



# Port Metro Vancouver Gateway Infrastructure Fee Consultation

*Consultation Summary Report*

May 31, 2010

**Kirk & Co**  
CONSULTING LTD.

[www.kirkandco.ca](http://www.kirkandco.ca)



**About Kirk & Co. Consulting Ltd.**

Kirk & Co. Consulting Ltd. is recognized as an industry leader in designing and implementing comprehensive public and stakeholder consultation programs. Utilizing best practices in consultation, the firm designs consultation programs to maximize opportunities for input. Kirk & Co. works with polling firms to independently analyze and report on large volumes of public and stakeholder input.



**About Synovate Ltd.**

Synovate Ltd. is an internationally recognized market research firm. All consultation input received by feedback form and written submission was independently verified and analyzed by Synovate.

The views represented in this report reflect the priorities and concerns of consultation participants. They may not be representative of the view of all Port Metro Vancouver stakeholders because participants were invited and self-selected into the Gateway Infrastructure Fee Consultation.

The quotes that appear in this report are random comments, shown to illustrate the variety of commentary at the GIPAC and Multi-Stakeholder meetings. They do not represent the most frequent comments, which are summarized in section 3 of this report.

**Port Metro Vancouver  
Gateway Infrastructure Fee Consultation Summary Report  
May 31, 2010**

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CD copy of materials

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***...about a trade-area-by-trade area GIF:***

*“One solution... is to split it up by regions. The model choice becomes less problematic if we go trade area by trade area.”*

*– Jim Belsheim, Neptune Terminals*

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## Executive Summary

Port Metro Vancouver consulted its stakeholders on the structure and implementation of a Gateway Infrastructure Fee (GIF), to recover \$167 million that Port Metro Vancouver invested, on behalf of industry, in the Gateway Infrastructure Program (GIP).

The projects included in the GIP were developed in consultation with port stakeholders and are supported by independent analysis. Based on the preliminary design of these projects, the total capital cost of the improvements is \$717 million. In pre-funding the industry \$167 million, PMV has secured \$3 million from other agencies for every \$1 million its industry stakeholders are investing.

Consultation on the structure and implementation features of the GIF was undertaken in three phases.

**Detailed descriptions of the three phases and results from the three phases of consultation can be found starting on page 2 of this report.**

### **Pre-Consultation (Phase 1: December 2009–January 2010)**

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Port Metro Vancouver met with 11 stakeholders, including associations and port operators, to seek feedback regarding the draft terms of reference and composition of the Gateway Infrastructure Program Advisory Committee (GIPAC) and how to broadly consult with Port stakeholders.

#### **Key Results from Pre-Consultation**

Pre-Consultation participants generally agreed with the draft terms of reference and composition of the GIPAC, and thought the broader Port stakeholder consultation process outlined by Port Metro Vancouver seemed reasonable.

Input received during pre-consultation was used to refine the consultation plan and materials.

### **Gateway Infrastructure Program Advisory Committee Consultation (January – May 2010)**

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Port Metro Vancouver established a 10-member Gateway Infrastructure Program Advisory Committee and sought advice from the committee about the structure and implementation of the GIF and about how to effectively consult more broadly with Port stakeholders.

#### **Key Results from GIPAC Consultation**

The following are the most commonly mentioned key themes from five GIPAC meetings:

- Participants suggested that Port Metro Vancouver should be contributing to the GIP projects from their general revenue. (A key theme at 2 GIPAC meetings)
- Participants suggested that Port Metro Vancouver consider a separate GIF for each of the three trade areas. (A key theme at 2 GIPAC meetings)
- Participants noted that competitiveness of the Port must be a key consideration in implementing the GIF. (A key theme at 2 GIPAC meetings)

The following are the most commonly mentioned key themes from submissions received from eight members of the GIPAC. It should be noted that a submission may have included more than one key theme.

- The GIF should be transparent and based on the cost-benefit for all parties (6)
- The GIF should be broadened to include all port users, such as cruise ships and the Fraser River Trade Area (4)
- Ensure that the GIF is simple to understand and administer (4)
- Port Metro Vancouver needs to continue to consult with stakeholders (4)

### **Port Stakeholder Consultation (April – May 2010)**

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Between April 1 and May 14, 2010, Port Metro Vancouver consulted broadly with Port stakeholders about the structure and implementation of the GIF.

#### **Participation**

- 66 people attended seven multi-stakeholder meetings, with approximately 10 people attending per meeting
- 11 feedback forms were returned by web, email, fax or mail
- 20 submissions were received through mail, email or fax

#### **Key Results from Port Stakeholder Consultation**

##### **Multi-Stakeholder Meetings**

The following are the most commonly mentioned key themes from the seven multi-stakeholder meetings:

- Participants were concerned about the precedent that the GIF will set for the way in which Port Metro Vancouver and other Canadian ports would fund infrastructure improvements in the future. (A key theme at 3 meetings)
- Participants wanted to confirm that the GIF was being applied to recover the cost of the 17 GIP projects, and that no additional projects would be added into the GIP at a later date. (A key theme at 3 meetings)
- Some participants representing cargo shippers wanted Port Metro Vancouver to examine the possibility of shortening the GIF term and collecting higher amounts. (A key theme at 3 meetings)
- Participants were concerned about the effect that the GIF would have on the competitiveness of Port Metro Vancouver. (A key theme at 3 meetings)
- Participants noted that transparency is important in the implementation of the GIF. (A key theme at 2 meetings)
- Participants suggested that Port Metro Vancouver look at integrating the GIF into existing fees, such as harbour dues or wharfage, rather than as a separately identified fee. (A key theme at 2 meetings)
- Participants suggested that the GIF be applied more broadly to include all Port users, such as cruise ships and those in the Fraser River Trade Area. (A key theme at 2 meetings)

##### **Submissions**

Of the 20 submissions received during Port Stakeholder Consultation, 11 were received from shipping lines, agents, or associations representing carriers, 7 were received from terminal operators or associations representing terminal operators, and 2 were received from cargo owners.

The following are the most commonly mentioned key themes from the 20 submissions. It should be noted that a submission may have included more than one key theme.

- Stakeholders should only pay for infrastructure improvements that directly benefit them (15)
- Continue to consult with stakeholders/stakeholders cannot accept the approach that has been forced upon them (9)
- Port Metro Vancouver did not consult broadly with stakeholders prior to committing to the GIP projects (8)
- Rolling the cost of GIF into harbour dues or wharfage would necessitate shippers to pass the costs on, reducing their competitiveness by increasing administrative fees (8)
- Carriers should not be exposed to GIF/carriers already pay Port costs (7)
- Carriers should not be responsible for the collection of fees (7)
- Port Metro Vancouver should be paying for part or all of the Gateway Infrastructure Program projects from general revenue (6)
- Paying the GIF is not in the current contractual obligations of terminals (6)
- Against implementation of GIF (6)

### **Feedback Forms**

11 feedback forms were returned as part of Port stakeholder consultation. The following is a summary of high-level results from the feedback forms. It should be noted that not all participants responded to every question on the feedback form.

### ***GIF Structure***

- All 11 respondents disagreed (somewhat or strongly disagreed) with GIF Model 1, a value-based GIF, saying that it was too complex.
- The majority of respondents agreed (8 agreed, 1 disagreed) with GIF Model 2, a tonnage-based GIF, noting that it was simpler and easier to understand.
- The majority of respondents disagreed (8 disagreed, 3 agreed) with GIF Model 3, a mode- and tonnage-based GIF, saying that it was too complex.
- Opinion was divided (6 agreed, 5 disagreed) with a harbour dues-like model. Some said that a harbour dues-like model would be unfair and not transparent, while others said it would be easier to calculate.

### ***GIF Collection***

- Respondents were divided (5 agreed, 4 disagreed) with collection of the GIF through terminal operators. Some said that it would be too complex and difficult to administer, while others said it would be simple and easy to monitor and calculate.
- Slightly more respondents agreed (6 agreed, 4 disagreed) with collection of the GIF through shippers' agents. Those who disagreed stated that it would be too complex.

