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# **Standing Committee on Transport, Infrastructure and Communities**

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**EVIDENCE**

**Tuesday, December 2, 2014**

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**Chair**

**Mr. Larry Miller**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, December 2, 2014

•(1100)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** I call our meeting to order. I think everyone is here and ready to roll. We're a couple of minutes early, but we'll get started.

We have in the room with us Wendy Zatylny—I hope I pronounced that right; I apologize if I didn't—from the Association of Canadian Port Authorities. We also have Mr. Yoss Leclerc, from the Québec Port Authority.

By video conference from Vancouver we have, from the Western Canada Marine Response Corporation, Mr. Michael Lowry. Also by video conference from Vancouver is Jonathan Whitworth, from Seaspan.

In case we run into technical problems, I'm going to start with Mr. Lowry and Mr. Whitworth. Can you both hear me okay?

**Mr. Michael Lowry (External Relations, Western Canada Marine Response Corporation):** I certainly can.

**Mr. Jonathan Whitworth (Chief Executive Officer, Seaspan ULC, Seaspan):** Yes. This is Jonathan. I can hear you fine.

**The Chair:** Mr. Lowry, you have 10 minutes for your presentation. Go ahead.

**Mr. Michael Lowry:** Thank you, Mr. Chair.

Good morning, ladies and gentlemen. Thank you for inviting Western Canada Marine Response Corporation to make a presentation to this committee.

WCMRC is one of four Transport Canada certified oil spill response organizations in Canada, and we're the only one on the west coast. We began operations in 1976 as an industry co-op under the name Burrard Clean. At the time, our duty was to provide spill response within Port Metro Vancouver's waters. Following the *Exxon Valdez* incident in 1989, the Canadian government established the public review panel on tanker safety and marine spills response capability. The panel's final report included 107 recommendations that ultimately informed amendments to the Canada Shipping Act in 1995.

The changes created an industry-funded, government-regulated spill response regime for all of Canada's coastal waters. WCMRC became the only dedicated response organization for the west coast. Three other response organizations operate on the east coast. Our state of preparedness is funded by membership fees from shipping and oil-handling companies that operate along the west coast and from bulk oil cargo fees.

Any vessel larger than 400 tonnes calling on a B.C. port is required to have a membership with WCMRC. Any oil-transporting vessel over 150 tonnes is also required to pay membership fees. This includes tankers, barges, and refuelling vessels. In total, we have nearly 2,200 members. However, if a vessel is transiting Canadian waters and not calling on a Canadian port, they are not required to have a membership with a response organization. In the event of a spill, the responsible party is required by law to pay 100% of the cleanup costs up to the liability limit.

In order to demonstrate to Transport Canada that they are in compliance with the law, vessels must have a shipboard oil pollution emergency plan, and oil-handling facilities must have an oil pollution emergency plan. Both groups must also have a certificate outlining their arrangement with a response organization, proof of financial responsibility, and the name of the person authorized to implement the plan.

Under the amended Canada Shipping Act, response organizations in Canada require certification by Transport Canada. Response times, capacity, and planning standards are laid out in the Canada Shipping Act. The planning standards are not an indication of how long a response would take; they are meant to determine performance requirements. Actual response times would typically be less.

As a Transport Canada certified response organization, we need to demonstrate our ability to respond to spills on a regular basis to maintain our certification. Transport Canada personnel attend and participate as auditors in certification exercises, while other agency personnel participate in actual response roles. In addition, WCMRC also participates in member exercises, annual joint exercises as part of the Canada-U.S. joint contingency plan, and cross-border exercises with mutual aid partners in Washington and Alaska.

Response organizations in Canada are required to have equipment to handle a 10,000-tonne, or 70,000-barrel, spill. WCMRC currently has 2.6 times as much equipment in place. Tiered response times are also defined by the Canada Shipping Act, which stipulates planning standards for spills within designated port boundaries, primary areas of response, and enhanced response areas. Currently Port Metro Vancouver is the only designated port on the west coast. Response organizations are also required to submit an oil spill response plan to Transport Canada every three years.

To meet these requirements, we have warehouses located in Burnaby, Duncan on Vancouver Island, and up in Prince Rupert. We also have 11 equipment caches strategically located along the B.C. coastline. We have a fleet of 31 response vessels and a booming capacity of 32,000 metres, two and a half times the mandated capacity. We train up to 200 responders every year, including first nations fishermen and marine contractors.

In the event of a spill, our organization is contracted by the responsible party to clean up the spill on their behalf and under their command. The Canadian Coast Guard monitors response operations and takes command if the polluter is unable or unwilling to respond. The operation is complete when we can no longer find product to recover and Environment Canada and the province confirm our assessment.

WCMRC has successfully responded to both light and heavy oil spills. We have a range of skimmers that can handle both types of product. The Canada Shipping Act planning standards suggest that on-water recovery operations take no longer than 10 days, and shoreline cleanup operations are completed within 50 days.

If a spill were to occur in or near a transboundary area, a response from two countries would be required by the agencies of the two nations. Joint spill response between Canada and the U.S. is governed by the treaty, the Canada-U.S. Joint Marine Pollution Contingency Plan. Together, the U.S. Coast Guard and the Canadian Coast Guard manage the implementation and maintenance of this treaty. They exercise response strategies every two years.

• (1105)

WCMRC also maintains mutual aid agreements with response organizations in Canada and the U.S. These mutual aid agreements are formal contracts between ROs to lend assistance across jurisdictional boundaries when required. We currently have mutual aid agreements with NRC, Southeast Alaska Petroleum Response Organization, SEAPRO, and Association of Petroleum Industry Cooperative Managers, APICOM, as well as an operational agreement with Eastern Canada Response Corporation, ECRC.

As you are all likely aware, the tanker safety expert panel released a report late last year called "A Review of Canada's Ship-source Oil Spill Preparedness and Response Regime – Setting the Course for the Future". The panel proposed 45 recommendations of which WCMRC is supportive, particularly the move to a risk-based regime. We support the idea that spill planning and the response resources allocated to prepare for spills should be based on risks specific to a geographic area.

In May of this year, the federal government announced new measures that act on recommendations by the tanker safety expert

panel. These measures include establishing new area response planning partnerships for four regions, including the southern portion of B.C. Oil spill prevention, preparedness, and response in these four areas will take into consideration the area's geography, environmental sensitivities, and oil tanker traffic volumes. The measures also propose amending legislation to provide the use of alternate response measures such as chemical dispersants and burning spilled oil during emergencies, and to clarify the Canadian Coast Guard's authority to use and to authorize these measures when there is a net environmental benefit.

Finally, the measures propose strengthening the polluter pay regime by introducing legislative and regulatory amendments that will enhance Canada's domestic ship-source oil pollution fund. These amendments will remove the fund's existing per-incident liability limit of \$161 million in order to make available the full amount for a single incident, which is currently around \$400 million. It will ensure that the compensation is provided to eligible claimants and the recovery these costs from industry through a levy.

As part of the move towards a risk-based regime, WCMRC is developing a digital geographic response planning tool to coordinate our response activities. This award-winning application is shared and accessible to all WCMRC responders, allowing us to coordinate and map the locations of our available vessels, equipment, and personnel. The app displays data in real time so that we can quickly identify priority areas that may require a protection strategy based on potential sensitivities, topography, surrounding infrastructure, and known threats and hazards. It also houses a database of site-specific response plans, which provide information on booming strategies and staging points.

That concludes my prepared remarks.

Thank you, Mr. Chair.

**The Chair:** Thank you very much.

We'll now move to Mr. Whitworth for 10 minutes or less, please.

**Mr. Jonathan Whitworth:** Good morning, and thank you for the opportunity to speak today.

Similar to WCMRC, Seaspan is an establishment that's been on the B.C. coast for a long time. In fact our roots go back to 1886, and our shipyard business goes back all the way to 1902. For those of you who may not know Seaspan, we have a multi-faceted, diversified marine business here, focusing on areas both on the water and on land.

On the water, we currently operate about 111 barges that run up and down the coast, primarily in the forest products and aggregate business and also some oil and chemical business. We also operate 35 tugs, 20 of which are in the business of actually pulling those barges up and down the coast, but 15 of them operate in the business of docking, undocking, and escorting all vessels in the port of Vancouver, Roberts Bank, the Fraser River, and Victoria. With the exclusion of the north, Prince Rupert and Kitimat, at least for today, we do the primary number of dockings and undockings. To put that into shape, that's about 3,200 dockings and undockings in the port of Vancouver alone. We do more than 1,000 at Roberts Bank, which is the largest export terminal in North America for coal. We've also done about 20,000 separate escorts in the last 30 years underneath the area called the Second Narrows Bridge.

It's a very important part of the discussion and you'll hear it, obviously, when you're hearing about topics like twinning of the Kinder Morgan pipeline: safe transportation and navigation in the B. C. coast. A lot of people, even in this area right here in Vancouver, don't realize that tankers have been safely navigating this area since 1952, and Seaspan has been a big part of that safety regime. Again we have 20,000 escorts through the port of Vancouver. All of that goes between a 450-foot span at the rail bridge right at the Second Narrows. So there is an exceptional safety record, with no incidents during any of that period of time, and it's something that Seaspan and our mariners are very proud of.

Outside of our tug and barge business, we are also a ferry operator. After B.C. Ferries, we are the second largest operator of ferries in western Canada.

Last but not least and what some in the committee may know us for, we're also one of the largest shipowners in Canada, and on October 19, 2011, we were very fortunate to be chosen as the non-combat builders for the national shipbuilding procurement strategy. So we'll be cutting steel very soon on our first vessel for the Canadian Coast Guard, in building hopefully 20 to 30 years' worth of ships for the Royal Canadian Navy and the Canadian Coast Guard.

