

MEETING BULLETS

DATE: May 31, 2023

PREPARED FOR: Honourable Murray Rankin, Minister of Indigenous Relations and Reconciliation

REGARDING: Meeting with Honourable Nathan Cullen, Minister of Water, Land and Resource Stewardship and Honourable Rob Fleming, Minister of Transportation and Infrastructure regarding Anchorages

SUMMARY:

- Anchorages are considered “suitable area[s] in which to anchor a vessel”¹. Transport Canada is the lead management agency, on behalf of the federal government, under the *Canadian Navigable Waters Act* and the *Canada Shipping Act*.
- Ensuring cargo vessels have a safe place to anchor is an important part of an efficient supply chain. Demand for anchorages has increased in recent years due to supply chain congestion, weather-related delays, and the increasing size of ships. Anchorage utilization peaked in 2021 when COVID-based supply chain pressures were exacerbated by wildfire and atmospheric river events.
- Coastal communities and First Nations, including Lyackson and Halalt First Nations, have expressed frustration over noise and light pollution from ships, and concerns about ships operating in sensitive marine ecosystems. The Province has a strong interest in ensuring that coastal communities and First Nations are adequately consulted on the management and use of anchorages.
- Ministers Cullen (previously Minister Osborne), Fleming, and Rankin have had substantial dialogue on anchorages in recent months and a letter was sent to Minister Alghabra (Federal Minister of Transport) offering to collaborate on their management. The letter also expressed that any actions taken should consider coastal community and stakeholder concerns and support efficient trade and economic activity.
- Response from Minister Alghabra acknowledged clarity over governance of anchorages is required and that Transport Canada officials recently consulted on extending the Vancouver Fraser Port Authority’s jurisdiction to include anchorages sites in the Salish Sea. Should these changes occur, deeper consultation with First Nations is expected, including on new approaches to site management such as potentially varying the use of existing sites to address community concerns.
- In response to Transport Canada direction, an industry working group completed a report in March 2023 outlining recommendations for the allocation and management of anchorages.
- This meeting provides an opportunity to continue discussions with Ministers Cullen, Fleming and Rankin, and to determine next steps with Transport Canada. Additional

¹ Transport Canada. Understanding anchorages in Canada. <https://tc.canada.ca/en/marine-transportation/ports-harbours-anchorages/understanding-anchorages-canada>

background materials prepared by the Ministry of Transportation and Infrastructure are provided in Appendix 1.

TALKING POINTS FOR MINISTER:

- I look forward to determining our next steps with Transport Canada on the issue of anchorages.
- Canada needs to take the concerns of First Nations and coastal communities seriously.
- Action is required to reduce the impacts of anchorages and determine longer term solutions. It is important that First Nations and coastal communities are adequately consulted on any potential actions to address anchorage concerns.
- I am also interested in any actions the Province can take through the Coastal Marine Strategy under development at the Ministry of Water, Land and Resource Stewardship.

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INFORMATION BRIEFING NOTE

DATE: April 20, 2023

PREPARED FOR: Honourable Rob Fleming, Minister of Transportation and Infrastructure
Honourable Murray Rankin, Minister of Indigenous Relations and Reconciliation
Honourable Nathan Cullen, Minister of Water, Land, and Resource Stewardship

ISSUE: South Coast Anchorages

SUMMARY:

- Demand for anchorages has increased in recent years because of supply chain congestion, weather-related delays, and the increasing size of ships. Anchorage utilization peaked when COVID-based supply chain pressures were worsened by the impacts of wildfire and atmospheric river events in 2021.
- Under the *Canada Shipping Act*, the federal government has the authority to regulate shipping activities and navigation to protect the marine environment from impacts.
- In Fall 2022 the Deputy Minister of Transport Canada (TC) requested the Chamber of Shipping (COS) to facilitate a sector working group to make recommendations relating to the allocation and management of anchorages for the BC South Coast **including VFPA's existing vessel arrival governance framework.**
- **The COS's working group has issued a report to TC that included 11 recommendations that they consider to be actionable within 6 – 12 months and relate primarily to changes in governance.**
- The Province continues to advocate for the concerns of First Nations and local residents regarding the environmental, social and cultural impacts and urges the federal government to take action to reduce those impacts of anchorages while continuing to implement longer term solutions.
- MOTI is developing a provincial Goods Movement Strategy (GMS) to ensure goods are moving as efficiently and competitively as possible so businesses can scale up, and in doing so advance climate objectives. Although anchorages are not a primary focus of the GMS, MOTI acknowledges the importance of anchorages in supporting an efficient and competitive trade network as well as their potential to contribute to environmental and social impacts.