### ***GIF Term***

- Respondents were divided (4 agreed, 4 disagreed) with collecting the GIF over a 30-year term, with some stating that a reduced term would be better.
- Interestingly, most respondents disagreed (7 disagreed, 2 agreed) with shortening the GIF term through increased monthly payments. This is likely due to reluctance to agree to increased monthly payments.

### ***GIF Annual Evaluation***

- The majority of respondents agreed (7 agreed, 2 disagreed) with the proposed annual evaluation of the GIF, asking Port Metro Vancouver to ensure fairness and full disclosure.

***Additional Comments***

5 respondents provided additional comments. The most common were:

- Port Metro Vancouver should be paying for part or all of the Gateway Infrastructure Program projects from their general revenue (2)
- The GIF should only be applied to the Gateway Infrastructure Program projects/GIF should be cost recovery only, not a revenue generator (2)
- The GIF should not be permanent (2)

# Port Metro Vancouver – Gateway Infrastructure Fee Consultation Summary Report

## 1. Project Overview – Gateway Infrastructure Program

Port Metro Vancouver and its partners are leveraging and extending Provincial and Federal funding for a generational investment in supply-chain infrastructure improvements to increase throughput capacity.

The Port has developed a Gateway Infrastructure Program (GIP) to invest in supply-chain improvements beyond traditional port activities and lands. The GIP includes a series of improvements in three locations:

- Roberts Bank Rail Corridor
- North Shore Trade Area
- South Shore Trade Area

Future improvements are anticipated for the Fraser River Trade Area and Fraser River Rail Corridor. Port stakeholders, including terminal operators, tenants, shippers, shipping lines and cargo owners will benefit significantly from these future improvements.

The projects included in the GIP were developed in consultation with port stakeholders and are supported by independent analysis. Based on the preliminary design of these projects, the total capital cost of the improvements is \$717 million. In pre-funding the industry's \$167 million, the Port has secured \$3 million from other agencies for every \$1 million its industry stakeholders are investing. Funding and supporting partners signed agreements in principle (AIP) for each area, indicating their support for the projects and acknowledgement of the need for a cost-recovery mechanism.

### Introduction of a Gateway Infrastructure Fee (GIF)

Port Metro Vancouver has agreed to finance the industry share of the trade area infrastructure improvements and consult with industry stakeholders to develop a fair and equitable mechanism to recover the costs of this \$167 million pre-funding. A Gateway Infrastructure Fee (GIF) will be established as the method by which Port Metro Vancouver will recover its contribution on behalf of its industry stakeholders.



***...about the need to invest for the good of the Gateway:***

*“The overarching view, the 40,000-foot one, is what is going to make Port Metro Vancouver work best for all of us. It may require some shippers to invest some money in an area that they are not directly involved in, but at the same time, for the greater good of the Port, and its effectiveness, and its ability to grow down the road, you have to consider that.”*

*– Bernie Magnan, Greater Vancouver Gateway Council*

*“I commend the Port for taking the risk, if you wish, by leveraging the available money that the governments have put forward for Port infrastructure. Regardless of what position we take on it [willingly support or oppose], we will all ultimately benefit as players in the Gateway with improved infrastructure spending.”*

*– Tim Chapman, Western Stevedoring*

## 2. Gateway Infrastructure Fee Consultation

Consistent with best practices, consultation on the Gateway Infrastructure Fee was undertaken in three phases:

- Pre-Consultation (Phase 1: December 2009 – January 2010)
- Gateway Infrastructure Program Advisory Committee Consultation (Phase 2: January – May 2010)
- Port Stakeholder Consultation (Phase 3: April 1 – May 14, 2010)

A description of each phase can be found below.

### 2.1 Purpose

The purpose of the GIF consultation was to gather feedback and advice about the fee structure and implementation features such as collection and the term of the fee.

#### Consultation Topics:

Port Metro Vancouver sought feedback about the following GIF structure and implementation features:

- **GIF Structure:** Input regarding a proposed volume-based fee that considers asset usage or cargo values.
- **GIF Collection Mechanism:** Input regarding a terminal operator collection method or a shippers' agent collection method.
- **GIF Term:** Input on options for GIF terms, such as a 30-year debt repayment term or a shorter term.
- **GIF Annual Evaluation:** Input regarding criteria for annual evaluation.

### 2.2 Pre-Consultation (Phase 1: December 2009 – January 2010)

In December 2009 and January 2010, Port Metro Vancouver representatives met with 11 stakeholders, including associations and port operators, to seek feedback regarding the draft terms of reference and composition of the Gateway Infrastructure Program Advisory Committee and how to broadly consult with Port stakeholders regarding the structure and implementation of the GIF.

*A summary of key themes from the Pre-Consultation meetings can be found on page 6. Summaries from each of the Pre-Consultation meetings can be found in Appendix 1.*

“

*...about the GIF and precedent setting:*

*There is a concern that the expectation of governments that terminals, or the Port industry, will continue to pay for inland improvements with a fee. And once you set a precedent, it's difficult for governments to pull back from that down the road.*

*– Brad Eshleman, BC Wharf Operators Association*

”

## 2.3 Gateway Infrastructure Program Advisory Committee Consultation (Phase 2: January – May 2010)

Port Metro Vancouver established a Gateway Infrastructure Program Advisory Committee (GIPAC), comprising the following associations and organizations:

- BC Wharf Operators Association
- Canadian Fertilizer Institute
- Canadian Manufacturers & Exporters
- Chamber of Shipping of British Columbia
- Coal Association of Canada
- IE Canada (Canadian Association of Importers and Exporters)
- Vancouver Terminal Elevator Association
- Western Canadian Shippers' Coalition
- Greater Vancouver Gateway Council
- Business Council of British Columbia

Port Metro Vancouver sought advice from the GIPAC about the structure and implementation of the GIF and about how to effectively consult more broadly with Port stakeholders.

*A copy of the Terms of Reference for the GIPAC can be found in Appendix 2.*

### **Draft Discussion Paper and Feedback Form**

A 28-page draft Consultation Discussion Paper and Feedback Form explained the purpose and scope of the Gateway Infrastructure Fee consultation and provided a common base of information for GIPAC members.

The discussion guide included information and background about:

- The Gateway Infrastructure Program (GIP)
- GIP Trade Area Projects and Benefits
- Future Considerations for GIP Projects
- Gateway Infrastructure Fee Consultation Topics

*A copy of the draft Discussion Paper and Feedback Form (January 19, 2010) can be found in Appendix 3.*

### **GIPAC Meetings**

Five meetings of the GIPAC were held on:

- Friday, January 22, 2010 – Port Metro Vancouver, Boardroom
- Thursday, February 11, 2010 – SFU Harbour Centre, Alan and Margaret Eyre Boardroom
- Tuesday, March 2, 2010 – BC Maritime Employers Association, Boardroom
- Friday, March 26, 2010 – Port Metro Vancouver, Boardroom
- Thursday, May 13, 2010 – BC Maritime Employers Association, Boardroom

*Key themes from the meetings can be found starting on page 7.*

*Agendas and meeting notes from the GIPAC meetings can be found in Appendix 4.*

“

***...about the need for the GIF:***

*“Why not derive the money from the increased revenues that will result from the increased traffic to Vancouver’s more efficient Port?”*

*– Ian May, Western Canadian Shippers’ Coalition*

”

## 2.4 Port Stakeholder Consultation

Between April 1 and May 14, 2010, Port Metro Vancouver consulted broadly with Port stakeholders about the structure and implementation of the GIF.

### Port Stakeholder Notification

Stakeholders were invited to attend one of a series of stakeholder meetings through emails and follow-up phone calls.

