

**September 11, 2014 | Robin Silvester, President and CEO | Chamber of
Shipping of British Columbia**

Addressing shipping community challenges

Thank you. And welcome everyone. I am honoured to be here today and to discuss the Canadian port model with you. Who better to discuss its merits and challenges and identify opportunities for improvement than the group here today -- industry and supply chain representatives, key port stakeholders, members of the B.C. Chamber of Shipping.

You are each an important part of the Canadian economy and key contributors to Canada's largest and most diversified port. And as such, you are instrumental to growing a sustainable, efficient port that works for everybody, meets the needs of Canada's trade demands, provides for the protection of our environment, and respects the quality of life for our neighbours.

In fact, the purpose of Canadian ports is enshrined in the Canada Marine Act, of which you have seen a summary here today. We have a complex mandate that requires a thoughtful balancing of its inherent tensions. Our mandate forces us to plan for the long term and to understand fully the challenges that accompany growth. It requires us to focus on competitiveness. And it requires us to be transparent and earn public trust so that we may, together, deliver on our economic, environmental, and social purposes.

As we look to the future, we must first know where we are today. As we work to grow a sustainable port, we must first understand trade demand and how we can ensure collectively we have the ability to meet this demand, while balancing the potentially conflicting pressures of competitiveness, efficiency, safety, environmental protection and local and national communities' needs and aspirations.

We've heard this here today, but it is worth repeating. Demand for trade with Canada is growing – with no signs of slowing down. And, indeed, the pressures on Canada's ports, particularly the west coast and trade with Asia, will be immense. It is against this back drop that we all must prepare for our future.

Let me just recap a few of the figures for you. Year-after year since the 2009 recession, volumes through the port have been increasing. 2013 was another record year with a nine per cent increase over 2012. And, as you see from our recently released 2014 mid-year volumes, we continue to see steady growth. Canadian trade continues to increase with both strong demand for Canadian exports and for imports to Canada. Without dwelling on the statistics, which are available on our website, I'll share a couple of highlights with you.

At the midpoint of 2014, total cargo tonnage handled through Port Metro Vancouver was 69 million tonnes, 3.6 per cent more than the same period last year.

It's worth pausing to remember that on an annualized basis, 3.6 per cent growth is an additional 5 million tonnes of cargo. If it were all grain for example, we would

need a whole new grain terminal the size of Cascadia terminal - the largest grain terminal in the port today just to handle one year's growth.

Similarly, container traffic continues to increase. Volumes were up by 4.6 per cent. This is on track for the expected doubling of west coast container traffic by 2030. Recognizing and understanding the implications of growth -- from the impact on Canadian businesses, jobs and our quality of life, to how we build a port sustainably -- are integral to planning effectively and efficiently for the future.

How do we accommodate balancing these needs? Probably each one of you in this room has a mobile phone, computer, and TV. Maybe even one for each family member! Based on the forecasts, Canadians are unlikely to reduce our reliance on consumer goods manufactured in Asia -- the vast majority of which are imported through Port Metro Vancouver.

The way I see it, to support growing trade, industry and government partners -- many of you in this room -- must continue to improve our efficiency: leverage current assets, supply chains and related technologies, and maximize their utility. We must also identify and build the **right** infrastructure projects to maximize throughput on the most efficient footprint. And of particular concern here in the Lower Mainland, we must address the very limited industrial land remaining.

With respect to efficiency and reliability initiatives, we must work diligently to collaborate with stakeholders on the five key pillars that form the foundation of these initiatives: labour, rail, marine, trucking, and terminal operators. Here are a few samples of what stakeholders have accomplished and implemented already.

The port is in year four of an eight-year labour agreement. These long-term contracts between the BCMEA and ILWU are ratified until March 2018. This is a competitive advantage, creating stability and benefitting customers, businesses, and employees. We have seen how important it is this summer. The labour disruptions at U.S. west coast ports have driven cargo to Port Metro Vancouver and other Canadian west coast ports, (though not without challenges for us of course).

