

December 3, 2018

Submitted online: <https://letstalktransportation.ca/ports-modernization-review>
Original to follow by mail

Honourable Marc Garneau
Minister of Transport Canada
2nd Floor, 330 Sparks Street
Ottawa ON K1A 0N5

RE: Port Modernization Review

Dear Minister,

The Business Council of British Columbia welcomes the opportunity to provide input to the Government of Canada's Port Modernization Review.

Canada is a small open trading economy and nation. Our provinces and the country are dependent on access to sea ports as key exit and entry points for goods and people, along with the transportation corridors connecting our vast geography. Ports are critical economic infrastructure for Canada's long-term prosperity. They are strategic assets where consistency, reliability, efficiency and how fast goods move from producer to consumer matter immensely.

Global competition among ports is intense, with each one vying for top placed position rankings on speed and costs, which affect volumes and revenues. The Port of Vancouver ranks 28th among the top 100 ports in the world in total cargo volume and 42nd for container traffic.¹ In addition, and as the Minister is well aware, the Port of Vancouver is the country's largest by volume — about 4.5 times more cargo and 2 times more revenue than the Port of Montreal; it also handles more than one in every three dollars of Canada's foreign trade in goods beyond North America. British Columbia's second ranked port, in Prince Rupert, is the 5th largest in Canada. The province is also home to smaller ports in Port Alberni and Nanaimo. Importantly, all of B.C.'s ports are within ~5,000 nautical miles and 10 days to China (Shanghai), which is the world's third biggest consumer market after the United States and European Union. The Chinese market will surpass the United States in total size in about

¹ <http://www.worldshipping.org/about-the-industry/global-trade/ports>.

a decade. Given the trajectory and geography of global population growth, Canada's access to China and the broader Asian marketplace, whose citizens are driving world-wide demand growth for energy, building materials (e.g., wood products), metals, and minerals, is critical.

The Business Council continues to highlight Canada's significant competitiveness challenges in all our advocacy work on federal government policy and regulatory issues. Despite Canada's 12th place ranking in overall global competitiveness in the latest WEF assessment², we are sliding backwards on performance measures related to infrastructure and regulation. Of note, Canada ranks 24th in the efficiency of seaport services and a dismal 53rd on the burden of government regulation. Canada has also been losing ground on measures of transportation corridor access and efficiency. All of these drive up the cost of doing business and getting Canadian goods to market. The Government of Canada has an opportunity to facilitate improvements in these areas for ports – and to avoid past mistakes that equate more process, and additional regulatory requirements, with positive outcomes, when in most cases they have the opposite effect.

In particular, we support the Vancouver Fraser Port Authority's conclusion that the current governance of Canada's ports, particularly those in British Columbia, is strong. There is active oversight of and participation by federal regulatory agencies and meaningful collaboration with other levels of government. In addition, British Columbia's ports are self sustaining entities, guided by a management approach to sustainability that canvasses and combines the interests of public and commercial stakeholders. With this as context, the Business Council does not support the addition of local representative(s) to the Boards of Directors of ports. Given the ports' strategic importance to the Canadian economy, port governance must remain focused on national interests and competitiveness, broadly speaking.

With respect to project development, we wrote to you in October 2018 (attached) to express the Business Council's concern over potential revisions to Section 24 of the Regulations Designating Physical Activities Under CEEA 2012. We remain opposed to the suggested changes, as articulated in our previous submission. Canada urgently needs to find ways to increase rather than further encumber investment in trade-enabling infrastructure across the country, including investment in transportation corridors that serve as vital "pipelines" connecting Canada to the world via our major ports.

² World Economic Forum, Global Competitiveness Index, <http://reports.weforum.org/global-competitiveness-report-2018/country-economy-profiles/#economy=CAN>.

With this in mind, we also believe that Canada must do more to ensure the protection of existing port and industrial lands and to facilitate land transactions that support port expansion activities. In this regard, simplifying the letters of patent amendment process would be a positive outcome of the current governance review. The Vancouver Fraser Port Authority has also made several concrete and practical suggestions on land acquisition and disposition, land use, land tenure/leases, and payment in lieu of taxes/property taxation. We support all their conclusions and recommendations on these issues.

We look forward to the outcome of the current review and hope that the lens of Canadian competitiveness will be used to help inform future decisions on port governance modernization.

The Business Council, established in 1966, is an association representing 260 large and medium-sized enterprises active in every sector of British Columbia's economy. We are a public policy organization, providing research, analysis, commentary, and advocacy on issues relevant to strengthening Canadian and BC competitiveness and prosperity. We support competitive taxes, effective and nimble regulation, and responsible fiscal policies to enable vigorous business activity and provide the resources necessary to pay for education, health care, and other public services for citizens. We have a proven record of constructive policy advocacy on environmental sustainability, economic reconciliation with First Nations, innovation and productivity, climate change and energy, tax and fiscal policy, sound regulation, trade policy, and the development and attraction of skills and talent.

Our members come from all major sectors of the province's economy, including forestry, energy, mining, manufacturing, transportation, advanced technology, health research and life sciences, tourism, retail and wholesale trade, construction, utilities, postsecondary education, and professional, scientific, and technical services. Taken together, the enterprises, academic institutions, and sectoral associations affiliated with the Business Council account for approximately one-quarter of all private sector payroll jobs in BC.

Sincerely,



Greg D'Avignon
President and Chief Executive Officer