- More than 400 emails were sent, inviting stakeholders to attend a stakeholder meeting
- More than 300 phone calls were made, inviting stakeholders to meetings, followed by approximately 400 follow-up phone calls. Approximately 150 reminder phone calls were made to those who had confirmed their attendance at a meeting.
- GIPAC members were provided with an email invitation and were asked to distribute the invitation to their membership
- Notice of the consultation was sent out to Port Metro Vancouver's E-Newsletter list, reaching approximately 900 stakeholders, on two separate occasions. The notice drove recipients to the GIF project website ([www.portmetrovancover.com/GIP](http://www.portmetrovancover.com/GIP)) where stakeholders could access consultation materials and meeting times

*A copy of the email invitation can be found in Appendix 6.*

### Port Stakeholder Consultation Participation

- 66 people attended the seven multi-stakeholder meetings with approximately 10 people attending per meeting. It should be noted that some customers sent more than one representative to meetings.
- 11 feedback forms were returned by web, email, fax or mail
- 20 submissions were received through mail or email

### Port Stakeholder Consultation Methods

Input and feedback was collected through the following:

#### **Discussion Paper and Feedback Form**

The 28-page Consultation Discussion Paper and Feedback Form was refined with input received through the GIPAC consultation.

The feedback form was included with the discussion paper to gather input on the GIF consultation topics and for participants to provide additional comments beyond those provided verbally during the consultation sessions. 11 feedback forms were returned.

*A copy of the Port Stakeholder Consultation Discussion Guide and Feedback Form (April – May 2010) can be found in Appendix 7.*

#### **Online Consultation**

Consultation materials, including the Discussion Paper and Feedback Form, were made available on Port Metro Vancouver's website ([www.portmetrovancover.com/GIP](http://www.portmetrovancover.com/GIP)) on April 1, 2010. The website also included an online version of the feedback form, which could be completed and submitted directly from the website. Of the 11 feedback forms received, nine were received online through the online feedback form.

### Written Submissions

As an alternative to completing the feedback form, participants were encouraged to provide their feedback through a written submission to the consultation. 20 written submissions were received.

### Multi-Stakeholder Meetings

**66 people attended the 7 multi-stakeholder meetings.**

As part of Phase 3: Port Stakeholder Consultation, Port Metro Vancouver hosted seven multi-stakeholder meetings, which were facilitated by Kirk & Co. Consulting Ltd. The meetings are listed in chronological order.

Meeting Date and Time	Location	Attendance
April 8, 2010, 10:30am-12:30pm	Vancouver	11
April 8, 2010, 2:00pm-4:00pm	Vancouver	8
April 15, 2010, 10:30am-12:30pm	Vancouver	8
April 15, 2010, 2:00pm-4:00pm	Vancouver	7
April 22, 2010, 10:30am-12:30pm	Vancouver	11
April 22, 2010, 2:00pm-4:00pm	Vancouver	9
April 29, 2010, 9:00am-11:00am	Toronto	12
<b>Total Attendance</b>		<b>66</b>

A Kirk & Co. Consulting Ltd. facilitator and meeting recorder and members of the Port Metro Vancouver team attended each meeting. A member of Port Metro Vancouver’s executive gave a presentation on the Gateway Infrastructure Program and Fee, and walked through the proposed GIF models. At each meeting, at least an hour was provided for stakeholder questions and comments.

Discussion papers and feedback forms were provided to all participants, and participants were encouraged to complete the feedback form or provide a written submission prior to the May 14<sup>th</sup> consultation feedback deadline.

*Key themes from the Multi-Stakeholder meetings can be found starting on page 9.*

### How Feedback Will Be Used

Feedback received through the Gateway Infrastructure Fee consultation has been summarized in this *Consultation Summary Report*. Input will be considered by Port Metro Vancouver, along with technical and financial information, as PMV refines, finalizes and implements the Gateway Infrastructure Fee in January 2011.



***...about the challenges of the GIF:***

*The problem that ocean carriers are really struggling with...why should we be expected to pay for land infrastructure? We’re so heavily paying already for marine infrastructure... Ultimately, there is no cost benefit for carriers.*

*– Stephen Brown, Chamber of Shipping of British Columbia*



### 3. Detailed Findings – Gateway Infrastructure Fee Consultation

This *Consultation Summary Report* summarizes the findings of each of the three phases of the Gateway Infrastructure Fee Consultation.

Synovate Ltd., a professional market research firm, was commissioned by Kirk & Co. Consulting Ltd. to assist with independent development of the consultation feedback form and tabulation and analysis of all feedback forms and written submissions received during GIF consultation.

#### 3.1 Pre-Consultation

In December 2009 and January 2010, Port Metro Vancouver representatives consulted several stakeholders, including associations and port operators, to seek feedback regarding the draft terms of reference and composition of the Gateway Infrastructure Program Advisory Committee and how to broadly consult with Port stakeholders regarding the structure and implementation of the GIF.

Port Metro Vancouver consulted with 11 stakeholders during Pre-Consultation:

- Jim Belsheim, Neptune Terminals
- Stephen Brown, Chamber of Shipping of British Columbia
- John Dewar, Viterra
- Brad Eshleman, BC Wharf Operators Association
- Lorne Friberg, Sultran Ltd.
- Denis Horgan, Westshore Terminals
- Kevin Jones, Kinder Morgan
- Ian May, Western Canadian Shippers' Coalition
- Neil McKenna, Canadian Tire
- Scott Rudderham, Canpotex
- Doug Stewart, Ryder Transpacific Container Terminal

*Summaries from each of the Pre-Consultation meetings can be found in Appendix 1.*

#### Key Themes from Pre-Consultation

The following are the key themes from the Pre-Consultation meetings and interviews:

- Participants generally agreed with the draft Terms of Reference for the Gateway Infrastructure Program Advisory Committee (GIPAC) and specifically agreed with association representative membership on the GIPAC
- Participants agreed with the proposed broader consultation program with Port stakeholders in April
- Most participants asked that Port Metro Vancouver bring more than one GIF option to the consultation discussions
- Most participants said that they understood the GIP projects provided necessary improvements and that Port Metro Vancouver needed to recover the investment made on behalf of Port stakeholders; however, a minority of participants said they thought that Port Metro Vancouver could recover the GIP costs through existing harbour dues
- Participants expressed appreciation that Port Metro Vancouver was undertaking the consultation and striving to provide certainty about the annual amount of the GIF in advance of budget planning for 2011
- Several participants suggested that the draft GIPAC Terms of Reference should be amended to include a statement asking members to be accountable for communicating the status of GIPAC discussions to their respective memberships.

## 3.2 Gateway Infrastructure Program Advisory Committee

The following are key themes from five meetings of the Gateway Infrastructure Program Advisory Committee. Full meeting notes can be found in Appendix 3.

### Summary of GIPAC Meeting Key Themes

Overall, the most commonly mentioned key themes from the five GIPAC meetings were:

- Participants suggested that Port Metro Vancouver should be contributing to the GIP projects from their general revenue. (A key theme at 2 GIPAC meetings)
- Participants suggested that Port Metro Vancouver consider a separate GIF for each of the three trade areas. (A key theme at 2 GIPAC meetings)
- Participants noted that competitiveness of the Port must be a key consideration in implementing the GIF. (A key theme at 2 GIPAC meetings)

#### GIPAC Meeting 1 – January 22, 2010

- The Gateway Infrastructure Program Advisory Committee (GIPAC) endorsed the draft Terms of Reference.
- GIPAC members were interested in whether the implementation of the GIF would affect the competitiveness of Port Metro Vancouver and the gateway supply chain compared to other ports. The GIPAC requested that Port Metro Vancouver provide further analysis on competitiveness for discussion at the next meeting.
- Participants wanted to know the order of magnitude cost of the GIF in relation to the current cost of moving cargo through the Port.
- Some participants were interested in whether the GIF could be incorporated into harbour dues, while some noted that transparency of the GIF was important.

