

Federal Budget 2022 Consultation Submission

Prince Rupert Port Authority

Submission to the Standing Committee on
Finance



Submission on Budget 2022 Consultation

In response to the budget consultations launched by the Standing Committee on Finance, the Prince Rupert Port Authority (PRPA) is pleased to take this opportunity to provide input into the budget planning process.

Canadian ports are essential enablers of marine transport and regional development, which allows Canadian businesses to participate in a globally integrated economy. Never has marine transportation and ports been so important. COVID-19 has brought on economic hardships across the country, and recovery will require the free movement of Canadian trade to international markets. The Port of Prince Rupert is strategically set-up to continue growing capacity and market access for Canadian trade in the Asia-Pacific.

As alternative gateways in North America continue to be challenged by the ability to expand and maintain resiliency, PRPA's ability to sustainably grow, diversify and innovate gateway capacity is critical to Canada's economic, trade and sustainability agendas.

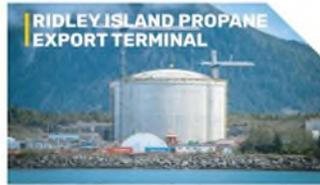
Prince Rupert Port Authority

PRPA is a Canadian Port Authority established under the *Canada Marine Act, 1998*. Its purpose is to build a better Canada by growing trade and is mandated to develop the Port of Prince Rupert to support and add competitive value to trade, manage federal crown lands dedicated to that mandate and ensure the safe transit of vessels in and out of the harbour through effective oversight.

The Port of Prince Rupert operates within the traditional territory of the Ts'mysen people.

Currently, the Port facilitates both imports and exports through six primary terminals owned and operated by private sector tenants leasing property in PRPA jurisdiction.

PORT OF PRINCE RUPERT TERMINALS



Prince Rupert Gateway: Western Canada’s Strategic Trade Corridor for Economic Prosperity

The Prince Rupert Gateway is a strategic trade corridor for Canada to international markets and continues to facilitate critical market access for Canadian exports and imports. The Gateway supports the movement of imports and exports through the Port of Prince Rupert, which is the northernmost port on the West Coast and the third largest in Canada.

Building upon the strategic natural advantages of the Port, as outlined below, and the ongoing collaboration between Gateway partners, the Prince Rupert Gateway has continued to grow and diversify cargo volume, unlock private sector investments in new infrastructure capacity, and add value to Canadian trade.



Economic Benefits

With 32.4 million tonnes of cargo moving through the Gateway in 2020, representing \$60 billion in international trade, gateway operations supported 6100 full-time jobs in Northern BC and over \$510 million in labour wages. During a time when economic hardship due to the COVID-19 pandemic impacted communities throughout Canada, the Prince Rupert Gateway has proven its resiliency, efficiency, and reliability as a strategic trade corridor and economic engine for gateway communities.

Federal, provincial, and local governments are positively impacted by gateway growth as stipends, personal tax, corporate tax, and property tax support increased government revenue from operations. In 2020, the Federal and British Columbia governments were the largest recipients of the \$145.5 million in taxation collected from gateway operations.

Indigenous Participation

The success of the Gateway relies on working in collaboration with Indigenous partners. Local Indigenous residents, governments, and businesses have participated significantly in the

opportunities presented by growth and expansion of the Prince Rupert Gateway, growing economic capacity through benefit agreements, revenue sharing, employment in gateway industry businesses, and construction and operational contract opportunities and entrepreneurial business ventures. Highlights include:

- Since 2011, revenue sharing agreements have provided financial benefits for local Indigenous communities,
- Since 2011, contracts totaling \$230 million have been provided to Indigenous businesses,
- Over 35% of employees in local gateway-related businesses are Indigenous, which mirrors the local Indigenous population over 15 years of age.
- Continued collaboration between Gateway operators and Indigenous commercial businesses, including the largest container trucking business in the Port, and
- Considerable collaboration with Indigenous governments and organizations to promote sustainable management for monitoring, preventative, and capacity initiatives.

Meeting Canada's Economic Needs

Western Canada is an economic driver thanks to strong export sectors like forestry, petrochemicals, mining, and agriculture. These vital industries need stable and competitive supply chains to provide access to a diversified international market, and the Prince Rupert Gateway provides that through ongoing expansion of trade infrastructure capacity and capabilities.

Currently, there is \$2.5 billion in new private sector expansion projects at the Port under construction and in advanced stages of investigation that will provide new market access opportunities for export-based industries and over \$200 million invested in 2021 for rail infrastructure to expand capacity in Northern BC. Gateway projects include:

Fairview Container Terminal Expansion

DP World has started construction on the next phase of their expansion of the Fairview Terminal, which will increase its annual capacity from 1.35 million to 1.8 million TEUs helping to meet the Port's future growth in intermodal trade.

