

PORTability

MARINE HIGHWAYS STILL MOST COST-EFFECTIVE

By Dawn Chafe

The federal government's 1995 National Marine Policy was intended to divest Transport Canada of responsibility for the nation's ports. Why? So that ports throughout the country would be less dependent on taxpayers for revenue. Port users, not voters, were supposed to foot the bill.

According to a December 2010 report by Gardner Pinfold titled *Economic Impact of Independent Marine Ports in Atlantic Canada*, the direct result of that decision is that all independent ports throughout the region are struggling to find sufficient revenue, especially for infrastructure upgrades, marketing and business development. Worse, they are competing with each other for a survivalist share of import and export trade.

Unfortunately for them, there's only so much of that trade to go around.

With 90 ports throughout Atlantic Canada serving a regional population of just 2.25 million people, and none of those ports operating at maximum capacity, it would be easy for someone outside the industry to conclude that the simplest solution is to cut back, or rationalize, the number of ports.

Doing so would have an immediate and profoundly negative effect on consumers. Marine transportation is, by far, the most cost-effective means of getting goods from one place to another. According to one industry insider who asked to remain anonymous, it costs \$1.70 per mile for truck transport, \$0.79 per mile by train and only \$0.20 per mile by ship.

The best option then, by far, is to carry products by ship as far as possible. To again reference Gardner Pinfold, "each independent port has critical relationships with importing and exporting businesses.... It is not an economical option for Martin Marietta Materials and Georgia Pacific to acquire suppliers or export using any means other than the Strait of Canso port."

Here, *Atlantic Business Magazine* offers a thumbnail sketch of some of the largest ports (by volume) in each of the four Atlantic provinces. Newfoundland Transshipment Limited is the exception; officials did not respond to interview requests.

Ports: what have they done for you lately?

Based on the 11 regional ports included in Gardner Pinfold's report: *Economic Impact of Independent Marine Ports in Atlantic Canada* (December, 2010). Note: the four largest ports (by volume) were not included in the study.

- To the businesses dependent on them, ports represent 7,103 full-time equivalent jobs, \$388 million of earned income, and over \$505 million worth of expenditures.
- Over and above their impact on businesses (above), ports and their related marine shipping generate \$303 million in expenditures, 4,040 person-years of employment, total GDP of \$232 million, and total salary income of \$172 million.
- Wages and salaries paid by ports and related businesses ranged from two to three times the average earned income in their communities.

Ports defined

CANADA PORT AUTHORITY: a not-for-profit corporation with responsibilities for managing one of the national ports system ports. While the Government of Canada retains ownership, the CPAs have operational and managerial control. CPAs in Atlantic Canada include Belledune, Saint John, Halifax and St. John's.

TRANSPORT CANADA PORTS: in the Atlantic region, Transport Canada (TC) operates a number of regional/local ports. Some of these ports have TC owned and operated wharf facilities such as Long Pond, Fortune, Roddickton and Georgetown. Some do not have TC owned and operated wharf facilities, but have been designated as "Public Ports" under Part II of the Canada Marine Act, such as Come by Chance, Sydney, or the Strait of Canso.

Transport Canada has the authority to collect harbour dues and owns part or all of the waterbeds associated with these public ports. Under the Port Divestiture Program, all TC owned and operated regional/local ports have been identified for divestiture.



STRAIT OF CANSO SUPERPORT (N.S.)

2010 cargo: 31 million metric tonnes, including manufactured goods, petroleum products, pulp, newsprint, supercalendar paper, gypsum, seafood and break bulk (e.g. salt and aggregate).

Main clients: Newstar, NS Power, Georgia Pacific, Martin Marietta and Canadian Salt.

Natural advantage: A deep-water harbour, ice free year round. The Strait of Canso is 20 kilometres long, up to 1.5 km wide and has a limited depth of 27 metres. It has a single Seaway-max lock and can handle vessels that transit the St. Lawrence Seaway.

Future plans: "Our port generated \$1.2 million in revenue last year, which is collected by Transport Canada. Our challenge and plan is to establish a management structure that allows us access to revenue. We want to promote and reinvest in the port." – Tim Gilfoy, CEO, Strait of Canso Superport Corporation.

PORT OF SAINT JOHN (N.B.)

2010 cargo: 30.45 million metric tonnes, with liquid bulk (including petroleum, chemicals, molasses, fish oil, etc.) comprising 95 per cent of all traffic.

Main clients: PotashCorp, American Iron & Metal, Irving Oil, Canaport LNG, Crosby Molasses, Tropical Shipping, 12 major cruise lines, Logistec Stevedoring and Empire Stevedoring.

Geographic advantage: 100 kilometres from the U.S. border, in close proximity to major highways and equipped with on-dock rail access.