#### GIPAC Meeting 2 – February 11, 2010

- Some GIPAC members were interested in a separate GIF for each trade area (Roberts Bank Rail Corridor, North Shore Trade Area, South Shore Trade Area) so that the GIF amounts paid by each trade area would be more closely tied to the costs of the infrastructure improvements for those areas.
- Participants requested additional information regarding the Gateway Infrastructure Program projects per trade area.
- Participants generally agreed with a 25- to 30-year GIF payback period, reflecting the life of the infrastructure improvements. Some participants suggested that those paying the GIF should consider paying down the principle faster if GIP improvements led to cargo volume increases, and therefore increased revenue. Some participants also said that potential future higher interest rates may increase the benefit of paying the debt off sooner.

#### GIPAC Meeting 3 – March 2, 2010

- Participants requested cost-benefit analyses for the GIP projects, showing the commercial benefit to individual terminals.
- Participants were concerned about railway service, and that the railways have not provided Port stakeholders with any plans regarding when improvements in rail service would be made to capitalize on GIP infrastructure improvements. Further, some participants noted that while the railways are contributing financially to the GIP, the railway contributions would likely be passed back to shippers and goods movers.

- Participants acknowledged their understanding that Port Metro Vancouver will be implementing a Gateway Infrastructure Fee, but were divided about whether a volume-based approach or a value-based approach is preferable.

#### **GIPAC Meeting 4 – March 26, 2010**

- Participants raised the issue of sharing productivity gains from parties, such as Port Metro Vancouver and railways, who they felt will benefit from infrastructure improvements.
- Some participants felt that Port Metro Vancouver would see a benefit from GIP infrastructure improvements, and therefore should be contributing money to the GIP projects from traditional revenue sources.
- Participants noted there is little support for any of the models that have been proposed by Port Metro Vancouver for consultation.

#### **GIPAC Meeting 5 – May 13, 2010**

- Participants asked Port Metro Vancouver to consider commercial and other benefits of the GIP projects.
- Participants asked Port Metro Vancouver to clarify its contribution of land to GIP projects and how it is valued.
- Some participants asked Port Metro Vancouver to establish a set of principles underpinning the GIF.
- Some participants suggested that Port Metro Vancouver consider a separate GIF for each trade area.
- Participants asked that Port Metro Vancouver apply the GIF to all Port users.
- Participants suggested that Port Metro Vancouver should contribute to GIP projects through their general revenue.
- Participants noted that competitiveness should be a key consideration.

#### **GIPAC Submissions**

In addition to providing verbal comments at GIPAC meetings, members were also asked to provide written submissions to Port Metro Vancouver regarding the GIF consultation topics. The key themes from the eight submissions are shown below:

- The GIF should be transparent and based on the cost-benefit for all parties (6)
- The GIF should be broadened to include all port users, such as cruise ships and the Fraser River Trade Area (4)
- Ensure that the GIF is simple to understand and administer (4)
- Port Metro Vancouver needs to continue to consult with stakeholders (4)
- Port Metro Vancouver should be paying for part or all of the Gateway Infrastructure Program projects from general revenue (3)
- Model 1 is too complex/commodity prices are too volatile (3)
- Shorten payment term if possible/apply any surplus funds to paying down the debt (2)
- Independent annual audit is necessary (2)
- Concerned with impact of new fees on Port competitiveness (2)

*Full GIPAC submissions can be found in Appendix 5.*

### 3.3 Port Stakeholder Consultation

The views represented in this report reflect the priorities and concerns of consultation participants. They may not be representative of all Port stakeholders because participants were invited and self-selected into the Gateway Infrastructure Fee Consultation.

#### 3.3.1 Key Theme Summary of Multi-Stakeholder Meetings

Kirk & Co. Consulting Ltd. has analyzed the key themes from the seven multi-stakeholder meetings.

The following represents a review of the key themes from each of the multi-stakeholder meetings to determine the most frequently mentioned topics in the meetings. It is important to note that the key theme summary represents a qualitative analysis of stakeholder meeting notes, as opposed to the quantitative analysis of feedback forms noted in section 3.3.3. The meetings are listed in the order in which they occurred.

*Full multi-stakeholder meeting notes can be found in Appendix 8.*

#### Summary of Key Themes

Overall, the most commonly mentioned key themes from the seven meetings were:

- Participants were concerned about the precedent that the GIF will set for the way in which Port Metro Vancouver and other Canadian ports would fund infrastructure improvements in the future. (A key theme at 3 meetings)
- Participants wanted to confirm that the GIF was being applied to recover the cost of the 17 GIP projects, and that no additional projects would be added into the GIP at a later date. (A key theme at 3 meetings)
- Some participants representing cargo shippers wanted Port Metro Vancouver to examine the possibility of shortening the GIF term and collecting higher amounts. (A key theme at 3 meetings)
- Participants were concerned about the effect that the GIF would have on the competitiveness of Port Metro Vancouver. (A key theme at 3 meetings)
- Participants noted that transparency is important in the implementation of the GIF. (A key theme at 2 meetings)
- Participants suggested that Port Metro Vancouver look at integrating the GIF into existing fees, such as harbour dues or wharfage, rather than as a separately identified fee. (A key theme at 2 meetings)
- Participants suggested that the GIF be applied more broadly to include all Port users, such as cruise ships and those in the Fraser River Trade Area. (A key theme at 2 meetings)

“

*...about the need for transparency:*

*“With regard to transparency, yes, it should be transparent; there should be an end to this. Far too often we have seen fees imbedded in rates that just seem to disappear in there.”*

*– Sean Mullany, Ainsworth Lumber*

## Key Themes by Stakeholder Meeting

### 1. April 8, 2010, 10:30am-12:30pm – Vancouver

- A majority of the participants felt that there might be an advantage to including GIF as part of a harbour dues-like or wharfage fee or collected through rents, rather than a separately identified fee.
- Participants felt that the fee was relatively low cost.
- Participants requested that Port Metro Vancouver work to utilize a simple model.

### 2. April 8, 2010, 2:00pm-4:00pm – Vancouver

- Participants asked if a model could be developed that treats bulk and container cargo differently.
- Participants representing container cargo shippers suggested that a higher price GIF over a shorter term would allow them to pass on the cost to their customers.
- Participants were divided over a tonnage-based model or a model based on Gross Registered Tonnes of a vessel.
- Some participants representing bulk cargo asked if they could pay a fixed lump sum for their cost of the projects.

### 3. April 15, 2010, 10:30am-12:30pm – Vancouver

- Participants suggested that Port Metro Vancouver investigate the feasibility of integrating the GIF into the existing harbour-dues fee.
- Participants sought confirmation that the GIF is going to recover costs of the 17 identified GIP projects, and that no further projects would be added.
- Participants suggested that the issue of not charging for empty containers be re-examined.
- Participants asked whether Port Metro Vancouver had considered applying the GIF more broadly, including cruise ships.

### 4. April 15, 2010, 2:00pm-4:00pm – Vancouver

- Participants noted that they were not consulted on GIP projects in advance of the establishment of the GIF.
- Participants from the Fraser River Trade Area suggested that they might want to be included in paying the GIF, so that there would be a broader base paying for projects, if Fraser River Trade Area projects were added in the future.
- Some participants suggested that Port Metro Vancouver consider establishing an infrastructure fund, rather than implementing the GIF, collecting a larger amount of money over a shorter period of time.

### 5. April 22, 2010, 10:30am-12:30pm – Vancouver

- Participants expressed a concern that the GIF would be charged in perpetuity and that additional projects would be added in the future.
- Participants were concerned that the GIF would set a precedent for the way Port Metro Vancouver would collect funding for infrastructure projects, stating that “baseline” gateway infrastructure should be funded by Port Metro Vancouver’s existing revenues.
- Some participants suggested exempting foreign-to-foreign cargo from the GIF, to retain or attract foreign cargo volumes through Port Metro Vancouver. Other participants cautioned against such an exemption, stating that these cargos were already not paying municipal, provincial or federal tax.

**6. April 22, 2010, 2:00pm-4:00pm – Vancouver**

- Participants were concerned about the impact that the GIF would have on Port Metro Vancouver’s competitiveness in relation to other West Coast ports.
- Participants commented that projects outside of traditional port areas have been historically funded by government, and were concerned that the GIF sets a precedent for cost sharing of these projects with industry.
- Participants noted that transparency is important in implementing the GIF.

