



23 April 2023

Jennifer Carter
Director, International Marine Policy
Transport Canada
Tower C, Place de Ville
330 Sparks Street
Ottawa, ON K1A 0N5

Dear Jennifer,

We are writing on behalf of the Shipping Federation of Canada to provide comments on Transport Canada's proposal to give the Vancouver Fraser Port Authority permission to manage commercial anchorages in the Salish Sea, which is viewed as a means of creating greater jurisdictional clarity and enabling mandatory and enforceable rules in the area.

Although we do not necessarily oppose this proposal, we do believe that any changes in governance as relates to Salish Sea anchorages must be carefully and incrementally considered in order to avoid unintended consequences, and that extending jurisdiction to the VFPA to manage these anchorages cannot be viewed as a panacea for addressing the root causes that have contributed to increased anchorage use in the first place. In view of the foregoing, it is difficult to provide a meaningful assessment of Transport Canada's proposal given the lack of detail as to how the VFPA's new authority would be framed and circumscribed, and absent any broader discussion on how anchorages can be most appropriately managed given their role as essential elements of Canada's supply chain infrastructure.

Indeed, the limited details that are provided in Transport Canada's proposal focus only on the prescriptive measures that VFPA would be able to impose on vessels if it were granted expanded jurisdiction, including the ability to prioritize sites closer to berths and terminals, establish vessel arrival and departure rules, and implement limits on length of vessel stay, type of work and activity. Although such measures have a role to play in the development of a more effective anchorage management system, they cannot be implemented in a vacuum and without fuller consideration of their viability from an operational and / or commercial perspective.

As an example, the implementation of measures to prioritize anchorage sites closer to berths and terminals is an objective that we theoretically support, but its potential effectiveness is constrained by the fact that terminals usually do not have sufficient information early enough in the process to ensure optimal anchorage allocation. Consequently, if this objective is to yield any concrete results, the VFPA will have to allocate significant new resources to working much more closely with the terminals ahead of a vessel's arrival to identify the most likely vessels in the near-term loading sequence. As another example, rules to prevent unreasonably long stays at anchorages through measures such as the imposition of free-based disincentives may appear to be a simple and publicly appealing means of minimizing the use of SGI anchorages, but are unlikely to be effective in a context where vessels already

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have a significant incentive to load cargo as soon as possible in the form of demurrage fees (which are likely to be higher than any fee imposed by the port).

Reducing the utilization of south coast anchorages is a complex issue with many contributing factors, which cannot be solved by simply extending the VFPA's jurisdiction to implement management measures in a context where those larger factors – including rail and road infrastructure deficits, labour availability and productivity challenges, and rail performance issues – continue to persist. Within such a context, we believe that the most effective means of managing anchorage use on B.C.'s south coast is to implement the suite of recommendations that industry stakeholders (namely the Shipping Federation of Canada, the Chamber of Shipping, the BC Marine Terminal Operators Association and the Western Grain Elevator Association) provided to the Minister of Transport on March 15, 2023.

These recommendations, which we view as being actionable within 6 to 12 months, are based on the view that although the existing "first arrive, first serve" framework for allocating anchorages remains the fairest and most equitable model, it needs to be modernized in order to better address social and environmental impacts, and supplemented with more formal processes to prioritize and sequence vessel arrivals when critical infrastructure is near capacity. Towards that end, the industry document sets forth a combination of governance changes and operational and commercial adjustments that would collectively (and incrementally) lead to a more effective anchorage management system that builds more resilience into the marine supply chain while also addressing the root causes that impact supply chain fluidity. For your reference, we have provided a copy of the industry's recommendations as an annex to this letter.

We trust that Transport Canada will find these comments useful in its effort to better manage anchorages in the Salish Sea and are available to provide additional information as warranted.

Yours truly,



Chris Hall
President and CEO
Shipping Federation of Canada

INDUSTRY RECOMMENDATIONS ON MANAGEMENT OF B.C. SOUTH COAST ANCHORAGES

As many of the recommendations will require changes in commercial and operational planning, they should be implemented deliberately and provide for sufficient time and a disciplined commitment to evaluate effectiveness and unintended consequences.

1. Clearly acknowledge and communicate that anchorages are critical infrastructure to Canada's supply chain and are fundamental to facilitate international trade and provide safe shelter for vessels from adverse conditions. These principles should be incorporated in all trade, supply chain, and transportation planning.
2. Facilitate a multi-jurisdictional dialogue with the objective of developing a single framework for the management of all anchorages on the BC South Coast, with the goal of improving overall anchorage utilization and capacity in order to reduce social and cultural impacts. In certain instances, there may be justification to manage the largest of vessels differently to minimize the impacts on local communities.
3. Convene an industry and ports working group to consider the obstacles to using underutilized infrastructure in addition to anchorages.
4. The use of SGI anchorages increases as the availability of non-SGI anchorage decreases. Evaluate the impact of outlier vessels that are in the top few percent of length of stay, on anchorage availability. If outliers are burdensome on anchorage capacity, discuss appropriate methodology to reduce outliers in support of greater anchorage availability and develop a number of incentives and disincentives to promote best practices.
5. Develop a process to identify and then establish additional large ship anchorages that could be utilized as an alternative on a rotational basis to provide break periods for other higher impact anchorages.
6. While maintaining the existing arrival and anchorage allocation first-arrive, first serve framework, develop an arrival framework with port users and appropriate regulators and service providers that identifies a process for prioritization and sequencing of vessels when critical anchorage capacity is near full utilization or the supply chain suffers from an unexpected disruption, and for contingencies such as adverse weather. Such a process should align with and incorporate the objectives of establishing a "single window" reporting mechanism, as required by Canada's commitment to the *FAL Convention*.
7. Launch a working group of industry and appropriate regulators to consider the elements of a framework to formally tender readiness offshore, and the elements of a protocol to consider a vessel as having "arrived" at the Port of Vancouver.
8. Fully support a monitoring and enforcement regime of all anchorages currently outside the jurisdictions of the VFPA. Encourage the participation of Indigenous communities and facilitate skills development.
9. Relaunch analysis and mitigation strategies to address root causes of supply chain inefficiency.
10. Create separate governance to align data requirements from government agencies and industry—ensuring common references by decision-makers in the supply chain and common understanding of root causes associated with anchorage utilization.

11. Introduce amendments to the Canada Transportation Act that positively impact supply chains, through stronger railway service accountability, shipper protections, and competitive access provisions. Service must be measured primarily based on how well railways' meet service demand levels as set by customers (shippers), not service providers.