Rail is also key to supply chain efficiency, with approximately 80% of all cargo moving through the gateway being transported by rail. Railway stakeholders have ratified port-wide collaboration agreements to improve transparency and efficiency. Similarly, while it seems somewhat ironic to say it given the challenges experienced this year, great strides are being made towards trucking reliability and efficiency.

The container trucking industry is very complex and is a challenge in almost every large container port on the continent. The only way to stabilize it will be for all stakeholders to cooperate. Since the 14-point Joint Action Plan to address trucker concerns was signed in March to end the 28-day labour dispute, a significant amount of work has been done to implement the initiatives. In fact, once all measures are in place, we expect Port Metro Vancouver will have the most sophisticated container trucking system in North America.

While not exhaustive, here are a few key accomplishments on the trucking front, many of which are and acceleration of parts of our Smart Fleet Trucking Strategy.

- This summer, we completed the installation of GPS units on *all* trucks licensed to access the port, making Port Metro Vancouver the first port in North America to accomplish this.
- We are reforming the container Truck Licensing System which gives truckers access to port terminals. The reforms are intended to benefit safety, security, efficiency and the environment.
- We completed the installation of geo-fences and a web-accessed dashboard to provide instant access to wait time information.
- Three terminals are now operating night gates, easing congestion by spreading container truck traffic across two shifts a day.
- An anonymous reporting system is now available on-line or by phone. It provides a mechanism for truckers to raise concerns for investigation.

At the heart of supply chain performance and efficiency is on-time performance – for all modes, in particular, starting with vessel arrival. A scaled, wharfage-based program incentivizes container vessels for on time performance. Carriers can earn wharfage discounts of up to 10 per cent annually and to date, we have paid out over \$2.8m in discounts. In 2013, the number of vessels that arrived on time grew by 12 per cent over 2012.

As you can appreciate, this a weighty list. And this is only a sample of the reliability initiatives that our stakeholders and we have accomplished. There are many more underway and more efficiencies to realize.

We also have a major focus on delivering infrastructure through collaboration with multiple stakeholders to build capacity and maximize supply chain efficiency. Many of you will be familiar with some or even all of the projects as a commuter, community member, or industry stakeholder. But it's worth highlighting a few.

On the North Shore, three projects amounting to \$283m are nearly complete. The most recent is the Low level Road project which will be open by the end of September.

Two South Shore projects worth a total of \$127m of investment are well in hand. The projects enhance port operations and provide for future rail capacity, all while reducing impacts on the community.

The Powell Street overpass opened in July.

Of the seven infrastructure projects in the port-led South Shore Corridor Project, three directly impact public road access and noise. These are the Stewart Street Elevated Road; the road works package that allowed for Clark Drive to re-open on July 23; and a new pedestrian overpass at Victoria Drive. All works in these projects are scheduled to complete in December.

Through a unique collaboration of 12 public and private sector partners, the Roberts

Bank Rail Corridor program is set to deliver comprehensive road and rail improvements. All nine road and infrastructure improvement projects that are part of that program were just marked complete last week, with the opening of the Mufford Crescent overpass.

All of these projects will lower truck congestion both on port land and city streets, improve travel time reliability, reduce train-related noise, make rail operations more efficient, shorten wait times for trucks and other vehicles, improve the safety and efficiency of the road and rail network, and enhance quality of life for residents of communities.

Significant government investments at the regional level, including the new Port Mann Bridge and South Fraser Perimeter Road, further improve mobility within the gateway.

This kind of collaboration is critical to supporting Canada's future economy and meet international trade demand in a sustainable way. Yet another example is the newlyformed, Gateway Transportation Collaboration Forum. The forum consists of Transport Canada, the provincial transportation ministry, Translink, Port Metro Vancouver and the Great Vancouver Gateway Council.

It is tasked with identifying projects and funding opportunities for priority gateway-related new infrastructure developments in the region. More specifically, the forum will be targeting funds available from the federal government's New Building Canada Plan, they have ear marked \$53bn in funding over 10 years.

