May 31, 2016 | Robin Silvester, President and CEO | Annual General Meeting

**How Canada’s largest port is managing growth, change and sustainability**

Good afternoon everyone, and thank you for joining us today. It is always my pleasure to speak with you at our annual general meeting as it’s an opportunity for me, the board and the executive team to engage with all of you who are all stakeholders in the port.

I want to talk about the future and how Canada’s largest port is managing growth, long-term planning and sustainability.

And of course later, we will have some time for questions.

The Vancouver Fraser Port Authority is responsible for the stewardship of federal port lands and waters in and around Vancouver, British Columbia. We operate in a region that is growing in both population and trade activity. And we live in a world that is facing significant challenges brought about by climate change, technology, density and more.

The pressures of change are a given, but how we respond to them is a choice.

Canada Port Authorities have a complex mandate that requires us to facilitate our government’s national trade priorities, be financially self-sustaining, ensure operations are efficient, competitive and safe, protect the environment and consider the interests of local communities. It doesn’t take much to realize these objectives are not always going to be easily aligned.

So balance is required, as is a long-term view to ensure we have the right mix of tenants and are planning the right infrastructure. As well, the federal government’s longer-term vision for efficient trade and transportation corridors must always be top of mind.

We have to anticipate what is to come and collaborate with stakeholders to ensure the port is ready.
I have spoken before of Port 2050, a collaborative scenario planning exercise we started five years ago with stakeholders including government, Aboriginal Peoples, community groups, port users, tenants, terminals and others.

When we refreshed the Port 2050 work in 2014, we zeroed in on our desired future for the gateway. It is a future that represents a paradigm shift — a rapid transition to a lower carbon economy with a focus on sustainable trade, and an ability to accommodate Canada’s trade needs, but at the same time maintain a healthy environment and enable thriving communities.

Our aim is to be thoughtful in the actions we take, and be absolutely certain that we are helping create the best possible outcomes for all of us.

As we plan for the future, overarching everything, all of our activities, is the theme of sustainability.

The pillars of sustainability are generally agreed to be economic development, social development and environmental protection.

Many of you worked with us to properly define what sustainability means in a port context here in Vancouver.

We concluded that sustainability for the port is: economic prosperity through trade, a healthy environment, and thriving communities.

Let me now take a moment to share a video that describes Port 2050 and our perspective on sustainability. This thinking is underpinning all that we do.

May I have the video, please?

We’ve long had a focus on environmental sustainability because protection of the environment has been a part of our mandate since the Canada Marine Act was enacted in 1998.

Now, with a renewed perspective, we have begun the process of fully integrating our commitment to the three pillars of sustainability. We are still in the early stages, but I can tell you that I am very pleased with the work done to date. It is clear to me that approaching every plan, every project and every decision through the lens of economic
prosperity through trade, a healthy environmental and thriving communities is the right way to contribute to creating the most desirable future for this region and the gateway.

Starting with Economic Prosperity Through Trade, we are focused on growing the gateway to accommodate Canada’s future trade.

The port authority is projecting relative flat cargo levels overall for the next two years or so, due to the softening of the economy.

However, beyond that, we expect continued growth thanks to the development of overseas economies and the focus on strengthened relationships and trade agreements with Asia. And we have confidence in this seeing the major investments many of you are making in the Gateway today.

To manage growth, we are overseeing three critical activities.

First, we are working with terminal operators to make the best use of existing port lands. For example, we are planning an expansion of Centerm to handle more container cargo in the inner harbour. Western Stevedoring has plans to convert its breakbulk terminal to a grain terminal through the proposed new G3 grain terminal on the North Shore. And we are studying how to make the best use of our Area 5 property in Richmond.

Second, our proposed new terminal in Roberts Bank is entering into the panel phase of Canada’s most comprehensive environmental review process under the Canadian Environmental Assessment Act. Earlier today, we were very pleased to learn the federal Minister of the Environment has announced the three members of the panel. If the project is approved, we hope to start construction in 2018 and have the terminal operating just as the gateway is running out of room to manage more container trade in the mid-2020s.

