



"Calmer Waters," courtesy of Art By Di.

Fraser Voices also asks Transport Canada to bring higher values and balance to the Western Canada ports scene wherever VFPA and others have fallen short.

"Calmer Waters," which is "Art By Di," is related to that. Di, a young Bowen Island conservation artist, uses vibrant clean colours that feel full of outdoor health. This time, though, her colours are the off-greys of a misty winter day and her melancholy. Looking west toward one of the Pasley Islands, Di envisions Scarlet, the Southern Resident Orca most everyone wanted to save not long ago. Scarlet died anyway, at only three years of age, because the balance is off in the Salish Sea. The painting is in respectful memory of Scarlet, now at peace in "calmer waters."

Vancouver Fraser Port Authority cares about the Southern Resident Orcas, since they make an evocative story in VFPA's lavish commercials about environmental responsibility. However, instead of doing whatever it takes to save our neighbours, the Southern Residents, from extinction, VFPA exploits them in lavishly produced greenwashing. Meanwhile, in the Canadian Environmental Assessment Agency's assessment of VFPA's Roberts Bank Terminal 2 proposal, VFPA has used its clout to **eliminate from review** the RBT2 effects on the Southern Residents. It's essentially the same trick that the federal Court of Appeal recently rejected in the Trans Mountain Pipeline matter that actually has a less direct effect on the Orcas.

Perverse thinking like that is a reason for sweeping change, not fine-tuning. Our proposal is to sweep VFPA out and WCPA in, with fresh perspective. Please now read Resource A, WCPA, where we hope you will find WCPA to be attractive, promising, and the right thing to finally do.

1.2 We recommend that a single port authority be created to include the existing major Vancouver ports plus Prince Rupert. This is the only way to assure complete collaboration of Canada's West Coast ports and allow them to compete effectively with other North American ports. This would also assist in maximizing the collective vision of the Pacific Gateway.

We believe in the federal government taking steps to make crystal clear the roles of port authorities, whether marine or air. The port authorities are not private-sector companies. They are custodians and operators of critical national infrastructure and should not compete with the private sector on port lands and should not invest in activities or assets where the private sector companies could be or are involved.

It is of utmost importance that our port authorities are aware they are not competing with one another, for there is no benefit to Canada of having its West Coast ports in competition. The competition, for the most part, is the ports on the west and east coasts of the US and Mexico. To work

We believe in protecting the environment and ensuring that economic activity respects the land and communities.

Clearly, the West Coast port system was once on a better track. Former minister David Emerson brought together a three-member panel of accomplished business people from Vancouver, Prince Rupert and Winnipeg to see the world's best practices firsthand and apply the insights to the Asia Pacific Gateway and Corridor. They succeeded in the *Gateway Report* of May 2007.

We have yellow-highlighted the report, Resource B, so that the most relevant parts stand out, and we have shown a few excerpts above. As one can tell from them, the report is consistent with the Western Canada Port Agency concept, which draws on it. However, the port system—or at least the Vancouver Fraser Port Authority—went off in other directions such as, it seems, self-indulgence. Please read the highlighted parts of Resource B, *Gateway Report*.

Fraser Voices asks Transport Canada to give greater emphasis to the *Gateway Report* values.

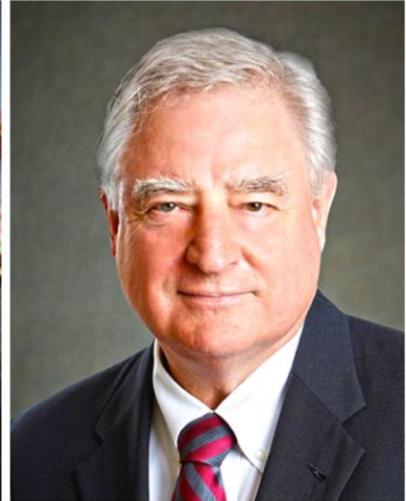
Service to Western Canada or port oligarchy?



Joe Peschisolido, MP



Robin Silvester



David Emerson

Above, we have three important influences on this matter, Ports Modernization Review:

MP Joe Peschisolido, chair of the Liberal Marine Ports Caucus, is an ongoing proponent for empowering the Port of Prince Rupert and replacing VFPA with the Western Canada Port Authority, a governing body responsible for strategic planning and its implementation, with port operations still managed at the individual port level. As an MP for a Richmond, BC riding, he is familiar with the challenges that VFPA precipitates on the local level.

Robin Silvester, CEO of VFPA for almost a decade, has clearly done an outstanding job in meeting the evident aims of VFPA, which is focused on growing itself. Nevertheless, it appears that there may be a need for the WCPA to have a different CEO. It is a similar situation, for instance, to that of the Toronto Maple Leafs hockey franchise: it turned out well for them when they brought in a new president (Brendan Shanahan) and coach (Bob Babcock).

David Emerson, former minister for the Asia Pacific Gateway, deserves credit for getting it off to a good start and making it possible for us to consider the WCPA concept today.

In carrying on this work, Fraser Voices also acknowledges the excellent work by some of our environmental colleagues who have made submissions to this Ports Modernization Review. We proudly endorse the letters from the Boundary Bay Conservation Committee and the Garden City Conservation Society. In other words, their advice to you is our advice. The reason we have not needed to get into more detail is that they have done it so well for us.

We ask Transport Canada to heed their advice: Resource C from the Boundary Bay Conservation Society and Resource D from the Garden City Conservation Society. The latter draws on an excellent BBCC report re Roberts Bank Terminal 2, so that is Resource E, with highlighting.

Fraser Voices
Published by Jim Wright [?] · November 29 at 1:47 PM · 🌐

Transport Canada should replace the Vancouver Fraser Port Authority with a Western Canada Port Agency that (1) heeds local government, (2) respects the ALR, (3) treasures ecological diligence, (4) is transparent and accountable, and (5) looks first to Prince Rupert—capable, expanding, close to Asia—for port growth. That's what Fraser Voices is telling the Ports Modernization Review.



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176 Comments	141 On Post	35 On Shares
90 Shares	90 On Post	0 On Shares

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Fraser Voices has long been concerned that the Ports Modernization Review has had almost no discernible public profile, except right after the announcement we attended at Deltaport more than half a year ago. We explained this in detail when we recommended that Transport Canada extend the submission deadline from October 26 to December 3. We are grateful that we were heeded, and it makes us hopeful for continued action to heed the people of BC and the West.

Four days ago, Fraser Voices put [a Ports Review post](#) with our basic recommendations on our popular Facebook page. It has generated revealing discussion, especially from the Prince Rupert area, where hopes and concerns have been debated with vigor. A basic observation, though, is that none of the many commenters have hinted at any prior knowledge of the Ports Review. As the screen shot above indicates, there have been over ten thousand visitors, with over a thousand involved so far with comments, sharing, clicking for an article, and reacting to like, love, wow, laugh or get angry. That's at the awareness level, but it shows the latent interest.

The informed citizens involved in the Fraser Voices Association (FVA) and the community group Against Port Expansion in the Fraser Estuary (APE) have put together the two lists of concerns in Resource F. In both cases, the intent has been to get to the heart of issues, defining them as accurately as possible so they can best be addressed. The FVA and APE lists are likely the most informative lists of concerns the Ports Review will receive, especially with regard to the Fraser Estuary (along with the Salish Sea). But roundtables could still be great!

We ask Transport Canada to heed the insightful concerns expressed in Resource F.



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Fraser Voices encourages you to view the final resource, *Let the Fraser Live!* The exclamation mark is part of the title, but we also hope the resource will enthuse you. It is a PDF slide show, created last year and updated this year because the Fraser Estuary scene changes rapidly while generally getting worse. Please view Resource G, *Let the Fraser Live!*

For the longer term, the need is for a restored and strengthened FREMP and BIEAP, but a quick turn-around will need prompt unvarnished action with soon-visible results. It requires something like the spontaneous but also well-managed rescue effort when a soccer team of Thai youth got stranded in a cavern with an impossibly long water-filled route between them and safety.

