

**Written Submission for the Pre-Budget Consultations in Advance of the 2021 Federal
Budget**

By: Global Container Terminals

August 7, 2020

Recommendation 1: The Government of Canada provide direct relief to marine terminal operators and supply chain partners related to COVID-19 cost increases, business declines, and federal Port Authority charges.

Recommendation 2: The Government of Canada allocate portions of the Low Carbon Economy Fund and Green Infrastructure Fund specifically to marine terminal operators to encourage new green equipment and technology adoption and implementation at Canada's ports.

Recommendation 3: That the Government of Canada ensure our country remains a safe harbour and prime destination for capital investment and that the value of private sector projects be considered especially against those that compete with, and are funded by, public, taxpayer dollars.

Recommendation 4: That the Government of Canada halt any decision from being rendered or any further deliberations regarding the proposed RBT2 project until the results of Transport Canada's Ports Modernization Review (PMR) are known, further consultations related to the PMR have concluded, and the final recommendations are made public.

Headquartered in Vancouver, Global Container Terminals (GCT) is the largest majority-Canadian owned container terminal operator and one of the largest maritime employers of International Longshore Warehouse Union members. With three major institutional investor shareholders, namely the Ontario Teachers' Pension Plan (OTPP), the British Columbia Investment Management Corporation (BCI) and IFM Investors (IFM), GCT's shareholders are long-term, experienced infrastructure investors committed to Canada and the overall growth of the trade infrastructure sector.

GCT's two West Coast terminals, GCT Deltaport and GCT Vanterm, are critical to the B.C. economy and provide customers and ocean carriers with reliable and convenient access to all the major Asia-Pacific trade lanes. Beyond operating these facilities, GCT Canada has also played a major role in developing and enabling Canada's Pacific Gateway.

At GCT, and across the supply chain, maritime businesses are experiencing significant COVID-19-related challenges. Being on the front line, where Canadian trade meets tidewater, road and rail, GCT's top priority has been and continues to be to remain open for business while looking after its workforce. There have been economic and operational impacts as a result of the pandemic, but through innovation, investment and collaboration with government partners, GCT has remained operational throughout and borne the negative economic impact to achieve that essential objective.

COVID-19 is impacting businesses across Canada and those operating within federal Port Authorities are no exception. GCT requests the Government of Canada provide necessary funding for these organizations by way of direct rent relief (not deferral) and direct access to federal government support programs as they develop.

Recommendation 1: The Government of Canada provide direct relief to marine terminal operators and supply chain partners related to COVID-19 cost increases, business declines, and federal Port Authority charges.

As operators at and tenants of the Vancouver Fraser Port Authority, GCT has invested heavily in trade-enabling infrastructure. For example, GCT announced in 2019 a \$160 million investment to densify and modernize the GCT Vanterm terminal, expanding its capacity by 25 percent within the existing footprint, supporting new jobs that come with it and reducing emissions by implementing new and cleaner operating equipment. The project has been advancing even during the pandemic, and in the next couple of months, two new super post megamax ship-to-shore cranes will be arriving in Burrard Inlet to be installed at the terminal.

Canada is a trade dependant economy and marine terminal operators are the front line where supply chains meet. In order for Canada to meeting its GHG targets and for future investments like these to continue, federal government support ensuring sustainability of marine terminals operations and supply chain partners may be required.

Recommendation 2: The Government of Canada allocate portions of the Low Carbon Economy Fund and Green Infrastructure Fund specifically to marine terminal operators to encourage new green equipment and technology adoption and implementation at Canada's ports.

GCT is uniquely positioned to meet Canada's needs as a trading economy and is looking ahead to prepare for the next incremental stage of development. GCT offers a smart, phased expansion approach to our plan to provide capacity at Roberts Bank in Delta through the addition of a fourth berth (DP4) to the existing GCT Deltaport terminal. It is a \$1 billion-plus private sector investment signalling confidence in Canada's future. As background, GCT will file its Initial Project Description submission with the Impact Assessment Agency of Canada and the B.C. Environmental Assessment Office in the coming weeks. This project will add thousands of new jobs through negotiation with GCT's labour partners, will increase container capacity and minimize environmental impacts in the neighbouring community.

GCT's DP4 project will provide the needed container terminal capacity on the Canadian West coast in the most timely, economic and sustainable way. Other benefits of the DP4 project include:

- Providing needed port capacity at the right time;
- Environmentally responsible based on updated scientific studies and current environmental policy;
- Brownfield investment reduces footprint, cost and impact per TEU of capacity provided;
- GCT has decades of experience operating at Roberts Bank with longstanding relationships with supply chain partners, community stakeholders, first nations and labour;
- Leverages public and private investments into trade corridor with three Class 1 rail infrastructure already in place; and
- Structure in place to attract even more investment from large Canadian and international investors.

Recommendation 3: That the Government of Canada ensure our country remains a safe harbour and prime destination for capital investment and that the value of private sector projects be considered especially against those that compete with, and are funded by, public taxpayer dollars.

Up to now, GCT is not aware of any robust business case or full and up-to-date costing analysis that has been completed by the federal agency, the Vancouver Fraser Port Authority in relation to their proposed Roberts Bank Terminal 2 (RBT2) project. In order to ensure the responsible use of public dollars, this information must be provided by the project proponent. Furthermore, any investment decision by the Government of Canada should only happen once this information has been received and reviewed by government. To assist with that effort, we would suggest that the government consider asking a 3rd party independent think tank to examine the business case, needs, and requirements for container capacity on West Coast of Canada before any significant decisions by government or government agencies are made.

In order to ensure the most effective, nimble and cost-effective container capacity for Canada, any decisions should be fully reviewed and considered from all perspectives. GCT is very much looking forward to the results and go-forward recommendations of the Ports Modernization Review.

Having participated in a roundtable with the Minister of Transport in June 2020, GCT was pleased to hear that the report is expected for release this fall as this is a critically important initiative.

There is a major issue at play related to a publicly-funded federal government agency which is also a regulator pursuing a project of its own that directly competes with a privately-funded project that is optimal from an accountability, environmental stewardship and incremental perspective. We would assume some of these concerns may be addressed in the findings and go-forward recommendations of the PMR, and as a result insist that any decision on the project by government be postponed until these are made public.

Recommendation 4: That the Government of Canada halt any decision from being rendered or any further deliberations regarding the proposed RBT2 project until the results of Transport Canada's Ports Modernization Review (PMR) are known, further consultations related to the PMR have concluded, and final recommendations are made public.

GCT will also continue to stand with governments, First Nations communities and other industry partners to do what it takes to collaboratively build smart infrastructure, leveraging private sector capital and green practices to be responsive to ever-changing market conditions. As a Vancouver-based company, GCT is committed to protecting the environment and strengthening the dialogue shared with their partners to achieve this common purpose.

Thank you for the opportunity to provide some key updates on GCT's major initiatives and to emphasize the need to continue supporting our gateway, especially during these difficult economic times.

Sincerely,

Marko Dekovic
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Global Container Terminals Inc.