Third, we are working with government to improve Canada’s overall trade competitiveness. Minister of Transportation, Mark Garneau, has stated he sees his portfolio as an economic one, and that improving our trade corridors is key to getting goods to international markets. He has acknowledged that Canada’s transportation corridors face bottlenecks, and agrees improvements are best achieved through collaboration.
The Asia-Pacific Gateway model — developed by a previous Liberal government to identify, fund and build transportation infrastructure — is recognized as a significant success. Minister Garneau reported recently that federal investment over the last several years of $1.4 billion was multiplied by partnering with provinces, municipalities and the private sector, which inspired further private sector spending, for a total investment of $14 billion.

That is an amazing achievement and I can assure you, we are the envy of many of our competitors in this regard.

Minister Garneau has announced his intent to hold discussions, workshops and meetings starting this spring to develop a vision for the future of Canada’s transportation system.

For our part, we will be supporting the need for a national transportation strategy and protection of national trade corridors. We will also be advocating for the sharing of strategic data among supply chain participants. We believe there is great potential in shippers, ports, railways and others, sharing data in a way that protects competition, but allows the supply chain to operate more fluidly and effectively across a nationally integrated system.

We also continue to demonstrate our very strong support for the collaborative infrastructure planning and development model tested and proven in this region over the last decade.

In 2014, we led the creation of the Gateway Transportation Collaboration Forum to identify infrastructure needs in major trade corridors to this gateway.

The forum brings together the B.C. government, TransLink, Transport Canada, the port authority, industry through the Greater Vancouver Gateway Council, municipalities and others, and also incorporates the objectives of the regional Mayors’ Vision, the Pacific Gateway Alliance and the New West Partnership.

The forum has been meeting regularly and recently completed trade area studies for Roberts Bank and the Fraser River. Those studies will be used to identify potential infrastructure projects and, in time, to develop business cases for federal funding.
We recognize the federal government has decided to take some time to understand and assess trade and transportation corridors before it makes further financial commitments. While we would not want to see significant delays in funding, we certainly endorse the need to make informed decisions. We expect the work of the Gateway Transportation Collaboration Forum to be a highly credible source of that information.

Now, turning to our sustainability pillar of Healthy Environment, there are two main ways we work to protect the environment.

Canadian port authorities have long had environmental review and decision-making responsibilities under the Canada Marine Act and the Canadian Environmental Assessment Act.

Before we can allow any project to proceed on port lands, we must be assured the project is not likely to cause significant adverse environmental effects. In 2015, our team of environmental scientists conducted over 200 environmental reviews.

In July of last year, we launched our new project and environmental review process. You may recall we had the previous process independently reviewed by a team that included the former head of the B.C. Environmental Assessment Authority. The review found that, while our existing process was robust and made good decisions, we could improve the process transparency and timeliness. We have addressed all the related recommendations and will soon complete our first Category D review – our most stringent and complex review – to assess the G3 grain terminal proposal.

I believe the new process is working very well, but we remain open to improvements and indeed are fine-tuning it on a regular basis. For example, due to community interest in port activities and in addition to the annual reporting we currently provide Parliament, we will soon be posting project information for all categories of permits, not just those that require community consultation.

The other aspect of our environmental work is the many environmental programs we have underway to around port operations.

We have a number of air quality programs that encourage shippers, truckers and terminal operators to operate in a way that reduces air emissions. I was very pleased to read recently that air quality
monitoring near port operations in North Vancouver yielded results well within Metro Vancouver’s limits.

We are also seeking to better understand the impact of marine shipping on whales. Last year we launched the ECHO program, a science-based research initiative with many collaborators, partners and advisors including Oceans Networks Canada, Transport Canada, Fisheries and Oceans Canada, and the Vancouver Aquarium, among others. Already, we are learning a lot, and the team is exploring ideas for reducing ship noise and interference with marine life.

We also run programs that address energy use, build habitat for fish and wildlife, clean up our waterways, and much more. Our work has been endorsed by others. Most recently, we were named to Corporate Knight’s Future 40 Responsible Corporate Leaders in Canada for the third year in a row.

Finally, I want to turn to Thriving Communities.

The lands and waters we manage border 16 different municipalities and intersect the asserted and established traditional territories and treaty lands of several Coast Salish First Nations.

Our federal mandate to serve Canada’s trade interests doesn’t always perfectly mesh with how each community sees itself evolving, and at times we may have competing priorities. Nonetheless, we are absolutely committed to developing and maintaining good working relationships with our neighbours, and are spending an extraordinary amount of time engaging those who may be impacted by port operations.

