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vancouver

Vancouver Fraser
Port Authority

Gateway Infrastructure Fee 2022

Phase 3 consultation summary report: draft fee language

April 30, 2021

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Appendix 1: Phase 3 consultation information package

1. About the Gateway Infrastructure Fee 2022

On January 1, 2022, the Vancouver Fraser Port Authority will implement a new fee called the Gateway Infrastructure Fee 2022 (GIF2022). The fee will recover contributions that the port authority is pre-funding, on behalf of industry, towards infrastructure projects and initiatives to increase the fluidity of the gateway.

The features of GIF2022 have been determined based on technical and financial analysis, and input received from industry. GIF2022 is based on the cost recovery mechanism presented to industry during Phase 2 consultation as Option 1: Tonnage-based cost recovery allocated by trade areas, with no change to amount or collection of existing GIF.

GIF2022 will be:

- A tonnage-based fee allocated by trade area
- In place for 30 years to cost recover 90 percent of pre-funding for priority gateway infrastructure projects, with the port authority contributing 10 percent from its revenues
- Collected separately from the existing Gateway Infrastructure Fee implemented in 2011 (GIF)

In August 2020, the port authority announced that it had deferred the implementation of this fee by a year, from January 1, 2021 to January 1, 2022, in recognition of the impact that the COVID-19 pandemic has had on some industry stakeholders.

1.1. Multi-phase consultation process

The development of GIF2022 has included a multi-phase consultation process with customers and industry regarding potential projects to be cost-recovered and the cost recovery mechanism and structure.

Phase 1: Priority Gateway Infrastructure Projects (completed March 2017)

The first phase took place in March 2017, where the port authority asked industry to provide feedback regarding 13 projects toward which the port authority was considering providing pre-funding. The port authority received 19 submissions from industry that were considered in determining which projects to advance for federal funding in 2017 and 2019. A report summarizing feedback received during Phase 1 was distributed to industry stakeholders in July 2017 and is available at portvancouver.com/about-us/port-fees.

Phase 2: Cost recovery mechanism options consultation (completed November–December 2017)

In November and December 2017, the port authority consulted with industry regarding proposed cost recovery mechanism options, which included distribution of a discussion guide and feedback form, opportunity for submissions and three meetings in Vancouver, one meeting in Toronto and one webinar. A report summarizing feedback received during Phase 2 was distributed to industry stakeholders in April 2018 and is available at portvancouver.com/about-us/port-fees.

1.2. Gateway Infrastructure Program Advisory Committee

As part of the consultation process, the port authority has engaged the Gateway Infrastructure Program Advisory Committee (GIPAC), which consists of organizations representing shipping lines, shippers, goods movers, and business associations. The GIPAC has had an opportunity to review and provide advice to the port authority regarding the content and process for customer and industry consultation.

The Gateway Infrastructure Program Advisory Committee includes representatives from the following organizations:

- BC Chamber of Commerce
- BC Marine Terminal Operators Association
- Canadian International Freight Forwarders Association
- Canadian Manufacturers & Exporters
- Chamber of Shipping of BC
- Coal Association of Canada
- Fertilizer Canada
- Global Automakers of Canada
- Greater Vancouver Board of Trade
- Greater Vancouver Gateway Council
- Canadian Association of Importers and Exporters (IE Canada)
- Shipping Federation of Canada
- Vancouver Terminal Elevators Association
- Western Canadian Shippers' Coalition

2. Phase 3 consultation: information and feedback period regarding draft fee language

From March 15 to April 7, 2021, the port authority sought feedback from customers and industry stakeholders regarding draft fee language for GIF2022.

This phase of consultation was held in response to feedback from some customers and industry stakeholders requesting clear fee language that would allow container shipping lines to recover the fee from cargo owners. This input was received both following the implementation of the original Gateway Infrastructure Fee in 2011 and during Phase 2 of GIF2022 consultation in 2017.

2.1. Notification and consultation materials

A letter and draft fee language document were sent to customers and industry by email on Monday, March 15, 2021. The letter invited customers and industry to review the fee language document and to provide any comments or suggested changes to the port authority by email by Wednesday, April 7.

For reference, the port authority also attached an update to industry originally sent on December 9, 2020, which outlines the proposed GIF2022 structure and indicative rates on January 1, 2022.

A copy of the letter and information sent to customers and industry can be found in Appendix 1.

2.2. Participation

Feedback was received from the following organizations.

- BC Marine Terminal Operators Association
- Canadian International Freight Forwarders Association
- Chamber of Shipping
- DP World
- GCT Canada
- Neptune Terminals
- ONE – Ocean Network Express
- Pacific Coast Terminals
- Shipping Federation of Canada
- Trans Mountain
- Univar Solutions
- Viterra
- Wallenius Wilhelmsen Solutions
- Western Grain Elevator Association

3. What we heard

The following provides a summary of feedback received during Phase 3 consultation. As some pieces of feedback included multiple themes, the number of mentions is greater than the number of organizations that provided feedback.

All feedback or proposed changes received will be considered as the port authority prepares to implement GIF2022.

3.1. Feedback regarding draft fee language

Five pieces of feedback were directly related to the draft fee language:

Theme	Number of mentions
Concern that container carriers are unable to assess GIF2022 to cargo owners based on the draft fee language and suggestions to mirror wording from non-container sectors to enable container carriers to pass the fee on to cargo owners	6

3.2. Feedback regarding other aspects of GIF2022

While Phase 3 consultation was intended to focus on the draft fee language, feedback was provided regarding other aspects of GIF2022:

Theme	Number of mentions
Requests for third-party reviews of the original GIF and the technical studies used as rationale for the allocation of GIF2022 fees; specifically, a review of GIF project completion and fee collection to date, as well as a review of modeling undertaken for the port authority that was used to determine project allocations and GIF2022 rates	7
Concerns with a lack of transparency with technical analyses used to determine GIF2022 project allocations and rates, which are required to judge the fairness of cost allocations	4
Suggestions regarding collection and remittance of the fee	2
Disagreement that the terminal would benefit from projects included in GIF2022	1
Concern about the change to the Fairness criteria	1
Concern regarding the high GIF2022 rate in the Fraser River Trade Area and its potential impacts on competitiveness and future investments and growth through this trade area	1
Concern with being charged GIF2022 in two trade areas, and resulting impacts to competitiveness	1
Opposition to the Portside Blundell project being charged solely to the container sector	1
Concern that none of the projects in GIF2022 address safety and infrastructure improvements to marine waterways	1
Suggestion for a rebate to shipping lines for collecting fees on behalf of the port authority	1
Suggestion to restructure GIF2022 as a single consistent fee across all terminals, similar to the American Harbor Maintenance Tax	1
Request for more oil and gas sector representation on the Gateway Infrastructure Program Advisory Committee	1
Concern with a perceived lack of consideration of past consultation feedback	1

4. Next steps

The port authority will issue a consideration memo in the fall of 2021, communicating how industry input from all three phases of consultation was considered in selecting the cost recovery mechanism.

The GIF2022 notice will be published in the fall of 2021, to allow for a 60-day comment period prior to the implementation of GIF2022 on January 1, 2022, as required by the *Canada Marine Act*.