That's a little bit about Seaspan and who we are. Obviously it's a long history. We have about 2,500 employees. We'll be reaching about 3,500 within the next three years. Everything we do revolves around the ocean and the sea and the protection of the sea.

I myself am actually a former mariner. I sailed for a number of years in the international market. I hold a 1,600 ton captain's licence, which means I could actually be a captain on everything in the Seaspan fleet. I also sailed internationally on tankers. So the carriage of dangerous goods is something I personally know quite well. I sailed all the way up to unlimited chief officer, unlimited vessel size, unlimited ocean.

That is something on the marine business. I can't tell you much about mining or some of the other great things that go on here in British Columbia, but we know the marine business quite well.

When I look back at the question about safety and what this committee was looking at, there was one thing I really wanted to speak about, and that's the regulations. What we see, as an operator in British Columbia, is that we fall predominantly under the federal

regime here. We also have some provincial regulations, but it is predominantly federal. We are at a point where we have to deliver safety to our employees first, our crew, and then our customers and their products. In order to do that, a lot of regulations have come out, especially I would say, more in the last 20 years than in the previous 100 years, say, and they were all aligned specially by Transport Canada to make a safer regime for mariners and the products.

● (1110)

I'm a strong believer in regulation. I know you probably wouldn't imagine a CEO of a marine company saying that, but I do. I do because it's a differentiator, and it's ultimately what keeps people safe. The reason I bring this up as something important is that Seaspan follows the rules. There are some great companies that you probably know, such as Fednav, out east. A number of Canadian operators follow the rules. Unfortunately, there are a number of Canadian operators, especially in the small vessel class, that don't follow the rules.

Back in 2011, the regional director general for Transport Canada located here in Vancouver presented to our officers conference on what Transport Canada was doing. We had about 300 of our marine officers talking about topics like safety operations, everything that's going on in Seaspan, and we had Transport Canada make a presentation.

At the end of the presentation, the mariners—not me, but the actual mariners—shared with Transport Canada their dismay that there were two standards. There were standards that companies like Seaspan followed with regard to safety, safety management systems, quality management systems, and then there was everybody else. Yet no one seems to check on them. The regional director general took it on himself and said, “That doesn't sound right. We're going to do something about that”.

In the fall of 2011, shortly after that officers conference... Unfortunately, Transport Canada does not have any boats to actually go out to do surveys, audits, and checks of vessels, so they did two four-day inspections, along with the RCMP, who thankfully do have boats. They focused on tugs and barges, and especially those vessels transporting dangerous goods and petroleum. They boarded 33 vessels on those two four-day patrols, and they found that 64%, or 21 of the 33 vessels, in some way were not in compliance with the Canada Shipping Act, 2001. That was 64%. Those not in compliance were all given notices, and in some cases even administrative monetary penalties.

The problems they saw included life-saving equipment not being up to date, and non-valid certificate of competency. Believe it or not, they found one master who did have his licence with him, but it had expired 10 years earlier. There were medical certificates out of date or absent, non-adherence to marine personnel regulations, and structural deficiencies. In most cases, the masters were not even fully aware of what the Canada Shipping Act, 2001 actually discussed or contained.

They did say that most of these issues were on the smaller vessels, but 64% of all of the vessels that were checked, in a very, very small period of time, failed. When I talk about regulations, I'm very serious about it because there's a reason for them.

We just heard from WCMRC about a lot of change in the oil response business due to the *Exxon Valdez* incident in the spring of 1989. We don't want to see another incident occur and then have more regulations created at that time. The regulations that are currently on the books, the ones that are already involved with the Canada Shipping Act, are good regulations. My point is that they have to be enforced.

Transport Canada, the folks we see and know and work with closely, do a fantastic job. Their hearts are in the right place. Unfortunately, I don't see that they have the budget. They don't have the manpower and the womanpower, and they don't have the vessels to actually do the audits and inspections in order to make sure that regulations are being adhered to.

Last but not least—it was brought up by the previous speaker—I think the tanker safety expert panel that was conducted in 2013 was an excellent example of the federal government listening to all of the areas, both the east coast and west coast, on how tankers can and should be safely transporting dangerous goods throughout the B.C. coast. I really look forward to the three aspects that they focused on, which are prevention, preparedness and response, and last, liability and compensation, which is short for the polluter must pay. I believe they hit the nail right on the head in the areas they identified, and I certainly look forward to the federal government now turning those words into actions.

• (1115)

Thank you again for letting me speak this morning. That concludes my comments.

**The Chair:** Thank you very much.

We'll now move to Ms. Zatylny for 10 minutes or less.

**Ms. Wendy Zatylny (President, Association of Canadian Port Authorities):** Thank you, Mr. Chair. Good morning, everybody.

Thank you for the opportunity to speak with you about important issues that relate to the shipment of dangerous goods and safety management systems in Canada's transportation modes.

I also wish to thank the committee for their patience with us and forbearance in getting us a slot to speak with you today.

As the president of the Association of Canadian Port Authorities, I'm here representing the 18 port authorities that make up Canada's national ports system. I will be sharing my time this morning with Captain Yoss Leclerc, who is the vice-president and chief of marine

operations at the Québec Port Authority, as you have mentioned, Mr. Chair. He also represents the 18 port authorities at ACPA.

I want to underline that Captain Leclerc brings with him over 15 years' experience as a merchant marine captain, having specialized in LNG carriers and tankers. He spent another 15 years on land, leading operations at the port of Montreal and Port Metro Vancouver, before moving to head up operations at the port of Quebec.

We wish to discuss the safety management systems used by our members and the private terminals and other users of our ports, and of course answer any questions that committee members might have.

From the outset, let me state that the marine and ports industry adheres to a strong and robust safety regime coupled with an equally strong track record.

I also want to highlight the fact that every day, Canadian ports support our country's economic growth and move our trade in a safe and reliable manner.

As I have said many times however, expanded trade agreements between Canada and international partners are making our world smaller. Traditional trade patterns are changing. Competition to carry and receive cargo is intensifying, so navigating this new environment effectively is crucial to Canada's economy and our standard of living.

That's why any future regulations or legislation relating to the transportation of dangerous goods being considered by the government should be proportionate to risk and integrated within what is already a robust international set of requirements.

We believe the current system both serves the safety of Canadians and the environment, which remains our top concern, as well as adequately supports our competitiveness as an industry. This is because Canada's port authorities operate in a complex environment within major national and international supply chains. By virtue of participating in a global industry, Canada's marine sector, including its port authorities, are subject to a wide range of international regulations and safety standards. In short, the ports and the marine industry are already highly regulated both domestically and internationally.

Canada's ports are critically important to moving imports and exports around the world while creating jobs across Canada.

With 90% of everything that we buy and sell travelling by ship, maritime trade underpins the global economy. These are the goods we depend on every day: electronics, resources, food, and medicines.

A combined 162 billion dollars' worth of goods are shipped or received through Canadian port authorities every year.

Our ports handle nearly two-thirds of the country's water-borne cargo, contributing to job creation and economic growth, and creating over a quarter of a million jobs directly and indirectly that pay higher than average wages.

We're also proud that Canada's port authorities are strong believers in being responsible environmental stewards. Beyond adhering to established regulations in legislation there is a tremendous amount of independent personal activity, if you will, that is undertaken by the port authorities, which are committed to environmentally responsible and sustainable development. Almost all the CPAs, for example, are proud members of the Green Marine initiative, an internationally recognized certification program begun here in Canada for marine companies to reduce their environmental footprint and ensure the safety of their surrounding ecosystems and communities.

ACPA and Green Marine recently entered into a memorandum of understanding with the goal of jointly expanding efforts to reduce the marine industry's environmental footprint and encourage the industry to continuously improve its environmental and safety performance.

Last, Canada's port authorities are committed to being positive contributors to our communities in many areas, including education, health and welfare, and again the environment.

I would now like to turn it over to my colleague, Captain Leclerc, who will provide further details about the robust safety regulations already in place within the marine shipping sector.

Thank you.

● (1120)

**Captain(N) Yoss Leclerc (Vice-President and Chief of Marine Operations, Québec Port Authority, Association of Canadian Port Authorities):** Thank you, Wendy.

Thank you, Mr. Chair and committee members for allowing us this opportunity to speak to our strong safety record, and to our commitment to working with our key partners to continue to strengthen this record.

Let me begin by stating that Canada's port authorities are keenly aware of their responsibility to protect community safety and the safety of all port employees and users, including our private sector tenants. We are also aware of the need to ensure that our operations are environmentally responsible.

Of course, there is a good reason for that. A number of commodities handled by Canadian ports are classified as dangerous goods according to the international maritime dangerous goods code, IMDG.

As Canada continues to negotiate free trade agreements with countries around the world, it is expected that commodity throughputs in our ports will continue to grow, including dangerous goods. Given this potential growth, it is in our best interest to ensure that this committee and other decision-makers are aware of current safety and security regimes and practices in our ports.

Within our sector, Transport Canada introduced safety management regulations under the Canada Shipping Act in 1998. These regulations were enacted to meet our international obligations to

comply with the International Maritime Organization's international management code for the safe operation of ships and for pollution prevention, the ISM code. That is the code that was used.

Canada's Transportation of Dangerous Goods Act regulates the movement of dangerous goods by rail and road, while the international maritime dangerous goods code, the IMDG code, regulates sea transport. The IMDG code is implemented through the Canada Shipping Act, 2001 and its related regulations, as well as the Transportation of Dangerous Goods Act.

In addition, other IMO requirements play a role in the safety regime in Canadian ports. These requirements include IMO's International Convention for the Safety of Life at Sea, SOLAS, the International Convention for the Prevention of Pollution from Ships, MARPOL, and the International Convention and Standards of Training, Certification and Watchkeeping for Seafarers, STCW. The STCW convention's chapter V addresses the special training requirements for a crew on board oil, chemical, and liquefied natural gas tankers.