**7. April 29, 2010, 9:00am-11:00am – Toronto**

- Participants expressed concern that the implementation of Port Metro Vancouver’s GIF could set a precedent for other ports across Canada to start using this model as a way of funding infrastructure improvements. Some participants were also concerned that additional projects would be added into the GIF.
- Participants were concerned that transparency of the GIF might be lost as charges are passed through the supply chain. Some were concerned that administrative surcharges might be added at each step, which would result in higher costs, reducing competitiveness.
- Some participants, representing the container industry, suggested that the GIF term be shortened so that the principle could be paid off sooner, lowering overall costs.
- Some participants suggested that Model 2 (GIF by tonnage) seemed the most simple and most fair, as it does not penalize high-value cargo and accounts for wear and tear of the infrastructure.

“

**...about the need to demonstrate commercial benefit of the GIF projects:**

*“As individual companies, we are always looking to improve... When we go back [to our boards], we have to show a real touchable, tangible benefit. And our guys are struggling with that, and none of these models seem to show...”*

*– Dave Kushier, Vancouver Terminal Elevator Association*

”

“

**... about the notion of an infrastructure fund:**

*“I don’t want to sound negative on this, and I do admire the exercise. While I think the Port should be applauded for going through this process, I do think that the fairness and equity that you seek is always going to be a problem and you are simply not going to get there. It’s the nature of the beast... This is probably too small of a deal to accomplish that with. It may be more appropriate to look at this as a 20-year plan at \$2 billion, instead of \$167 million... Everyone should see that no matter what your position or role, over this long period of time, you are going to be benefiting.”*

*– Doug Stewart, Ryder Container Terminals*

”

### 3.3.2 Submissions

#### **20 submissions were received through email, mail and fax during Port stakeholder consultation:**

- 11 were received from shipping lines, agents, or associations representing carriers
- 7 were received from terminal operators or associations representing terminal operators
- 2 were received from cargo owners

The key themes from the submission are listed below. It should be noted that a submission may have included more than one key theme.

*Full submissions can be found in Appendix 9.*

- Stakeholders should only pay for infrastructure improvements that directly benefit them (15)
- Continue to consult with stakeholders/stakeholders cannot accept the approach that has been forced upon them (9)
- Port Metro Vancouver did not consult broadly with stakeholders prior to committing to the GIP projects (8)
- Rolling the cost of GIF into harbour dues or wharfage would necessitate shippers to pass the costs on, reducing their competitiveness by increasing administrative fees (8)
- Carriers should not be exposed to GIF/carriers already pay Port costs (7)
- Carriers should not be responsible for the collection of fees (7)
- Port Metro Vancouver should be paying for part or all of the Gateway Infrastructure Program projects from general revenue (6)
- Paying the GIF is not in the current contractual obligations of terminals (6)
- Against implementation of GIF (6)
- Broaden the GIF to include all beneficiaries (5)
- Governments should fund these infrastructure improvements (5)
- The GIP infrastructure improvements are necessary (4)
- Shippers or receivers who benefit from GIP projects should pay (3)
- GIF should only apply to the identified GIP projects (3)
- GIF should not be transparent on cost-benefits for all parties (3)
- Port Metro Vancouver does not have legal authority to impose the GIF/GIF is in conflict with the *Canada Marine Act* (3)
- Concern with impact of new fee on PMV's competitiveness (3)
- GIF should not be permanent (2)
- GIF should be cost recovery only and not a revenue generator (2)
- Projects will benefit future competitors/need to ensure that GIF is equitable for current users (2)
- Fees should be collected through wharfage or harbour dues (2)
- Commodity prices fluctuate too much (2)
- Consultation on GIP projects was inconsistent between trade areas (2)

### 3.3.3 Feedback Forms

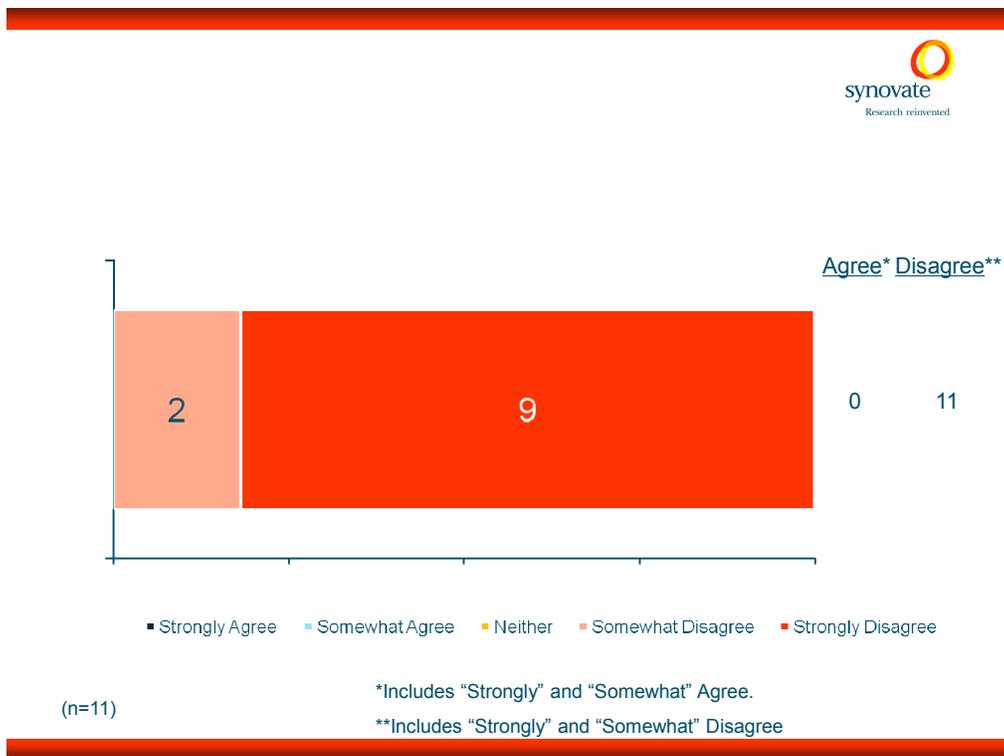
11 completed feedback forms were received during Port Stakeholder Consultation.

The feedback form asked respondents for feedback on five questions regarding the **structure**, **collection mechanism**, **term** and **annual evaluation** of the GIF, as well as additional comments. Section 3.3.3 summarizes feedback received through print and online feedback forms.

Responses to open-ended questions from the feedback form may include more than one key theme. The comments noted represent only the most commonly mentioned themes.

#### Gateway Infrastructure Fee Structure

**Question 1a – Model 1 is a value-based GIF based on the relative value of goods moved, organized by commodity group. Please rate your level of agreement with Model 1.**



Of the 11 respondents who answered this question:

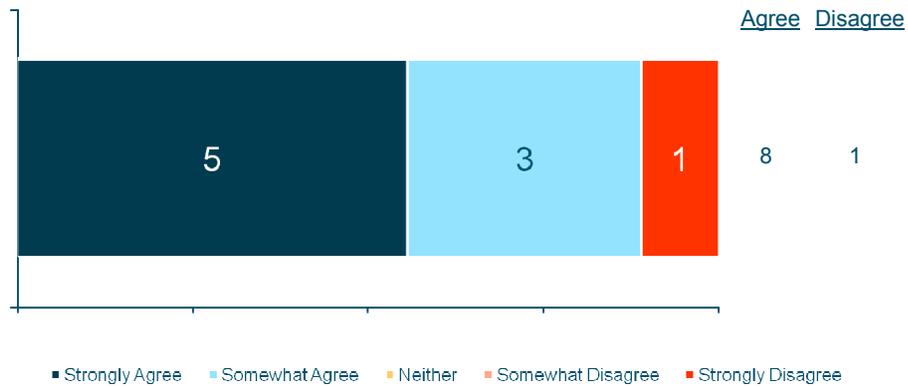
- 11 respondents disagreed (somewhat or strongly disagreed) with Model 1