BACKGROUND:

Anchorage utilization in both the Vancouver harbour area and the Southern Gulf Islands is up as a result factors like supply chain congestion, environmental and weather-related impacts, and the war in Ukraine which has put increased demand on Canadian products. Utilization rose during the pandemic due to the surge in demand for consumer goods, and backlogs from the 2021 atmospheric river that persisted into 2022 (see Appendix A for a summary of anchorage utilization).

Given their jurisdiction over anchorage management, TC has initiated a range of efforts in recent years to improve the management of anchorages including directing the Vancouver Fraser Port Authority (VFPA) to advance the development of an Active Vessel Traffic Management System (AVTM) (See Appendix B for a summary of these efforts).



Industry Report on B.C. South Coast Anchorages Report – 2023

The marine industry had significant concerns about the direction of AVTM. In response to these concerns, the Deputy Minister of TC requested the COS to facilitate a sector working group to make recommendations relating to the allocation and management of anchorages for the BC South Coast, including VFPA's existing vessel arrival governance framework, known as the "first-arrive, first-serve" model. The working group included members from the BC Marine Terminal Operators Association, the Western Grain Elevators Association, and the Shipping Federation of Canada.

Within parameters set by TC, the working group examined anchorages as critical supply chain infrastructure, anchorage governance, anchorage utilization, vessel arrival governance, and waterway/supply chain optimization.

In March 2023, the working group presented the *Industry Report on B.C. South Coast Anchorages Report* (BCSCAR) to Minister Alghabra, including the following 11 recommendations (See Appendix C for an Ad Verbum list of recommendations):

1. Clearly acknowledge and communicate that anchorages are critical infrastructure to Canada's supply chain.
2. Facilitate multi-jurisdictional dialogue to develop a framework for the management of all anchorages on the BC South Coast.
3. Convene an industry and ports working group to consider the obstacles to using underutilized anchorages and other infrastructure.
4. Examine the impact of outlier vessels on anchorage capacity and methodology to reduce outliers.
5. Develop a process for managing a rotational protocol for large ship anchorages.
6. Develop an arrival framework for prioritization and sequencing of vessels when critical anchorage capacity is near full utilization.
7. Launch a working group to consider the elements of a protocol to tender readiness offshore and to establish when a vessel has "arrived" at the Port of Vancouver.
8. Support 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 – to support a common understanding of root causes associated with anchorage utilization.
11. Introduce amendments to the Canada Transportation Act to enhance railway service accountability, shipper protections, and competitive access provisions to positively impact supply chains.

The BCSCAR noted that while these recommendations are considered actionable within 6 – 12 months and relate primarily to changes in governance, many of the recommendations will require changes in commercial and operational planning and should be implemented deliberately and provide for sufficient time and a disciplined commitment to evaluate effectiveness and unintended consequences.

DISCUSSION:



British Columbians have expressed a need to see government commit to immediate and ongoing progress to mitigate the impacts of increased anchorage activity in the BC South Coast. Communities and First Nations have expressed frustration over noise and light pollution from ships, and concerns about ships operating in sensitive marine ecosystems. First Nation Chiefs on Lyackson Island and Halalt First Nation have shared their communities' concerns with the Ministry.

Although anchorage management falls under federal jurisdiction, the Province continues to advocate for the federal government to take the concerns of First Nations and local residents seriously and take action to reduce the impacts of anchorages while continuing to implement longer term solutions. The Ministry of Water, Land and Resource Stewardship is currently developing BC's first Coastal Marine Strategy, with active discussions regarding jurisdiction and shared responsibility of federally regulated activities, including anchorages, occurring at Executive and Cabinet levels.

