June 3, 2014 | Robin Silvester, President and CEO | Annual General Meeting

Thank you, Craig.

Good afternoon and welcome.

I am pleased to see so many of you here today. I have been looking forward to this opportunity to speak with you and share our 2013 results.

As you know, Port Metro Vancouver is mandated by the Canada Marine Act to support, promote, and safeguard Canada’s national, regional and local trade objectives by ensuring provision of the necessary marine infrastructure.

As we plan for the future, our economy, our quality of life, and our national wellbeing, we at Port Metro Vancouver are challenged with balancing growth in trade with the need to protect our environment and respect local communities. It’s a challenge we embrace as critical to our success.

Our mandate has an inherent tension. One that forces us to plan for the long term and execute commercially-oriented business decisions, while ensuring we fully understand and properly address the challenges that accompany that growth.

Our mission is to lead the growth of Canada’s Pacific Gateway in a way that enhances the well-being of Canadians and inspires national pride.

We are growing a sustainable port. We are interwoven with our nation’s communities and businesses. We are contributing to improving lifestyles at home and abroad. We are Canada’s largest trade gateway to Asia. We are investing in our nation’s future for generations to come. We are building national pride.

All of this requires a hugely collaborative effort built on teamwork, innovation, people, responsiveness, leadership, accountability and sustainability. I would like to thank our many stakeholders, our customers and all levels of government for their continued investments, commitment, collaboration and demonstration of these values, while working together to lead the growth of Canada’s Pacific Gateway.

Port Metro Vancouver is Canada’s largest and busiest port facilitating 19 per cent of Canada’s trade in goods by value, and providing a staggering $9.7 billion in direct gross domestic product to Canada. $505 million worth of goods move through the Vancouver Gateway every day, all of which helps the port generate 98,800 jobs in Canada, including 57,000 jobs in the lower mainland.

Strategically positioned for the growing Asia-Pacific market, Port Metro Vancouver connects Canadians to trading partners in over 160 economies.

We are the most diversified port in North America with goods that range from exports of coal, grain, forestry products, and containerized goods such as meat, fish, and poultry and specialty items, to imports of automobiles, electronics,
manufacturing supplies, food and clothing and other household goods. With around 90 per cent of containerized imports destined for our own Canadian markets, the port directly impacts our nation’s quality of life.

2013 was another record-breaking year for us. Our total cargo volumes reached 135 million tonnes, a 9% increase over 2012.

Leading this growth were record volume years in two business sectors: bulk and container. Our bulk sector reached record volumes of 92.7 million tonnes, an 11 per cent increase over 2012. Similarly, our container sector delivered record volumes of 2.83 million TEUs, a 4 per cent increase over 2012 volumes. These record volumes demonstrate the strength of the Canadian economy and confidence that our customers have in choosing the Vancouver Gateway.

We expect continued growth and we are planning for the long term to meet trade demand.

In the next five years, Port Metro Vancouver is spending over $700 million on infrastructure improvements to continue to help improve the well-being of Canadians by enabling the trade that supports their families and businesses.

In addition to volume highlights, significant progress was made on infrastructure projects on the North Shore, South Shore and the Roberts Bank Rail Corridor. These projects will enhance critical connections to overseas markets for export products, will improve rail, port and trucking operations, and will ease congestion in communities.

All three projects have benefitted from collaboration with, including significant financial contributions from, partners representing local, regional, provincial, and federal governments as well as private industry.

These projects are all moving towards completion, and many of them will be complete this year.

To meet long-term trade demands and address container capacity constraints, we are also proposing an additional container terminal at Roberts Bank. It would be built adjacent to the existing Westshore Coal Terminal and would provide approximately 2.4 million TEUs of additional container capacity. In 2013, we successfully submitted a project description for the proposed Roberts Bank Terminal 2.

I mentioned the importance of collaboration to these projects. In addition, consultation and dialogue with stakeholders is critical to long-term, sustainable growth.

Our consultation processes include a wide range of stakeholders including terminal operators, tenants, shippers and customers, service providers, First Nations, communities, non-government organizations, academic institutions, transportation agencies, federal and provincial governments, local and regional governments, and others. We benefit from their input.
Last year we participated in 524 community engagement events and facilitated 3 permanent community liaison groups.

