

Greater Vancouver Board of Trade Address

Robin Silvester, President and CEO

I would like to acknowledge we are on the traditional territory of the Coast Salish Peoples and I'd like to extend thanks to the Musqueam, Squamish and Tsleil-Waututh Nations, on whose ancestral lands we are gathered today.

Through consultation and engagement, the port authority is working with our local First Nations to identify opportunities to support mutual interests. We are very committed to developing long-term working relationships with them, and appreciate the willingness they have shown to work with us in that regard.

This is my tenth time addressing the Greater Vancouver Board of Trade on behalf of the port authority.

Before I share my ideas on what we can expect from the port of the future, I'd like to take a moment to reflect on how far we've come as a gateway.

I would like to do so through the lens of the port authority's vision of being the world's most sustainable port, and reflect on each of the three pillars on which that vision stands:

- economic prosperity through trade,
- thriving communities,
- and healthy environments.

First, let's focus on economic prosperity.

We continue to see growth in trade through the port.

Trade through the port with our largest trading partner, China, has growth by just over 100 per cent in the last decade, and we've also seen successive annual records in overall grain and container trade.

In fact, in the last ten years, the Port of Vancouver has seen a 36% increase in foreign cargo handled, up from 82 million tonnes in 2008 to 112 million last year, as part of an overall tonnage handled in 2017 of 142m tonnes.

Thanks to the commitment and hard work of port stakeholders, as well as the contribution of government and

other partners, we're forecasting continued annual growth over the next five years at about four per cent — something we all need to prepare for.

I'll come back to that when I talk about the port of the future.

Turning to the second pillar of our sustainability vision, environmental protection, a couple of decades ago we were the first port authority in Canada and only the second in North America to bring on staff to focus solely on the environmental impacts of port activity.

Today, the port is internationally recognized as a leader in environmental sustainability.

For example, our ECHO Program has received a number of awards and grabbed the attention of the International Maritime Organization and the United Nations. It's a program to study the effect of ship noise on whale populations, and its foundation is the input and cooperation of industry, government, scientists and others.

Another example is our EcoAction program, which has been hailed by the likes of Richard Branson's Carbon War Room. EcoAction is program that offers discounted port fees to

shipping lines that use lower emissions fuels or that use lower noise technologies protect whales.

Turning to our third pillar, thriving communities, over the last 10 years, we have increasingly focused on and invested in our community relationships.

In our world, it is critical that the port authority and all players in port operations are trusted by local communities. People need to know that we are managing the impacts of growing trade on local communities, and that we are acting in a way that makes us good neighbours.

The port borders 16 municipalities, which is unusual. Most ports exist within one municipal jurisdiction.

So we have to work harder to build and maintain strong relationships with local governments and take action to address the concerns of residents, and we have worked particularly hard over the last decade to do just that.

One example of this is joint emergency preparedness exercises, which we conduct at least annually with multiple stakeholders.

Another is our community liaison committees — we have three of them — that bring residents, local government, industry and the port authority together several times a year to discuss issues and concerns.

I'm pleased to say that our research suggests our approach is working. As a result of our Community Awareness Campaigns, favourability for the port authority has grown from 46% in 2014 to 63% in 2018, and recent community engagement survey results indicate that trust in the port authority is 84%.

So the last ten years have been a significant period of growth, change and achievements, all of which we are proud of and feel are worth celebrating.

But what of the future?

We see a time of unprecedented opportunity, as new trade deals open up the dynamic markets of the Trans-Pacific region.

Government's intent to diversify trade and grow trade with Asia of course also intensifies the national importance of the

Port of Vancouver as Canada's port, and the hub of our country's Trans-Pacific trade.

But can Canada's west coast ports manage that growth? Will we be ready? And what of other challenges, like climate change?

It's timely that the federal government has launched its Ports Modernization Review to ensure that our 20-year old port authority system is ready for the future.

Against this backdrop, we — like the government — are asking: what is the port of the future and how do we get there?

I firmly believe the port of the future won't hinge entirely on technology or some radical upending — but rather on deep, strategic collaboration between the port authority, port terminals and tenants, railways, shipping lines, governments and community partners.

Let me walk you through several projects and programs that demonstrate the power and potential of collaboration in action. I believe these examples are setting the course for Vancouver, as a port of the future.

Again, beginning with the economic pillar of sustainability, the port's success depends on the efficiency of our regional transportation networks.

Historically, we used to keep a tight focus on the federal lands and waters that make up port jurisdiction — but the reality is that the success of this port, and gateway, is affected by how cargo, such as grain, moves from Saskatoon to Boston Bar to the North Shore.

To that end, we are advancing key programs that require big-picture, long-term thinking.

Let's start with a project that stretches from the Canadian prairies, right across the west to tidewater.

Our Supply Chain Visibility project is a collaboration with railways and terminals. This project basically collects data from those partners on every rail car that enters or leaves the Lower Mainland bound for the Port of Vancouver, allowing us to quickly see what is moving, how and from where it's moving, and whether or not there are any problems along the way. It's a rail car by rail car level of detail.