For a Salish Orca Survival rescue at that level, the federal effort is not there yet—but it could be if the powers-that-be accepted help from all sides, including environmental groups and MPs from the non-governing parties. Transport Canada would hit the ground running right away. It is relevant to Ports Review because it would reverse harmful port effects and serve as a standard for the ports system. If you wish to use the Salish Orca Survival SOS graphic, Fraser Voices would be supportive as long as there's a commitment to succeed no matter what.

Fraser Voices asks Transport Canada to immediately take high-impact action like SOS Salish Orca Survival, both for its great intrinsic value and for a fast start on ports system reform.

With best wishes,

A handwritten signature in blue ink that reads "Jim Wright".

Jim Wright
Acting Chair, Fraser Voices Association

WCPA concept: Western Canada Port Agency

December 2, 2018



[“Blow up the Vancouver Fraser Port Authority,”](#) says MP Joe Peschisolido (Steveston-Richmond East). He means it’s easier to start anew than to untangle VFPA’s ingrained problems. A phrase to express the essence of the need is [Western Canada Port Agency](#), which might perhaps become a working title. Fraser Voices urges Transport Canada to create the WCPA.

The name honours the *area it serves*, [Western Canada](#), instead of a port city. As an [Agency](#), the new entity would still have authority from the federal government, but it would shed the imperious autonomy the Vancouver Fraser Port Authority is known for. In short, the [Western Canada Port Agency](#) would replace a self-serving [authority](#) with a Canada-serving [agency](#).

Implementing a blue-ribbon panel’s advice to a federal minister, the WCPA would include the ports of both Vancouver and Prince Rupert. [“We recommend,”](#) said the panel, [“that a single port authority be created to include the existing Vancouver ports plus Prince Rupert. This is the only way to assure complete collaboration of Canada’s West Coast ports. . . .”](#) They went on to add, [“We recommend that development of container capacity in Prince Rupert be given priority over investment in Vancouver.](#)



[The Port of Prince Rupert is a day closer to Asia—each way—than the Port of Vancouver.](#)

On another relevant note, the panel said: [“We recommend that a systemic approach be taken to achieve an understanding of port capacity before a conclusion is reached that a particular port must necessarily be physically larger.”](#) That could apply to the Western Canada port system as well as each of the ports.

[The panel’s report](#) has been only semi-implemented, reportedly due to intra-cabinet politics. It still merits respect, not neglect. In fact, that is implicit in the recent report (Oct 1, 2018) from the Boundary Bay Conservation Committee (BBCC) to the Canadian Environmental Assessment Agency panel reviewing VFPA’s proposed **Roberts Bank Terminal 2 (RBT2)** in Delta. Supposedly, the saving grace of RBT2 was that it met a necessity for increased Western Canada container capacity uniquely enough to warrant an ecological debacle. However, the Prince Rupert alternative has evidently been underappreciated because of VFPA’s sleight of hand in downplaying it. Fortunately, the BBCC has debunked the faulty evidence. [BBCC analysis](#) shows that much-increased capacity planned for Prince Rupert, along with systemic efficiency, should make RBT2 superfluous.

As well, there are [long lists of problems](#) that have arisen from the VFPA model of insulated privilege — autonomous but wielding federal power. A number of Metro governments want a port partner that’s more collaborative and accountable. In any case, it’s time to end the Golden Age of the VFPA. It’s time to also stop other federal ports from acting like Canada’s highest level of government, but BC’s other three federal ports seem less egregious. In fact, Port Alberni has developed a reputation for serving the community in cooperation with the elected council. If vetting substantiates that, Port Alberni could become the model.

As **part** of the **Western Canada Port Agency**, the port of Vancouver would focus on its basic strengths while joining forces with the port of Prince Rupert and others. As *providers of port services*, they would respond to provincial, municipal, First Nations and community input.

There would also be many associated ports within the Western Canada service area:

- Port Alberni Port Authority and Nanaimo Port Authority, which are smaller federal marine ports
- The inland ports in/near Ashcroft, Prince George, Edmonton, Calgary, Regina and Winnipeg
- Various other federal and non-federal marine and inland ports

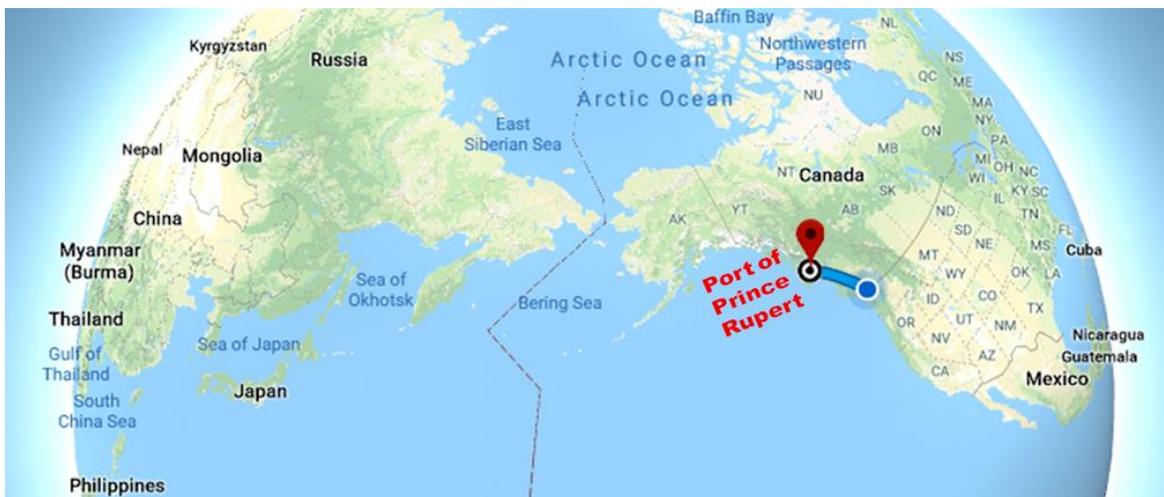
It should be a win-win for all: the ports, commerce, the environment and Canada.

Directly and indirectly, the **Western Canada Port Agency** would involve the whole transport system, including pipelines. Facilitating, not dictating, it would enable optimal flow of goods from, to and through all parts of Western Canada. That would be very good for the economy and quality of life. It's related to the Asia-Pacific Gateway and Corridor Initiative, but the modernizing will need to find ways to be far less Vancouver-centric.

Some other aspects: The **Western Canada Port Agency** would also ensure that its whole operation fosters both personal safety/wellness and environmental wellness, extending the existing practice of environmental stewardship that is integral to the Port of Prince Rupert. WCPA would not be autocratic, and it would be devised to **NOT** fall back into the problem behaviours of VFPA.

To be modern, the **Western Canada Port Agency** must learn from mistakes, like Apple, which—on the brink of bankruptcy about 22 years ago—finally came to grips with its previous mistake of forcing Steve Jobs out. After mending fences, Apple has done okay. (Note: “Apple” was too good a name to change, but very few non-oligarchs would miss **VFPA**—the name or the reality.)

In the port situation, the blue-chip panel reported on port modernization *over a decade ago*—to Minister David Emerson, who left politics too soon to implement measures cited here. *Learning from the missed opportunity can change the world and our little corner of the globe, Western Canada.*



Directing new port capacity from Vancouver to Prince Rupert can be good for trade with Asia.

Note: The [report to Minister David Emerson](#) was prepared, *gratis*, by Jeff Burghardt, CEO of Prince Rupert Grain Co.; Arthur Defehr, CEO of Palliser Furniture Ltd., Winnipeg; and Richard Turner, chairman of ICBC. Dated May 28, 2007, the report was public by January 2008. The recommendations are on pages 16–20.

**ASIA PACIFIC GATEWAY AND CORRIDOR INITIATIVE (APGCI)
REPORT AND RECOMMENDATIONS**

To: The Honourable David Emerson, PC MP
Minister of International Trade and Minister for the Pacific
Gateway and the Vancouver-Whistler Olympics

The undersigned are pleased to deliver this report and are thankful for the opportunity to serve the Government of Canada.