The Province recently sent correspondence to Minister Alghabra requesting that he closely consider the concerns of First Nations, stakeholders and communities and develop solutions to respond to concerns in the near term. The Province also suggested a regional approach to ensure strong governance and coordination for anchorage use among different jurisdictions.

TC Response and Actions

In recent correspondence to Minister Rankin, Minister Alghabra acknowledged that clarity over governance of the Salish Sea anchorages is required and advised that TC officials recently consulted on potential changes to the VFPA's jurisdiction to include anchorage sites in the Salish Sea. Minister Alghabra noted that should jurisdiction over these sites be extended to the VFPA, deeper collaboration with neighbouring First Nations would be expected to follow, including on new approaches to site management, such as potentially varying the use of sites to address community concerns.

Minister Alghabra also cited other near-term actions being taken by the VFPA:

- VFPA and vessel operators are examining how to better manage transloading in Plumper Sound, with the goal of reducing industrial activities in this area.
- VFPA has incorporated many of the suggestions obtained from public engagement into its new Code of Conduct, which is currently in place, and is looking at additional measures to further reduce nuisances to communities.
- VFPA is also advancing work to examine the use of mooring buoys to grow capacity within its current jurisdictional waters, which could further reduce the pressure on anchorage sites farther away from the port.
- VFPA is seeking to establish an on-water monitoring program in the Southern Gulf Islands and recently issued a request for proposals; to date a number of the submissions include either First Nations participation or support.



Alignment of BCSCAR with BC's Interests

MOTI is currently developing a provincial Goods Movement Strategy (GMS), which aims to strengthen BC's transportation and logistics sector, support BC exporters and advance climate objectives. Although anchorages are not a primary focus of the GMS due to limited provincial jurisdiction, MOTI acknowledges the vital role anchorages play in ensuring the efficiency, reliability, and performance of the trade network. Concurrently, MOTI also recognizes the concerns expressed by First Nations and communities regarding the potential environmental and social impacts of anchorages, and understands the importance of addressing these concerns as part of our commitment to advancing reconciliation and minimizing the cumulative impacts associated with trade transportation, and supporting the development of prosperous nodes that contribute to vibrant liveable communities.s. 13

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The work undertaken by COS to incorporate consideration of ways to reduce environmental, social, and cultural impacts in all areas where ships operate in coastal waterways in the development of its BCSCAR recommendations aligns well with the objective of BC's GMS (See Appendix D for a table outlining alignment of the BCSCAR recommendations with GMS objectives and First Nations and community concerns). Although TC's next steps with regards to pursuing actions based on recommendations in the BCSCAR is unknown at this time, MOTI will continue to seek opportunities to collaborate with TC and VFPA on ensuring the effective management of anchorages, while advocating for the interests of First Nations and other communities.

Appendices:

- A. Summary of Anchorage Volumes, May 2021 – December 2022
- B. Summary of TC/ VFPA work since 2018 to improve anchorage management.
- C. Ad Verbum recommendations from the BCSCAR report
- D. Alignment of BCSCAR recommendations to GMS objectives and responsiveness to First Nations and Community concerns

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Appendix A: Summary of Anchorage Volumes, May 2021 – December 2022

Anchorage utilization remained stable at approximately 50% from May through November 2021, spiked in December 2021, January, and February to a high of 83%, and returned to stability at approximately 50% in April 2022. Apart from December through February, most vessels were anchored in Harbour anchorages. Coal and Grain carriers accounted for most anchorages in both 2021 and 2022; container carriers constituted a significant proportion -19%- of anchorages in 2022.