Canada's ports also support Transport Canada's role in port state control where Transport Canada inspectors board foreign vessels to ensure they comply with the major international conventions adopted by Canada. Vessels that do not meet robust Canadian safety standards are detained until their deficiencies are corrected.

Many Canadian ports are also defined as mandatory pilotage zones, where all vessels over a certain size threshold are required to have a marine pilot with local knowledge on board to guide the vessel into and out of their harbours. All oil tankers must have a marine pilot on board.

In the case of emergencies within ports, various federal, provincial, municipal, and private agencies and organizations work cooperatively to respond to any incidents that occur. Ports regularly test the effectiveness of their emergency response plans, including conducting emergency simulation exercises.

Safety management systems augment rigorous domestic and international regulatory regimes. The Canada Marine Act requires Canadian port authorities to put in place a framework to ensure order and safety. Each member of the national ports system has its own safety management system in place.

● (1125)

With strong domestic, international, and port-specific safety regimes in place, it is no wonder that marine safety continues to improve, especially in the last decade.

For the marine shipping sector, Transport Canada data show that there were zero reported in-transit dangerous goods incidents between 2006 and 2011. In terms of collision-related injuries and fatalities per tonne per kilometre, the marine mode of transport led with the lowest number of both from 2002 to 2011. Marine accident rates have also declined about 10% over the last decade. Data and analysis from the Transportation Safety Board of Canada also confirm this.

I will conclude by stating that on behalf of the 18 port authorities that make up the national ports system, we believe that the current safety regimes and safety management systems in place are appropriate to the risks presented. We do not believe that additional regulations are required.

We remain committed to maintaining our strong safety record, and indeed, to always striving to do better, and we look forward to assisting the committee as it reviews the robust systems already in place.

We also want to work with the committee and our other partners to ensure Canada remains a world-leader in the marine shipping sector.

Thank you. *Merci.*

**The Chair:** Thank you very much for all the presentations. We're going to go right into questioning, with Mr. Sullivan, for seven minutes.

• (1130)

**Mr. Mike Sullivan (York South—Weston, NDP):** Thank you, Mr. Chair, and thank you to the witnesses.

Port Metro Vancouver had an oil spill about three weeks ago. A yacht emptied its diesel. It apparently was cleaned up effectively.

Mr. Lowry, can you tell us how frequently that kind of operation happens, and what impact it has?

**Mr. Michael Lowry:** That is the bulk of our annual work. We get called out approximately 20 times a year. It generally is for small spills like that. That was a pleasure vessel that had diesel on board. We were called out. We put a boom around it. It had sunk. It was raised, and we removed the boom. Most of the product was recovered using adsorbents. It was a light fuel, so a mechanical cover was not appropriate at that time.

That is the bulk of our annual work.

**Mr. Mike Sullivan:** When the *Simushir* was threatening to break up off Haida Gwaii, would that have been under your aegis as well, and if so, how would you have dealt with 400 tonnes of bunker oil and 50 tonnes of diesel?

**Mr. Michael Lowry:** We were notified by the coast guard that morning around nine o'clock. The coast guard does have the authority to activate us. The vessel in question did not have a membership with us, because it was transiting waters, as opposed to calling on a port in Canada. We eventually did make contact with the marine contractor attached to that vessel, and we signed a third party agreement with them at seven o'clock that night. In addition to our three warehouses, we have equipment depots along the coast. One of them is in Haida Gwaii, near Queen Charlotte City. That would have been called into play. We also had many vessels on standby

throughout that day, including vessels that we have up in Prince Rupert.

**Mr. Jonathan Whitworth:** We also had a barge from Seaspan that was dispatched that day and was heading up there with a 30,000-barrel barge to assist, just in case.

**Mr. Mike Sullivan:** So there was enough capacity to deal with that kind of spill, essentially.

**Mr. Michael Lowry:** That's correct, yes. We have a 4,000-tonne barge, and Seaspan would have used their tugs to take that up to the location.

**Mr. Mike Sullivan:** Mr. Whitworth, you suggest—and we've heard this also from the trucking industry—that the big companies play by the rules and the small ones don't. Clearly, from the experience in 2011, Transport Canada does not have the facilities, manpower, or boats to actually conduct the kinds of inspections necessary to keep the small players in line.

Has there been a change since 2011 in Transport Canada's budget or the availability of ships, boats, in B.C.?

**Mr. Jonathan Whitworth:** I left it out of my comments that in terms of November 2011 and those two four-day inspections that occurred, unfortunately that was also the last voyage and agreement that they did with the RCMP. Although that was, in my humble opinion, a very successful outing in catching players not playing by the rules, I was a little dismayed to see that they actually have not kept up with those.

Even if Transport Canada does not have a boat that they can do these inspections with, I thought the fact that they used the RCMP was a good combination. The only thing is they stopped in the fall of 2011.

**Mr. Mike Sullivan:** There's been no activity since, and as far as any of us know, Transport Canada hasn't had any budget increases to do that kind of thing.

We've also heard about Transport Canada's lack of ability to conduct audits of the safety management systems in the rail industry. This would appear to be their lack of ability to conduct safety audits of the smaller players on the B.C. coast. Would you agree?

**Mr. Jonathan Whitworth:** I won't speak to rail because I would say, compared to the marine business, it's probably easier to make those inspections.

The B.C. coast is quite long and large. What often happens is if Transport Canada wants to do a certain percentage of inspections and their inspectors are here in Vancouver, they head down to the port and they step on whatever vessels they see. Unfortunately, 75% of those vessels are red and white and have Seaspan on them, so they see a lot of our boats, which do very well, by the way. We get high marks, which is good, but it's going up to Kitimat, Prince Rupert, Bella Bella, Port Alice, Port Hardy, going up to the Haida Gwaii, which is where a lot of the smaller operators are transiting, and that's where they need to do the bulk of the inspections, in my humble opinion.

● (1135)

**Mr. Mike Sullivan:** That's good advice, thank you.

Mr. Lowry, the Vancouver Airport Fuel Facilities Corporation is proposing a new aviation fuel delivery system to serve airlines at Vancouver International Airport, and I'm wondering if you could comment on the impact of a potential spill from there.

**Mr. Michael Lowry:** Sure. Our mandate includes all navigable waters. As far up the Fraser River as one of our members can travel, that's our responsibility. We were engaged by that particular project to provide a response plan. That is part of their application. We have looked at that project. We'll be able to use river booms to help with a spill related to that project.

**Mr. Mike Sullivan:** You don't see any particular concern with that project.

**Mr. Michael Lowry:** No, we have a response plan in place that we provided to them.

**Mr. Mike Sullivan:** Finally, Mr. Lowry, has there been any impact from the coast guard closures on your operations, the closure of the Kitsilano station, etc., and their reduction in budgets?

**Mr. Michael Lowry:** We do get that question quite a bit. We don't rely on the coast guard for our actual boots on the ground. It's all our own equipment that we're using. The coast guard's role in a spill is called the federal monitoring officer. They are responsible for making sure that the spill is being managed properly and if it's not, they can step in and take a management role. The reductions there did not impact how we would respond to spills.

**Mr. Mike Sullivan:** Thanks.

For the port authorities, one of the things you said, Madam Zatylny, was that whatever changes were to be made they should be "proportionate to risk". Can you explain what you mean by that? Does that mean there are risks we should accept and risks that we shouldn't? What does that mean?

**Ms. Wendy Zatylny:** It means that all of the regulatory regimes that are in place...and the approach that was taken, for example, by the world-class oil tanker safety review panel was a risk-based assessment. They're operating in a real-world environment, and there are always things that potentially might occur that present a risk to the environment or to the communities, but what we are recommending, what we are saying, is that any kind of regulatory regime meant to address those potential occurrences should be based, first of all, on an assessment of the probability of the risk as well as looking at what are the mitigation and response measures that are in place.

The reality is that within the marine environment there is never just a plan A to deal with something. There's always a plan B, a plan C, and a plan D that provide multiple levels of resilience, if you will, and so that is our recommendation. That's what we're saying. We're saying that a risk-based approach is more than robust for addressing any potential hazards.

**The Chair:** Mr. Sullivan, your time is well expired.

Mr. McGuinty, for seven minutes.

**Mr. David McGuinty (Ottawa South, Lib.):** Good morning, everyone.

I will begin with Mr. Whitworth.

Congratulations on the attention of your contracts for coast guard ships and other expansions. That's a great success story. Congratulations. That's very encouraging for your company, very encouraging for the coast, very encouraging for Canada, so good luck with all your expansion and going from 2,500 to 3,500 employees in a short while.

I want to come back to your comments about being a strong believer in regulations. You said it was a differentiator. I would assume it's a differentiator nationally and internationally. I suspect you're talking from a competitive perspective as well. Is that right?

**Mr. Jonathan Whitworth:** That's correct.

There's the ability for the commercial market to actually recognize and reward those who have safety systems, who ensure that the environment is taken care of, and who ensure that they meet or exceed safety criteria especially in the case of customers in the oil business, for example. They do differentiate between those who meet or exceed the regulations and those who just meet or—God forbid—don't meet the regulations.

**Mr. David McGuinty:** In a system in which we have regulated parties and a regulator, Transport Canada, is it your view that the economic competitiveness of your company is enhanced when you have a fully functioning regulatory system with proper follow-through and enforcement?

● (1140)

**Mr. Jonathan Whitworth:** That's correct. I do.

**Mr. David McGuinty:** It makes you a better company. It makes you more competitive. It generates more wealth. It creates more jobs, etc. Is that correct?