This report reflects our collective views on some of the strategic initiatives required to more fully exploit the opportunities that economic developments in Asia present to Canada, as well as to leverage our geographic and physical assets in pursuit of true Pacific Gateway status.

We acknowledge the assistance of Mr. George Tyszewicz of Transport Canada, who accompanied us on our investigations and assisted with final proofing of this report, as well as the many individuals in both Canada and in our high commissions, embassies and consulates abroad who provided invaluable assistance and access.

Context and Caveats:

The research for this report began in mid-January 2007 and the last informational meeting took place on May 10, 2007. We visited major infrastructure interfaces such as marine ports and terminals, airports and air cargo facilities, and rail yards in several countries. We consulted with airlines, rail companies, marine and air port authorities, marine port and airport terminal operators, ocean shipping companies, government agencies, labour unions, logistic councils, academics, employers and employer groups, business associations and system users.

A complete list of meetings and locations visited is provided in the attached Appendix.

This report deals with critical elements of the Pacific Gateway from a policy or strategic perspective. We do not present a multitude of figures or statistics, as this was not our mandate. But we do present our collective and unanimous views on the elements comprising the Pacific Gateway which we define as marine cargo (both container and bulk), marine terminal operations (both container and bulk), marine port authorities, railway and truck links, airports, airport authorities, air bi-laterals, air cargo, and the markets beyond Vancouver and Prince Rupert.

Though our visits were extensive, they could not be comprehensive in all respects, which may result in unintended limitations to our analysis and conclusions. Nevertheless, the three advisors represent a range of business and life experience and were well served by the high commissions, embassies, consulates and others who assisted us in reaching the right people. We believe that while further research may be fruitful, fundamental insights, concerns and recommendations would not be radically different than what is contained in this report. In that light, we offer these observations and recommendations.

PREAMBLE:

The incredible changes in global trade and economic development, especially in Asia, create unprecedented challenges for Canada. These developments can be construed as both threats and opportunities. Canadians, and the policies and initiatives taken by all levels of government in Canada and the private sector, will determine whether one or the other prevails.

Canada is not a driver of the growth in global trade, nor is it a particularly critical participant. However, Canada is positioned to benefit by virtue of its

geography and its economic and political relationships. If Canada and Canadians are visionary, bold and creative in their response to the changes in global trade, then opportunities will naturally flow. This report endeavors to point the country in this direction.

Statement of Guiding Principles

As strategic advisors, we have established a set of principles and these have guided us in our deliberations and helped us determine our recommendations.

We believe that the role of government should be to provide the right policy and regulatory framework to encourage investment by the private sector in all aspects of the Pacific Gateway, save and except for the limited operation of the marine port authorities themselves. This means investment-friendly policies and consistent regulation, notwithstanding changes in governments. We believe that, as much as possible, the private sector should be the generator of economic activity.

We believe that when government is required for supervision, oversight or regulation of the private sector activities, the appropriate level of government is the one closest to the economic activity and the one with the vision, financial ability and long term commitment.

We believe in the principle of market forces determining economic winners and losers. We believe in fair and meaningful competition before regulation or government involvement. Where the barriers to entry are too large or too high to create or maintain meaningful competition, we believe firstly in using market-based incentives to alter anti-competitive behavior.

We believe in creating certainty with respect to the processes of regulation and oversight. If an activity requires these, we believe that the private-sector company ought to have certainty and consistency of process and a time-specific outcome.

We believe in the federal government taking steps to make crystal clear the roles of port authorities, whether marine or air. The port authorities are not private-sector companies. They are custodians and operators of critical national infrastructure and should not compete with the private sector on port lands and should not invest in activities or assets where the private sector companies could be or are involved.

We believe that the Pacific Gateway is a national asset and that we should do whatever possible, in a competitive environment, to spread the economic benefits across Canada.

We believe in protecting the environment and ensuring that economic activity respects the land and communities.

We observed that while many countries, ports and companies are developing and implementing strategies and infrastructure that reflect their individual situations, they are also acting collectively in an aggressive and frequently visionary manner to enhance their positions in this new global trade environment. This is true in both the marine sector and the air sector. These developments will determine who will be at the center of emerging patterns and who will be at the fringe. Once established and entrenched, particularly in the marine sector, these patterns will determine economic roles and relationships for decades and will be difficult to change. The world will not wait. Just as water will flow to its destination down the easiest and best channel, so too will economic activity. To benefit, Canada must soon make itself the best and preferred channel within the context of its geography.

Asian countries, which contain most of the sending marine ports, are the ones driving most of the development in marine container flows. However, in many instances, the governments of these countries are either substantially authoritarian or operate within value systems in which decisions and investments are made in ways that are not possible in a country such as Canada, which has more inclusive governance and decision making. Dubai's government, for instance, is stable but essentially authoritarian, which has contributed to the speed with which it can execute its strategies. We must keep in mind that the world is not a level playing field and address our challenges accordingly. The reality is that Canada has not demonstrated the ability to respond to the opportunities and threats of changing world trade patterns as quickly as other nations and marine ports.

Our competitors for marine containers are not the sending ports of Asia, but the receiving ports of North America – chiefly the United States, which shares to a large degree not only our style of governance but our limitations in such areas as labour practice, speed of regulatory approval, financial structure or stakeholder inclusion. Vancouver, for instance, is competitive because there is a need for its capacity, a limited real choice for Canadian shippers and the perception that "Vancouver is not worse than Los Angeles". This is not a recommended strategy for long-term success, nor does it serve Canadian customers well. (Receiving points outside North America, we observed, had achieved greater progress dealing with such critical issues as creating an effective supply chain and eliminating historic bottlenecks.)

The development of a genuinely successful Pacific Gateway must begin with the right vision and commitment. Canada has some advantages. Among them are location and available services: the sailing time from Asian ports to Prince Rupert is shorter than it is to ports farther south along the West Coast, and Canada's northern railway is relatively under-utilized. But these factors in themselves do not constitute a vision. Ocean carriers and users of

containers measure any port or container path in terms of cost, efficiency (the ability to get in, out and through quickly) and reliability. We compete with other West Coast ports, the Panama Canal/North American East Coast ports and sometimes with the Suez Canal.

Canada must create a supply chain or logistics channel based on what is possible and measured against the ideal rather than against the expected failure of others. The other competing marine ports may suddenly stop failing and Canada could become a completely residual provider of services.

Over nearly a century and a half, Canada has demonstrated vision, leadership and commitment in many crucial nation-building and transportation developments. The construction of a transcontinental railroad in the 19th century was a remarkable achievement that defined the permanent character of the country. The development of the St. Lawrence Seaway in the middle of the 20th century was another important demonstration of national will and commitment. The impact of a truly effective Pacific Gateway could be equally profound. There is an important difference, however. The Pacific Gateway would not be a single, identifiable piece of infrastructure. Instead, it would be a system. It would include several modes of transportation, coordination across these modes, cooperation among several levels of government and both private and public investment. Combined with vision and commitment, the critical element for success would be leadership at the highest level.

While there is an important leadership role for government in the development of a Pacific Gateway, there is an equally important need for industry groups to respond. We came away from thorough discussions with industry participants on Canada's West Coast feeling that their sense of vision didn't measure up to the need or the opportunity. Often they compared themselves with their American competitors, who do not perform well, and were only tinkering with change rather than proposing radical and

fundamental restructuring of their operations to create a significant difference. While government will need to demonstrate real leadership, industry will need to demonstrate real ability and willingness to invest, innovate, improve productivity and grow.

On the marine side, the Pacific Gateway consists of a number of elements and different modes of transportation. The container trade, where strategy and action can make the greatest difference, will form the primary emphasis in this report. But bulk shipping, by rail as well as sea, presents opportunities and issues as well, and we will make several recommendations in this report as well.

