide industry a tax credit system for hiring trainee workers and for funding course costs to existing employees. Create a dollar-for-dollar tax benefit system for workers who incur living out expenses while attending schools away from their home residence.
5. Transport Canada needs to revamp training standards and allow for better use of technology both in training and crewing standards. Requiring additional personnel on vessels may increase the optics of safety but does not guarantee it. ALL regulatory changes MUST be based on data analytics and proper risk assessment, not from opinion and political posturing.
6. Extend the 25% duty exemption currently waived on the importation of cargo ships, tankers, and passenger ferries of more than 129 meters to include new small commercial vessels under 129 meters or below 3000 GRT. Alternatively create a tax credit program to promote small commercial vessel construction in Canada. This will assist companies to rebuild their aging fleets to raise standards on three fronts:
 - A. To increase environmental stewardship by utilizing advanced propulsion systems and alternative fuels, improving underwater noise, and reducing vessel discharges.
 - B. To raise accommodation standards on vessels as a means to promote diversity and inclusion within the domestic industry; and,
 - C. To improve technology in areas of E-Navigation and on-board safety systems such as fire suppression and MOB recovery.

I thank you for the opportunity to present on this particularly important topic. I will make myself available at any time should the committee need any further information or have any question on the ideas put forth.

Sincerely,



Paul Hilder

President, Council of Marine Carriers