Fairview-Ridley Connector Corridor

To develop a more integrated and efficient port ecosystem, PRPA is constructing the \$115 million Fairview-Ridley Connector Corridor, which will connect Fairview Terminal to Ridley Island and enable truck traffic to be rerouted off public roads and reduce the truck journey from 20 km to 5 km.

Ridley Island Export Logistics Project

The Ridley Island Export Logistics Project (RIELP), one of the Port's intermodal expansion projects, will add value to Canadian exports through greater optimization of supply chains, containerization of products, and more competitive access to global markets. This innovative project, estimated at \$1 billion in private and public sector investment, will have an annual export transload capacity of 400,000 TEUs and enhance the competitiveness for Canadian exports.

South Kaien Island Import Logistics Park

South Kaien Island Import Logistics Park is another important intermodal expansion project being developed by PRPA and Metlakatla First Nation. Estimated at \$100 million, the import logistics park will have a 4 million TEUs annual capacity and provide much needed flexibility for commercial partners with transloading and warehousing capacity of imports.

Vopak Liquid Bulk Storage & Export Terminal

Building on the success of AltaGas' Ridley Island Propane Export Terminal, and Pembina's Prince Rupert (LPG) Terminal, Vopak Canada is developing an open access liquid bulk terminal that will store and ship liquid bulk exports such as liquified petroleum gas (LPGs), refined fuels and methanol. This project, estimated at \$900 million in private sector investment, will have an annual capacity of over 6 million metric tonnes of liquid bulk product, and reflects the increasing global demand for Western Canada's low-carbon transition fuels and manufacturing inputs.

CN Northern BC Rail Infrastructure

In 2021, CN invested over \$200 million in Northern BC capital projects that will focus on technology, capacity, and infrastructure maintenance to enhance security and the fluidity of the gateway.



Budget Recommendations

Enabling Supply Chain Growth & Canadian Trade

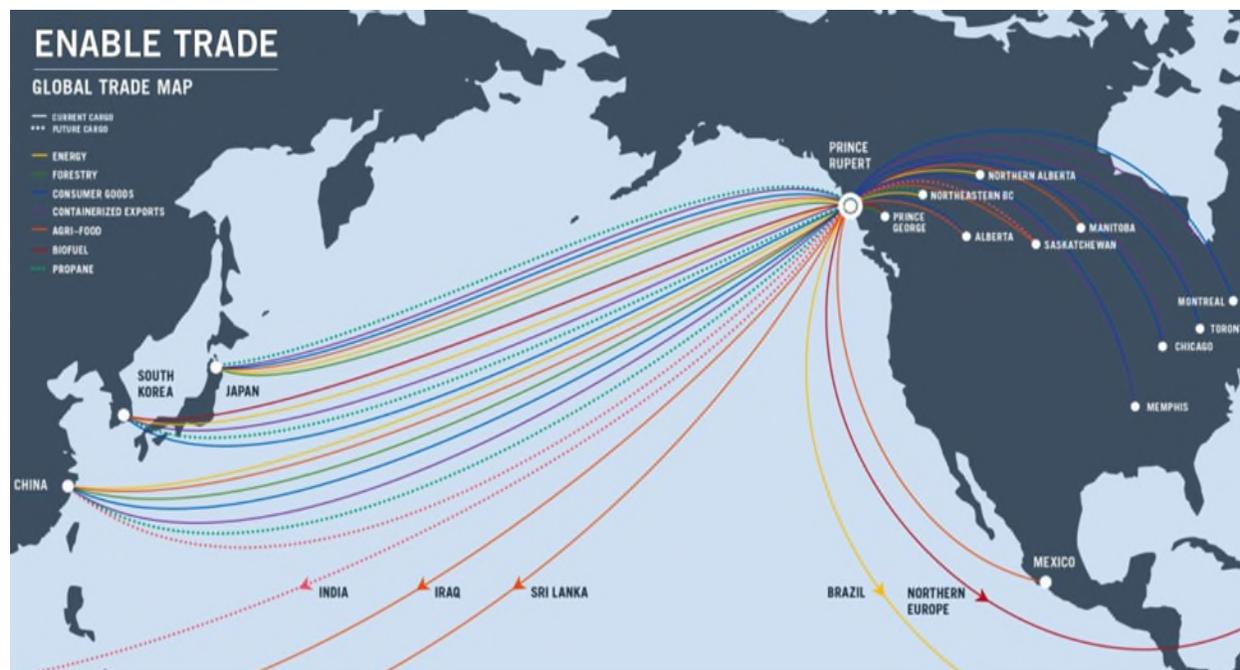
Strategic trade corridors stretch across domestic and international origins and destinations. From Prince Rupert to Edmonton, the Prince Rupert Gateway has vast reach into Western Canadian industries. Unlike urban supply chains that invest in mitigating existing road and rail congestion within the network, the Prince Rupert Gateway is uniquely positioned to focus on investment in infrastructure that adds supply chain capacity. enables greater access for Canadian goods to reach international markets and directly facilitates private sector investment in new terminal capacities and capabilities. Instead of focusing on mitigating urban congestion issues, this allows the Gateway to continue adding competitiveness and value to Canadian exports, unlocking vast economic benefits and ensuring ongoing sustainable operations.

