

Canadian Port Governance

AAPA Commissioners Seminar

Montreal, Quebec

June 26, 2011

Canada Port Authority

- Created by an Act of Parliament in 1999
 - *Canada Marine Act*
- Governed as Federal Agencies under the *Act*
- Specific Marine Policy and Management Regulations
- One Shareholder - Transport Canada
- Many Stakeholders!!

The Canadian Port Scene

- 18 Canada Port Authorities (300 MT)
 - “national and international significance”
- Private ports across Canada under various governing regimes; three handle 30 MT each (160 MT)
- Small number of Transport Canada ports not yet divested, but soon

The Canadian Port Scene

- 18 Canada Port Authorities:
 - Both coasts, Great Lakes and St. Lawrence
 - \$162 billion worth of goods
 - Support 250,000 direct and indirect jobs
 - \$10.2 billion in salaries
 - \$30 billion contribution to Canada's GDP
 - \$4.2 billion in federal, provincial, municipal and consumption taxes

CPAs critical to the fabric of the country!

Canada Marine Act Says!

- Must maintain infrastructure at a level equal to Canada's trading partners
- Must ensure environmental sustainability with higher standard of environmental regulations under CEAA
- Must ensure high level of security
- Must contribute to regional and national economic and 'social' development

CPA Letters Patent

- Specific borrowing limits
- All have similar governance requirements (PMV only exception)
- Must comply with Federal:
 - Management regulations
 - Operations regulations
 - Environmental assessment regulations

Many Federal Statutes and Regulations

- Access to Information Act
- Canada Pension Plan Regulations
- Canada Elections Act
- Canada Environmental Assessment Act and Regulations
- Canada Grain Act
- Canada Labour Code (Part II)
- Canada Shipping Act and Regulations
- Canada Transportation Act and Regulations
- Canadian Environmental Protection Act
- Canadian Multiculturalism Act
- Canadian Transportation Accident Investigation & Safety Board Act

... more

- Employment Equity Act
- Employment Insurance Act
- Explosive Limits Guidelines
- Federal Garnishment, Attachment and Pension Diversion Act
- Federal-Provincial Fiscal Arrangements Act
- Federal Real Property Act and Regulations
- Fishing & Recreational Harbours Act (Note: CPAs specifically excluded)
- Federal Identity Program
- Fisheries Act

...and more

- Food and Drug Act
- Government Employees Compensation Act
- Human Rights Act
- Income Tax Act and Regulations
- Library and Archives of Canada Act
- Marine Occupational Health and Safety Regulations
- Marine Transportation Security Act and Regulations
- National Fire Code-1995
- Navigable Waters Protection Act and Regulations
- Non-Smokers Health Act
- Official Languages Act

....still more

- Payments in Lieu of Taxes Act and Regulations
- Pension and Benefits Standards Act, 1985
- Privacy Act
- Statistics Act
- Transportation of Dangerous Goods Act and Regulations

PLUS:

Provincial regulations for Port Authorities to follow; let alone being a good corporate citizen within the port's host community!

Board Focus: Regulations

- *Canada Marine Act:*
 - Substantive amendments in 2008
 - Letters Patent updates a concern
- *Public Safety Act* - significant funding for port security, but not like the U.S.!
- *Marine Transportation Security Act* – major amendments post-9/11 and more coming soon
- *CEAA* - significant amendments and more to come to facilitate port projects

Board Focus: Social License

- Port Boards focus on their social license to operate
- Social license arises from:
 - “Global Growth = Local Pain”
 - Economic benefits from increasing port throughput may come at community expense
- Extensive stakeholder engagement is required.
- Many examples of need for engagement, most recent:
 - West Coast Gateway Pipeline
 - Private Member’s bill limiting Pacific tanker movements

Social License

Social license is the acceptance and belief by local communities in the value of your activities.... You don't get your social license by going to government and making an application.... It requires far more than money to truly become a part of the communities in which you operate. (Pierre Lassonde, 2003)

Social License

- Canadian port examples:
 - *Prince Rupert Port Authority*: 2011 - \$475,000 for marine rescue society, Library, Centre for the Arts
 - *Port Metro Vancouver*: First Nations Engagement; Community Liaison Committees (16); Community Investment Fund (1% of net income) – education, environment, community enrichment
 - *Halifax Port Authority*: Seaport development – museum, cafés, cruise terminal; Community Investment Fund – arts and culture, environment, port-related activities
- Need to evaluate port's community contributions in terms of “shared values”

Gaining a Social License

Legitimacy – understand local “rules of the game” by:

- Engaging with the community
- Providing full information
- Answering any and all questions

Credibility – consistently providing true information:

- Living up to commitments
- Established through formal agreements
- Negotiated, defined and consolidated in writing

Trust – high quality relationship:

- Takes time and effort
- Shared experiences working on “constructive engagement”

Social License – Good for Business?

- How do Ports determine “shared values” with their many stakeholders?
- How do Ports establish the balance between:
 - Social license and customer service?
 - National and regional interests versus those of the host community?
- Will effective “*constructive engagement*” become tomorrow’s port-community mantra?

The Bottom Line

- Port Authorities are landlords with few controls, but much responsibility:
 - Like the conductor of an orchestra who is concerned with *ALL* instruments, but has little control over each one
- Enterprise Risk Management is a preoccupation for CPAs, always seeking to mitigate risks
- Need for constant governance renewal and Board engagement
- Ensuring the port's reputation and social license

