



Submission to the House of Commons Standing Committee on Finance

Pre-budget consultation in advance of the 2021 federal budget

Vancouver Fraser Port Authority

August 7, 2020

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Summary of recommendations

- **Recommendation 1:** That the government take all steps to expedite approvals and facilitate the required borrowing limit changes required for the development of the Roberts Bank Terminal 2 – the proposed container terminal in Delta, BC that is critical to the Port of Vancouver's plans to meet future trade capacity of Canada's largest port.
- **Recommendation 2:** That the government ensure continued competitiveness and trade opportunities by increasing funding for the current \$2.4 billion, 11-year, National Trade Corridors Fund to meet the substantial need for further investment.
- **Recommendation 3:** That the government focus the National Trade Corridors Fund on common user projects that can demonstrate significant, long-term economic benefits. 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 Indigenous communities.
- **Recommendation 4:** That the government allocate trade corridor funding based on the regional opportunities with the most economic recovery and GDP-enhancing potential, rather than allocating funding somewhat equally across the country, to offer the greatest chance to grow the Canadian economy, and yield a positive shorter and long-term impact.
- **Recommendation 5:** That the government ensure financial flexibility for port authorities to improve Canada's competitiveness by enabling appropriate access to capital through timely borrowing limit adjustments and letters patent when deemed appropriate.
- **Recommendation 6:** That the government develop a national transportation strategy in collaboration with the provinces, municipalities, Indigenous governments and industry that provides for the identification and protection of national transportation corridors, including surrounding land suitable for trade-related business and infrastructure.
- **Recommendation 7:** That the government implement a secretariat to oversee joint funding opportunities for common infrastructure projects on the West Coast to ensure critical projects proceed.

Introduction

The Vancouver Fraser Port Authority is pleased to submit recommendations for consideration in the upcoming federal budget. As Canada's largest port, the Port of Vancouver holds a unique place – and responsibility – as an economic engine for the entire country. We are committed to the predictable, reliable and world-class infrastructure and operations to facilitate Canada's import and export international commerce. The following recommendations are offered in support of bolstering our ability to act as Canada's premier port and as Canada's gateway to the Asia-Pacific market – not just today, but in the future. Our recommendations also align with other government priorities, including protection of our environment and our oceans, and tackling climate change.

Overview of the Vancouver Fraser Port Authority and the Port of Vancouver

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.

The Vancouver Fraser Port Authority's mandate is to contribute to the economic growth, competitiveness, and prosperity of Canada, while providing a high level of safety, protecting the environment and considering local communities.

Located on the southwest coast of British Columbia, the Port of Vancouver is Canada's largest port – larger than all other ports combined – and supports trade with more than 170 world economies, moving about \$1 in every \$3 of Canada's trade in goods outside North America.

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

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 Vancouver Fraser Port Authority manages lands and waters that intersect the asserted and established traditional territories and treaty lands of several Coast Salish First Nations. We recognize the history and contemporary interests of Indigenous peoples and work to establish and maintain productive relationships through Indigenous consultation, regular communication, and a desire to engage in mutually beneficial opportunities to enhance the Asia-Pacific Gateway.

Background on recommendations

Roberts Bank Terminal 2

Roberts Bank Terminal 2 is a proposed container terminal in Delta, B.C. that is needed to ensure Canada is able to meet its trade objectives through to the mid-to-late 2030s.

The project recently completed a federal environmental assessment under the *Canadian Environmental Assessment Act, 2012*. The location and terminal orientation were selected to minimize the impact on the environment and local communities as best as possible. The project requires approval by the federal Minister of Environment and Climate Change, as well as completion of other permits before it can proceed.

The project would provide substantial benefits to Canada, British Columbia and Metro Vancouver by accommodating increased demand for trade, supporting economic growth, providing employment opportunities during project construction and terminal operation, and providing benefits to Indigenous groups and neighbouring communities.

During construction, the project would provide approximately 12,700 person-years of employment over a six-year construction period. Once operating, on-terminal and off-terminal activities would support more than 12,400 well-paying, full-time jobs annually.

The construction of the project would add \$1.3 billion GDP to the Canadian economy, and its operation, including on-terminal and off-terminal activities, would add \$1.2 billion GDP each year.

Now, more than ever, investment into the Canadian economy is needed. The Roberts Bank Terminal 2 Project will help jumpstart our economy.

Recommendation

- That the federal government take all steps to expedite approvals and facilitate the required borrowing limit changes required for the development of the Roberts Bank Terminal 2 – the proposed container terminal in Delta, BC that is critical to the Port of Vancouver's plans to meet future trade capacity of Canada's largest port.