Figure 1: Average Monthly Anchorages by Zone - May 2021 to Feb 2022

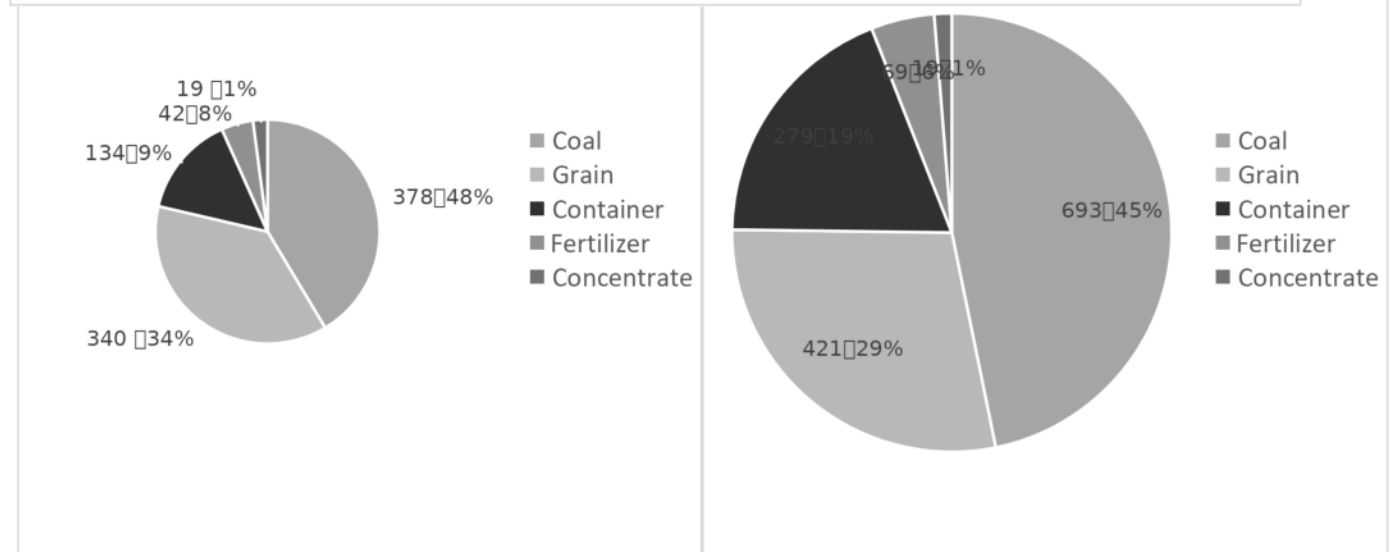
