



Submission

House of Commons Standing Committee on Finance

Pre-budget Submission

Executive Summary – Recommendations

The Vancouver Fraser Port Authority submits the following recommendations to the House of Commons Standing Committee on Finance, as part of its pre-budget consultations, which together the port authority believes have the ability to stimulate the economy in a meaningful way, increase employment and support the government's direction on infrastructure investment.

- Vancouver Fraser Port Authority recommends the federal government continue entering into strategic infrastructure funding partnerships including those necessary to support growing trade and transportation corridors. Renewed focus on trade gateways as a key strategic priority will ensure that Canada remains open to the rest of the world while enabling local communities and all Canadians to prosper.
- Vancouver Fraser Port Authority recommends that the future trade and transportation corridor fund be focused on common user, goods movement trade-enabling infrastructure projects that have national importance and can prove to have significant, long-term economic impact. The fund should allow for private sector proponents and should only require one public sector partner – the federal government - but should incentivize additional support from provinces, municipalities and/or First Nations. Vancouver Fraser Port Authority supports and will assist with the delivery of the government's plan to stimulate the economy through projects that will result in long-term measurable economic benefits.
- The port authority encourages government to allocate funding based on the regional opportunities with the most economic potential. In other words, rather than allocating trade corridor funding somewhat equally across the country, there should be a focus on identifying and allocating funding where it offers the greatest chance to capitalize on emerging markets, grow the Canadian economy and have long-term impact.
- Vancouver Fraser Port Authority recommends the federal government implement a secretariat to oversee joint funding opportunities for common infrastructure projects on the west coast to ensure critical projects proceed for the benefit of Canada's trade agenda and the broader economy.
- Vancouver Fraser Port Authority recommends the federal government ensure financial flexibility for port authorities by enabling appropriate access to capital, through timely borrowing limit adjustments when appropriate, to facilitate commercially-based borrowing for core port activities and projects.
- Vancouver Fraser Port Authority recommends the federal government work to expand collaboration between government and industry to design and implement a national transportation strategy with a focus on data collection, identification and protection of trade transportation corridors, and sustainable infrastructure.

Submission

About Port of Vancouver

Port of Vancouver is Canada's largest and most diversified port, a dynamic gateway for domestic and international trade and tourism, and a major economic force that strengthens the Canadian economy. The port connects Canada to the world and the world to Canada.

Almost 20 per cent of the value of all goods traded in Canada move through the port; \$200 billion in goods (based on 2015 cargo volumes) are traded annually with more than 170 trading economies, generating 100,000 directly-related supply chain jobs across Canada, \$6.1 billion in wages, and \$9.7 billion in GDP.

Port of Vancouver offers a full range of facilities and services to the international shipping community and is the most diversified port in North America, operating across five business sectors: automobiles, breakbulk, bulk, container and cruise. Canadian grains, coal, sulphur, potash, oil and other resources and goods from western Canada are exported through the port, making it the number one export port by tonnage. Consumer products and other goods are imported, primarily from the Asia-Pacific region and destined for across Canada and the United States.

The port has 27 deep-sea marine cargo terminals, one international cruise terminal and several domestic intermodal short sea shipping terminals. The port is served by three intercontinental Class I railways — Canadian National, Canadian Pacific, and Burlington Northern Santa Fe — as well as the short-haul Southern Railway of B.C., and easy access to the port is provided by the Trans-Canada and United States interstate highway systems with interconnecting service provided by major trucking lines.

About Vancouver Fraser Port Authority

Vancouver Fraser Port Authority is a Canada Port Authority: a non-shareholder, financially self-sufficient corporation established by the federal government, pursuant to the *Canada Marine Act*, and accountable to the federal Minister of Transport. The mandate of Canada Port Authorities is to facilitate Canada's trade, balancing efficient and safe port operations with environmental protection and regard for community, while working for the benefit of all Canadians. The port authority does not decide what is traded through the port, but does ensure goods are moved safely and in an environmentally sound way.

The port authority is responsible for managing over 16,000 hectares of water, over 1,000 hectares of land and assets along several hundred kilometers of shoreline in a region with a population of 2.3 million. It borders 16 municipalities and one treaty First Nation while intersecting the traditional territories of several other First Nations communities.

Vancouver Fraser Port Authority is a leader in environmental sustainability. Its sustainability report is reviewed by the Global Reporting Initiative and provides an overview of the authority's social, environmental and economic performance.

Long-term government leadership on strategic infrastructure spending

Vancouver Fraser Port Authority commends the government for its commitment to infrastructure spending where it provides meaningful stimulation of Canada's economy. As the government decides how it will commit the second phase of its infrastructure funding plan, the port authority wants to ensure that trade-enabling common-user infrastructure in and around western ports and trade corridors is at the forefront. This could include funding to address cruise passenger movement in light of the 2015 Canada/United States preclearance agreement.

