



Port of Hamilton



HAMILTON-OSHAWA PORT AUTHORITY

FEDERAL CHANGE INFLUENCES LAKE ONTARIO TRANSPORTATION PARADIGM

The goal of the newly created Hamilton-Oshawa Port Authority (HOPA) is to increase the sustainability of its two ports, and more broadly, to change the transportation paradigm in southern Ontario. The strategy behind bringing the two port authorities together is to create a stronger presence in the region by raising awareness of the benefits of marine transportation at the provincial level, and to elicit its support in ensuring the long-term viability of the maritime supply chain.

"Let them recognize how powerful the marine alternative can be to ground transportation, both in terms of reducing greenhouse gases and in terms of offering more cost beneficial logistics solutions," said Ian Hamilton, newly appointed President & CEO of the Hamilton-Oshawa Port Authority. He previously led the Hamilton Port Authority.

In an industry where port authorities

are regulated by the federal government, Hamilton said he sees the merger as a big opportunity to get the province engaged. Optimizing cargo routes to take trucks off the roads and directing cargo to the port closest to its origin or final destination is expected to reduce logistics costs.

Sustainability of the maritime industry along the Oshawa, Toronto, Hamilton corridor is a combination of environmental, social and economic factors, according to CEO Hamilton. The corridor between Oshawa and Hamilton is known as the GTHA and is the driver for trade along southern Ontario. Tailoring maritime services to prioritize cargo delivery destinations creates a more efficient intermodal plan.

"At each port, we attract and appeal to transportation-interested industries," said Emily Graham, Communications and Community Relations Coordinator of the Hamilton-Oshawa Port Authority. "Our customers have the ability to make use of the multimodal transportation options available, including ship, rail and truck—

now in bookend locations across Lake Ontario. Being able to attract a wider range of businesses to southern Ontario will develop a critical mass of opportunities across the whole region."

Regional partnership

What wasn't addressed directly by Minister of Transport Marc Garneau when announcing the amalgamation was the elephant in the room, the Port of Toronto. Located between Hamilton and Oshawa, the nation's largest metropolis generates its own pattern of trade and development.

According to Simon Rivet at Transport Canada, the government only pursued amalgamation of the Hamilton and Oshawa port authorities based on the similarities of their operations.

The joining of the port authorities aligns with Transportation 2030, a vision for Canada's transportation system designed to improve the transportation system, get products to market and contribute directly to economic growth for the middle class.



Ian Hamilton



"The government conducted an analysis into the potential risks and benefits of an amalgamation," Rivet said. "This analysis examined the two ports within the context of southern Ontario's transportation network, their marketing capacities and activities, operational characteristics and land-use planning. The analysis concluded that a more harmonized approach to strategically utilize these two federal marine assets would be beneficial to not only meet current and future demand, but also result in increased economic activity."

Though not officially part of the new port authority, a regional collaboration is in the works.

"We've spoken to the Port of Toronto, the Toronto Port Authority, and they're on board with working with a group to say: 'How do we market ourselves and get the right optimization of trading,'" said Hamilton, who added that it will take a coordinated effort between Toronto, Hamilton and Oshawa to develop a marketing and branding strategy that works for southern Ontario.

HOPA will base all future shipping and land-use decisions on enhancing the trade network and strengthening global competitiveness in both port locations and across the GTHA, said Larissa Penn, Director of Public Affairs of the Hamilton-Oshawa Port Authority. "The merged authority will give a stronger voice to Ontario's interests in marine policy and investments, and a detailed land-use plan and a rebranding of the new entity will be developed over the coming year and months, respectively."

The Port of Hamilton, which handles about 11 million metric tons of cargo a year, saw overseas shipments increase by

68 percent in 2018. The current tenants using the port employ over 2,100 people.

According to the Hamilton Port Authority's Summary Report of Sustainability Actions in 2018, employees at the Port of Hamilton inject C\$261 million annually into the local economy through personal spending. The port also received C\$17.7 million in federal funding to modernize its port infrastructure. The dollars are expected to upgrade the port's Westport area to optimize space for economic development and new customers.

In contrast, the Port of Oshawa, located 38 miles east of Toronto, handles considerably less cargo per annum, but is situated within an area known as the Golden Horseshoe, a densely populated and industrialized part of the Greater Toronto area. The area has more than eight million residents and a healthy presence of large-scale, steel-dominated and car-oriented production facilities.

Keeping Oshawa relevant

There was initially a lot of concern expressed by non-governmental parties that the Port of Oshawa would be absorbed by Hamilton and closed. In the plan set forth by the Minister of Transport this is far from reality.

CEO Hamilton is sensitive to addressing these concerns, emphasizing that the amalgamation provides HOPA with the tools to grow the port and to invest in the infrastructure at Oshawa.

"When you've got the small entity, for example, like the Port of Oshawa, it's difficult for them to be economically sustainable," he said "When you have dock walls

for a laker costing in excess of C\$10 million to refurbish, it's very hard for a smaller port to be able to put those costs into it."

Hamilton stated that the port authority expects to increase the number of vessels calling at Oshawa, grow the cargo there and have manpower assets in the Durham region to do the job. Opening the Port of Oshawa up for development of its real estate assets will greatly enhance the port's tax base and income stream.

"A new state-of-the-art grain terminal is being constructed at the Port of Oshawa as we speak, and we see this as a major opportunity to connect local farmers with enhanced exporting potential closer to home," said Graham.

In an approach similar to what has been done in Hamilton, HOPA will look to partner with Oshawa's Economic Development Office to explore opportunities and align growth based on its local vision and community input, another of the cornerstones of the sustainability formula.

"These partnerships have led to a very successful, community-oriented framework for how we work with the public" added Graham. "For a long time, Ontario has been missing out on the opportunity to maximize the value of its marine transportation system. The public will learn about any changes in activity at either port, what kind of infrastructure investments are being made to improve marine assets and benefit from a coordinated view on how to best move cargo to reduce traffic on our already clogged highways."

Logistics planning

The idea of optimizing logistics is to get the cargo to the best location. Working together, the two ports can schedule cargo delivery to or from where it is most effective, basically determining whether a cargo would be better served through Hamilton or Oshawa.

In the end, it's a balancing act with neither port being a net loser. The combined governance of the two ports under the realignment will make for better solutions from the environmental side, the social side and the economic side, to the ultimate benefit of cargo, according to CEO Hamilton.

"We believe that the marine transportation solution is the greenest and most cost efficient," Hamilton said. "The longer you can keep it on marine and minimize ground transportation, you're relieving congestion, reducing greenhouse gases. All of these items are the biggest drivers. In addition to cutting costs because the marine transportation solution is also cheaper."

Patrick Lapinski ■