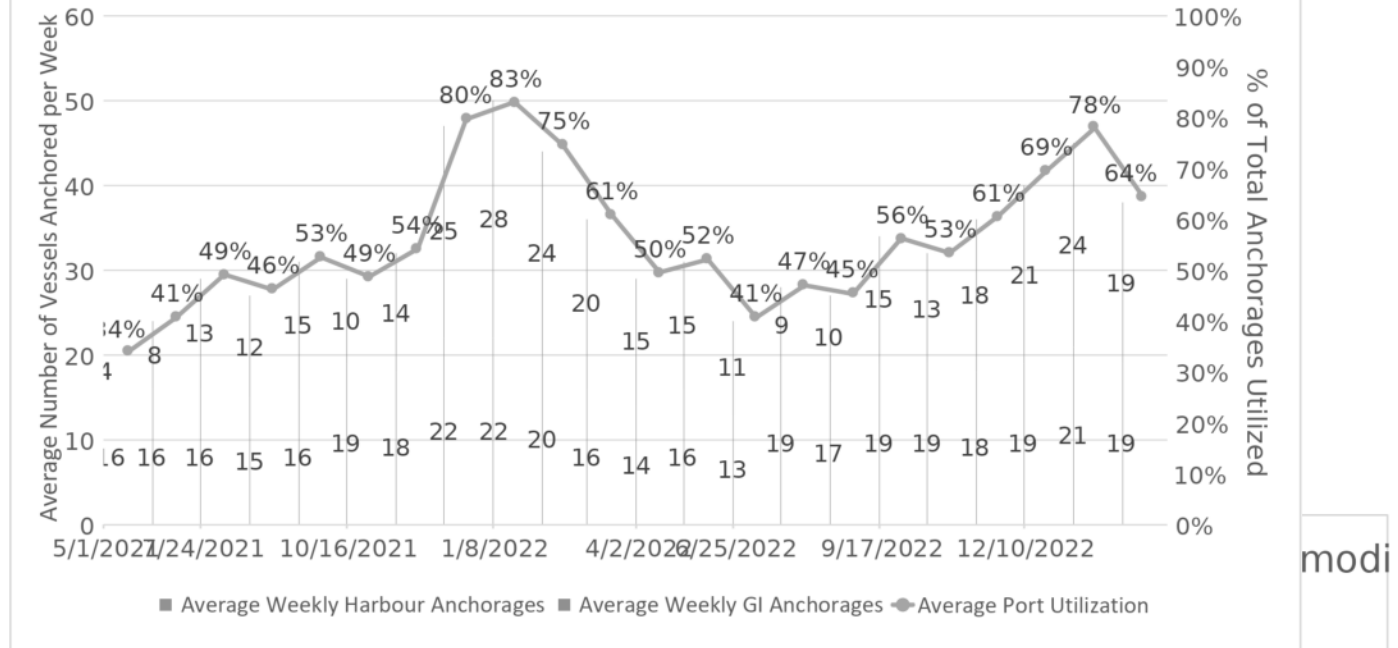
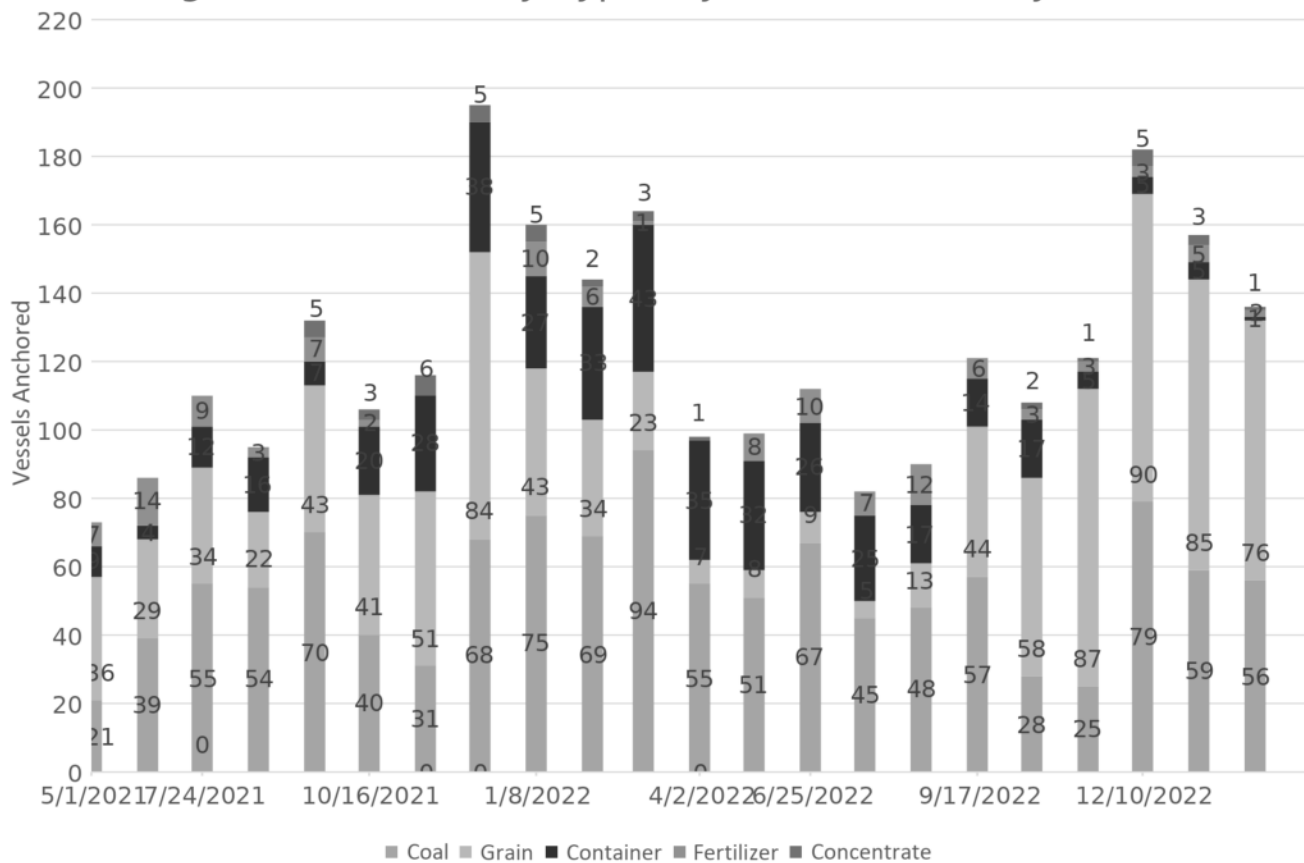