Over the past several years, federal government investment of \$1.4 billion supported projects worth \$3.5 billion in west coast gateway infrastructure and inspired further public and private investment for a total of \$7.5 billion to date. 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, the Port of Montreal.

Projects were focused on strategic transportation infrastructure primarily in British Columbia's Lower Mainland, and included principal road and rail connections stretching across western Canada and south to the United States, key border crossings, and west coast ports. The approach was collaborative, bringing together governments at all levels, industry and gateway stakeholders. It had the leadership of Transport Canada through a dedicated secretariat that supported industry and municipal and provincial government to determine priority projects, establish business cases to support funding agreements, secure funding, and see the projects through.

In the next few years, the port authority is forecasting an additional 33 million tonnes of cargo will move through the port each year – again, equivalent to another Port of Montreal. 2015 year-end statistics show steady overall volume, a trend that is expected for a few years due to global economic softening. However, beyond that, long-term forecasts are robust, particularly in light of potential agreements such as the Trans-Pacific Partnership and government's commitment to strengthen bi-lateral relationships with China and India.

To accommodate that growth, the port authority and others are again identifying opportunities for trade-enabling infrastructure that will improve road and rail access to benefit producers and shippers across Canada through greater efficiency, increased capacity and lower operating costs. The projects, brought forward under the Gateway Transportation Collaboration Forum (GTCF) will result in increased employment, reduced travel time for road users, reduced noise levels and increase tax revenues to all levels of government. They also have the potential to be built sustainably, mitigate environmental impacts as a result of an inefficient supply chain, increase public safety, security and access, and reduce road and rail conflicts.

Recommendations

- Vancouver Fraser Port Authority recommends the federal government continue entering into strategic infrastructure funding partnerships including those necessary to support growing trade and transportation corridors. Renewed focus on trade gateways as a key strategic priority will ensure that Canada remains open to the rest of the world while enabling local communities and all Canadians to prosper.

- Vancouver Fraser Port Authority recommends that the future trade and transportation corridor fund be focused on common user, goods movement trade-enabling infrastructure projects which have national importance and can prove to have significant, long-term economic impact. The fund should allow for private sector proponents and should only require one public sector partner – the federal government - but should incentivize additional support from provinces, municipalities and/or First Nations. Vancouver Fraser Port Authority supports and will assist with the delivery of the government’s plan to stimulate the economy through projects that will result in long-term measurable economic benefits.
- The port authority encourages government to allocate funding based on the regional opportunities with the most economic potential. In other words, rather than allocating trade corridor funding somewhat equally across the country, there should be a focus on identifying and allocating funding where it offers the greatest chance to capitalize on emerging markets, grow the Canadian economy and have long-term impact.
- Vancouver Fraser Port Authority recommends the federal government implement a secretariat to oversee joint funding opportunities for common infrastructure projects on the west coast to ensure critical projects proceed for the benefit of Canada’s trade agenda and the broader economy.

Access to capital

As port authorities compete in the marketplace with commercial operations, it is critical that they have the ability to access capital when needed for land purchases and major projects. When this requires adjustments to borrowing limits, it is imperative that those adjustments be made in a timely way. Recently, decision making around adjustments to letters patent has been delayed which has the potential to affect the port’s competitiveness and result in lost opportunities and benefits to the Canadian economy.

Recommendation

- Vancouver Fraser Port Authority recommends the federal government ensure financial flexibility for port authorities by enabling appropriate access to capital – through timely borrowing limit adjustments – when appropriate to facilitate commercially-based borrowing for core port activities and projects.

A national transportation strategy

The transportation sector is an economic driver for the entire Canadian economy, allowing businesses to develop, grow, create jobs, and compete. For a number of years, the port authority and industry have been calling for a national transportation strategy. This strategy could act as the mechanism to package and implement key recommendations stemming from the review of, and subsequent consultations around, the *Canada Transportation Act*.

Recommendation

- Vancouver Fraser Port Authority recommends the federal government work to expand collaboration between government and industry to design and implement a national transportation strategy with a focus on data collection, identification and protection of trade transportation corridors, and sustainable infrastructure.

Conclusion

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 growth.

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

For growth to continue, investment is critical. Stakeholders have already proven it can be done with earlier collaborative efforts, and new collaborations have resulted in a list of proposed projects that have broad agreement with governments at all levels, among other key participants. The federal government can therefore take great comfort in the validity of these proposed projects; they have been studied, and business cases, including assessments of economic impacts, are now underway.

Taken together, implementing the recommendations articulated in this submission would 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.