

Annual General Meeting | June 4, 2019

Robin Silvester, President and CEO

Good afternoon and welcome, everyone.

Looking around the room, it is nice so many members of the port community gathered together.

This meeting presents an opportunity for customers, stakeholders, members of our region's Indigenous groups, the community, government and even port authority staff to come together to reflect on what we've learned, and to look ahead to where we're going.

2018 was another big year for Canada's largest port.

Our year-end statistics revealed yet another record year for cargo moving through the Port of Vancouver.

The numbers we've seen reflect strong international demand for Canadian products, and we're forecasting continuing growth over the next five years at an average annual rate of 3.6 per cent. That equates to 5-6m tons per year which really highlights the ongoing need for infrastructure investment in our gateway.

Canada's two new trade agreements—CPTPP and CETA—will propel gateway growth even further.

As a Canada Port Authority mandated to facilitate Canada's trade objectives, we're obviously very pleased to see that the port has been able to manage this growth.

But with that growth come unique pressures that impact everything from our regional infrastructure and the efficiency of the supply chain, to the local community and surrounding environment.

This is why, as the federal agency responsible for the planning and stewardship of the Port of Vancouver—and with a vision to be the world's most sustainable port—we are actively working to address these challenges through innovative solutions and collaboration with our port partners.

With this in mind, let's take a look at how the port authority approached the pressures of growth in 2018 through the lens of our vision's three core pillars, which are: delivering economic prosperity through trade, maintaining a healthy environment and enabling thriving communities.

You will be able to learn more about these highlights and more in our 2018 Sustainability Report, which was released today.

We are proud to have published our first web-only sustainability report, which is available at portvancouver.com/sustainabilityreport

Economic prosperity through trade

Now, let's begin with the pillar of economic prosperity through trade.

One of the port's biggest strengths has been, and continues to be, the ability to accommodate the most diversified range of cargo of any port in North America.

This is important, as that diversity allows the Port of Vancouver to remain viable and thrive, especially in times of economic flux and uncertainty.

Port growth

Virtually every sector served by the port experienced growth in 2018, and as I mentioned earlier, we expect that trend to continue moving forward.

So, we at the port authority, together with all those who make up the Port of Vancouver, are working hard to ensure we will be ready to handle increased volumes through Canada's west coast.

We very much appreciate the investments and support from government and industry alike to remove barriers and bottlenecks that prevent goods from getting to market.

These include the federal funding commitments to date of more than \$200 million from the NTCF—the National Trade Corridors Fund.

I'm delighted to share that, at the end of last year, we signed a design-build contract for the first of these projects, the South Shore access project.

Last Friday, we signed the formal agreement with the Government of Canada to receive close to \$50 million for the two highly anticipated rail crossing projects in Pitt Meadows, while also committing ourselves to fund almost \$40 million toward the project on behalf of industry as a partner agency.

Though there is still much to do, the critical investments being catalyzed by the national trade Corridors fund are helping us build capacity to accommodate Canada's growing trade.

Container terminal capacity

If you take a closer look at the growth numbers for each individual sector at the Port of Vancouver, you will see the port saw a 4.4% increase in container volumes in 2018 over the previous year.

However, here on Canada's west coast, this growth in container trade is outpacing capacity growth.

We are working to get the most out of existing port lands and terminals to accommodate growing trade, but there is a clear need for an additional container terminal at the Port of Vancouver to handle increasing Canadian consumer demand for imported products, and Asian demand for what Canada has to offer.

The West Coast is projected to run out of container capacity by the mid-2020s.

With this looming deadline in mind, the port-led Roberts Bank Terminal 2 Project in Delta is the only project currently in the environmental assessment process and therefore in a position to meet that capacity shortfall.

Without RBT2, we will not be able to meet the demand for container trade, which will create significant negative impacts on port users and local communities as a result of terminal congestion, including truck and train backups, vessel scheduling challenges, cargo redirection, increased reliance on US ports, increased transportation costs for Canadian goods, and the loss of business for importers and exporters.

Public hearings for RBT2 are currently underway. We look forward to seeing this project advance to ensure your port is ready to serve Canadians into the future, to realize our nation's trade potential and to keep Canada's economy strong.

Other projects aimed at addressing container capacity concerns include the Centerm Expansion Project and South Shore Access Project.

Late last year we signed the design build contract for these projects, both of which will address near-term demand for containers shipped through the Port of Vancouver.

And I'm happy to say construction at Centerm is scheduled to begin any day now!

Healthy Environment

Now let's turn 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 authority is internationally recognized as a leader in environmental sustainability.

2018 was an exciting year for port authority-led environmental initiatives.

One example comes from ECHO—our Enhancing Cetacean Habitat and Observation Program, which aims to better understand and reduce the threats from commercial vessel-related risks to at-risk killer whales.

Last year the port authority coordinated a voluntary initiative wherein ship operators were asked to slow down in key feeding areas, which reduces underwater noise, when the whales are present.

With a participation rate of more than 87 per cent, it has been so encouraging to see industry take up the call.

This program is advancing world-leading science, in close collaboration with government, industry and other partners to make informed decisions on how best to protect marine wildlife.

It has won international awards, including the 2018 Lloyd's List Americas Awards for environment.

And we, along with the marine transportation industry, entered a formal conservation agreement with the Government of Canada to support these ongoing recovery efforts for southern resident killer whales through the continuation of voluntary measures and initiatives led by this innovative program.

Beyond ECHO, we also saw exciting developments in making cleaner energy sources more accessible in the Port of Vancouver.

With the support of Transport Canada, the port authority was able to make upgrades to reduce air emissions, with the installation of shore power infrastructure at two container terminals.

We celebrated the first successful connection late last year at DP World's Centerm container terminal in Vancouver's inner harbour, and a second connection in Delta shortly thereafter.

Thriving Communities

Finally, I'd like to look at our third pillar of sustainability: thriving communities.

Supporting, celebrating and connecting with the communities that are our neighbours is important to keeping the port working for Canadians.

We involve these groups, including Indigenous communities, in helping grow the world's most sustainable port.

In our world, it is critical that the port authority and all players in port operations are trusted by local groups and residents.

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 and protects the environment.

The port borders 16 municipalities in the Lower Mainland.

As you can imagine, there are many interests at play in this space, which is why we have to work hard to build and maintain strong relationships and take action to address the concerns.

Early and respectful engagement allows us to make better decisions and avoid or manage project impacts.

We collaborate closely with terminal operators, federal and local governments, industry stakeholders, and Indigenous and local communities to ensure a breadth of voices are heard in the effort to keep this gateway strong and competitive.

I'm pleased to say that our research suggests our approach is working. Recent community engagement survey results indicate that trust in the port authority is 84%, and we will continue to do everything we can to earn and maintain that trust.

Conclusion

We believe the Port of Vancouver is well-positioned to continue supporting Canada's growing trade.

And we do all of this while continually striving toward our vision of being the world's most sustainable port.

I believe the accomplishments of the past year can be attributed to the same factor that will carry the Port of Vancouver into the future: deep, meaningful collaboration between all stakeholders, whether industry, government or community.

I would like to thank the board and port authority employees, for their tireless work to help us reach the challenging, but important, goals we have set for ourselves.

I'm grateful for the strong collaboration between the port authority and our partners, and I look forward to continuing to work together to keep Canada's Pacific gateway strong and competitive.

And now, I'd like to invite Victor Pang, our chief financial officer, to provide an overview of our 2018 financial results and key investments.