Figure 4: Commodity Types by Month Since May 2021





Appendix B: Summary of TC/ VFPA Work Since 2018 to Improve Anchorage Management

Interim Protocol (the Protocol) for the management of anchorages in the Southern Gulf Islands - 2018
In February 2018, TC, in partnership with the VFPA, the Nanaimo Port Authority, the Pacific Pilotage Authority, the COS and the Shipping Federation of Canada, implemented a voluntary Interim Protocol (the Protocol) for the management of anchorages in the Southern Gulf Islands. The Protocol made the VFPA responsible for equitably distributing vessels among the anchorages to minimize impacts on any single community.

Active Vessel Traffic Management (AVTM) Program – launched 2021

In July 2021, the VFPA and TC launched a process to develop an AVTM to improve the management of vessel traffic, reduce congestion, improve port efficiency, and reduce the social and environmental impacts of vessel traffic. In February 2022, TC and VFPA established an independent panel to provide advice on operationalizing the proposed AVTM system. MOTI participated in the panel process and workshops as an observer, and to provide data, information and offer relevant context. The panel concluded that an AVTM system is crucial to ensure the continued success of the Gateway. The panel recommended that the federal government expand VFPA's jurisdiction to include the Southern Gulf Island anchorages, except for those falling under other port authorities' jurisdiction (e.g., Nanaimo Port Authority). The panel issued 6 recommendations in its final report:

1. Focus on the immediate challenges related to passage into and within the Inner Harbour, namely access to the Second Narrows, increased rail movements to service the North Shore terminals, and increased demand to manage vessel traffic through the First Narrows.
2. Investigate the reasons that the number of days and duration of anchorages is increasing faster than cargo growth.
3. Apply the learnings from the above two activities as part of an incremental and sequenced approach to introducing an AVTM system.
4. Implement or augment mechanisms aimed at ongoing collaboration, transparency, and accountability with industry, local communities, and Indigenous groups.
5. Promote and implement dynamic root cause analysis and collaborative approaches with industry and other stakeholders to investigate and address current and future challenges by replicating past successful collaborations that leveraged the expertise of active port traffic participants to evaluate, recommend, and implement solutions.
6. Clarify the governance structure and authorities over these anchorages.

Federal government convened the National Supply Chain Task Force and tabled legislation - Strengthening the Port System and Railway Safety in Canada Act. - 2022

The October 2022 report by the National Supply Chain Task Force provided several recommendations to strengthen national supply chains, including the management of anchorages. In November 2022, the Government of Canada tabled Bill C-33 – Strengthening the Port System and Railway Safety in Canada Act. The Bill seeks to expand the authority of ports to implement vessel traffic and anchorage management initiatives.



Appendix C: Ad Verbum Recommendations from the BCSCAR Report

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 B.C. 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.