The Government of Canada has continued to play a role in supporting trade enabling infrastructure that adds more capacity and enables trade. Increasing the National Trade Corridors Fund (NTCF) program in the Federal 2021 Budget demonstrated a focus to improving Canada's supply chains and growing capacity for market access.

Recommendation 1: That the Government of Canada make the NTCF a permanent funding program and initiate additional programs that support port and supply chain infrastructure, which are necessary to continue achieving the economic benefits the export industries provide.

Investment in Community Infrastructure

Gateway workers support terminal, transportation, marine and logistic operations that ensures the Prince Rupert Gateway continues to be a strategic trade corridor that reaches vast international and domestic markets. These workers belong to communities throughout the gateway, supporting Western Canada’s economic prosperity and growth. The communities they live in have grown thanks to the export of natural resource commodities and the trade corridor that supports them.



Whether it is forestry, agriculture, petrochemicals or mining commodities, workers in the gateway support the economic development of their community by ensuring local export commodities have reliable supply chains and their communities can maintain stable and sustainable growth.

As private sector organizations continue to invest, construct, and operate gateway infrastructure, the Government of Canada should prioritize coordinating infrastructure investment into community-based infrastructure in gateway communities. Community requirements for new and maintenance of existing infrastructure are needed to unlock economic opportunities and private sector investment and embrace the benefits of gateway growth.

Recommendation 2: That the Government of Canada allocate funds within the Community Infrastructure Fund and additional infrastructure programs to support communities in strategic trade corridors, such as the Prince Rupert Gateway.

Supporting Safe Operations in Trade Corridors

As the Prince Rupert Gateway continues to increase the movement of Canadian trade, rail capacity on the CN line will also increase, which translates to greater economic benefits for gateway communities.

As rail operators continue to invest in rail capacity, there is a need for the Government of Canada, in collaboration with all levels of government, to prioritize community infrastructure that enables continuous safety improvements and safer interactions between gateway operations and local and Indigenous communities.

Recommendation 3: That the Government of Canada increase funding for the Rail Safety Improvement Program from \$21 million to \$50 million to support additional rail safety projects.

Sustainable Growth for Everyone

As the Prince Rupert Gateway continues to grow trade that flow through the trade corridor, it also continues to create jobs and demand for future labour. In Prince Rupert, where approximately 35% of the labour force is Indigenous, port growth has purposefully entrenched local Indigenous communities into the economic success of the gateway.

Growth of the Prince Rupert gateway is forecast to create an average 300 new jobs per year over the next decade and may push local population from its current 12,000 to closer to 20,000 people over the next decade to meet labour demand.

Recommendation 4: The Government of Canada fund local municipal recruitment and retention initiatives for gateway communities to ensure new trade infrastructure is constructed and operated in non-urban communities and funding for training programs for local and Indigenous residents to maximize participation opportunities.

Expanding Sustainable Operations

The Prince Rupert Gateway is one of the lowest carbon emitting trade corridors thanks to innovative planning and implementation of sustainable operations that works to promote a gateway that sustainably grows with the local environment. PRPA recently developed a Carbon Emissions Reduction Strategy to reduce Port emission intensity by 30% by 2030 and become carbon neutral by 2050.

Recommendation 5: The Government of Canada support expansion of sustainable operations through relevant capital investments in the Prince Rupert Gateway that support the ongoing work to reduce carbon emissions.

Coastal Tourism

British Columbia is the largest cruise region in Canada, participating in the “Alaska” cruise market and accounting for more than 50% of all Canadian cruise traffic. The industry provides \$2 billion in economic activity and thousands of jobs in tourism and hospitality sectors, but COVID-19 has negatively impacted the industry due to restrictions for international sailings. Projections for the future of the Alaska cruise market are bullish, but to continue the economic benefits and come out of the COVID-19 pandemic stronger, the Government of Canada will need to play a role in supporting coastal communities involved in the cruise industry, including Prince Rupert.

Recommendation 6: The Government of Canada work cooperatively with the BC Government to develop a tourism strategy and funding programs for BC coastal communities to revitalize and grow the tourism sector.