#### Additional Comments

Some respondents provided comments regarding their level of agreement with Model 1 (n=6):

- Model 1 is too complex/will be difficult to administer (4)
- It will encourage inaccurate reporting/will be impossible to enforce (2)
- Commodity values change (2)
- It is unfair/users will be charged for infrastructure that they will not directly benefit from (1)
- It is not fair to high value products (1)

**Question 1b – Model 2 is a tonnage-based GIF based on cargo weight. Please rate your level of agreement with Model 2.**



(n=9)

Of the 9 respondents who answered this question:

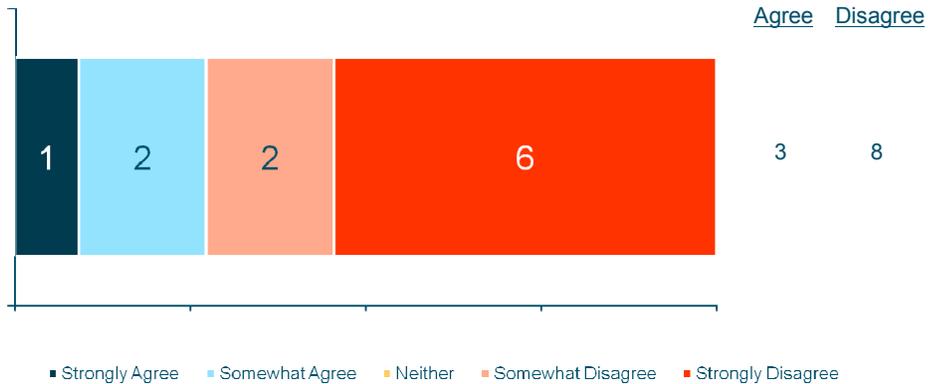
- 8 respondents agreed (somewhat or strongly agreed) with Model 2
- 1 respondent strongly disagreed

**Additional Comments**

Some respondents provided comments regarding their level of agreement (n=7):

- Model 2 is simpler/easier to monitor/easier to calculate (3)
- It is fair/charges apply to businesses that directly benefit (2)
- It is transparent/easy to understand (2)
- It is too complex/difficult to administer (1)
- It will encourage inaccurate reporting/be impossible to enforce (1)
- May work for bulk cargo (1)

**Question 1c – Model 3 is a mode- and tonnage-based GIF based on cargo weight, by rail or truck. Please rate your level of agreement with Model 3.**



(n=11)

Of the 11 respondents who answered this question:

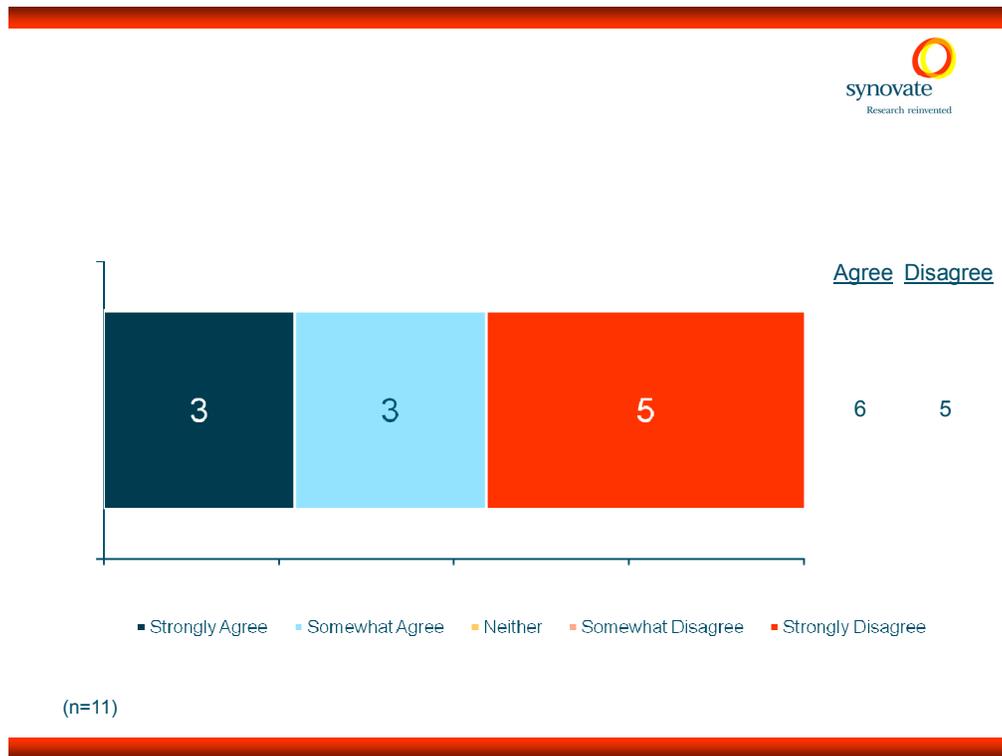
- 8 respondents disagreed (somewhat or strongly disagreed) with Model 3
- 3 of respondents agreed (somewhat or strongly agreed)

**Additional Comments**

Some respondents provided comments regarding their level of agreement (n=7):

- Model 3 is too complex/difficult to administer (2)
- Would rely on railways to apply the fee and could end up in a duplicate application of the fee (1)
- It is fair/charges apply to businesses that directly benefit (1)

**Question 1d – Please rate your level of agreement with Port Metro Vancouver collecting the \$167 million pre-funding through a harbour dues-like model.**



Of 11 respondents who answered this question:

- 6 respondents agreed (somewhat or strongly agreed) with a harbour dues-like model.
- 5 respondents strongly disagreed

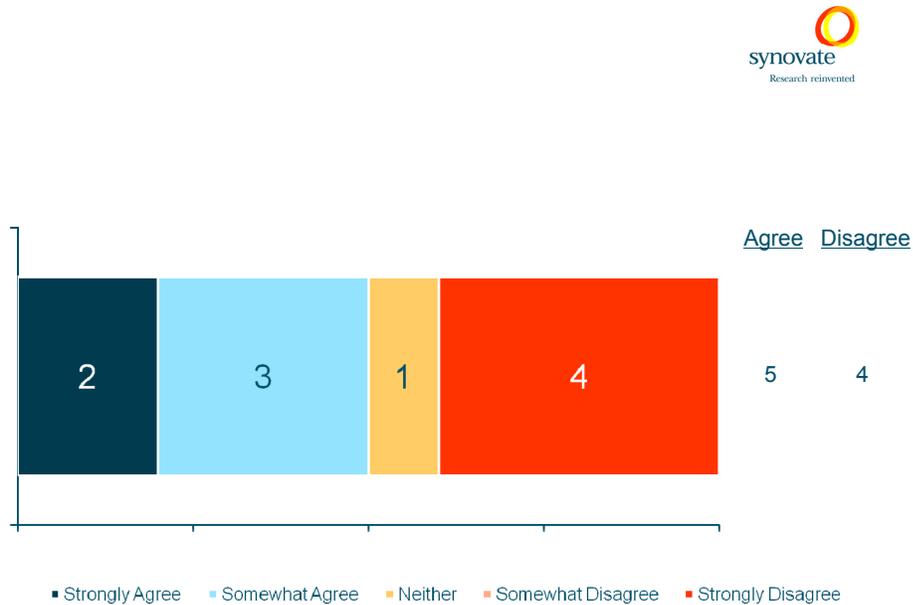
**Additional Comments**

Some respondents provided comments regarding their level of agreement (n=5):

- A harbour dues-like model is unfair/stakeholders will be charged for infrastructure they will not directly benefit from (2)
- It is not transparent (2)
- It is simpler/easier to monitor/easier to calculate (1)
- It is fair/charges will apply to businesses that directly benefit (1)

## Gateway Infrastructure Fee Collection

Question 2a – Please rate your level of agreement with collection of the GIF through terminal operators.