Appendix D: Alignment of BCSCAR Recommendations to GMS Objectives and Responsiveness to First Nations and Community Concerns

BCSCAR Recommendation	B.C.'s interests:
1. Ensure anchorages are understood to be critical infrastructure to Canada's supply chain	Promoting an increased understanding of the importance of anchorages could help strengthen B.C.'s Transportation and Logistics (T&L) sector by ensuring the maintenance, development, and management of anchorages are appropriately addressed, thereby supporting the smooth and efficient movement of goods in and out of the region. This would also support B.C.'s exporters by minimizing delays and disruptions in the supply chain, thereby enhancing the competitiveness of B.C.'s products in global markets.
2. Framework for the management of all anchorages on the B.C. South Coast.	<p>The report's stated goal of improving overall anchorage utilization and capacity in order to reduce social and cultural impacts responds to concerns of First Nations and local residents.</p> <p>This recommendation could also support GHG reduction and improved air quality by promoting strategic planning and coordination among various stakeholders to optimize the use of anchorages, resulting in better vessel scheduling, reduced idling time, and improved vessel movements, leading to lower fuel consumption and emissions.</p>
3. Working group to consider underutilized anchorages and other infrastructure	Strengthens B.C.'s T&L sector by identifying opportunities for utilizing existing infrastructure more effectively. This can help to address capacity constraints, optimize the use of anchorages, and potentially reduce the need for new infrastructure investments.
4. Examine the impact of outlier vessels on anchorage capacity	Responds to concerns of local residents by incorporating environmental considerations in the management of anchorages, such as minimizing impacts on marine habitat and wildlife and may help improve the performance of the T&L Sector overall.
5. Process for managing a rotation protocol for large ship anchorages	<p>Supports GHG reduction and improved air quality by promoting strategic planning and coordination among various stakeholders to optimize the use of anchorages. This can result in better vessel scheduling, reduced idling time, and improved vessel movements, leading to lower fuel consumption and emissions.</p> <p>This could also help to increase overall anchorage capacity and provide break periods for other higher impact anchorages, contributing to improved logistics operations and supporting B.C. exporters.</p>



BCSCAR Recommendation	B.C.'s interests:
6. Process for prioritization and sequencing of vessels when critical anchorage capacity is near full utilization, or when the supply chain experiences significant disruptions	Recognizes the need for a coordinated approach to vessel prioritization and sequencing during challenging situations, which can help maintain supply chain efficiency strengthening the T&L sector and supporting B.C. exporters.
7. Protocol to tender readiness offshore and to establish when a vessel has "arrived" at the Port of Vancouver	Strengthens B.C.'s T&L and helps B.C. Exporters. By ensuring efficient utilization of available capacity, this can help to address potential bottlenecks and optimize the allocation of anchorages based on vessel types, sizes, and frequency of visits, thereby supporting B.C.'s exporters by minimizing delays and disruptions in the transportation of goods.
8. Monitoring and enforcement regime of all anchorages currently outside the jurisdictions of the VFPA. Encourage the participation of Indigenous communities and facilitate skills development.	Strengthen T&L sector by enhancing the efficiency of vessel movements and reducing idling time, resulting in lower fuel consumption and emissions. This can support GHG reduction and improve air quality, improving the overall environmental performance of the sector. Also responds to concerns of First Nations and local residents by minimizing noise, air pollution, and other impacts associated with vessel idling. Could also involve local communities in decision-making processes and address concerns related to the use of anchorages
9. Relaunch analysis and mitigation strategies to address root causes of supply chain inefficiency	Recognizes the need to identify and address root causes of inefficiency in the supply chain, which can contribute to improved transportation and logistics operations and support B.C. exporters.
10. Data visibility to ensure government, industry, and supply chain stakeholders are aligned and have a common understanding of anchorage issues	Improving data governance in the supply chain can supports improved collaboration, informed decision-making and optimization of logistics operations, strengthening the TL sector and benefiting B.C. exporters and reducing GHGs while improving air quality.
11. Amendments to the Canada Transportation Act to enhance railway service accountability, shipper protections, and competitive access provisions to positively impact supply chains.	Strengthens the T&L sector by helping to optimize the use of anchorages and prevent congestion. This can also support B.C.'s exporters by minimizing delays and disruptions in the transportation of goods, and enhance the competitiveness of B.C.'s products in global markets.