Significant opportunities also exist in air travel and air cargo, but since the most critical airport infrastructure has been built, the pertinent issues are policy, regulation and port governance. Accordingly, air travel and air cargo will be dealt with at the end of the report in a separate section.

The main focus of this report will be marine container trade – and the links that make it a supply chain to Canada and the United States. This is driven in part by the imminent opening in Prince Rupert of a container facility, which presents Canada with a new and unique opportunity because the marine container shipping business is the greatest area of global growth. Container shipping also concentrates on conveying high-value products – finished goods and component parts, which create opportunities for developed economies such as Canada's.

Because many competing ports or corridors are congested or inefficient, through superior performance, Canada has a golden opportunity to capture some of the growth in container shipping and claim a larger share of North American trade. However, if Canada fails to grasp its destiny and respond well, what it already has may be placed in jeopardy.

In simple terms, ocean carriers, when they are determining the routing of their ships, look for ports that can handle volume quickly, reliably and cost-effectively. If ship owners aim their ships at Canadian ports, if they make our ports the first rather than the last stop (or, ideally, the only stop) then we can begin to call the Pacific Gateway a success. Logistics companies and users of freight will also have a voice in the channel that containers will use and will likewise base their decisions on economics, efficiency and reliability. We must build a Pacific Gateway that succeeds because it meets the needs of an emerging world rather than relying on the limitations of others.

Competition is an important factor in driving performance and this represents a challenge for Canada. This because we have only two rail systems which are critical to the success of the Pacific Gateway – Canadian National and Canadian Pacific – but competition between the two is nominal and we don't take the view that they compete with rail in the United States for goods landed in Canada. We heard repeatedly in our travels that "two is not competition". A further challenge is that our marine terminal operators tend to measure their performance against the often-mediocre performance of others in the same port or in U.S. ports. Instead, they should be measuring themselves against higher pre-set standards and world's best practices. Finally, while the singular performance of either individual terminals or railways is important, it is less important than the combined performance of the entire system.

In many cases Canada has excellent infrastructure, which it can expand as required. However, the world views Canada as tentative and incremental in its approach to infrastructure development. It is our opinion that some aspects of the system must expand ahead of demand, with conditions and policies created for the other elements of the system to follow quickly. There is no doubt, however, that expanding port capacity is complicated by public interest and environmental concerns, which government is best placed to arbitrate. We therefore encourage the levels of government closest to the

economic activity to take the largest possible roles. It is our view that they will likely be more aware of the opportunities and threats and be more able or willing to commit to a long-term program that suits the market the Pacific Gateway serves. This doesn't prevent us from recognizing that the Pacific Gateway is a national asset, with interests beyond the marine ports and their host communities, but we feel it may be time to examine the history of national control over marine ports and whether national control is the most effective in today's environment.

While it is critical that Canada develop a Pacific Gateway that is both cost effective and reliable, and while in some cases this means spending money for infrastructure, improving port capacity is not simply a function of financial investment. Shippers, ocean carriers and others overwhelmingly told us that Canadian service, whether it was port operators, port authorities, labour, railways or truckers, was unreliable. The cause of this unreliability is not always understood by those shippers and carriers; however their dissatisfaction was strongly stated. From this, we came to the conclusion that, short of spending money, there are great opportunities to improve the service and the resulting perception of service at our ports. This will require radical change, adopting such practices as a true 24/7 operating capability, a different approach to labour organization and compensation, genuinely flexible work practices and a series of incentives that can shape the behaviour of all parties.

Canada has two major West Coast ports: Prince Rupert, which is uncongested, and Vancouver, where congestion is a major concern. Though this congestion is real — some of the most productive solutions to the problem may be found beyond the port itself. We noted that with the exceptions of the enormous island ports of Hong Kong and Singapore, virtually every port around the world is planning to use rail to move containers quickly to some variation of an inland terminal where processing and distribution can continue free of congestion. We believe such a strategy

would be useful for Canada. Besides relieving port congestion, inland terminals create employment and economic opportunities elsewhere in the country. They also encourage farther-flung industries to link up to distribution system, again spreading the benefit of the Pacific Gateway across more of Canada. Inland terminals can be especially important in generating a greater variety of alternatives to the use of empty containers.

While we don't seek to promote one mode of transportation over another, we note that marine and rail transport systems are also relatively efficient in terms of their environmental impact. Rail, for instance, emits fewer greenhouse gases than trucks, and for this reason should be encouraged. Policies that focus on rail for longer hauls, with trucks for final delivery, would, we believe, best serve today's environmental concerns. Here, too, inland terminals, developed with environmental impact in mind, would prove beneficial.

Reforming the cost, structure, efficiency and stability of labour will be the most critical element in the success of the Pacific Gateway. We note that most ports around the world operate 24/7 and do so in the partial or total absence of inflexible and dysfunctional work rules. Countries such as the United Kingdom and Australia, for instance, have been able to make radical changes in the role and nature of labour in their marine ports, with labour satisfied with the rebalancing of rights and obligations. The right kind of reform in Canada should similarly unlock port capacity and better utilize the existing investment across the system. In Vancouver, for example, port capacity could be improved by instituting 24/7 operations in nearby warehouses, which currently do not operate around the clock. This would also enhance railway operations, which will move more than 90% of future container traffic east of the Rockies, for they are operational 24/7. And for Canada to have a successful round-the-clock operation, the creation of inland terminals served by rail has considerable merit.

We share the concern for environmental protection and we respect due process. This we have in common with people in other countries that have open government. But we believe that it is important to streamline any disconnected and overlapping processes of environmental review that may create delays and uncertainties and damage the development of the Pacific Gateway without necessarily enhancing the protection of the environment. Canada needs an environmental review process concerning ports that ensures certainty by handling genuine concerns within a reasonable and fixed time limit.

Though Canadian ports compete with their American counterparts, we need to set our own high standards in establishing a system of trade and supportive logistics, rather than abide by the standards of others. This does not mean we can't learn from others. We can and we should. But we need to look to our own unique geography, history, institutions and opportunities, then create a strategy that is both made-in-Canada and genuinely competitive in the global market. Asia will be the centre of trade development for many decades, but whether Asia's success will be threat or a boon to our prosperity will depend on how Canada uses its geography and the energy of an educated and open society.

Developing a successful Pacific Gateway depends on cooperation between government and the private sector and between industry and communities. It also means striking a balance between efficiency and the environment. All of this will take time and all parties will need to be flexible, with the understanding that policies will require adjustment. In some instances, government action or regulation will be appropriate. In others, the private sector will provide the most effective results. Generally, however, we believe that market structures that allow for creativity and flexibility provide the best outcomes for all concerned. Attracting and retaining the private capital essential to the long-term success of the Pacific Gateway will depend on the

right stable regulatory and fiscal environment together with the commitment of all stakeholders, including government.

The Pacific Gateway is not a boat or a train but a whole supply chain, from a producer in Asia to an industry or retailer in Canada, and from a producer or supplier in Canada to the world. Everything we do must fully respect that larger reality with the goal of creating the best, most efficient, most cost effective and most reliable supply chain possible from Asia into the appropriate destinations in North America.

PACIFIC GATEWAY AND CORRIDOR GOALS

Someone in Asia told us, "Without the rails, you can not have a Pacific Gateway." In other words, while the individual logistics of an international transportation system may be crucially important, by themselves they are meaningless. Canada's transcontinental rail system therefore has huge implications for the potential of the nation's "Pacific Gateway".

The advisors have studied Pacific transportation by sea, by rail, by road and by air. While the air component is undoubtedly very important to Canada, the real potential for Canadian growth and national prosperity lies with developments that will lead to significant growth in marine container traffic, which relies mainly on sea and rail connections.

It is our view that there is an enormous potential market for container traffic to regions that can be advantageously reached from Canada's West Coast ports. This potential greatly exceeds our current or anticipated marketing targets. In other words, our future lies in our own hands. The goals we reach will be a function of our ability to develop the necessary infrastructure and properly utilize our existing transcontinental systems and services to make Canada a major player in international transportation. To make this happen will take more than physical infrastructure. Canada must also create an

institutional and regulatory climate that allows exploitation of these opportunities.