**Mr. Jonathan Whitworth:** That's correct.

One of the things that I think stands out with Seaspan, for example.... By the way, all of my discussion points so far are really comparing the coastal tug and barge and marine business. I'm more than willing to talk about the international tankers and the international vessels, but I'm really just talking about the domestic fleet. At Seaspan we spend close to a million dollars a year in training. We at Seaspan, and I personally, look at that as an investment. Some people would look at that as a cost or an expense. That's an investment to make sure we have all of those young men and women trained up to do those jobs in the future, and again, that goes back to making sure we meet or exceed the regulations. Another competitor might see that as money right off the bottom line and ask why the heck they should spend a million dollars.

**Mr. David McGuinty:** Right.

It makes you more competitive as a company, but it also levels the playing field. Making sure you have regulatory follow-through and enforcement levels the playing field, so there aren't laggards who are undermining the good efforts of Seaspan, for example.

**Mr. Jonathan Whitworth:** That's correct.

**Mr. David McGuinty:** That's what makes it difficult for us here. Just last week I confirmed again with the Parliamentary Budget Officer that the government is not providing the information the Parliamentary Budget Officer needs to do the objective assessment as to whether the department, Transport Canada, in its cuts has affected front-line regulatory enforcement. Over the last five years it has cut 27% of the marine safety budget. We're trying to find out whether the government's claims that these cuts have all been to the back office and not to front-line enforcement are true. The problem is that the government won't release the information.

As a man, a CEO, who's going from 2,500 employees to 3,500 employees, how do you react to that? Do you think that's a very smart thing for Canada to be doing?

**Mr. Jonathan Whitworth:** Actually, the largest portion of that growth is in the shipyard business that we talked about a little earlier. I don't want to compare apples and oranges. Those additional 1,000 employees are going to be here on land and will not fall under the Transport Canada regulations that we were discussing. I'm not as concerned about our growth aspect and this having an impact on that. I still stand by my earlier comments that regulation is good, but we have to just make sure that the compliance matches the regulation.

**Mr. David McGuinty:** Your principal recommendation today is that we have good regulations, but they're not being enforced. The capacity isn't there to enforce them. Is that correct?

**Mr. Jonathan Whitworth:** There could be more done, and that would be my recommendation.

**Mr. David McGuinty:** Thank you.

Ms. Zatylny, I want to go to your comments about your Green Marine certification. Congratulations on launching that process. It reminds me of the responsible care program that was launched in Canada some 25 years ago now and in almost 90 countries worldwide. Most people don't know it's a Canadian invention. I dare say most people wouldn't know that the Green Marine certification process was started in Canada.

Do you see that Green Marine certification process also, as Mr. Whitworth has described regulation, as a differentiator to help Canadian ports compete with American counterpart ports, for example? You're driving up overall green performance to be able to compete. Is that right?

**Ms. Wendy Zatylny:** Thank you for the question.

I think that's an interesting take. The reality is that the Green Marine program has actually started to expand around the world. While it started in Canada, as you have said, it has now been taken up by members of the American Association of Port Authorities, so it is in fact being expanded and is becoming a de facto North American standard.

A few weeks ago I was in Seattle meeting with some of the Asian ports. They were very interested, because they're looking at developing their own certification programs. They were looking at Green Marine as a template or a set of standards to comply with or adhere to. What we're actually seeing is the spread of a global set of very robust voluntary activities and standards that all of the port authorities are adhering to.

To your question about the competitive edge, if you will, the interesting thing from what I'm seeing is that the entire marine community, certainly on the port authority side, in every country on various continents, whether it's in Europe, over in Asia, or here in North America, is seeing environmental stewardship and concern for local communities and local ecosystems as benefiting the position of the port within their communities. It's simply being a de facto very important area to be focusing on, ex of its being a competitive advantage. That's why we're seeing this spread of the global standards to all the port authorities around the world.

• (1145)

**The Chair:** Thank you.

We'll now move to Mr. Komarnicki for seven minutes.

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** Mr. Chair, in my recollection, one of the officials from the Department of Transport indicated that the budget was increased by \$15 million or perhaps \$18 million, dedicated specifically to the transportation of dangerous goods. I just want to make note of that.

My questions will be for you, Mr. Lowry. Specifically, I noticed that in your testimony you said that you deal with oil spill response and you have an oil pollution emergency plan, and then, of course, a certificate of arrangement with third parties.

First, with respect to the oil pollution emergency plan and the demonstration of your ability to respond to a spill, how do you do that? Who do you demonstrate it to? How often do you do that and what might it involve?

**Mr. Michael Lowry:** Thank you for your question.

We do have a very robust certification requirement. Transport Canada is the auditor of that program.

For Port Metro Vancouver, we do a 150-tonne equipment deployment annually. We also must do a 1,000-tonne tabletop exercise. Every two years, we do a 2,500-tonne equipment deployment, and every three years we do a 10,000-tonne tabletop exercise.

Just this year, about three or four months ago, we did our 1,000-tonne tabletop exercise along with one of the oil-handling facilities in Burrard Inlet, Suncor, and we also brought in vessels for that particular one. That was the first time we did that. That's a full-day exercise. We operate the ICS, incident command system, and Transport Canada comes, observes the exercise, and provides feedback.

**Mr. Ed Komarnicki:** When the port authority was talking about simulated actions or interaction, is that tabletop what you undertake to see how you might work under real or simulated conditions?

**Mr. Michael Lowry:** That's correct. As part of that ICS, which is an incident command system, a worldwide system that agencies use to manage emergency response, there is what's called the unified command. At that table would be Environment Canada, Transport Canada, the coast guard, first nations, and the municipalities. They're collectively making decisions on how the spill is handled.

**Mr. Ed Komarnicki:** I notice that you're having contractual arrangements with third parties. How often do you review those? How much of it is on the basis of a contractual relationship? How much of it is in a knowledge-based way, where you can deploy people or enter into a contract, as you mentioned earlier, within hours of needing their services? What is being done to ensure that you have, in addition to contractual arrangements, the potential to arrange for people in various situations?

**Mr. Michael Lowry:** That's a good question. Our full-time staff now is at around 50, so we do rely extensively on contractors, especially for larger spills. We don't have a system in place right now whereby we have a financial arrangement that guarantees they're available.

As for how we compensate for that, we train contractors on an annual basis. We train up to 200 contractors yearly. All those contractors, along with all of that training program, are captured in our oil spill response plan that is submitted to Transport Canada every three years. Those arrangements are documented in that plan.

**Mr. Ed Komarnicki:** You have contractors who are being trained, but is there an additional cache of potential contractors you might engage who aren't involved in your specific training program?

**Mr. Michael Lowry:** No, they would all have to be part of our training program. We're looking at fishermen through what we call our FOSET program, marine contractors, and also first nations. We're working them through a training program on an annual basis.

• (1150)

**Mr. Ed Komarnicki:** I noted that you have warehouses located in strategic points with caches of various types of equipment. Does that get reviewed from time to time? What happens with respect to potentially new equipment, new technologies, that might be utilized?

**Mr. Michael Lowry:** All of our equipment goes through a regular maintenance program. There are chits on the actual equipment that people sign off on when it goes through the maintenance program. All of that is properly maintained. Similarly, with contractors, that equipment is captured in the oil spill response plan that is submitted to Transport Canada.

Every year we have a capital budget. This year it's about \$6.4 million. Current Buster is one of the latest in terms of spill response equipment. We're getting some new ones on board, and those will be dispersed to our various locations.

**Mr. Ed Komarnicki:** I noted that in practice you talked about maybe having to deal with 20 small spills, I take it, maybe a year, if that's what you were referencing, but you haven't experienced any larger spills. How are you prepared for that? What type of technologies might be available to deal with something other than just small spills experienced 20 or so times a year?

**Mr. Michael Lowry:** Probably the largest ship-source spill that we responded to was the *Queen of the North* sinking. The other

larger spill was the Inlet Drive spill in 2007 in Burnaby, where a backhoe ruptured a pipeline. That was around 100 tonnes.

How do we exercise or practise our capacity to handle larger spills? That is captured in the Canada Shipping Act requirements for a certification program. We do a tabletop exercise for 10,000 tonnes, where we're looking at all our assets and how they're deployed for that specific exercise. That's a two-day program that we run.

**Mr. Ed Komarnicki:** Thank you for that.

Mr. Whitworth, you mentioned some of your concern relative to the regulations, where they were not necessarily audited or inspected like you thought they might be. There are third party classification societies whose responsibility it is to deal with certification and auditing, and they're designated to do so. What do you say about them? Are they inadequate in some fashion? They're not the same as Transport Canada itself boarding, as you said, RCMP vessels.

Could you comment on that?

**Mr. Jonathan Whitworth:** Yes. The international classification societies are put together to kind of fill in that gap and make sure that regulations around the world are complied with. They do a fantastic job. Some of our vessels are included in classification.

The reason I stress "some" is that the classification only applies to vessels of a certain size, horsepower, and weight. Our largest vessels are classed either by Lloyds out of London or ABS out of the United States, but the vast majority of our smaller vessels are not classed. Similar to the smaller vessels up the coast that are falling beneath the radar, they are actually not required to be classed. Therefore, the only regulatory body would be Transport Canada.

**Mr. Ed Komarnicki:** All right. Now—

**The Chair:** Thank you. You're out of time.

We'll now move to Ms. Young for seven minutes.

**Ms. Wai Young (Vancouver South, CPC):** I would like thank everybody for their most interesting information, and to say hello to Mr. Jonathan Whitworth from Vancouver, as we all know where I'm from. Thank you for being here today and providing us with your information.

As a member of this committee, I was actually quite distressed to hear from your presentation that since 2011 there obviously has been no monitoring occurring for the smaller vessels. Could this have been an oversight, in the sense that you're not aware of any additional activity, or has there clearly been no activity?

