



# Written submission for the Pre-Budget Consultations in Advance of the 2019 Budget

By: Vancouver Fraser Port Authority

August 3, 2018

## Recommendations

- **Recommendation 1:** That the government ensure financial flexibility for port authorities and Canada's competitiveness by enabling appropriate access to capital, through timely borrowing limit adjustments and letters patent when deemed appropriate, to facilitate commercially-based borrowing and autonomy for core port infrastructure growth.
- **Recommendation 2:** That the government focus the National Transportation Corridor Fund on common user, goods movement trade-enabling infrastructure projects that have national importance and can demonstrate significant, long-term economic impact.
- **Recommendation 3:** That the government allocate funding based on the regional opportunities with the most economic potential, rather than allocating trade corridor funding somewhat equally across the country, to offer the greatest chance to capitalize on emerging markets, grow the Canadian economy, and have positive long-term impact.
- **Recommendation 4:** That the government ensure continued competitiveness by increasing funding for the currently \$2 billion, 11-year, National Transportation Corridor Fund to meet the substantial need for further investment.
- **Recommendation 5:** That the government implement a secretariat to oversee joint funding opportunities for common infrastructure projects on the West Coast to ensure critical projects proceed.
- **Recommendation 6:** That the government introduce regulation to support the timely, strategic sharing of data to optimize supply chain performance, and the allocation of dedicated funding to support competent resources for data collection, coordination and analysis, both at the Canadian Transportation Agency as the lead agency in the implementation of the data collection process, and to port authorities as the stewards of information for their respective gateways.
- **Recommendation 7:** That the government continue its support for the ECHO Program in the order of \$1 million per year over the next five years.
- **Recommendation 8:** That the government create a clean transportation innovation fund to provide support to the land, sea, and air transportation sectors of the Canadian economy to transition from existing combustion engine technology to low- and no-emission alternatives wherever possible.

## Submission

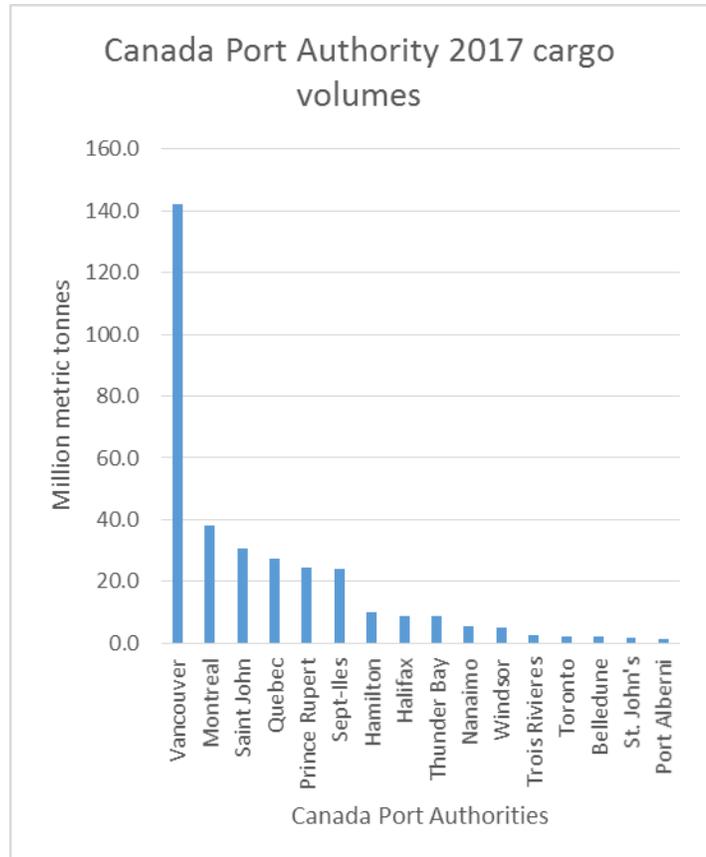
The Vancouver Fraser Port Authority is responsible for the stewardship of federal port lands and waters in and around Vancouver, British Columbia. Like all Canada Port Authorities, the Vancouver Fraser Port Authority is established by the Government of Canada pursuant to the *Canada Marine Act*, and accountable to the federal minister of transport.