In 2015, we led several hundred community engagements through our three port liaison committees, project consultations, our Delta community office, our student and school programs, and celebration events at Canada Place.

We also engage with key stakeholders through regular meetings, programs and events with municipalities, provincial governments, the federal government, customers, local business associations, and more.
Our research suggests a high level of support for the port across Lower Mainland communities. We believe common ground can continue to be found if we let long-term sustainability be our guide.

However, I must turn to something that is threatening our communities, and that is the lack of regional land management planning.

Since I started with the port authority in 2009, we have been raising awareness of the dwindling supply of land suitable for trade. Last year, we released a report that confirmed our worst fears, and it was echoed by Metro Vancouver’s own report of two months ago.

With only enough trade-enabling land to last for about another decade, we are already seeing distribution centres begin to locate outside the Lower Mainland, especially around Calgary. As a result, imports destined for stores here will first travel from the port to Alberta by rail, where they will be sorted and then trucked back to the Lower Mainland. This inefficiency will make us less competitive as a port, will increase air emissions from trucks and result in higher prices for consumers. Even more concerning, we are also seeing some BC distribution activity now moving south of the border.

I am encouraged by Metro Vancouver’s recently released Framework for Economic Prosperity in which the protection of industrial land is cited as a major impediment to future success of the region. This reality was also echoed in the Greater Vancouver Board of Trade’s release of its economic scorecard earlier this month.

I believe we need a regional discussion on land use planning that extends beyond individual municipal boundaries. The price of land in the region is affecting housing affordability, the ability of companies to locate here, the opportunities for farmers to farm, our trade competitiveness, and overall livability. Based on similar cries from others, I am cautiously optimistic that our concerns are resonating.

I have tried to give you a sense of how we are approaching sustainability, and provided examples of how we are working to ensure economic prosperity through trade, a healthy environment and thriving communities. There is much, much more information available on our new website, which was launched last year and is providing a new level of transparency.
In addition, we have taken another step in our evolution as a responsible port.

In developing Port 2050 and our sustainable port definition, we came to realize that our mission and vision no longer accurately reflected the way we had grown to see ourselves since the three legacy port authorities were amalgamated back in 2008.

I am therefore pleased to tell you we have updated our mission and vision statements.

Our mission is now “to enable Canada’s trade objectives, ensuring safety, environmental protection and consideration for local communities.”

The link between our mission, our approach to sustainability and our federal mandate is clear. Our new mission sends a strong signal that we understand our purpose and what is expected of us.

With respect to our vision, we are announcing a new commitment that is aspirational, ambitious and bold.

Our new vision is “to be the world’s most sustainable port.”

We are intent on doing the work it will take to realize this vision. Indeed, we believe it is absolutely necessary to ensure continued prosperity for Canada and livability for all of us who call this great province our home.

I am not saying we have reached this goal and realized this vision, today. But as the future unfolds, we will benchmark ourselves against other world ports, set goals and take action that will move us towards our vision. Over the long term, I am determined you will see very clear evidence from us and our many terminal operators and gateway partners that we are making progress.

When you leave today, you will be offered a brochure that provides more information. This year, we have elected not to produce a sustainability report because we need some time to understand how our new vision will change how we report. The brochure outlines our journey towards our vision of greater sustainability.
Lastly, I want to thank you for your patience in recent months as we made a change to our brand. Using the same name for both the port and the port authority was causing confusion. Port of Vancouver is the name by which the port is internationally referenced, so it made sense to make it official and to use the port authority’s legal name when referencing our own activities or decisions. The change is intended to provide clarity, and so far the transition seems to be going well.

In closing, let me take a moment to acknowledge our employees, our terminals, our tenants, port workers, our customers and our government partners, indeed all the many stakeholders who contribute to the port’s success. Trade and goods movement is often something people take for granted or don’t understand, but those of us who live and breathe it every day know how what we do is the foundation of the day-to-day quality of life Canadians enjoy.

I am also very appreciative of Minister Garneau and his team at Transport Canada for the commitment shown to this region in these first few months of his mandate. The interest in consulting with so many of us here in the west has been remarkable and positive.

Thank you for your attention today. I am very gratified to lead a team of such dedicated, passionate people at the port authority. We are so proud to serve you, and Canada.

Thank you.