Long-term government leadership on strategic infrastructure spending

The port authority commends the government for its commitment to infrastructure spending through the National Trade Corridors Fund, which has provided over \$300 million supporting 11 port authority-led projects that will improve Canada's competitiveness and ability to trade. As the government decides on the future of the fund, the port authority strongly urges that trade-enabling common-user infrastructure in and around Canada's largest gateway continue to be at the forefront of investment, given its direct support of capacity enhancement at the port and trade corridor functionality.

In a previous iteration of funding between 2005 and 2015, a federal government investment of \$1.4 billion inspired further public and private investment for a total of over \$7.5 billion. As a result, the Port of Vancouver has grown in the last several years by the equivalent of the throughput of Canada's second-largest port, the Port of Montreal.

The Gateway Transportation Collaboration Forum consists of Transport Canada, the B.C. Ministry of Transportation and Infrastructure, the Vancouver Fraser Port Authority, TransLink and the Greater Vancouver Gateway Council. has been working together since 2014 to identify and seek federal funding for projects that will improve our trade and transportation network to meet growth anticipated by 2030.

Together, we developed Greater Vancouver Gateway 2030, a strategy for smart infrastructure investment consisting of more than 40 projects that will provide benefits right across the country by helping get

Canadian goods to market, growing the economy, creating and sustaining well-paying jobs, and supporting livable, green communities with safety, mobility and air quality improvements.

Projects recently proposed by the port authority and funded by government are focused on strategic transportation infrastructure in B.C.'s Lower Mainland that will remove bottlenecks to Canada's trade. 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. This will translate directly into increased Canadian economic growth.

To accommodate that growth and ensure competitiveness, the port authority and others are delivering projects and identifying future projects for trade-enabling infrastructure that will improve road and rail access, efficiency, capacity, employment, tax revenues, public safety, and security, while reducing operating costs and congestion due to road and rail conflicts.

Recommendations

- That the government ensure continued competitiveness and trade opportunities by increasing funding for the current \$2.4 billion, 11-year, National Trade Corridors Fund to meet the substantial need for further investment.
- That the government focus the National Trade Corridors Fund on common user projects that can demonstrate significant, long-term economic benefits. 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 Indigenous communities.
- That the government allocate trade corridor funding based on the regional opportunities with the most economic recovery and GDP-enhancing potential, rather than allocating funding somewhat equally across the country, to offer the greatest chance to grow the Canadian economy, and yield a positive shorter and long-term impact.
- That the government implement a secretariat to oversee joint funding opportunities for common infrastructure projects on the West Coast to ensure critical projects proceed.

Access to capital

As port authorities are financially self-sufficient, it is critical they have the ability to access capital when needed for capital expansion, land purchases and common-use infrastructure projects required to support forecast shipping volumes and by extension Canadian economic activity. When capital requirements necessitate adjustments to borrowing limits and letters patent, those approvals must be approved by government in a timely manner because delays have the potential to affect Canada's competitiveness and trade capacity, resulting in lost economic activity and lost future opportunities as shippers remap to alternative non-Canadian ports with more predictable capacity.

Recommendation

- That the government ensure financial flexibility for port authorities to improve Canada's competitiveness by enabling appropriate access to capital through timely borrowing limit adjustments and letters patent when deemed appropriate.

Trade Enabling Lands

According to Metro Vancouver, industrial land hosts operations that provide about one in every four jobs in the region and contribute 40% of the regional GDP. As the industrial land supply dwindles,

opportunities for well-paid jobs will begin to diminish as it becomes increasingly more difficult for businesses to locate here.

Large parcels of industrial land are particularly scarce, which is especially critical given the region's importance to Canada's future trade opportunities. The Port of Vancouver facilitates trade with about 170 world economies, and Canada continues to negotiate trade agreements beyond North America. As a country, we have come to realize that reliance on one trading partner—the U.S.—is not a good, long-term strategy for prosperity. Canada's largest port will therefore be increasingly essential to being able to access new trading partners in Asia.

We continue to advocate at all levels of government for the preservation of lands most suited to trade-enabling purposes, such as lands best served by the regional road, rail and marine goods movement corridors.

Recommendation

- That the government develop a national transportation strategy in collaboration with the provinces, municipalities, Indigenous governments and industry that provides for the identification and protection of national transportation corridors, including surrounding land suitable for trade-related business and infrastructure.

Conclusion

The Port of Vancouver is, and is recognized as, a world-class trade gateway -- largely because of the leadership of the federal government in vision, and in supporting strategic and nation-building infrastructure improvements that have created capacity and allowed the gateway to facilitate tremendous trade growth.

Global trade is a fundamental economic engine for Canada, and the Port of Vancouver is the core enabler of Canadian global trade. Sustaining and expanding Canada's major trade and transportation corridors and overall goods movement through strategic infrastructure and innovation is vital to maintaining and enhancing economic growth.