Future plans: "The geography of the Port of Saint John provides only a limited land base. Therefore, the Saint John Port Authority (SJPA) must endeavour to effectively protect and manage its land and water resources to accommodate the long term needs of port operations and the industry. It is essential the SJPA optimize land utilization in order to capture economic benefits, manage its land resources and strengthen Saint John as a gateway for trade." – SJPA land use plan executive summary.



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PORT OF HALIFAX (N.S.)

2010 cargo: over 9.5 million metric tonnes, comprised primarily of containerized cargo (seafood, newsprint, clothing, manufactured goods). Halifax handled 435,461 TEUs (twenty-foot equivalent units) in 2010, and has the capacity for 1.4 million TEUs. There is room to expand to a 2.5-million TEU capacity if needed.

Main clients: Twenty-one container shipping lines call here: ACL, AFL, China Shipping, CMA CGM, COSCO, Eimskip, Hanjin, Hapag Lloyd, K Line, Maersk, Melfi, Mitsui OSK, Nirint, NSCSA, NYK, Oceanex, OOCL, TMSI, Wallenius Wilhelmsen, Yang Ming and Zim.

Facilities: Two 70-acre container terminals as well as bulk, breakbulk and ro/ro terminals with laydown areas capable of handling any type of cargo. By 2012, the Port of Halifax will have seven super post-panamax cranes and deep berths to accommodate the largest ships afloat.

Future plans: "The fundamentals are in place to advance the port as a key North American gateway and we will continue to work with our partners and stakeholders to see that vision through to the end."
– Michele Peveril, spokesperson, Halifax Port Corporation.

PORT OF BELLEDUNE (N.B.)

2010 cargo: total tonnage was 2.15 million metric tonnes, comprised of bulk commodities (such as coal, zinc, wood pellets, etc.), liquid bulk and project cargo.

Main clients: NB Power and Xstrata Zinc as well as tenants such as Shaw Resources, S&B Minerals and Groupe Savoie.

Modern equipment: Eastern Canada Stevedores, one of Belledune's terminal operators, consistently invests in new equipment, including reach stackers, 150 tonne capacity crawler cranes and high speed conveyors.

Future plans: "The Belledune Port Authority has just increased the land available next to or on the terminals by 100 per cent; there is now a total of 88 acres available as well as two new terminals. We plan to use the new terminals, the new modular fabrication facility and be an anchor of the economy in northern New Brunswick" – Jenna Doucet, director of marketing, Belledune Port Authority.



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NO SHORTCUTS TO
SUCCESS IN BUSINESS
BUT OCCASIONALLY,
THERE ARE
THOROUGHFARES ————— B

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CHARLOTTETOWN HARBOUR AUTHORITY (P.E.I.)

2010 cargo: 618,250 metric tonnes of aggregate, 380,000 kilolitres of petroleum products and 42 cruise ships carrying 64,000 passengers and 28,000 crew members.

Main clients: road builders, concrete producers, Irving Oil and cruise lines.

Future plans: "Our biggest challenge is ensuring financial sustainability. We will continue to operate and grow existing markets and seek out new users and products." – Les Parsons, CEO, Charlottetown Harbour Authority Inc.



PORT OF ST. JOHN'S (N.L.)

2010 cargo: 1.49 million metric tonnes, comprised of general cargo (52 per cent), liquid bulk (44 per cent) and dry bulk (four per cent).

Main clients: Key customers include, but are not limited to: Oceanex Inc., Keg Restaurant and Bar, A. Harvey & Co. Ltd., Cape Harrison Marine Ltd., DWI Services Ltd., ExxonMobil Canada, Fugro Jacques Geosurveys Inc., Irving Oil Ltd., M I Drilling Fluids Canada Inc., NewDock St. John's Dockyard Ltd., Northern Transportation Co. Ltd., Petroforma Inc., Puddister Shipping Co. Ltd., Seabase Limited, Secunda Marine Services, Suncor Energy Inc. and Woodward Group of Companies.

Strengths: A naturally sheltered, ice-free port, the Port of St. John's is the primary offshore energy supply and service centre on the East Coast of Canada as well as Newfoundland and Labrador's pre-eminent marine transportation supply and service centre. Business sectors served include: container, ro/ro, dry bulk, liquid bulk and general cargo.

Future plans: "To create a strategic gateway and world class marine supply and service centre and to build a solid, secure, internationally recognized platform for commerce and trade for the benefit of the province." – Bob McCarthy, St. John's Port Authority.



FABRICATE IN BELLEDUNE

- More than 12,000 square meters (150,000 sq. ft.) of indoor facilities and more than 5,800 square meters (62,400 sq. ft.) of outdoor storage area less than 1 km from the deep water, year-round, Port of Belledune.
- The facilities are equipped with two 20 tonne overhead cranes, welding stations and more!
- This industrial zoned site provides unlimited possibilities for fabrication, metal working, assembly, and storage.

The Port of Belledune is the solution and can assist your company in all sectors of industry. New Brunswick has the labour, the training support for growth, the facilities and the infrastructure ideal for global leaders.

www.portofbelledune.ca