This report does not recommend that Canada develop the infrastructure to handle a specific number of containers. Instead, we recommend that the overarching goal is for Canada to create the most cost-effective, productive and reliable port system, combined with reliable rail connections, to create the seamless supply chain desired by shippers.

We state that to achieve this as a nation, we believe that the goal must be for the private sector to be as involved to the greatest extent possible. To achieve this and to achieve the needed private capital, the private sector needs certainty and stability in regulation, legislation and investment policy. Further, since port authorities do exist and play a role, the private sector needs to know that if it invests at a port facility, whether marine or air, that it will not be competing with its landlord in or for a particular business.

If Canada were to create such a Pacific Gateway, with these goals and attributes, it would have the ability to grow its capacity and capture a significant market share. In short, if we develop the best possible ports on the West Coast, the volume will take care of itself. The potential of the Pacific Gateway is therefore more a question of vision, leadership and commitment than of market limitations.

A Pacific Gateway would not only impact Canada's West Coast. Equally important is the positive effect it would have on business and communities right across Canada. Certainly, the handling of container traffic through the port is important and would add value – but the potential national impact will depend on how the corridor is structured and how policies at many levels are developed.

The current literature describing the Pacific Gateway and corridor focuses on the capacity of the Ports of Vancouver and Prince Rupert and the resulting impact that development would have in these communities. Though this is critically important, of even greater potential is the benefit to consumers and industries nationwide. A superior international transportation system would not only create an enhanced supply chain for retailers, perhaps more important, it would also increase the supply of empty containers being returned to Asia, which would create a wealth of export opportunities for Canadian industries.

Whether Canadian companies are exporting raw materials, or supplying components for goods being manufactured elsewhere, a superior, more reliable logistics system would allow these industries to be more competitive in their markets, whether those markets are Canadian, North American or international. Canadian industries all along the transportation corridor would benefit from being part of an industrial supply chain that would stretch all the way to Asia.

This methodology would also serve to create value to goods as they leave the country, ensuring that Canadian goods will arrive more competitively to world markets. This is an excellent opportunity to create value prior to considering solutions that emphasize spending more Canadian taxpayer money on infrastructure. In short, we need to consider various aspects of system reform before scarce financial resources are spent.

We also recognize that the issues surrounding a successful Pacific Gateway must include assessments of the impact on community life and the environment. We will address these issues in our recommendations, and stress that the degree to which communities believe they will benefit from increased transportation activity will undoubtedly influence their tolerance of its potentially negative impacts.

Despite our emphasis on the marine mode and its associated interface, we will also address issues related to air travel and air cargo. It is our view that geography and security concerns create opportunities for Canadian airports and companies related to air travel and air cargo. The potential benefits extend well beyond direct industry involvement to enhance regional, provincial and national economies with increased travel, better international access and tourism opportunities.

The following recommendations and illustrations are intended to assist in the development of the policy framework for such a vision and direction.

RECOMMENDATIONS

1.0 GOVERNANCE OF PORTS (Marine)

During our travels, we observed that ports are managed in a variety of ways and sometimes involve different levels of government. Though there were at times significant differences in the effectiveness and vision of ports around the world, we could not easily attribute these differences to the presence or absence of a particular form of governance. Nevertheless our recommendations represent ideas that we believe are important in the area of governance.

The predominant form of ownership or governance around the world was a variant of the port authority model. This agent owned the land, usually on behalf of some level of government, and acted as landlord. In principle, the Port Authorities provided a certain level of infrastructure, policy development and elements such as marine safety, *but did not themselves become operators.*

The role that can and must be played by the port authority is to encourage appropriate development of the capacity and facilities essential for a

successful port. At the same time, it must balance this with the legitimate needs of the environment and of various stakeholders, such as the community and business interests. The structure of the port authority should be focused on local needs, but must be designed to balance these interests with regional and national concerns. Achieving this balance must be reflected in how the board is designed, and how its members are selected and empowered. Moreover, the resulting board must reflect the legislative environment in which it operates, with clear lines of authority and responsibility to the level of government best suited to oversee the port authority.

It is of utmost importance that our port authorities are aware they are not competing with one another, for there is no benefit to Canada of having its West Coast ports in competition. The competition, for the most part, is the ports on the west and east coasts of the US and Mexico. To work collaboratively, rather than in competition, will assist in reducing marketing, engineering and administrative costs and, perhaps most importantly, will demonstrate clear vision and the ability to alter traffic flows in a manner that shippers will appreciate and accept.

We also believe that the existing infrastructure can be best utilized if container or bulk cargo can be directed to the port, or area, that has the most capacity.

1.1 We affirm the amalgamation of the three Vancouver Port Authorities.

1.2 We recommend that a single port authority be created to include the existing major Vancouver ports plus Prince Rupert. This is the only way to assure complete collaboration of Canada's West Coast ports and allow them to compete

effectively other North American ports. This would also assist in maximizing the collective vision of the Pacific Gateway.

- 1.3 We recommend that the question of oversight of the BC ports by federal or provincial authorities be reviewed. In principle, the ports need strong vision, commitment and leadership, combined with the imperatives of a national perspective. If the national perspective and interest can be adequately protected, we recommend that the oversight be shifted to provincial jurisdiction.**
- 1.4 We recommend that the directors of the port authorities be chosen using a method that is transparent and merit-based. We have been told that at present, government-appointed directors are not always chosen on a basis of merit, experience or skill. Finally, directors must not only individually possess a specific skill set, but each should have areas of expertise that balance those of the other board members.**
- 1.5 We recommend that Port Authorities play the lead role in the development of overall capacity at Canada's West Coast ports. This means capacity in terms of the ability to handle ships and land containers should grow in advance of demand. Governments may need to play a role in this, to assume some of the risk inherent in this strategy.**
- 1.6 We recommend that a study be done to encourage rationalization of bulk facilities, such as those needed to handle grain, in a manner that balances the demand along rail lines and reduces pressure on sensitive urban locations.**

1.7 We recommend that development of container capacity in Prince Rupert be given priority over investment in Vancouver. This is more economical, can be done more quickly and will allow time for Vancouver to develop solutions to its congestion.

1.8 We recommend that the environmental processes and approvals now shared and administered by various levels of government be streamlined and organized to operate in one approval process. Firm timelines and expectations around the granting of approvals need to be developed.

1.9 We recommend urgent action to resolve issues related to First Nations, in order to facilitate the ability to plan and develop the infrastructure around the ports and along the corridor.

1.9b We recommend that the ability of ports to finance expansion be reviewed. The ability to finance port development is a critical element in the strategy to develop the Pacific Gateway. Since we believe that the ports must take the lead in expanding our West Coast facilities, there must be an appropriate ability to finance this development, for it includes a significant element of risk. The current structure and the rules regarding the financing of ports are completely inadequate.

While not linked specifically to port governance, we note that in other countries the cities in which ports reside are encouraged to set aside lands for future development. Indeed in some countries, the cities create more land for port use. Fundamental to our recommendations is the enhanced use of existing infrastructure before the construction of new. But we believe that there will come a day that the existing infrastructure at the ports will be at capacity and there will be a need to expand. Cities should be encouraged to

set aside lands and zone such lands in an appropriate manner so as to accommodate growth.

2.0 TERMINAL OPERATIONS (Marine)

We noted on our tours that most ports have a number of competitive terminal operations and that in the larger ports there are also terminals owned and operated by shipping lines. We observed that ports with a competitive array of operators generally tended to offer a greater variety of competitive possibilities to both ocean carriers and users. We also found that the investment in facilities such as cranes and automated or computerized systems varied widely among terminals. Both port authorities and the shipping companies were at times frustrated with the inadequacy of investment at some terminals.

2.1 We recommend that terminal operations be run by private sector companies and not by the port authorities or governments.

2.2 We recommend that competition among terminal operators is desired as a principle and care should be taken to sustain a competitive environment.