**Mr. Jonathan Whitworth:** I can tell you that until about a year ago, and something may have very well occurred in the last 12 months, but I do know that in 2012 and 2013, because I was informed by Transport Canada, they had not done more of these reviews and audits. There is a very good chance in the last 12 months—I have not spoken to Transport Canada about that—that this may have occurred. There is a bit of a drumbeat that goes up and down the coast, so I have to tell you that I would be pretty shocked if this had occurred and I hadn't heard about it, because when they did go out in November 2011, within the first 48 hours the whole coast knew what they were doing. It ricocheted up and down the coast. I haven't heard those types of comments so my gut would tell me that not only in 2012 and 2013 but my guess is that in 2014 it has not occurred.

• (1155)

**Ms. Wai Young:** Again, I'd like to thank you for bringing that forward to this committee, because we take that very seriously.

In 2007, Seaspan committed to implementing and maintaining an environmental management system, an EMS, that conforms to the International Organization for Standardization for excellence in environmental management. Could you please describe to us and share with us what impact that has had on your organization?

**Mr. Jonathan Whitworth:** There are three layers of what we in the marine group and our shipyards—we both share this common desire.... There are three areas that are internationally regulated. There's a safety management system, an SMS, an environmental management system, an EMS, and also a quality management system, a QMS. It's basically a system that companies can keep updated. We're audited on a regular basis, either annually or biennially, to make sure that the systems we put in place are actually working.

With regard to environmental, a big part of it is whether you have policies and procedures to make sure the environment is kept safe and whether your crew members and your employees in the shipyards are aware of and following those. That's how we're audited every year. If you are not either creating policies or, God forbid, you have policies but you're actually not following them, you won't pass your audit. Again, those classification societies that were brought up by the previous speaker are actually the entities that control those systems: Lloyds, ABS, DNV, and others. We subscribe to that. I'm very pleased to say that we routinely meet or exceed those requirements as far as QMS, AMS, and SMS are concerned.

**Ms. Wai Young:** Coming from the west coast where we're sometimes maligned for the fact that people actually transport dangerous goods at all, would you say that as a company you are proud to stand up and say that you have implemented and obviously followed through with the best standards possible, in terms of the transportation of dangerous goods?

**Mr. Jonathan Whitworth:** Absolutely.

I'm asked that question quite frequently because of the experience and breadth of business we do in British Columbia. The things that I've highlighted so far are small operators operating primarily in the northern portion of our province. When I look at the safe transportation and the safety record that I mentioned earlier with 20,000 escorts through the port of Vancouver into the Second

Narrows, through a gap that's 450 feet wide, we're constantly asked about it right now because we're doing support in the Kitimat and Douglas Channel area for LNG or possibly oil export. We are asked how we can ever safely escort vessels in the Douglas Channel. The narrowest point of the Douglas Channel is 5,000 feet. We've put 20,000 vessels safely in between a rail bridge that's 450 feet. That's a tenth of the distance of what you would see in Douglas Channel.

I'm an absolutely firm believer in things that were said earlier by WCMRC. I don't only see them outside my window. I do believe there is the capacity here to make sure that the port of Vancouver and the B.C. coast are safe.

Can we up our game by making sure some of the smaller players follow the same rules? Yes. But are we a safe port? I do believe what was said earlier, yes.

**Ms. Wai Young:** I'm running out of time and I have a question for Michael Lowry as well. Very quickly, would you say that larger operators such as yourselves have the bulk of the business? What are we talking about in terms of percentages? Are we talking about the fact that larger operators that do have these safety management systems in place have 70% or 80% of the business? What can you share with us about that?

• (1200)

**Mr. Jonathan Whitworth:** In a nutshell, you're correct. If I look at the top five transporters here in British Columbia, my guess is they probably have 85% of the market.

**Ms. Wai Young:** Okay.

Mr. Lowry, it was fascinating to hear about how Western Canada Marine Response Corporation was dealing with the incident up in the Haida Gwaii. It is quite impressive that within hours, within the day, you guys put together a response plan.

Could you tell us a bit about your incident command system—it is something I don't know very much about—and its role in the command and control coordination of an emergency response? Can you detail that for us a bit more?

**Mr. Michael Lowry:** Yes, absolutely. I mentioned earlier that it is an international management system. It's entirely scalable, so you can go from a room of four or five people up to 400 or 500 people. The Vancouver Olympics used this system. It's used in earthquake response and any kind of disaster response. When we do our tabletop exercise, we're responsible not only for the equipment and manpower on the water, but also potentially for managing that entire system.

When we're dealing with a vessel like the *Simushir*, where they might not have people on the ground, we'd be able to staff an entire incident command system, build an ICP, and incident command post, and run that on behalf of the shipowner. For the larger players, some of the larger oil facilities, they'd be able to staff those incident command systems themselves.

When we do the tabletop exercise, people in our organization take certain roles. There are different departments: operations, logistics, and finance. There's a unified command. When we do our training, we're training not only for an on-water response, but also how to operate an incident command system.

**The Chair:** Your time has expired, Ms. Young.

Mr. Mai, for five minutes.

[*Translation*]

**Mr. Hoang Mai (Brossard—La Prairie, NDP):** Thank you, Mr. Chair.

My thanks to the witnesses for joining us today. I will start with a question for Mr. Lowry.

We were wondering about the amount of oil that could be recovered from the St. Lawrence River in the event of a spill, considering that there are more and more tankers on the river. The answer was that only between 5% and 20% could be recovered. On the west coast, could you tell us what percentage could be recovered in the event of a spill?

[*English*]

**Mr. Michael Lowry:** No spill is the same and I would never want to put a number to that. There are numbers out there. The International Tanker Owners Pollution Federation has a number that is an average of 10% to 15%. That's for open sea recovery, which is vastly different from near shore. For the 2000 spill that I mentioned, our recovery rates were 95%. You need to look at where the spill is, what type of material it is, and how fast you are going to get there. Those are the factors that influence recovery rates.

**Mr. Hoang Mai:** All right, thank you very much.

You raised the question of liability. We're all concerned and we do want the polluter pays principle to be applied. Can you tell us more about what the system is right now and how we can improve it so we're sure that at the end of the day it won't be taxpayers who will have to foot the bill?

**Mr. Michael Lowry:** Yes, absolutely. The system that was imposed in the original amendments to the Canada Shipping Act, which brought the spill response regime under the control of Transport Canada and the federal government, is where you first start to see this polluter pays program implemented. With the measures that the government introduced in May, what they're trying to do is to strengthen that program.

There are three levels to the liability. The shipowners have to have a liability and they're required to have insurance that covers that liability. Transport Canada is responsible for checking to see that those certificates do exist. That liability depends on the size of the vessel.

Once that is exhausted, there is international money available. That's about \$1.14 billion. Once that's exhausted, then the Canadian fund kicks in. Initially that was up to \$161 million. The government made recommendations that entire fund would be available for up to \$400 million. Barring that, if we go past that, the government has also proposed a levy that's reintroduced onto industry to recover any costs that would potentially go back to the taxpayer. Right now you're looking at \$1.5 billion available in case of a spill.

● (1205)

**Mr. Hoang Mai:** Mr. Whitworth, you also spoke about liability. What's your perspective on that front?

**Mr. Jonathan Whitworth:** The previous speaker is correct. The vessel owners, especially with dangerous goods, have to have quite a stiff amount of insurance that we pay for, which I think is understandable. For shipowners, especially of operating tankers along the coast, which is the first layer that the gentleman just mentioned, it's called a COFR, certificate of financial responsibility. That alone is another billion-plus dollars' worth of liability that is covered. I think when you add the three components up, it's actually in excess of 2.5 billion dollars' worth of liability from the large tanker operators.

I feel comfortable that there are large pockets of money available, God forbid, if they are required.

**Mr. Hoang Mai:** Thank you.

Also, just to correct, or to add on to what Mr. Komarnicki has mentioned, just to be clear, according to the public accounts numbers, there was a reduction of almost 28% of the budget for marine safety, if we look at 2010-11 compared to the 2013-14 budget. In terms of marine safety, there has been a decrease in investment from the government.

That brings me to this point, Mr. Whitworth. You said that 64% of the investigations were not followed up. Actually you raised some, for my part, alarming issues regarding inspections. It's something we saw in rail safety, and that's something the government hasn't really responded to well because they've been hit by the TSB.

Is it possible to have either the figures or numbers you mentioned regarding inspection by Transport Canada for marine safety? Those numbers you raised, can we have them? Are they public?

**Mr. Jonathan Whitworth:** I would imagine that you could go to Transport Canada and ask about that inspection regime. As I mentioned, it was in November 2011. I'm sure, with that date and that requirement of those two inspections, you'll be able to find that data.

Ms. Young brought up a good point a minute ago. Those 64% of the failures were with small operators in the north part of the coast. I'm worried about them because, as a mariner and as a man who previously sailed aboard vessels, I worry about the safety of others. We're talking about a smaller pool of vessels in the north that we are concerned with in regard to this regulatory gap, I would say.

We don't see it applying to the major port here in Vancouver, but I do definitely see this as a concern in the north.

**The Chair:** Thank you.

We'll now move to Mr. Watson for five minutes.

**Mr. Jeff Watson (Essex, CPC):** Thank you to our witnesses.

Once again, to clarify the funding numbers, 80% of the purported decreases that the members opposite keep quoting are due to efficiencies, things like decreases in bureaucratic travel and professional service costs, and transfers of program responsibility dollars that follow to another department, for example, environmental assessments going to a relevant other government agency. They're not front-line services.

We did hear from departmental officials who, when under cross-examination by Mr. McGuinty, actually admitted that the TDG directorate got an increase in its budget, from \$13 million to \$20 million. It proves that you can have efficiencies while targeting to front-line safety services.

I want to start with Mr. Whitworth. You've testified today that there are no longer any joint blitzes being carried out by Transport Canada with the RCMP. Having no blitzes doesn't mean there's no inspection or audit activity anywhere on the west coast by Transport Canada. Is that correct?