By encouraging data sharing and developing this sort of comprehensive data set, we believe it's possible to find untapped capacity within existing networks that will improve supply chain efficiency for all of us, and will allow us to plan even more effectively to address future bottlenecks as volume grows as well as predicting supply chain performance, spotting potential challenges earlier.

Another program is Greater Vancouver Gateway 2030.

Similar to the supply chain visibility project, this initiative contemplates projects beyond our jurisdiction that are needed to improve rail and road capacity. And, as with our most successful programs, it is a collaboration, this time with the province, the federal government, Translink and industry.

Together, we have identified about 40 projects throughout the Lower Mainland to address our region's bottlenecks as trade grows.

As a testament to the strength of this collaboration, you may have heard that the federal government is investing more than \$220 million to catalyze a first tranche of projects here in the Vancouver Gateway. And it sounds like there is more to

come, given government's announcement last week in its fall fiscal statement that it is accelerating investment in trade corridors. This is fantastic news for our gateway and for our nation's ability to trade beyond North America and we appreciate this significant support from the federal government.

Now let me turn to some of our most important collaboration partners in the gateway.

Every day, we see terminal operators, transportation providers and other port companies investing in their businesses.

Some of the more recent private sector investments we've seen include:

- **G3**, which is the first new grain terminal to be constructed at the port since the 1960s. It's a \$550 million investment expected to begin accepting grain in 2019, and will be ready to welcome vessels in 2020.
- **Deltaport**, a container terminal, which has invested \$300 million to expand their rail capacity.

- **Westshore**, a coal terminal, has invested \$385 million to increase capacity.
- **Neptune**, has invested \$330 million in new and upgraded equipment and road access upgrades to handle more coal and potash.
- **K+S Potash** has invested \$170 million to build a new potash facility at **Pacific Coast Terminals** in Port Moody.
- And others, including **Viterra, Richardson, Cargill, Fibreco** and **AGT** have each invested significantly in upgrades to their grain handling terminals.

By improving their facilities or building new ones, terminal operators are helping our nation grow and diversify our trading relationships.

While all these examples of investment in infrastructure and facilities are important parts of facilitating growth in the gateway, we must make sure that this progress doesn't come at the expense of the beautiful natural environment all of us here value so highly.

The port authority is required by law to conduct environmental reviews of all proposed activities or developments on federal port lands and waters, to avoid or mitigate potential effects of port activities on the environment and surrounding communities.

Our review process is a part of our work that often flies under the radar, however it's arguably the most robust port authority-run project review process in the country.

Our process emphasizes evidence-based decision making, transparency, and environmental sustainability, while enabling private-sector investment to support Canada's trade needs.

And the proof is in the pudding. In the last decade, the private sector has invested \$3 billion in port infrastructure that was subject to our review. At the same time, by all measures, the environment has been protected and is indeed being improved.

For example, consider our work in emissions management.

Our focus is forward looking. We work with our terminal operators to support early compliance with pending

environmental regulations, mostly through improved efficiency and clean technology.

We are introducing electric shore power for container ships in the very near future, offering incentives to terminal operators to switch out diesel equipment, and investigating how the port can offer LNG as a fuel for the ships and trucks of the future.

But none of this work would happen without the trust and participation of others. We rely on, terminal operators, shipping lines, tenants, rail lines, truckers, and others to take the necessary steps to make the biggest impact.

Vancouver is known for natural beauty and clean air, and it is only through collaboration and support of many stakeholders that we can collectively keep it that way.

Finally, I cannot leave you without talking about our dwindling stock of industrial land. I spoke about this in my first address to the board of trade 10 years ago and I wish I could now be saying that, as a region we have done better over the last decade than we have.

Gateway growth and consumer demand, especially through e-commerce, is driving the need for large parcels of industrial land.

The kinds of businesses that occupy such land are distribution centres and warehouses that keep Canada connected to the global supply chain.

However, those lands are being parceled off or rezoned for residential or commercial use.

According to CBRE, commercial real estate brokers, Vancouver has the second lowest rate of availability of industrial land among major North American cities – under two per cent, when five per cent is considered healthy.

Again, I am calling, continuing to call, for a regional collaboration in which we act strategically to prepare for the forecasted growth in both people and trade, to ensure that our city remains livable and our country competitive.

I remain very concerned about the lack of progress in protecting industrial land, but I do commend Metro Vancouver for launching its industrial land task force. It's a great start, and hopefully more to come - we need it.

To draw all these examples together, let's return to our original question: what is the port of the future?

Will it involve radical re-invention? I would argue, no.

From my vantage point, the ports of the future must be built on our best qualities today: on big-picture, long-term thinking; on thoughtfully leveraging new technology; on broad sustainability; on evidence-based decision-making; and more than anything, to be successful, on deep, meaningful collaboration between all stakeholders whether industry, government or community.

In closing, I invite each of you — as port stakeholders, as business leaders, as residents — to join with us in building the “Port of the Future” right here in Vancouver.

Thank you.