And what's more, this list of project updates doesn't even touch on the sizeable private sector investments that have or are taking place at: Richardson, Centerm, Neptune, Seaspam, AGT, Viterra, Columbia containers, PCT, Westshore, Beedie, Hopewell, Lehigh Hanson, Vancouver Airport Fuel Delivery project, Fraser Surrey Docks and Deltaport.

Collaborative projects like these facilitate access to the goods, services and benefits that a competitive and reliable port provide, including access to goods that contribute to Canadians' quality of life. That's why these collaborative initiatives are integral to a sustainable future.

I see a great opportunity for stakeholders to continue to collaborate and achieve government and political support for solutions to address our challenges. In order to grow a sustainable port, we need efficient and appropriate policies and regulations.

On that note, I commend the B.C. Chamber of Shipping for hosting this discussion today and engaging stakeholders in this forum to begin dialogue on policy changes early on to influence the Canada Transportation Act review with a consistent message. In particular, there's an opportunity to conduct outreach to our Western Provinces and bring them into the discussion.

Turning now to sustainability, in 2010, Port Metro Vancouver embarked on a robust scenario planning process called Port 2050 that included representation from a wide range of port stakeholders, including many of you here today. One of the four

planning scenarios, called the Great Transition, is the one we are anticipating for our future.

Briefly, the Great Transition is a future that envisions a very different growth model, one that balances the economy, the environment, and human well-being. It is one in which we all lead the gateway towards a legacy that is grounded in the principles of sustainability. This planning process highlighted the role we all can play in leading the Vancouver Gateway to a prosperous future, and it is heavily influencing how Port Metro Vancouver operates.

Critical is consideration for the environment, which is woven into everything we do, not to mention mandated by the legislative frame work that governs us. We are constantly improving our processes to ensure the port provides for Canadian prosperity for generations to come.

To highlight our commitment, we were the first port:

- o In North America to produce an externally assured sustainability report in accordance with the Global Reporting Initiative's B+ application level.

we were the first port:

- o In Canada and third in the world with shore power connections to prevent diesel emissions from cruise ships.

we were the first port:

- o 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.

we were the first port:

- o In North America with 100 per cent GPS monitoring on all container trucks. In fact, Port Metro Vancouver has nearly 20 on-going sustainability initiatives. Many of you are familiar with some of them, including the EcoAction Program, our cruise ship shore power, the Northwest Ports Clean Air Strategy, the Truck Licensing System, and our accredited sustainability reporting.

At our own head offices, Port Metro Vancouver employees are provided with a variety of ways to reduce their workplace footprint, and Canada Place Operations partners with BC Hydro and uses sofame technologies which maximizes heat recovery from the boiler exhaust and uses sea water to cool the facility, ultimately reducing energy consumption and our environmental impact.

Providing a sustainable port in a sustainable way is also done through collaboration. Together, we work with tenants on site-remediation to ensure the environment is in the same or better condition when they leave. Together, we review projects for permitting approval. Together, we look at projects and activities that could have

adverse environmental effects on land, air or water, as well as fish, wildlife and habitat.

Just last year, we completed 198 of these reviews.

The Sustainable Gateway Initiative is another joint effort, bringing together multiple gateway stakeholders to create a definition and vision we can all move towards. In 2013, we launched an initiative to develop this collective understanding of a sustainable gateway. And through consultation, feedback, collaboration, and an external advisory panel, we are pleased with progress made to date.

Some of you have already contributed input to this definition. Stay tuned for more discussions.

As I mentioned, balancing trade demand, safety, the environment and community offers an inherent tension and leads to a number of issues.

As trade growth adds to quality of life on the one hand through goods movement and jobs, it also impinges on that same quality of life by way of congestion, industry, noise and impact on the environment.