2.3 We recommend that a systemic approach be taken to achieve an understanding of port capacity before a conclusion is reached that a particular port must necessarily be physically larger. We note that the current terminals have capacity limitations caused by both the inability of the rail system to remove containers in a timely manner and the poor work practices and lack of co-ordination among operators, truckers, workers and railways. We believe that if capacity is viewed as a system and not simply as a series of individual facilities, this,

along with resolving labour issues, will combine to unlock a significant measure of existing capacity.

2.4 We recommend that customs activities and clearances be fully transparent between Canada and the United States. This would allow American officials complete access to inspection facilities and documents, and would create a seamless and efficient movement of goods that have entered our Pacific Gateway but are destined for the US.

3.0 PORT LABOUR (Marine)

We visited ports in countries where labour lacks bargaining power as well as other ports, in countries such as The Netherlands, the UK and Australia, where the value of labour is highly recognized and therefore has the ability to play a major role. It is noteworthy that all jurisdictions we visited outside of North America have to some degree come to terms with the historic tradition of dock labour as a source of conflict and irrational practices.

There are prohibitive costs built into our West Coast labour structures. These include outdated practices such as the use of daily hiring halls, dispatch employment and over-manning. Addressing these issues will lead to an immediate increase in the true capacity of our port system.

These improvements are available without increased capital spending. In fact, the responsible course of action would be to accomplish these changes before additional taxpayer money is spent.

The ability to change the labour environment on the Canadian docks is the single greatest opportunity to differentiate ourselves from competing US ports. Failure to do so will be the single greatest impediment to a significantly enhanced Pacific Gateway.

3.1 We recommend that serious consideration be given to the lessons that can be learned from the way in which Australia has restructured its dock labour. Australia represents the best example we could find of a fully re-structured labour regime, which appears to serve the interests of the workers as well as the logistics industry and the nation. We recommend that Canada study the structure of dock-related labour in Australia and attempt to transfer the lessons thus learned to Canada.

We were told by all parties, including labour leaders, that they consider the current arrangement a success. Australian ports operate a genuine 24/7 schedule with a virtual absence of overtime. The workers have a relatively high annual salary with predictable hours, steady employment and known promotion and retirement provisions. Workplace rules are flexible and adapt well to innovation and there is a structured regime for the entry of younger workers.

3.2 We recommend that the Government of Canada take the lead in the institution of a different labour regime on Canadian docks, supported by new legislation if required. The reality is that no individual terminal operator will have the resources or strength to take this on alone. In Australia, the lead was very clearly taken by the federal government. This type of initiative will undoubtedly require legislation and commitment at the federal level.

3.3 We recommend the following elements as critical to a new and effective labour structure:

**³⁵
¹⁷ eliminating of the British Columbia Maritime Employers Association;**

- ³⁵₁₇ **eliminating of dispatch hiring hall practices;**
- ³⁵₁₇ **ending the practice of working four hours and getting paid for eight;**
- ³⁵₁₇ **reviewing and reducing the practices that cause severe over-manning for specific dock tasks;**
- ³⁵₁₇ **creating permanent employment levels at facilities in a direct employer-employee relationship.**

While these recommendations affect labour, it should be noted that industry has been equally guilty in allowing such work practices to become an enshrined component of the West Coast labour and employment model.

We did not make it one of our recommendations to consider all the labour associated with the Pacific Gateway as “essential”. But policy makers may have to consider such a step in the future as the shippers and sending ports in Asia consider the entire labour situation in Canada related to the ports as unreliable.

4.0 THE RAIL CONNECTION

Our first observation is that in order to serve the national interest, there needs to be a re-balancing of interests with respect to the railway companies and the stakeholders in Canada.

The ships, the marine ports and the railroads are three parts of an integrated system. We take the view that Canada has two efficient railroads and if allowed the opportunity, both have the ability to compete with their American counterparts. Given the published efficiency ratios of CN and CP, we believe that both railroads could compete successfully in the US market, to a much greater degree than at present, if the capacity and performance of the Ports of Vancouver and Prince Rupert allow them to do so.

We were given the impression by both rail companies that they were willing to expand the capacity of their systems if they could clearly see the demand, but were unlikely to expand ahead of demand and thus create pricing pressures for themselves. Given that Canadian shippers have no real alternative, this absence of surge capacity results in a situation where any surge in demand or problem created by weather or other disruption immediately creates congestion. This is usually experienced in a physical sense at the ports, though the origin of the problem may be elsewhere in the system. Since Canadian shippers have no real alternative, they absorb the result but are very unhappy with the level of service they have experienced.

We could anticipate that if CN and CP begin to compete more in the US, as the Canadian ports expand, they may be required, for competitive reasons, to maintain a high level of service to their US customers. This has the potential to make service even worse for Canada if the pressures must be absorbed by customers who have no alternatives. The railroads have demonstrated that they each act primarily in their own financial interest. So while we do not necessarily recommend regulation, we suggest that an expansion of opportunities for the railroads must come with the acceptance of responsibilities or policies that will assure that service to Canada is, at a minimum, maintained or, even better, enhanced.

The advisors noted it is a common practice in other parts of the world, such as The Netherlands, the UK and Australia, that the ownership and operation of the track is separated from the operation of trains. This creates the opportunity for competition and a greater diversity of service options. We are very concerned about the limited nature of rail competition in Canada and recommend that consideration be given to creating a greater diversity of service. In Canada, we found two circumstances of particular concern:

³⁵₁₇ Competition is limited, and the single operator at Prince Rupert is of specific concern. Service goals should be established, allowing current operators to retain their monopolistic positions on the basis of meeting clear service requirements involving reliability, cost and access. While dispute settlement processes may be part of this solution, focusing on them creates a negative, after-the-fact approach. We believe more emphasis should be placed on assuring service levels in advance.

³⁵₁₇ The rail companies made it clear that they make the most money on their long haul routes, which they define as from the West Coast to either Eastern Canada or the Central US. This means that the Prairies and Interior BC are served reluctantly, as reflected by the experience of shippers in those areas. Serious consideration should be given to creating additional service options (using short- or medium-haul independent rail companies) between major areas of the Prairies and the West Coast Canadian ports. These could be part of a single system or several smaller and shorter systems that serve regional interests.

As we visited ports around the world, we noticed that many are adopting a strategy of loading trains directly at the port. This was often driven, at least in part, by the need to use the limited and expensive waterfront space more effectively. In other instances, it allowed for the more efficient mixing of containers from different ports or terminals onto destination-specific unit trains. A further reason was to reduce the congestion of trucks leaving the often crowded port zones.

We believe that inland terminals of some kind, similar to those associated with many of the ports we visited, provide a model for the strategy needed in Canada. Built where land and other pressures are less severe, they would solve the congestion at the ports and may allow for the creation of more

effective destination-specific unit trains. In Rotterdam, this idea was taken a step farther; all traffic leaving the port region by rail was organized in maximum length unit trains that traveled through The Netherlands on a new dedicated freight-only line destined for any one of 22 inland terminals such as Vienna or Milan.

We note that containers will be unloaded at several marine terminals in the Vancouver region and possibly more than one in Prince Rupert. These containers in turn are destined increasingly for a limited range of inland terminals in various locations in Canada (mostly in Eastern Canada) and the US Midwest. This suggests that these various streams of containers could be joined, sorted and sent as efficient units to their final destination. The reality is that Canada's existing rail structure, which is dictated by mountain passes, creates a situation where the containers effectively pass through a funnel to the Prairies and then diverge to points east and south.

The rail companies should be encouraged to study the way containers leave the congested coastal areas, with the objective of reducing congestion by developing a pattern of inland terminals that would permit the rational handling of the stream of containers. Such a pattern would also provide enhanced opportunities for Western Canadian shippers to gain access to the system.