Specifically, in 2013 we expanded our engagement with local communities using new technologies and social media tools – such as our PortTalk website which is a public information and consultation portal. Facebook and Twitter have become important engagement tools. Additionally we implemented a new municipal engagement strategy and established closer contact with councils, with our executives taking a leading role in establishing relationships.

Turning now to sustainability, many of you may recall that in 2010, we embarked on a systematic approach to sustainability whereby we completed an exhaustive scenario planning process called Port 2050. This planning process highlighted the role we can play in helping the Vancouver Gateway prepare for the Great Transition – a global social, environmental and economic transition to a sustainable Gateway.

To support continued gateway success and prepare for the Great Transition, we updated our mission and vision and embarked on a number of initiatives. In 2013, we launched an initiative to define what a sustainable gateway looks like. And through consultation, feedback, collaboration, and an external advisory panel, we are pleased with progress made to map out exactly what a sustainable port looks like.

Today we are also releasing our annual sustainability report in which we discuss our social, environmental, and economic performance for 2013. The report highlights our collaborative approach and our consultation with our stakeholders and local communities to build new infrastructure, improve the environment and address local challenges such as dust and noise from port-related operations. And it puts focus on some of the critical and challenging issues the Gateway faces.

Consideration for the environment is woven into everything we do and we are constantly improving our processes to ensure the port provides for Canadian prosperity for generations to come. We were the first port in Canada to have an environmental team, a team now comprised of 15 experts in biology, air quality, atmospheric science, chemistry, soil science, geology, sustainability and energy management and environmental management systems.

Continued and increased use of shore power for cruise ships, has reduced greenhouse gas emissions by more than 8,400 tonnes, and we are now looking to progressively implement shore power for the hundreds of container cargo ships that visit the port each year.

There are many other ways we work to protect the environment such as building bird and fish habitat to replace what has been impacted by port expansion, site remediation with expectations that tenants leave sites in same or better condition as they found it, and marine mammal monitoring.

The Canada Marine Act requires every Canadian port authority to have a land use plan that outlines how it will develop the property it manages. In 2013, we completed a full draft of our updated Land Use Plan to guide port growth, including
goals, objectives and policy directions, as well as proposed implementation measures. The plan will be finalized this year and will address the future of the port given economic forecasts predicting an additional million people will live in the Metro Vancouver region by 2040.

So let me come to some of those key challenges I’ve mentioned.

With the global economy expected to strengthen over the next five years, and the influx of new residents expected in this region, industrial land to support trade is a key topic for future planning.

Industrial land enables trade, creates jobs and provides tax revenue every year to municipalities. But the industrial land base in Metro Vancouver has been shrinking over the last 30 years. Industrial land has been lost to the competing priorities of residential and commercial development. That’s why Port Metro Vancouver is seeking to protect industrial land by suggesting and building support for an Industrial Land Reserve.

An industrial land reserve is not just for the port, but for the local economies, for future businesses, for jobs, and for enterprise, development, and trade. Population growth means we need to plan now for our future citizens. We need to have the investment, resulting jobs and infrastructure to support these additional families and enable the region’s economy to grow and generate the revenues required to pay for publicly funded services.

An Industrial Land Reserve would have clear rules to protect the industrial land base and the jobs and economic growth that are generated by industrial activity.

There are only 200 acres of Port Metro Vancouver industrial land remaining for future new development to support trade activities. Recent studies indicate that the Vancouver Gateway will need approximately 2,300 additional acres by 2025 to meet increasing cargo demand.

This means that while we are steadfastly improving our operational efficiency and existing infrastructure to meet demand, the Vancouver gateway will need 2,100 acres in order to meet trade demand at Canada’s busiest port within the next 11 years. 2,100 is approximately the total amount of available industrial land in our region today – all of it.

The lack of industrial land and escalating land prices are already affecting the region in the form of lost employment and economic activity. We want to engage the region in a constructive and meaningful dialogue to find solutions to our shared challenges. The second challenge I’d like to mention is sensitive permit applications.

