KEYSTONE AGRICULTURAL PRODUCERS

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Strengthening One Canadian Economy Consultation

Keystone Agricultural Producers (KAP) is Manitoba's general farm policy organization, providing a unified voice for farmers on issues that affect agriculture. KAP represents and promotes the interests of all Manitoba farmers and 20 commodity associations.

Manitoba farmers produce high-quality products sought by local and global buyers. But delivering these products require a reliable transportation network. Unfortunately, investments in infrastructure have declined over time relative to Canada's GDP, resulting in aging roads, crumbling bridges, and outdated transportation networks. Strategic investments, decisive action, and forward-thinking legislative change are required. And KAP welcomes the opportunity to provide comments to Transport Canada on changes that would fix long-standing and structural issues in the transportation sector.

Port Governance

Canada's port authorities require a transformational governance change. Governance at Canada's ports has been on ongoing issue—e.g.: Fiscal mismanagement and political patronage compelled government to pass the National Harbours Board Act in 1936 while the Marine Act passage 62 years later attempting to address the inflated bureaucracy, financial dependency, and three-tied system that plagued the national ports. Challenges continue. (1) Canada's Port Authorities act as both the regulator and project developer that has created conflicts of interest in trying to balance private sector forces with public good oversight. (2) The board of director selection process is flawed. The result means that some directors may favor specific interests over the benefit of all port users.

KAP supports measures that improve accountability, transparency, and performance. Introducing third-party assessments and performance reviews is a good start. But further accountability is required. Not only the minister but also the person that appointed the director must be aware of director performance. The Marine Act permits the Minister of Transport to hire some but not all directors. Consequently, the minister can only remove persons whom they have appointed. Provinces and municipalities that have appointed directors would be unaware of director performance and unable to make informed decisions about director removal if performance reviews are only shared with the minister.

KAP recommends the following amendments to the Marine Act:

- Ensure that the Minister of Transport, provinces, and municipalities responsible for director nominations have access director reviews.
- Add the board to the list of entities under section 19(1)(b) that can remove directors.

- Overhaul membership of the Vancouver Fraser Port Authority Users Nominating Committee, so it properly reflects the organizations and sectors operating Vancouver's 29 port terminal facilities.
- Amend the Canada Marine Act to allow individuals directly employed by port terminals to sit on the Boards of Canada's port authorities.
- Remove management or government interference in the Users Nominating Committee's decision-making.
- Redesign appointments to increase accountability to the provincial economies and sectors that depend on a port.
- Address conflicts of interest that arise in port management's dual role as developer and regulator.
- Provide a dispute resolution mechanism for users to challenge and appeal port authority decisions.

Paperless Trade and Reporting

Allowing for paperless trade and simplified reporting are positive steps. While Transport Canada's modernization strategy will reduce administrative burden, significant costs will occur not only for paperless trade but also for simplified reporting. The proposed changes do not reference increased expenditures, and any legislative changes must coincide with adequate funding to be effective. Additionally, Transport Canada should clarify what information will be shared across governments and how the information will be shared.

Railway Transportation System

Manitoba farmers rely heavily on class one railways, and KAP welcomes the intent to improve the railway system. The railway network is critical for Manitoba agriculture. Not only grains, oilseeds, and pulses move by rail but also fertilizer, meat, and dairy rely on class one carriers. Despite our growing agricultural exports, Canada has a massive infrastructure deficit requiring significant investments to ensure that we remain a reliable trading partner. Change is required. And for years, industry groups have been advocating for improvements and changes to Canada's supply chain network. E.g., the National Supply Chain Task Force Report provided many recommendations, but many of these recommendations have been largely acknowledged rather than implemented. If government wants a competitive and resilient supply chain, two issues must be addressed: interswitching and labour disruptions.

Interswitching

Canada does not have a competitive class one rail network. For example, nearly all primary prairie grain elevators are served by either CPKC or CN. Being captive to one rail line means that shippers operate in a monopoly environment—normal market forces do not exist. Government has recognized this situation. In 2014 and 2023, extended interswitching occurred that led to improved service and freight rates. Shippers used the option as leverage. And when extended interswitching existed, shippers saved money because railway competition increased. Interswitching represents an effective legislature measure that neither results in increased government spending nor affects the financial viability of class one carriers. And the measure benefits both shippers and farmers. KAP recommends that Transport Canada permanently implement extended interswitching to a 500 km radius in western Canada.

Labour Disruptions

Labour disruptions occurred in 2023 and 2024 that had significant impacts on Canada's supply chain. Reliability, efficiency, resiliency, and agility do not describe our supply chains when strikes occur. Instead, a negative wave of shocks slows transportation networks and damages Canada's reputation as a trading partner. And labour disruptions equate to lost revenue. Since agriculture is export dependant, the lost revenue can add up to hundreds of millions of dollars with a week-long supply chain shutdown.

Looking ahead, several labour agreements involving longshore workers and railway workers at CN and CPKC will expire in 2026 and 2027. Because the probability of future labour disruptions remains high, proactive measures by government are needed. Two recommendations exist: (1) Appoint a special mediator to oversee the entire collective bargaining process. (2) Amend the Canada Labour Code to consider the economic harm caused by a potential labour dispute and initiate binding arbitration if mediation appears futile.

Thank you for providing the opportunity to provide feedback on strengthening one Canadian economy through trade and transportation. If you have any questions about this submission, please contact KAP policy manager, Neil Van Overloop, at neil.vanoverloop@kap.ca.

Sincerely,

Colin Hornby

General Manager, Keystone Agricultural Producers Inc.