(n=10)

Of 10 respondents who answered this question:

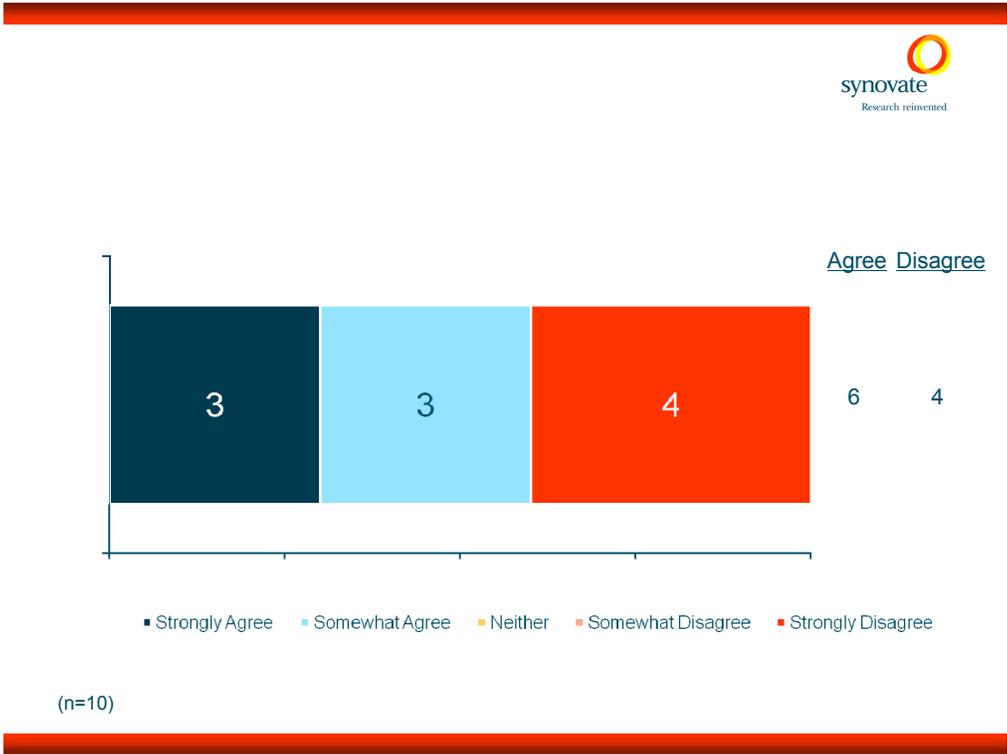
- 5 respondents agreed (somewhat or strongly agreed) with collection of the GIF through terminal operators
- 4 respondents strongly disagreed
- 1 respondent neither agreed nor disagreed

### Additional Comments

Some respondents provided comments regarding their level of agreement (n=6):

- Collection of GIF through terminal operators is too complex/difficult to administer (2)
- Collection of GIF through terminal operators is simpler/easier to monitor/easier to calculate (2)
- It is not transparent/difficult to understand (1)
- It places the onus on the wrong party/it should not be their responsibility to collect fees (1)
- It will be an additional administrative cost burden (1)

**Question 2b – Please rate your level of agreement with collection of the GIF through shippers’ agents.**



Of the 10 respondents who answered this question:

- 6 agreed (somewhat or strongly agreed) with collection of the GIF through shippers’ agents
- 4 respondents strongly disagreed

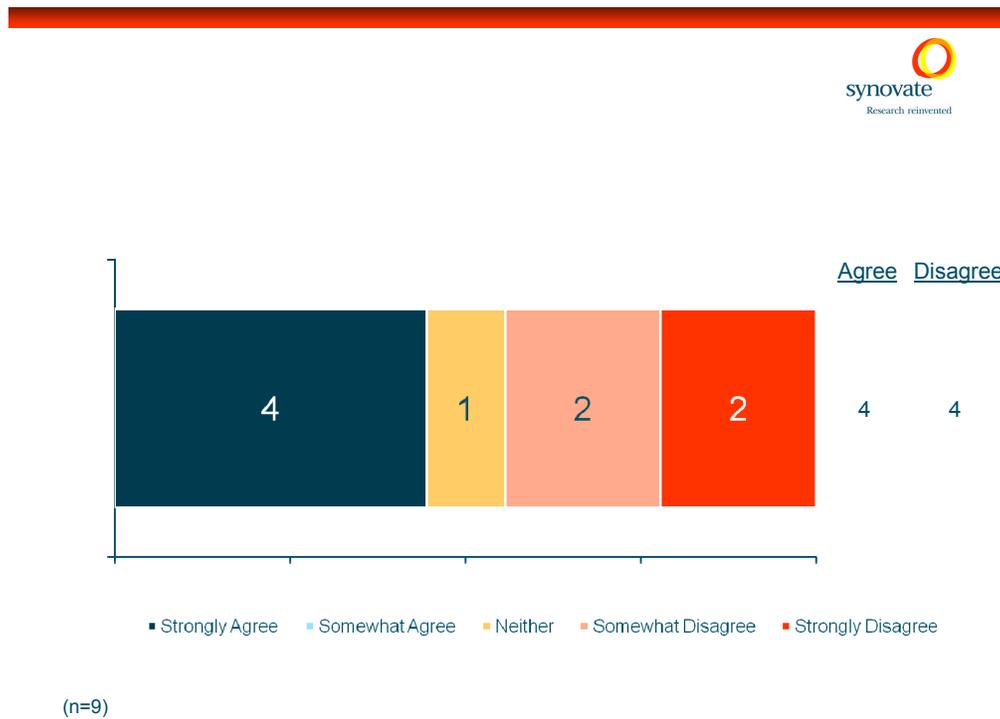
**Additional Comments**

Some respondents provided comments regarding their level of agreement (n=7):

- Collection of GIF through shippers’ agents is too complex/difficult to administer (3)
- It places the onus on the wrong party/it should not be their responsibility to collect fees (1)
- In the event of no collection, there is an additional obligation of agents holding releases for payment charges (1)
- It is simpler/easier to monitor/easier to calculate (1)
- This option is preferable to a “transactional” basis

## GIF Term

**Question 3a – Please rate your level of agreement with the duration of the GIF over the life of the infrastructure (30-year payment):**



Of the 9 respondents who answered this question:

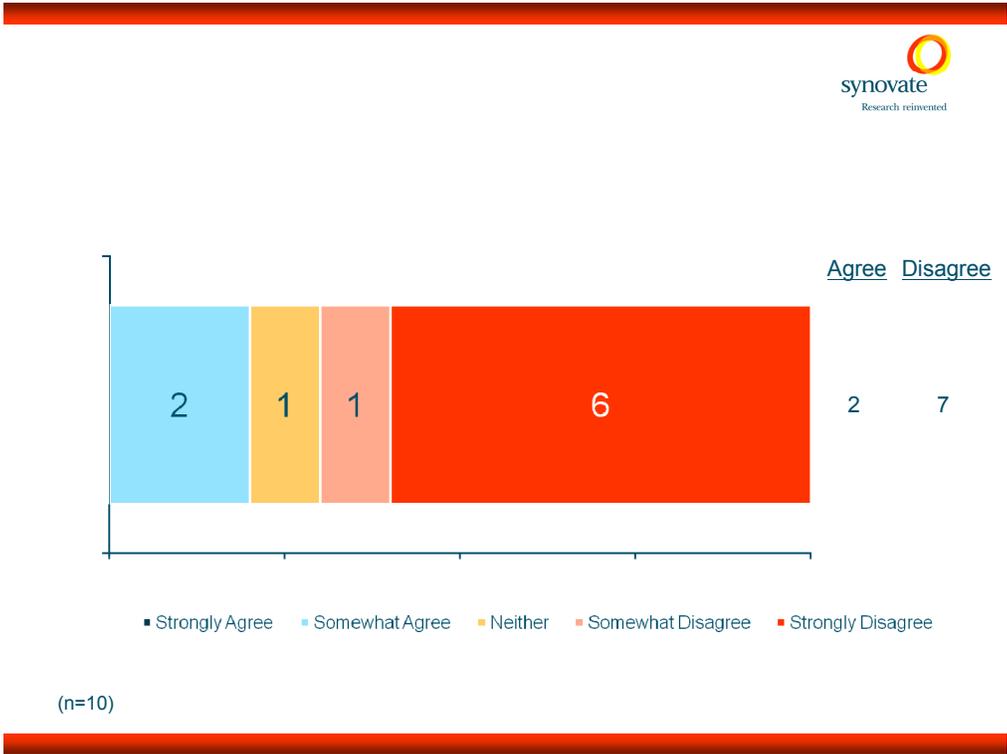
- 4 respondents strongly agreed with collection of the GIF over 30 years
- 4 respondents disagreed (somewhat or strongly disagreed)
- 1 respondent neither agreed nor disagreed