A long term solution to the problem of congestion in Vancouver may require investment in superior exit and entry corridors for trains from the Port of Vancouver to a point east of the city. (The Alameda Corridor in Los Angeles and the new rail corridor in The Netherlands are interesting examples). Specialized corridors would eliminate much of the current congestion caused by trucks moving freight between terminals and around the region. We noted that Rotterdam, Los Angeles/Long Beach, Felixstowe in England, and Sydney and Melbourne in Australia had all created or were considering variations of this pattern of inland terminals serviced by special trains.

Different ports have developed creative and locally appropriate strategies to deal with local congestion. For example, Los Angeles/Long Beach had a severe problem of congestion during peak hours on major roads leading inland from the ports. The solution was to introduce a system known as "PierPass", which charges a levy on any truck leaving the ports during certain hours. The funds are returned to the terminal operators on the premise that they will incur higher costs to operate an effective 24/7 operation. The system has made a great contribution to the relief of local road congestion.

In other ports, there is a levy on each container, which is used to deal with specific concerns. In Australia, the levy was used to create a fund, which paid severance packages to workers made redundant by policies that had been introduced to rationalize the labour structure and develop more efficient ports. Other levies are used to fund the infrastructure necessary to improve access to and from the ports.

These approaches are based on the principle of user-pay and serve as incentives to alter behavior. There is substantial scope for creativity in the areas of targeted levies and incentives, particularly those aimed at altering behavior, rather than simply raising funds and costs.

The question of finding a balance between imports and exports is both a problem and an opportunity. Canada reputedly fills a much higher proportion of its departing containers than does the US through the ports of Los Angeles/Long Beach. Ocean carriers considered this an advantage in favour of Canada. If the Pacific Gateway strategy is successful and the quantity of arriving containers increases dramatically, there is no assurance that the containers departing loaded will increase in anywhere near the same proportion. To remedy this will require the development of export markets, export strategies and new products; all will have an opportunity to expand with the new, low-cost shipping that will accompany an increase in imports.

These opportunities particularly apply to bulk commodities and manufactured goods. In some cases, the products and possibilities already exist, but the access to the empty containers is limited by both a dearth of loading points and by the policies of the rail companies. This opportunity for Canada will require an appropriate mix of policies and possibly financial or other incentives.

There is also a relationship between container and bulk shipping that offers opportunities. Certain freight must go by container and other freight can only travel by bulk. However, there is some part of the flow that can go in either mode and sometimes the shift from bulk to container increases both the market value and size of market, since it accommodates customized products with a correspondingly higher value.

This has an impact on limited rail capacity through the mountains since specialized bulk cars travel full to the west and return empty to the east. The basic container flow is the reverse. Any shift of bulk to containers increases the value and attractiveness of the Pacific Gateway to the ocean carriers and reduces the number of cars that must travel through the mountains to deliver the same volume of freight.

There are many opportunities to enhance the ability of the rail system to better serve the Pacific Gateway, the users and the nation and the following recommendations address many of these concerns and opportunities.

4.1 We recommend that the guiding operating principle for rail companies be market-based; but with the clear understanding that where a monopolistic ownership structure exists, a relationship is required with the other stakeholders that results in a more level playing field.

4.2 We recommend the full implementation of the dispute resolution mechanism or similar mechanisms as part of the contribution to a more balanced relationship between the rail companies and users of the service.

4.3 We recommend that all demurrage and service charges currently used by the railways be fully reciprocal. Shippers and terminal operators argue that the railway service levels do not always support the arbitrary nature of these charges. The railways must accept that their failure to abide by service commitments has implications for shippers and operators. We believe this method of reciprocity will lead to better rail service.

4.4 We recommend that the regulatory environment for the rail companies be designed to provide maximum stability within a framework of assurance of service indicated in the other recommendations,

4.5 We recommend the development of a system of inland terminals as an overall strategy to serve the following purposes:

³⁵₁₇ **reduce port congestion by removing containers from the port area more quickly;**

³⁵₁₇ **reduce congestion on the roads in the Vancouver port area by eliminating the transfer of containers (destined for more distant destinations) between terminals or ports by truck;**

³⁵₁₇ **reduce the need for road-related investment caused by this unnecessary movement of trucks;**

- ³⁵₁₇ **create employment opportunities at points along the corridor;**
- ³⁵₁₇ **create opportunities for shippers along the corridor by creating enhanced access to the unit trains moving in either direction;**
- ³⁵₁₇ **create a system that improves access to empty containers for potential exporters;**
- ³⁵₁₇ **improve the ratio of loaded export containers thereby enhancing the overall attractiveness of Canada as a Pacific Gateway.**
- 4.6 We recommend that a system be designed using financial incentives or other appropriate means with the specific goal of enhancing the quantity of filled export containers.**
- 4.7 We recommend that a system similar to the PierPass system used in Los Angeles be implemented in Vancouver for the purpose of reducing congestion and moving toward a genuine 24/7 operation.**
- 4.8 We recommend the removal of all restrictions within the control of Canadian authorities on cabotage (the movement of marine containers between two points within Canada), with regard to the domestic use of containers.**
- 4.9 We recommend that tax policies, such as Capital Cost Allowances, be redesigned to be competitive with those in the United States, in recognition of the expectation that our Pacific Gateway rail companies must compete with American Pacific Gateway rail companies.**

Finally, we have stopped short of recommending any kind of open access or joint running rights application to our two national carriers. We can say that there is sufficient shipper concern with railway performance that there is merit in considering this long standing option. However, it is our opinion, given our previous views on competition, goals and objectives, that the railways should be given an opportunity to demonstrate a marked improvement in service through their support of these recommendations. If the railways fail to demonstrate that improvement, we would strongly suggest allowing open access on the national carriers' railway network.

Another alternative to true rail competitiveness would be to establish what other countries have established in terms of the ownership of the rails and the rail bed. If we were to follow the examples of The Netherlands, England and Australia, the rails and rail bed would be purchased from Canada's two major railways and put into an Authority structure which would then offer access to any rail company for a fee. This acquisition would be financed through the issue of financial instruments in the public capital markets.

5.0 AIRPORTS, AIR TRAVEL AND AIR CARGO

The growth of Asian economies and the development of marine trade links with North America have a parallel in the air component of the Pacific Gateway. The issues and opportunities are different than those of the marine component and will be dealt with separately in this section. Unlike the marine component of the Pacific Gateway, the air component has a more tangible "people" side to it, as a result of international air travel.

Generally, most international travelers and shippers have a positive view of Canada and therefore policies that encourage the use of air travel and air shipping through Canada will be met with a positive response. Given the security issues regarding travel to or through the US, there are opportunities

for Canada to meet the legitimate needs of security, yet create a more welcoming environment.

Air policy should be viewed as a facilitator of international commerce and travel and should be determined on that basis, rather than one based on protectionist interests. We believe that transportation serves the national economic interest; it therefore follows that increased choices in terms of air service, access and price will make Canada not only more competitive as a destination but will facilitate opportunities for its increasing use as a world transit point. Once again, we believe in the principle of open access and competition.

Canada's international air carriers are, we believe, now of sufficient size and of sufficient stature that they can compete with any other international air carriers, given a level playing field. We believe that it is in the national interest for our air carriers to be successful internationally and within Canada. The existing legislation governing the structure of ownership may be an impediment to responding to competition created by air carriers with a profit motive. Further, many state-owned international air carriers appear to use their airlines for public policy objectives rather than for efficient transportation based on competitive profit principles.

Air cargo is also an important and integral part of the Pacific Gateway and its success. Like inbound marine container cargo, air cargo can go to any airport as most of it is destined for places other than the airport cities. This is particularly true of Vancouver as the local market is not large and we are told that approximately 50% of landed air cargo is destined for elsewhere.

We have been told that more than 80% of global air cargo is carried in the bellies of passenger aircraft. Further, according to The Boeing Company, global air cargo is expected to grow at a rate exceeding 6% annually for many years to come. However, we have also learned that for many years

Vancouver International Airport (YVR), as well as Canada's other gateway airports, have not been as successful as other destinations outside of Canada in capturing their natural share of this growth. We believe this desired growth has not occurred in part because of the lack of significant growth in passenger aircraft serving Vancouver International Airport and other major airports, along with an air bilateral policy that does not encourage foreign carriers to serve Canada's airports. For this reason, we feel that Canadians and all Canada's airports would benefit from our recommendations.

