



PORT METRO
vancouver

**HOUSE OF COMMONS
STANDING COMMITTEE ON
FINANCE
PRE-BUDGET SUBMISSION**

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Executive Summary - Recommendations

- Port Metro Vancouver recommends the federal government continue entering into strategic infrastructure funding partnerships including those necessary to support the expanding Pacific gateway. Renewed focus on the trade gateway as a key strategic priority will ensure that Canada remains open to the rest of the world in a way that is environmentally responsible, while enabling local communities and all Canadians to prosper.
- Port Metro Vancouver recommends the remaining National Infrastructure Component funds under the New Building Canada Fund be focused on common user, trade-enabling infrastructure projects which have national significance, particularly in terms of economic growth. Port Metro Vancouver supports and will assist with the delivery of the government's plan to stimulate the economy in the short term through shovel-worthy infrastructure projects – projects that will also open the door to significant investment from the public and private sector resulting in long-term economic benefits.
- Port Metro Vancouver recommends the federal government implement a secretariat to oversee joint funding opportunities for common infrastructure in the Pacific gateway to ensure critical projects proceed for the benefit of Canada's trade agenda and the broader economy.
- Port Metro Vancouver recommends the federal government ensure financial flexibility for ports by enabling appropriate access to capital – through timely borrowing limit adjustments – when appropriate to facilitate commercially based borrowing for core port activities and projects.
- Port Metro Vancouver recommends the federal government work to expand collaboration between government and industry to design and implement a national transportation strategy.
- Port Metro Vancouver recommends the capital cost allowance rates used for new trucks be accelerated to induce quicker turnover of the fleet and thereby improve environmental standards. As a starting point, rates for new trucks should be equalized with U.S. rates.

Submission

About Port Metro Vancouver

Port Metro 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 percent of the value of all goods traded in Canada move through the port; \$187 billion in goods (based on 2014 cargo volumes) are traded annually with more than 160 trading economies, generating 100,000 directly-related supply chain jobs across Canada, \$6.1 billion in wages, and \$9.7 billion in GDP.

The Vancouver Fraser Port Authority, doing business as Port Metro Vancouver, is a non-shareholder, financially self-sufficient corporation established by the federal government, pursuant to the *Canada Marine Act*, and accountable to the elected federal Minister of Transport. The mandate of Canadian 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 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. Port Metro Vancouver is the most diversified port facility and the number one export tonnage port in all of North America with 27 deep-sea marine cargo terminals, two international cruise terminals and several domestic intermodal short sea shipping terminals. The port is serviced 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. The port offers easy access to the Trans-Canada and U.S. interstate highway systems with interconnecting service provided by major trucking lines.

Port Metro Vancouver offers a full range of facilities and services to the international shipping community and operates 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. Consumer products and other goods are imported, primarily from the Asia-Pacific region and destined for across Canada and the U.S. 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.

Port Metro Vancouver is also a leader in environmental sustainability. Its [sustainability report](#) has been reviewed by the Global Reporting Initiative and provides an overview of the authority's social, environmental and economic performance.

Government leadership on strategic infrastructure spending – Long and short term

The port authority commends the government for its recognition that infrastructure spending will help to stimulate our economy. As the government decides how it will commit \$125 billion in infrastructure funding, which represents an additional \$60 billion across Canada over the next 10 years, the port authority wants to ensure that ports and trade corridors are at the forefront.

Recent federal government investment under the Asia Pacific Gateway and Corridor Initiative (APGCI) of \$1.4 billion supported projects worth \$3.5 billion in gateway infrastructure and further public and private investment for a total of \$7.5 billion to date. As a result, the port has grown by the equivalent of Canada's second-largest port, the Port of Montreal. In the next five years, we expect an additional 33 million tonnes of cargo will move through the port each year – again, equivalent to another Port of Montreal.

The gateway shows no signs of slowing down in terms of growth, particularly in light of potential agreements such as the Trans-Pacific Partnership. As such, the port authority has again identified opportunities for trade-enabling infrastructure improvements through

collaboration similar to APGCI named the Gateway Transportation Collaboration Forum (GTCF). This latest collaborative effort includes representation by the federal and provincial governments, among others, who have collectively identified high-priority projects to allow the continued growth of the gateway while managing local impacts. Immediately, several specific shovel-worthy projects across the gateway have been prioritized and can assist the government in its goal to boost the economy in the short term, contributing to prosperity and strengthening of the middle class.