### Additional Comments

Some respondents provided comments regarding their level of agreement (n=4):

- It should be paid off in less than 20 years/make more substantial payments over less time (2)
- It will become a permanent fee (1)
- Include in an existing fee or service charge (1)
- It should remain a small fee/fees tend to increase over time (1)

**Question 3b – Please rate your level of agreement with shortening the GIF term through increased monthly payments:**



Of the 10 respondents who answered this question:

- 7 respondents disagreed (somewhat or strongly disagreed) with shortening the GIF term
- 2 respondents strongly agreed
- 1 respondent neither agreed nor disagreed

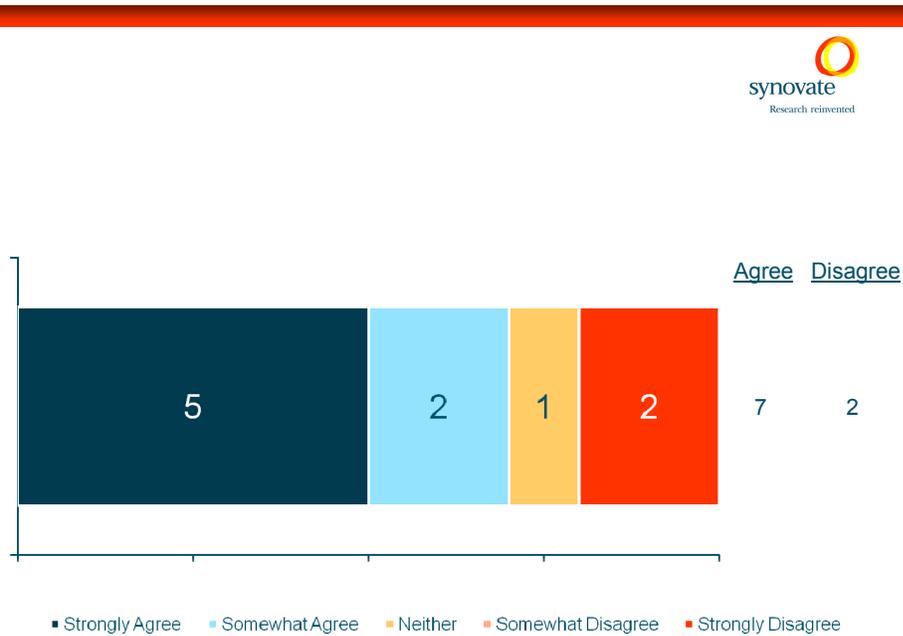
**Additional Comments**

Some respondents provided comments regarding their level of agreement (n=4):

- It should be paid off in less than 20 years/make more substantial payments over less time (3)
- Include in an existing fee or service charge (1)
- It should remain a small fee/fees tend to increase over time (1)
- It will likely become a permanent fee, so do not increase the monthly amount (1)

## GIF Annual Evaluation

Question 4 – Please rate your level of agreement with the proposed annual evaluation of the GIF:



Of the 10 respondents who answered this question:

- 7 respondents agreed (somewhat or strongly agreed) with the proposed annual evaluation of the GIF
- 2 respondents strongly disagreed
- 1 respondent neither agreed nor disagreed

### Additional Comments

Some respondents provided comments regarding their level of agreement (n=5):

- Ensure fairness/there should be full disclosure (2)
- Ensure that GIF is not considered as a revenue item down the road (1)

## Additional Comments

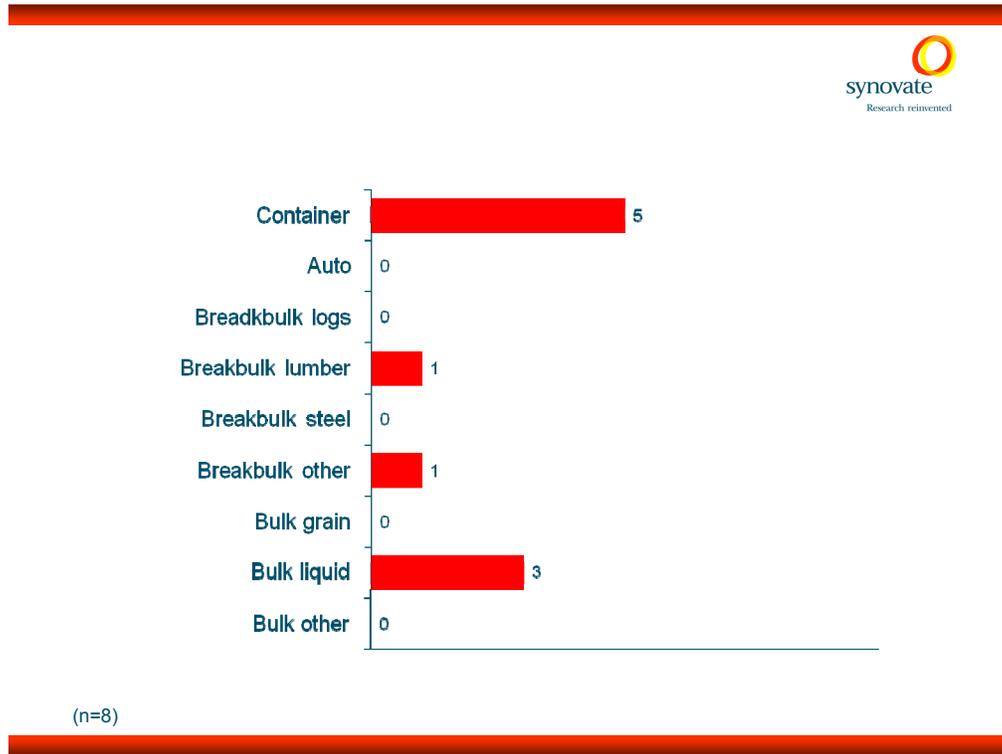
### Question 5 – Additional Comments about the Gateway Infrastructure Fee

5 respondents provided additional comments. The most common were:

- Port Metro Vancouver should be paying for part or all of the Gateway Infrastructure Program projects from general revenue (2)
- The GIF should only be applied to the Gateway Infrastructure Program projects/GIF should be cost recovery only, not a revenue generator (2)
- The GIF should not be permanent (2)
- Port Metro Vancouver should continue to consult with stakeholders (2)
- Carriers should not be exposed to fees/carriers already pay Port costs (1)
- Government should fund infrastructure improvements (1)
- Fees should be collected through wharfage or harbour dues (1)
- Model 2 is the easiest to administer and audit (1)
- GIF is not a transparent means of collecting funds (1)
- Concern with impact of new fee on PMV's competitiveness/PMV must remain competitive (1)
- Cost of GIF rolled into harbour dues/wharfage would have to be passed on to shippers/will make carriers less competitive by adding to administrative fees (1)
- Carriers should not be responsible for collection of fees (1)
- Infrastructure improvements are necessary (1)

## Respondents by Sector

Participants were asked to indicate which sector the majority of their business is in.



It should be noted that some respondents indicated more than one sector. Of the 8 respondents who answered this question:

- 5 respondents indicated that the majority of their business is in containers
- 3 respondents indicated that the majority of their business is in bulk liquid
- 1 respondent indicated that the majority of their business is in breakbulk lumber
- 1 respondent indicated that the majority of their business is in breakbulk other



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