Our tenants and project proponents are seeking clarity around what we expect of them in our Project and Environmental Review processes.

Since 2012, substantive changes to environmental legislation, such as the introduction of the Canadian Environmental Assessment Act, 2012 and the new Fisheries Act, along with the closing of the Burrard Inlet Environmental Action Program and the Fraser River Estuary Management Program, have placed pressure
on various agencies and decision-makers to coordinate project review processes and outcomes.

Additionally, we’re seeing increasing public interest and expectations regarding the rigour and transparency of these processes.

Port Metro Vancouver is committed to improving its project review process in order to ensure greater clarity, efficiency, transparency, accountability, consistency and responsiveness in its permitting process. In 2013 we engaged a third party reviewer to evaluate our process. They concluded that while our process is sound and we make robust, good, decisions when issuing project permits and conducting environmental reviews; there are areas where the process can be improved. We are pleased with these recommendations and have created a project team to lead the initiative to implement them.

I also want to acknowledge the recent container trucker work disruption.

As all of you will recall, early this year, a group of unionized and non-unionized truck operators staged a work stoppage to protest undercutting practices, and terminal wait times, that affect their compensation. This one-month labour disruption had a huge impact on truckers, families, all manner of businesses, shipping lines, importers and exporters, and the Canadian economy.

Hundreds of millions of dollars’ worth of cargo was stranded at container terminals. And our international reputation for reliable port operations has been severely damaged, following years of consistent service and recognized performance.

Despite not being a party to the contracts of the striking truckers, Port Metro Vancouver worked with the federal and provincial governments and other stakeholders to end the strike and return the port to full operation. A Joint Action Plan, put forward by the federal and provincial governments with Port Metro Vancouver, was accepted by drivers on March 26, 2014 and is being implemented.

As part of the action plan, we are accelerating our Smart Fleet action plan, a threear year action plan focused on technology-based solutions to achieve excellence in the container trucking sector.

Last year, we outfitted more than 1,000 trucks, about half the fleet, with GPS units. We expect to have the other half complete by the end of this month, a first for a North American port, in fact I believe for any port.

The data will allow an unprecedented ability to address routing and congestion issues, and track wait times.

I want to thank our many customers for your patience during the work disruption.

We aim unwaveringly to ensure our port’s reliability and competitiveness, and as you’ve heard about today and throughout our many interactions during the year, we are implementing many complex initiatives to address challenges and improve operations in our gateway.
We appreciate your understanding.

Moving forward, we will build on 2013 by remaining focused on managing the sustainable growth of the port in collaboration with stakeholders.

We will continue to establish and nurture relations with all levels of government to build understanding and support for our mutual goals of growth and prosperity -- growth that benefits Canadians, provides jobs, improves our quality of life, and provides a tax base to support fundamental Canadian programs.

We are committed to realizing a broad range of support for gateway growth by being environmental and social leaders, recognizing and addressing the concerns of local communities and beyond.

Despite its inherent tension, we will fulfill our mandate to completely understand, anticipate and prepare the Gateway for the future for the well-being of Canadians. Last but certainly by no means least, I am grateful to our board of directors for their invaluable insight and leadership, and to our staff who are passionately committed to the work they do on behalf of Canada.

Thank you to all of them.

And now, I would like to turn things over to Chief Financial Officer, Allan Baydala for a review of the numbers for 2013.

[Back to Robin for introduction of video]

Before we open things up for questions, I would like to introduce you to an element of our Community Awareness Campaign that will be launching in the coming weeks, PortTV.

This is an initiative to educate and inform the public about our mandate, operations and our place in the community.

In this short episode, we learn about the Salt Marsh Restoration Project in Boundary Bay in Delta – one of Port Metro Vancouver’s Habitat Enhancement Programs.

[Video]

Thank you again for your time and attention today.

After the question and answer session, please feel free to connect with us on PortTalk.ca, Twitter, Facebook, or join us in person at our reception immediately following to continue the conversation with a port representative.

We also have information booths with more information about us and some stakeholders.

We are now going to turn to questions. This year, to ensure we can address your questions fully, our entire executive team will join us on stage.
Thank you for attending today.

Pam, over to you.