•(1210)

**Mr. Jonathan Whitworth:** Oh, that's absolutely correct, yes. I was referring to this kind of blitz comment, but the inspections, yes, they're going on.

**Mr. Jeff Watson:** Right. We want to be clear for the public who are listening that in fact inspections and audit activities do occur.

You think it's important, of course, and perhaps this committee could make a recommendation, that such enforcement blitzes be restored, based on risk, I guess, for the classes of ships, or the area of traffic, or the geographic area where it makes the most sense to do that. Is that something you would support, Mr. Whitworth?

**Mr. Jonathan Whitworth:** That's exactly what I would support, and you are correct.

**Mr. Jeff Watson:** As far as the delegation of authority by Transport Canada to the classification societies to do inspection and audit is concerned, do you support that particular measure, Mr. Whitworth? How many of your ships would fall into the class size that would be captured by the classification societies?

**Mr. Jonathan Whitworth:** It's currently all the ferries in our ferry fleet and, I would say, the six largest vessels in our boat class. They all have the delegation of authority from Transport Canada. I would say it was a little bit of a rocky start at the beginning, because I think Transport Canada and the classification societies were probably trying to find their footing. However, I can tell you that in the last year and a half it has been a success for Transport Canada. Instead of taking the role of doing all those inspections and getting that work done, it now just supervises them, which is a much smaller role, and it lets the classification societies do the work. It was a rocky start to begin with, but I would say over the last year and a half to two years it's been going quite well.

**Mr. Jeff Watson:** Is the remainder of your fleet inspected and/or audited by Transport Canada directly?

**Mr. Jonathan Whitworth:** Yes, because they are under the tonnage requirement for delegation of class.

**Mr. Jeff Watson:** Are the vessels that you're concerned about restricted to a particular...? I think you mentioned a certain geographic area where a number of your competitors may be

escaping these types of enforcement blitzes, or perhaps an area where the enforcement blitzes should be restored. Are any of those ships...? What class are we talking about? What size are we talking about? What type of ship are we talking about? How many of those would be captured under the classification society inspection regime? Would it be a similar percentage to your own?

**Mr. Jonathan Whitworth:** The vessels that I was alluding to and concerned with are all small transport vessels, mostly tugs doing barge towing and log towing, so they're much smaller.

**Mr. Jeff Watson:** Are they like a 40-foot tug, that kind of thing?

**Mr. Jonathan Whitworth:** You got it. They have a two- to four-person crew, and I would say none of them meet the criteria for classification.

**Mr. Jeff Watson:** Right, but in terms of the way the regime is crafted, they should be inspected and/or audited by Transport Canada according to some schedule, if you will.

**Mr. Jonathan Whitworth:** That's correct.

**Mr. Jeff Watson:** Mr. Lowry, I'm going to ask this question both of you and of Mr. Whitworth.

Ships that are calling on Canadian ports are required to have a contract with a certified response organization in the event of a spill or cleanup. It was suggested that ships that are transiting waters but not calling on a Canadian port don't necessarily have to do that. Is that correct, and if so, should they be required to?

**Mr. Michael Lowry:** That is correct, and that is what happened with the *Simushir*, because it was not calling on a Canadian port. It was merely transiting our waters, so it wasn't required to have a—

**Mr. Jeff Watson:** It wasn't transiting Canadian waters until it blew into the waters, though. Isn't that correct? I am talking about those that are purposely transiting Canadian waters. That might be a little bit different.

**Mr. Michael Lowry:** If it is not calling on a Canadian port, it is not required to have a membership agreement with a response organization.

**Mr. Jeff Watson:** Should it? That's the question.

**Mr. Michael Lowry:** I think that's something this committee could look into, because there is a significant amount of traffic that transits our waters and does not have membership with response organizations.

•(1215)

**Mr. Jeff Watson:** Mr. Whitworth, what is your comment on that?

**Mr. Jonathan Whitworth:** If I put on my old hat of being in the international trade, the one thing that would worry shipowners and operators is that certain countries—for example, the United States—certain states, or certain provinces in Canada have their own regulations outside of the international regulations, which becomes very problematic. I would say it's a press on the organization called the IMO, the International Maritime Organization, to make sure that it has regulations that cover this, but when Canada has its regulations on top of other countries', or more importantly the international standards, it would require shipowners who move ships around to have lots of different additional coverage that they often don't use or need. It would become very, very expensive. I believe the IMO regulations are the correct regulations with regard to liability, but I think having individual requirements for vessels that don't call in Canada from an international vessel operator becomes very difficult.

**Mr. Jeff Watson:** Okay.

**The Chair:** Thank you very much.

We'll move to Mr. Sullivan for five minutes.

**Mr. Mike Sullivan:** Ms. Zatylny, on the Green Marine initiative that you talked about earlier, I'm aware from other work that I do that marine vessels are probably the single biggest air polluters out there in terms of their use of the lowest class of diesel engine to drive them, and the worst fuel, so you don't really have any control over ocean-going vessels that are actually out on the ocean. Green Marine would only be inside ports. Is that true, or is there something more to it than that?

**Ms. Wendy Zatylny:** Well, the Green Marine initiative itself applies to ports, Canadian shipowners, anybody involved within the Canadian marine sector. However, there are a number of actions that have been taken, either by individual ports, or by Green Marine itself, or ports under the Green Marine umbrella, that would help address some of these problems. In fact, one area that the Green Marine program targets is greenhouse gases and air emissions.

The program itself has standards that would have ports looking at what they can do to help ships reduce their greenhouse gases, their emissions. A good example that we've seen is a couple of the larger ports, such as Port Metro Vancouver and port of Halifax, are moving to providing shore power, which means that when a ship is in port, a cruise ship in particular, they don't have to run the engines but are able to shut down and draw electrical power from the port. That is one area the Green Marine program tries to address.

At the same time, individual ports have undertaken initiatives to help encourage shipowners, particularly transoceanic vessel operators, to reduce greenhouse gas emissions and sulphur content, for example. Prince Rupert has an incentive program for ships that come in that are burning low sulphur fuel, for example. They will get a reduction in their berthage fees. It becomes a financial incentive that is given to transoceanic operators.

**Mr. Mike Sullivan:** Do they only burn low sulphur fuel or do they just carry some low sulphur fuel to arrive at the port?

**Ms. Wendy Zatylny:** Well, I can't say what they do out in the middle of the ocean; however, given the emissions control area requirements that have been put in place internationally, there is a 200-mile limit. All ships that are coming within 200 miles of

Canadian territory have to burn low sulphur fuel. In fact, in 2015 it will be going from 1% sulphur in fuel to 0.1% sulphur content.

**Mr. Mike Sullivan:** Beyond that, they can do whatever they want. There are no rules on the high seas, I guess.

**Capt Yoss Leclerc:** Well, the International Maritime Organization is really spending a lot of effort and energy to improve the air emission of ships. Wendy was talking about the ECA, the zone around countries, North America and Europe, where ships have to burn very low sulphur content fuel. The criteria and requirements are also getting more stringent internationally. The more the ECA zones are getting stringent, the more the international criteria are also getting stronger. The tendency is to have cleaner fuel.

On the other hand, in the marine industry—and I think Jonathan can speak with more experience than I; he's in construction—there's a lot of R and D money spent in all the marine companies, shipbuilding, to have cleaner vessels that use LNG, solar energy, and all these kinds of technologies right now, again to improve the footprint impact of their activities.

• (1220)

**Mr. Mike Sullivan:** How far along is that? Are we anywhere near that kind of technology in general? These ships last an awful long time once they're built.

**Capt Yoss Leclerc:** I know for a fact that in Canada there are several initiatives for *traversiers*, ferries. I think Jonathan can also add more to it. I know there have been projects in the St. Lawrence River, on the west coast, even on the Atlantic coast, where they are moving to have ferries move to LNG or hybrid energy.

**The Chair:** Thank you.

We'll now move to Mr. Braid, for five minutes.

**Mr. Peter Braid (Kitchener—Waterloo, CPC):** Thank you to our witnesses for being here today.

Ms. Zatylny, could you begin by briefly describing what role, if any, port authorities play in monitoring or ensuring the safety of vessels, ships, that use our ports?

**Ms. Wendy Zatylny:** I actually think my colleague Captain Leclerc would be better positioned to answer that one.

**Mr. Peter Braid:** Very good. Yes, delegation is often a very effective skill.

**Capt Yoss Leclerc:** What I can say is that I have been sailing for 15 years. When we talk about a ship, when you're in the middle of the sea, you cannot call 911. You're on your own. People are trained. They have the equipment, the systems. You are so trained that when there is an alarm, you know exactly what to do. You know at two in the morning, at three in the morning...exercises... Everyone is very well trained.

I moved to port side, the other side, and it is the same. Mr. Whitworth was talking about the Second Narrows MRA initiative. This is an initiative that has been replicated elsewhere in the world. It is an initiative that the port, with all the stakeholders, led in order to ensure the safety of movement.

We were talking previously about risk base and the assessment of risk. We have a regulatory framework today in Canada that permits that. Every time there is a project, every time there is a new activity, we go through a risk assessment on the marine side and on the land side, and recommendations come forward. In the example of the Vancouver airport fuel facility, it was a long process of assessing the whole project and ensuring that going forward, the project and the activities would be carried out safely, securely, with protection for the environment.

**Mr. Peter Braid:** Very good.

Do any of the small vessels that Mr. Whitworth has described use the ports that you are involved in? That's the first part of the question. The second part is whether you share the concerns that Mr. Whitworth expressed about those small vessels and their ability to live up to regulatory requirements. It's a two-part question.

**Capt Yoss Leclerc:** The Canada Marine Act provides the power for the port authorities to put in place procedures and regulations for the port. As you know, there are international regulations, and there are national ones, but there are also the port's regulations, and they are basically developed with the stakeholders, with the marine industry, with experts in all their activities, to ensure the safety and security of activities.