Located on the southwest coast of British Columbia, the Port of Vancouver is Canada’s largest, supporting trade with more than 170 world economies and moving about \$1 in every \$3 of Canada’s trade outside North America.

The port operates across five business sectors: automobiles, breakbulk, bulk, container and cruise. Operators include cargo and cruise terminals, industries requiring tidewater access, shipyards, tugboats, railways, trucks, shipping agents, freight forwarders, suppliers, builders, and administrative agencies.

The Port of Vancouver enables the trade of approximately \$200 billion in goods and sustains:

- \$24.2 billion in economic output
- \$11.9 billion in gross domestic product
- \$7 billion in wages
- 115,300 jobs in Canada
- \$1.4 billion per year in tax revenues



## Recommendations

### Access to capital

As port authorities compete in the marketplace with commercial operations, it is critical they have the ability to access capital when needed for land purchases and major projects. When this requires adjustments to borrowing limits and letters patent, those approvals must be made in a timely manner because delays have the potential to affect Canada’s competitiveness and result in lost opportunities and benefits to the national economy, such as, and particularly in the context of, the proposed Roberts Bank Terminal 2 project.

### Recommendation

- That the government ensure financial flexibility for port authorities and Canada’s competitiveness by enabling appropriate access to capital, through timely borrowing limit adjustments and letters patent when deemed appropriate, to facilitate commercially-based borrowing and autonomy for core port infrastructure growth.

### ***Long-term government leadership on strategic infrastructure spending***

The port authority commends the government for its commitment to infrastructure spending through the National Transportation Corridor Fund, which has provided more than \$222 million supporting nine port authority-led projects that will improve Canada's competitiveness. As the government decides how it will commit the second phase of the fund, the port authority wants to ensure trade-enabling common-user infrastructure in and around western ports and trade corridors continues to be at the forefront of investment.

Over the past several years, federal government investment of \$1.4 billion inspired further public and private investment for a total of over \$7.5 billion. As a result, Vancouver's port has grown in the last several years by the equivalent of the throughput of Canada's second-largest port in Montreal.

Recently-proposed and funded projects are focused on strategic transportation infrastructure in B.C.'s Lower Mainland, and include principal road and rail connections stretching across western Canada and south to the U.S. This work has been done through a collaboration of government, industry and other gateway stakeholders and a dedicated secretariat to determine priority projects, establish businesses cases, secure funding, and execute projects.

The port authority is forecasting an additional 33 million tonnes of cargo will move through the port each year – equivalent to yet another Port of Montreal. Long-term forecasts are robust, particularly in light of agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and government's commitment to strengthen bi-lateral relationships with China and India, among others.

To accommodate that growth and ensure competitiveness, the port authority and others are delivering on and identifying further projects for trade-enabling infrastructure that will improve road and rail access, provide greater efficiency, increased capacity, lower operating costs, employment, tax revenues, increased public safety and security, and reduced road and rail conflicts. In total, over \$2.5 billion worth of projects have been identified.

### **Recommendations**

- That the government focus the National Transportation Corridor Fund on common user, goods movement trade-enabling infrastructure projects that have national importance and can demonstrate significant, long-term economic impact. The fund should continue to allow for private sector proponents and require only one public sector partner – the federal government - but should incentivize additional support from provinces, municipalities and/or First Nations.
- That the government allocate funding based on the regional opportunities with the most economic potential, rather than allocating trade corridor funding somewhat equally across the country, to offer the greatest chance to capitalize on emerging markets, grow the Canadian economy, and have positive long-term impact.
- That the government ensure continued competitiveness by increasing funding for the currently \$2 billion, 11-year, National Transportation Corridor Fund to meet the substantial need for further investment.
- That the government implement a secretariat to oversee joint funding opportunities for common infrastructure projects on the West Coast to ensure critical projects proceed.