Another challenge of particular interest in this region is the fact that more than one million people are expected to settle in Metro Vancouver by 2025 despite the fact that space is restricted by mountains, ocean, and an international border. While the growing population will need room for housing and recreation, it will also need jobs and opportunities for economic growth.

In our region, there is very little industrial land left that is not already being used, and much of that is slowly but surely being converted to mixed use by anxious municipalities. This presents a very real and urgent problem that all of us in the port community need to be emphatically bringing to the attention of government at all levels.

We are also seeing a clear rise in activism and expectations for community involvement. For example, in the 22 month period leading to October 2012, we received three complaints about coal.

In the six months between November 2012 and April 2013 we received 815 complaints or concerns about coal and plans to ship coal from Fraser Surrey Docks as well as 390 submissions supporting the trade of coal.

On December 16, 2013, masked protestors illegally gained entry to our head office and created a publicity event. We can only expect these trends to continue.

To address the concerns of residents, we've hosted hundreds of community engagements -- 524 of them in 2013 alone. We have robust community relations and investment programs and we provide forums and mechanisms for feedback and consultation.

We've launched our Community Awareness Campaign, PortTV and increased social media and media relations. We are active in our government engagement to achieve

mutual goals and we are paying particular attention to municipal engagement. Also, we are connecting with third-party alliances and industry and business groups to create advocacy. We are actively educating and building trust, but as is clear for many others in the trade business, it is becoming increasingly difficult to be heard and believed.

So, I ask you: How do we manage growth with the backdrop of balancing environmental protection, safety and community needs in the face of challenges such as activism, lack of industrial land, proximity challenges between industrial activities and residential areas? In essence, how do we plan for increased trade demand and a growing population in a balanced, sustainable way?

These issues are not just for Port Metro Vancouver. We need to all address them collectively.

Together.

We all have a role to play in growing a sustainable port.

We must understand, anticipate and prepare the gateway for the future.

Some of this will be done through reliability and efficiency initiatives and infrastructure projects. Some of these initiatives and projects will be tenant and stakeholder-led. Port Metro Vancouver will lead others with tenant support.

For example, work will continue on the port-led Container Capacity Improvement Project, with two major projects: Deltaport Terminal Road and Rail Improvement Project and the proposed Roberts Bank Terminal 2 Project. We are also investigating design options to expand Centerm container terminal to help address the anticipated shortfall in future container capacity.

For us at Port Metro Vancouver, we continue with our collaborative approach and we continue to push for dialogue and long-term planning. We remain ever aware of the requirements of our mandate – that combination of trade, sustainability and community.

We commit to communication and education, knowing what we hear is not necessarily what is. For example, between March 22 and April 21, 2013, we had independent researchers complete a public opinion poll of 5,260 residents in 23 provincial ridings across Metro Vancouver. The results were intriguing. Did you know that 65 per cent of residents support international trade when jobs are *not* mentioned, and when jobs *are* mentioned, support grows to 78 per cent -- even in the context of coal and oil shipping?

I find this data interesting. It tells me there are always personal needs that must be met first. It tells me that we are all human.

So, I ask all of you. What do you need to be doing to tell your story to gain and ensure public support? What wins are in the initiative? What education can you provide? What doesn't this port community know about your organization that is

important?

As many of you have seen, Port Metro Vancouver is placing a focus on our balanced approach to growth. And through awareness, education, dialogue, and collaboration, we will continue to fulfil our mandate under the Canada Marine Act: Commitment to facilitating Canada's trade objectives in a sustainable way and with regard for local communities and a regard for competitiveness.

We talked today about whether the Canadian port model is working. And based on the success of the breadth and depth of efficiency, infrastructure, safety and environmental initiatives, and planning for our future with regard to the community, I would suggest that, yes, the model works, but we all need to continue to work together to constantly strive to improve it and really deliver on the opportunities available to all of us and to our region and nation as a whole.

Thank you all for your time today and thank you to the B.C. Chamber of Shipping for this opportunity to speak with you.

I understand some time has been allotted for questions and I am happy to answer any questions you may have.