Speaking about the port of Vancouver and dangerous goods, for example, there was a process where the monitoring of this on barges and vessels moving through the port—and I could go into detail—was from 24 hours in advance. The port knew exactly at what time the vessel would transit, what was on board, and how it was going to transit. We worked with the Canadian Coast Guard, the traffic and communication service, to inform the whole marine industry that something was going through the port. In terms of the tankers, we even had a clear narrow, so that when the tanker was moving, no further activities were going on around it.

The port has the power to put all that in place.

I think what Jonathan was talking about was more in the northern part of B.C.

• (1225)

**Mr. Peter Braid:** That's great, thank you.

Mr. Lowry, I have a question for you.

Could you explain how you liaise with, involve, and engage aboriginal communities on the west coast, particularly with respect to training, ensuring marine safety, and environmental protection?

**Mr. Michael Lowry:** Sure.

Particularly on the northern coast, we do engage quite a bit with first nations. It's part of our marine contractor training program, which I talked about earlier. Some of them are fishermen; some of them are marine contractors. We do train them both on shoreline training for if the product does reach the beach. There are certain cleanup techniques that we train contractors in, as well as fishermen who might have their own vessels and who we might engage in the case of a spill.

The other point of interaction is that as part of our new mapping program, we've been approaching communities. This is a pilot

project we did within Burrard Inlet, east of Second Narrows, where we approached the first nations groups and asked them to feed into our system, identify cultural sensitivities, for example, whether there's an archeological site or some other site that we would want to be aware of in case of a spill, so we could go out and boom that off during an incident.

Those are two points where we engage.

**Mr. Peter Braid:** Okay. Thank you.

**The Chair:** I'm sorry. Your time has expired.

**Mr. Peter Braid:** We were having a fascinating discussion, Mr. Chair.

**The Chair:** We'll now move to Mr. Yurdiga for five minutes.

**Mr. David Yurdiga (Fort McMurray—Athabasca, CPC):** I'd like to thank the witnesses for participating today. This is very important. It's about our environment. It's about our future, so thank you very much.

My first question is for Mr. Lowry.

There's a significant interest from industry and government in expanding beyond our traditional North American energy markets into Asia. In your view, with the potential increased intensity of ship traffic, is the current emergency response capacity sufficient to handle an increase in the shipping density? If not, what plans or discussions have taken place to address this potential increase in traffic?

**Mr. Michael Lowry:** It's a good question.

Prior to the tanker safety panel review, the regime had not changed in several decades. There was a requirement for change, which is why we had moved past the 10,000-tonne capacity requirement. What we wanted to see happen was a move to a risk-based system where, as opposed to a one-size-fits-all package, you're looking at specific areas where the highest risk is and then developing response strategies for that particular area. That's what we've seen in the recommendations that have come out of the panel report, and we're very supportive of those. Those would be able to be scaled based on how much oil is coming out of the province. You would be able to look at the risk for that particular area and then develop response strategies based on that risk.

**Mr. David Yurdiga:** Okay. Thank you.

Mr. Lowry, in the event of a spill, your organization is contacted by a response party to clean up this spill on their behalf. Who monitors the response operation and takes command if the polluter is unable or unwilling to respond?

**Mr. Michael Lowry:** That is the Canadian Coast Guard federal monitoring officer. They are on scene. If they don't believe that the cleanup is being handled properly by the responsible party, they do have the authority to take command.

**Mr. David Yurdiga:** Okay. Thank you.

My next question is for Ms. Zatylny.

Last week we met with the Shipping Federation of Canada. In their follow-up answer they described the amount of shipping growth in Canada. Their assessment was that the ship traffic growth was somewhat flat due to the larger ships being used, but the tonnage has been increasing over the years.

Does the increased size of the average vessel coming into Canadian harbours increase risk? If so, what have you done to address this issue?

**Ms. Wendy Zatylny:** Certainly there's no doubt that the boats are getting a lot bigger and they're putting a lot more demands on the port authorities and all the associated partners to try to address them.

Most of the impact has been primarily on the infrastructure side in terms of requiring bigger berth spots, a lot deeper draft, as well as simply the off-loading capabilities. When you have a 6,000-TEU vessel coming in, the various modes are set up to handle that, whereas if you have one coming in that is a 10,000 TEU or a 12,000 TEU, it puts a lot of extra strain on the port and its ability to handle the cargo. From the port authorities' perspective, that has been the larger impact of these larger vessels.

In terms of safety and security, the planning that is done by the port authorities is meant to take that into account when they do the assessment as to whether they can bring the vessels in.

•(1230)

**Capt Yoss Leclerc:** If I could add something, as you know, when there is a project where it's something new, as in a bigger ship or a new terminal, today a technology that is very robust—and I have gone through it in the Second Narrows MRA—is the simulators that the pilot uses doing the project. They are going to simulate the whole passage of a vessel with the size of the vessel. It's a real-time exercise with the tugs attached. They put wind, waves, and all the environmental effects for the worst-case scenario, and the pilots go through the simulation and get to the result: is it feasible or not feasible? The recommendation comes from there.

It's not only that. Even if the simulation said that it was feasible, there is also a training process. For the pilots, there is a pilot project where if it's a new terminal they're going to bring a smaller ship, they will do some voyages, and a report will be done by the pilots for every coming and leaving. Little by little they're going to get to where they need to go. They just don't wake up in the morning and say they're going to do it. It's a very thorough process. For the Second Narrows MRA, it was a two-year simulation, training, and trial, before having the first vessel moving in.

**Mr. David Yurdiga:** Okay, thank you.

What power does the port authority have to make rules and regulations for the harbour, and what kind of enforcement power do you have to ensure they abide by the rules?

**Capt Yoss Leclerc:** I said previously there is the Canada Marine Act, which through the port operation regulations mandates power to the port authorities to put procedures and standards in place. Every port is different. Depending on the port, some ports would work with Transport Canada or other agencies, and other ports have their own resources. If we take the example of Port Metro Vancouver, they have officers on the water who will go onto the ship and do the work. But the other ports have the same reach. They will enact the

regulation. They will meet all the ship agents. They will inform the Canadian Coast Guard, and through the Canadian Coast Guard they will inform that the pilot is on board. They know the regulations. The only entity that can allow a vessel to come in or out of the port authority is the port. Before getting to the port, if at any moment the port considers it's unsafe or there is non-compliance, the ship is not allowed to come into or leave the port. This is the power of the port authority.

Again, if I talk about the port of Quebec—and this is another question I've had several times—ships come in and out and no one knows. Ninety-six hours before a ship even loads in a foreign country, full information is provided to Canadian customs. This information is provided to other stakeholders. Twenty-four hours before ships come into Canadian waters, security information goes to other agencies, like Transport Canada and the RCMP. Then, by the time the vessel comes into Canadian waters, if there were any concerns, any questions, they would take care of the vessel, put the vessel somewhere safe, and assess and evaluate before letting the ship come in.

•(1235)

**Mr. David Yurdiga:** Thank you.

**The Chair:** Thank you.

Mr. Mai, you have five minutes.

[*Translation*]

**Mr. Hoang Mai:** Thank you, Mr. Chair.

Mr. Leclerc, as you must know, my colleagues from Beauport—Limoilou and Quebec City are very concerned about the activities carried out by the Port of Québec, specifically those involving nickel. We will not necessarily talk about those activities here, but there is still something I would like to know on the issue.

You clearly told the committee that, when your capacity or your activities go up, the environmental aspect is important for you. I think that is indeed the case and you pay attention to the environmental impact that your activities may have.

However, would it be possible to make those activities public? As you know, the public is very concerned and has a number of questions about that. We are told that port authorities, particularly those in Quebec, are not being transparent. Could you elaborate on that?

[*English*]

**Capt Yoss Leclerc:** I'm going to do it in English, or half in French, and half in English. Okay?

**Mr. Jeff Watson:** Mr. Chair, on a point of order, I think this gets into a peripheral issue and not the question of safety management or transportation of dangerous goods and the role of the ports with respect to that. I think this touches on some of the other issues he said he wouldn't get into today. I think it's the thin edge of the wedge, Mr. Chair.

**Mr. Hoang Mai:** On that point of order, Chair, I don't know if Mr. Watson listened to what the witness said when he talked about those issues. I'm asking questions on issues the witness has talked about.

**Mr. Jeff Watson:** He was referring to the transportation of dangerous goods.

**Mr. Hoang Mai:** In this case we're also talking about transportation of dangerous goods, which goes—

**The Chair:** As long as the question is about that, then—

**Mr. Hoang Mai:** Yes. It is part of what ports have to deal with, transportation of dangerous goods. That's the question. Are those assessments being made public?

**Mr. Jeff Watson:** If I might, Chair, as that may relate to the transportation of dangerous goods, that may be a fair question, but as it relates to tenants on property or other potential issues, beluga whales or something, that's not a relevant issue.

**Mr. Hoang Mai:** Well, I think the witness, Mr. Leclerc, actually spoke about this. I didn't hear Mr. Watson raise a point of order when the witness actually spoke about it. I'm just asking questions on the witness testimony.

**The Chair:** Carry on, and I'll watch for it.

**Capt Yoss Leclerc:** When people ask me what I do, what my job is, it is very easy. It's safety, security, and environmental protection. This is 24-7 all year round.

The environment is very important. The environment is important, and we talked about it from a reputational perspective, from a community perspective, and also even from an organizational perspective. We have team members who work in the environment department who are as concerned as the rest of the employees about port activities and their impact.

Throughout the years, and we can talk about all Canadian port authorities, several if not thousands of millions of dollars have been put in to improve the way everyone operates. It's been like that for years and years, getting technology in place, putting resources in place to again mitigate the impact on the surrounding communities, and to do better environmentally.