### ***Strategic sharing of supply chain data***

Tremendous potential exists to improve Canada's competitiveness through the strategic sharing of data among supply chain participants to optimize the supply chain. Ensuring data availability would stimulate ongoing performance improvement, maximize accuracy of overall forecasts, tap available capacity and optimize efficiency.

As data would be operational and transactional in nature, it should be aggregated in a way that protects commercial sensitivities but provides strategic insight. Such data would also support the identification, protection and development of national transportation corridors and infrastructure planning. An example of how the sharing of data can benefit all participants in the supply chain is the Vancouver Fraser Port Authority's recently completed Supply Chain Visibility Project. Using data supplied by railways, terminal operators and cargo owners, the project provides a consolidated view of the port's bulk sector (coal, grain and fertilizers) supply chain performance. The project allows the port authority, Transport Canada and industry users to monitor the "health" of the Western Canada supply chain on a near real-time basis, from cargo origin through to vessel loading in Vancouver, as well as supporting the port authority's transportation planning and infrastructure development initiatives.

As the authority to collect and coordinate this data will need to rest with the Canadian Transportation Agency, the port authority supports the establishment of a dedicated funding portfolio to ensure that the Canadian Transportation Agency is appropriately resourced to implement and maintain data collection and analysis. Port authorities could also play a lead role in the data gathering processes, with Transport Canada providing a framework to ensure data availability. Funding could flow appropriately to the port authorities to establish dedicated resource and infrastructure for this data collection and analysis.

### **Recommendation**

- That the government introduce regulation to support the timely, strategic sharing of data to optimize supply chain performance, and the allocation of dedicated funding to support competent resources for data collection, coordination and analysis, both at the Canadian Transportation Agency as the lead agency in the implementation of the data collection process, and to port authorities as the stewards of information for their respective gateways.

### ***Protection of marine mammals***

Much of the commercial vessel activity within the southern coast of B.C. transits critical habitat for the southern resident killer whales, as well as areas known to be of importance to other at-risk whales. The port authority is committed to conducting operations in a responsible and sustainable manner, and launched the Enhancing Cetacean Habitat and Observation (ECHO) Program in 2014, with support from Transport Canada, among others, for which the port authority is very grateful.

ECHO is a Vancouver Fraser Port Authority-led collaborative initiative aimed at better understanding and managing the cumulative impacts of shipping activities on at-risk whales, and it is very much in alignment with government's Oceans Protection Program. Over 17 projects and mitigations have been implemented to date.

The Vancouver Fraser Port Authority envisions that it will continue to lead the program over the next five years.

## Recommendation

- That the government continue its support for the ECHO Program in the order of \$1 million per year over the next five years.

### *Creation of a clean transportation innovation fund*

The Vancouver Fraser Port Authority supports the Government of Canada's commitment to reduce greenhouse gas (GHG) emissions by 40 per cent by 2030 and by 80 per cent by 2050, relative to 2005-2006 levels, and recognizes the contribution to total GHG emissions by the transportation and shipping sectors in the Canadian economy.

## Recommendation

- That the government create a clean transportation innovation fund to provide support to the land, sea, and air transportation sectors of the Canadian economy to transition from existing combustion engine technology to low- and no-emission alternatives wherever possible.

## Conclusion

The Port of Vancouver continues to be recognized as a world-class gateway because of the leadership of the federal government in implementing strategic, nation-building infrastructure improvements that have allowed the gateway to facilitate tremendous trade growth.

Ensuring the sustainability of Canada's major trade and transportation corridors and overall goods movement through strategic infrastructure and innovation is vital to maintaining and enhancing the competitiveness of the gateway and the Canadian economy.

Taken together, implementing the recommendations articulated in this submission will stimulate employment through infrastructure construction and strengthen the transportation backbone of Canada's trade, benefiting all Canadian businesses reliant upon transportation infrastructure for exports, imports, and the fast and efficient movement of goods. In doing so, the federal government will be able to support and encourage Canadians and their businesses to grow the economy in the face of a changing economic landscape.