These projects will improve road and rail access which will benefit producers and shippers across Canada through improved efficiency, increased capacity and lower operating costs. The projects are an opportunity to increase public safety, security and access, and reduce road and rail conflicts. They will result in increased employment, reduced travel time for road users, reduced noise levels and an increase in tax revenues to all levels of government.

While the longer term infrastructure vision is being created, the port authority understands there is remaining National Infrastructure Component money under the New Building Canada Fund that needs to flow in the short term. This represents an immediate opportunity to fund these gateway projects and thereby increase efficiency, connectivity and economic activity, while reducing the potential for further economic disruptions throughout western Canada.

Port Metro Vancouver recommends the federal government continue entering into strategic infrastructure funding partnerships including those necessary to support the expanding Pacific gateway. Renewed focus on the trade gateway as a key strategic priority will ensure that Canada remains open to the rest of the world in a way that is environmentally responsible while enabling local communities and all Canadians to prosper.

Port Metro Vancouver recommends the remaining National Infrastructure Component funds under the New Building Canada Fund be focused on common user, trade-enabling infrastructure projects which have national significance, particularly in terms of economic growth. Port Metro Vancouver supports and will assist with the delivery of the government's plan to stimulate the economy in the short term through shovel-worthy infrastructure projects – projects that will also open the door to significant investment from the public and private sector resulting in long-term economic benefits.

The infrastructure spending process

The process of making decisions on infrastructure spending to ensure long-term benefit to the economy and individual Canadians is complicated. It takes leadership from both government and industry. Under the former APGCI program, an internal to government secretariat existed within Transport Canada which supported stakeholders in making strategic infrastructure requests and decisions in a collaborative way. The secretariat provided supply chain partners and communities with a much needed resource to enable decisions on infrastructure spending to happen more quickly and strategically with a common long-term vision in mind. Such a dedicated resource is integral to the future success of any further infrastructure plan and, based on past experience, would be well-received from all stakeholders.

Port Metro Vancouver recommends the federal government implement a secretariat to oversee joint funding opportunities for common infrastructure in the Pacific gateway to ensure critical projects proceed for the benefit of Canada's trade agenda and the broader economy.

Access to capital

As port authorities compete against other commercial operations in the marketplace, it is critical that port authorities have the ability to access capital when needed for core port activities and projects. Since this requires adjustments to borrowing limits, it is imperative that those adjustments be made in a timely way. Recently, it has taken longer than stated minimum standards, and too long to be competitive, for adjustments in letters patent to be made, resulting in the loss of opportunities which are detrimental to port operations.

Port Metro Vancouver recommends the federal government ensure financial flexibility for ports 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 enabler for the entire Canadian economy, allowing businesses to develop, to grow, to create jobs, and to compete. For a number of years, industry has 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 the *Canada Transportation Act*.

Port Metro Vancouver recommends the federal government work to expand collaboration between government and industry to design and implement a national transportation strategy.

Improving the environment

Port Metro Vancouver's Smart Fleet Trucking Strategy includes environmental standards that will come into full effect over the next several years. The standards are designed to ensure only container trucks with modern emissions control systems are permitted on port lands. At present, much of the fleet of container trucks is old with poor emissions and unnecessary contributions to greenhouse gases.

While there is general agreement that such standards are worthwhile and prudent, truck owner/operators have expressed significant concern over the cost of retrofitting or purchasing new trucks in order to meet the pending standards.

In the U.S., trucking companies typically replace a truck every three to five years, compared with every five to seven years in Canada, presumably at least partially due to differences in capital cost allowance rates.

Port Metro Vancouver recommends the capital cost allowance rates used for new trucks be accelerated to induce quicker turnover of the fleet and thereby improve environmental standards. As a starting point, rates for new trucks should be equalized with U.S. rates.

Conclusion

Port Metro 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 thrive in the face of tremendous growth.

For that 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 agreements as to their priority. The federal government can therefore take great comfort in the validity of proposed projects, knowing they have already been studied, discussed and prioritized by governments at all levels, among other participants.

Ensuring the sustainability of Canada's major trade corridors through strategic infrastructure and supporting capital investments is vital to enhancing the competitiveness of the Asia-Pacific Gateway and the Canadian economy. Port Metro Vancouver will continue to treat these initiatives as priorities and we look forward to working with government to make these projects a reality.