A lot of ports have been engaged with communities. You heard about the initiative around liaison committees with neighbourhoods, communities surrounding the ports in Vancouver, Halifax, the port of Quebec, and port of Montreal talking about transparency. They are engaged. They are meeting with people and communities and they are working to try to enhance the situation.

[Translation]

**Mr. Hoang Mai:** My question had more to do with the environmental assessment that port authorities might conduct and publish. However, I will not get into that since I suspect that Mr. Watson will stop me.

[English]

I'll go to another question.

We talked about liability. In the recommendations after the oil tanker safety regime review, one of the recommendations was that the current limit of liability per incident within the ship-source oil

pollution fund should be abolished. Should we have unlimited liability?

• (1240)

**Mr. Michael Lowry:** Is that question for me?

**Mr. Hoang Mai:** Yes, please.

**Mr. Michael Lowry:** What they are talking about is the Canadian ship-source oil pollution fund, which has around \$400 million in it. What the government has recommended is that there not be a limit, that the \$161 million be removed so that you can access the entire \$400 million of that fund. That was their recommendation.

**Mr. Hoang Mai:** What about the response? Right now, if I understand correctly, there is a limit per accident in terms of liability from the shippers. Is the question of just eliminating that liability what we're talking about?

**Mr. Michael Lowry:** Let's go back and look at the three layers. The first layer of the liability is the shipowners themselves. They are required to have insurance depending on the size of the vessel. If we pass that amount, we then access the international funds. Then once the international funds are passed, that's when we get into the Canadian funds. What the government has recommended is that, once we are at the Canadian level, there be access to that entire \$400 million. If that entire regime is exhausted, the government has proposed that a levy be imposed back upon the industry to recover any cost and that it be returned to the taxpayers.

**The Chair:** We will now move to Mr. McGuinty for five minutes.

**Mr. David McGuinty:** Mr. Whitworth, can I go back to some comments you made that elicited a couple of questions from the Conservative members? You made a number of comments. I asked you if this was your principal message today, and you said it was, which were comments you made related to the question of enforcement and the question of Transport Canada's capacity. You said it didn't have the budget nor the manpower—or person power—to enforce existing regulations.

I'm going to ask you, as the CEO of a major company employing 2,500 people going to 3,500 people, would you like to have the real facts about what's going on with respect to enforcement, capacity, inspectors, and audits? Would you like to know what's happening on the west coast in its entirety?

**Mr. Jonathan Whitworth:** I have a lot to worry about in running a diversified portfolio like Seaspan, with a multi-billion dollar shipyard project that's about to commence. What I would like to know is that there is action behind enforcement. To be honest, do I need to know everything that Transport Canada does and how they do it? I would dare say no. I don't have the time or the capacity to understand that.

What's important to us is that if Transport Canada has a budget and resources, and I know there are limits to both the budget and resources that any department has, that they identify areas where there is a gap that can be filled. All I'm highlighting today is that there's an area which in my humble opinion needs to be filled. I think one of your colleagues used the word “blitz”, and I think that's a good term. These safety and environmental and quality audits and blitzes should occur.

**Mr. David McGuinty:** As part of your responsibility as a CEO of a major company with multi-billion dollar contracts, you're going to want to know whether your competitors are being held to the same standard you are holding your company to, based on existing regulatory structures, aren't you?

**Mr. Jonathan Whitworth:** Right.

Again, a word that was used earlier was "consistency". We believe in that. We should all be treated the same.

**Mr. David McGuinty:** Okay.

The problem we're having here in Ottawa, and for the entire industry and marine safety sector, is that we don't have the information. We can't get the information. I wish we did have the information. Even testimony that was repeated here by Conservative members about funding levels is inaccurate. The only accurate funding level information we have is the information in the public accounts. That's the only information that the people of Canada, and you as CEO, and your shareholders, can trust.

The problem is that marine safety has been cut, according to those public accounts, by 27% over the last five years.

We're being told by the government that they're not going to tell us how this reallocation is supposed to have taken place and whether or not it has affected enforcement. That has a direct bearing on the competitiveness of your company in Canada and abroad. That's why I asked the question. I'm not asking you to crystal-ball gaze and say you need to know how Transport Canada runs its department. However, I would expect that as a major player in this sector, you'd want to know whether the information being provided by government is accurate.

Is that a fair assessment?

• (1245)

**Mr. Jonathan Whitworth:** No matter whether I'm reading a newspaper, a balance sheet, or a report, I want it to be factually correct. I want that in anything that I see, read, or understand. I don't hold Transport Canada or the federal government to anything different than I hold for our shareholders and our company.

**Mr. David McGuinty:** Precisely. That's exactly the point that the Liberal Party has been making for some time about transparency, to make sure that we know for sure what's going on. The government has the right to make difficult choices when it comes to the transportation of dangerous goods and safety management systems. That's its prerogative. The problem is that the Parliamentary Budget Officer of Canada, a position created by all parties, can't get the information to assess the government's claims. I would expect that you, your shareholders, your employees, and the population that you serve, your clients, would want to know what's going on. They'd want to know what is really happening here, and whether this is having a bearing on safety and security and the enforcement of the existing regulations.

I want you to know, and I want your customers to know, that the problem we're facing here in Ottawa is that we have a government that will not open the books. No matter what you hear from Conservative MPs, spinning testimony from an official last week, you can't trust it. As Ronald Reagan would say, you trust, but you verify.

**The Chair:** Mr. McGuinty, your time is up, and you never asked a question.

Mr. Watson.

**Mr. David McGuinty:** On a point of order, Chair, what did the gratuitous comment about me not asking a question have to do with my round?

**The Chair:** Well, I'm just stating that you're out of time.

**Mr. David McGuinty:** That's all you need to say, Mr. Chair.

**The Chair:** I would have allowed an answer if there was a question asked, and there wasn't a question asked.

**Mr. David McGuinty:** I appreciate that, yes.

**The Chair:** Mr. Watson.

**Mr. Jeff Watson:** Thank you, Chair.

Actually, the Liberal Party did oppose the creation of the Parliamentary Budget Office, if I remember the votes exactly on that one.

Mr. Whitworth, I'll start with you. I appreciate your earlier testimony about both the Douglas Channel and the Second Narrows Bridge, and the safety record, for example, of transiting the Second Narrows. I transited that by water this summer on my visit out in Vancouver. I was in Kitimat and in Prince Rupert as well. I got to see the Douglas Channel first hand.

Those of us who live on the Detroit River have the Livingstone Channel that's about the same clearance width—450 feet—as the Second Narrows Bridge. They've been piloting 1,000-foot lake freighters up and down there without incident or problem for decades on end, so there is something to be said for the overall safety of marine transport, including the very large classes of ships, regardless of cargo content. So your comments are taken with appreciation.

Mr. Lowry, in your testimony you said you support a move to risk-based planning within response areas. I want to probe what you mean by that, and why you support that. Is that because it would allow your organization to either shift resources or response away from lower risk areas under your jurisdiction, or are you looking at this that in fact no area would lose resources as a result of risk analyses, but that you need to target higher resources to certain risk areas such that no area actually gets fewer resources? Or are you talking about an actual shift, fewer resources in one area and more to another within your operations? Can you clarify that for the record, please?

**Mr. Michael Lowry:** Right now we are mandated to have a 10,000-tonne maximum capacity for the entire coast, regardless of where a spill occurs. We have to position our resources so they will be able to access that potential large-size spill anywhere on the coastline, which is a challenge.

The federal government is commissioning a pan-Canadian risk assessment. This is happening right now. From that risk assessment they will break down the coastline into what we call area plans. Within those area plans there will be geographic response plans. The area plan will look at the risk for that area, determine the appropriate capacity that should be for that area, and determine as well the response times.

The other benefit—and this is what we'll be able to do before that assessment is complete—is that for those particular areas we're able to look at the sensitivities, whether that's economic, cultural, or environmental, and start developing actual booming strategies and staging locations for those particular areas.

There are numerous benefits to moving towards a risk-based plan.

● (1250)

**Mr. Jeff Watson:** I understand the structure of what area response planning and a risk analysis is about. I'm asking whether you support that because you foresee the potential of moving valuable resources out of certain areas because there is less or no risk, rather than leaving them in a geographic area because of some small probability that there could be an incident there. Or do you foresee this as an exercise that will say that no area will lose resources for response, but in fact we may need to have additional resources in a given geographic area?

**Mr. Michael Lowry:** I don't anticipate we'd be moving resources out of particular areas. We had already positioned our resources where the shipping traffic is heaviest, which is why the bulk of our current depots are along the southern shipping lanes. We're anticipating being able to use the scientific data to accurately reflect the appropriate resources for those particular areas.

**Mr. Jeff Watson:** So there will be no decline in safety, but you foresee that, based on a risk analysis, you could actually enhance safety. Is that accurate?

**Mr. Michael Lowry:** That is why we are supportive of it.

**Mr. Jeff Watson:** Okay.

Are there any geographic areas that don't have resources but may potentially end up getting resources as a result of a risk-based analysis?

**Mr. Michael Lowry:** There was a risk-based analysis for the southern pipeline project, the twinning project. What we saw with that is that we would look at more bases along the south coast, so we'd be building in excess capacity along the southern shipping routes because of that particular project and because of the risk analysis that was done for that project. So we would see an enhancement of the existing capacity.

**Mr. Jeff Watson:** Very good.

**The Chair:** The first five minutes have gone.

I don't know whether you're taking—

**Mr. Jeff Watson:** No, we're done.

**The Chair:** I'd like to thank our witnesses both by video conference and in person here.

Thanks for participating in our study. I would like to wish you, your companies, your staff, and everyone a very merry Christmas and all the best in 2015.

The meeting is adjourned.

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