The creation of airport authorities by the federal government moved the governance and operation of many of Canada's airports, which are national assets, into more "private" hands. This has had a demonstrably positive impact in terms of infrastructure development and responsive management. And since we believe the management and responsibility for an asset should be located as close to its economic activity as possible, the creation of airport authorities clearly does this. We therefore support their creation and the continued operation of these national assets. However, despite the creation of beautiful and user-friendly passenger terminals that have nicely responded to the increasing demand for air travel, some 15 years later we believe that the federal government ought to look at the governance structure of these authorities for a number of reasons.

Among these is the concern, expressed by many, that the cost of operating at YVR (and other Canadian airports) is too high compared to competing airports, particularly in the US. There is also a concern that there is no incentive to control or reduce costs of operations, which are borne by the private sector, including airlines, because of a perceived lack of accountability on the part of airport authorities.

These authorities now have the ability to effectively tax without any meaningful public oversight. For example, the AIF (Airport Improvement Fee, which is a tax on passengers) is used, we are told, by airport authorities as a

vehicle to fund infrastructure, whether it is actually required to accommodate growth or not. We do not believe there is sufficient accountability as to where these funds are actually used, nor is the collection of such funds meaningfully tied directly to infrastructure construction. All this leaves the potential for AIF funds to be used in non-airport activities such as the funding of subsidiaries, which conduct business outside of the airports' core businesses.

In short, it is felt that despite many public debates, the existing governance structure, on its own, is not sufficient for the custodians of such valuable national assets.

A related issue to airport user costs is the land rent that is currently paid by airport authorities to the federal government. We are told that this land rent is a significant obstacle to growth of the private sector businesses, including airlines, and is the most significant impediment to YVR being cost-competitive with competing airports in the US. We suggest that the original reasons for the existence of this land rent may have disappeared 15 years after the creation of the Vancouver International Airport Authority. Many are of the opinion that the federal government has benefited enough through the collection of the land rent and suggest that if it were cancelled, the resulting economic growth and contribution would be of greater value than the rent itself.

Our approach to these and other issues is to ensure that costs for the infrastructure that supports Canada's gateways be as low as possible. We also believe that existing infrastructure should be used to the greatest extent possible to create efficiencies, which can create a cost advantage compared to competing airports. Canada's airport authorities must compete for business with other airports in the world, and particularly with those in the United States. It is therefore vitally important that our airport facilities not only be competitive in terms of amenities and state of repair, but also concerning the costs borne by the passengers, airlines or other stakeholders.

At the operational level, we believe the private sector should be encouraged to invest in areas outside the actual passenger terminal and airfield. Our premise is that the private sector, given encouragement and a stable regulatory framework, and dealt with fairly, will make better and faster decisions than do governments and near-government entities, such as airport authorities. The following recommendations reflect our views on air travel and air policy.

5.1 International Open Skies

We recommend that Canada take a much more aggressive approach to open skies. Recognizing the challenges and opportunities associated with an open skies initiative, we fully encourage the development of a level playing field in the sense that any negotiations to this end provide Canadian carriers with the same opportunities of international market access as those for foreign carriers.

We believe that such access under a much broader air policy should include the right of foreign carriers to access any city in Canada as many times as they deem feasible.

Reciprocity rights for Canadian air carriers should be a condition but the bias should be toward open access. The decision of a Canadian carrier not to use reciprocal rights should not be a significant reason to deny access to Canada by competing foreign carriers.

We take the view that air travel to Canada will encourage business, educational and tourism. Further, air travel to Canada will also enhance the air cargo business as outlined above.

More airplanes in Canada mean more opportunity to achieve market growth in air cargo.

5.2 North America Cabotage

We recommend that Canada should negotiate with the US the "Sixth Freedom Lite", a modified version of the "Sixth Freedom Right" – the right or privilege, with respect to scheduled international air services, to transport, via the home country of the carrier, traffic moving between two other countries.

We believe Canada should strive for North American cabotage as its ultimate goal, for it would create meaningful domestic competition, capture efficiencies and drive costs lower. We also realize that this initiative is unlikely to succeed at this time. However, we believe that there is an opportunity to negotiate a modified form of cabotage with the US, which will begin to move towards these goals.

Under this recommendation, a foreign carrier would be allowed to pick up passengers in a Canadian city, transport them to a US city and then transport them back to a Canadian city. This is not presently allowed under existing bilaterals and would effectively allow for many of the benefits of full cabotage to be captured.

This would not simply be of benefit to Canada, but would also assist the United States, for passengers could also start in the US, transfer in Canada to another country and ultimately return to the US.

5.3 Air Carrier Ownership

We recommend that the federal government study the current ownership restrictions related to Canadian air carriers with a bias to removing them altogether.

Air carriers now compete not only domestically but internationally and must constantly be changing and adapting to new market conditions. This includes not only routes flown but also the product they place in the air for the passengers, as well as the maintenance of aircraft and computer systems. All of these investments require capital.

We believe that the current restriction of air carrier ownership is an impediment to existing air carriers in need of new capital and a significant entrance barrier to new Canadian carriers that need capital.

5.4 Universal Transit without Visa

We recommend that Canada adapt its laws to allow foreign travelers, who normally would require a Canadian visa, to transit Canada to another country without requiring a Canadian visa for such a transit.

This refers to the issue of a passenger landing in Canada and traveling on to the United States *or another country* without technically entering Canada. In discussions with airport authorities, officials from the Canadian Revenue Agency, and other stakeholders, this concept has traditionally dealt with a person transiting Vancouver to the United States.

Canada's current policy treats international transit passengers as "arriving" passengers and requires them to be processed and cleared into Canada before boarding their plane for elsewhere. This is an impediment to seamless air travel and most major non-North American international gateways have successfully dealt with this issue and allow passengers to transit without being processed.

International passengers are of immense importance, and should Canada adapt its laws to allow foreign air travelers to transit Canada en route to another country, this useful service would have the potential to be of significant advantage for Canadian airports over their American counterparts.

5.5 Role of Airports

A. We recommend that the federal government and the provinces undertake a study to determine how to change the governance structure of airport authorities to achieve true accountability for all stakeholders.

B. We recommend that an independent and effective ombudsperson with the necessary mandate, authority and duty be appointed to deal with airport issues both in terms of operations and airport policies.

This person should have the unfettered right to meet with any stakeholder to hear legitimate concerns. Care should be given to the terms under which this person is appointed, to whom he/she reports and to the mandate under which he/she shall operate.

- C. We recommend that the airport authorities be required to be totally transparent in dealings with stakeholders. This means that airport authorities must publicly provide details of any material contracts with the private sector to ensure that the playing field is forever level.**

We understand that there may be private sector companies that do not wish contract information to be public, but note that in other countries this is the policy on airports and private sector companies may make a choice to do business at airports, given these disclosure requirements.

- D. We recommend that the airport authorities be subject to Freedom of Information statutes.**
- E. We recommend that the federal government eliminate the land rent currently paid by airport authorities, on the condition that these funds are rebated entirely to those who paid them, on a proportionate basis.**
- F. We recommend that the federal government study how Canada's airport authorities could be placed on the same footing as their US competitors in terms of raising and pricing new capital through the use of tax exempt bonds.**

Clearly, airports must be able to raise necessary capital when required for infrastructure. In the United States, airports are mainly able to rely on the credit rating and credit worthiness of their ultimate owners (whether they are the state, county or municipality). Raising capital this way usually makes it tax exempt to the buyer of the

security therefore it is a much cheaper way to raise new funds.

We chose not to recommend a change to the structure of airport authorities to achieve the goals noted above because one of our guiding principles is to encourage a change in behaviour through the use of private sector incentives rather than through regulation. Our recommendations seek to change behaviour through enhanced governance and accountability. If these do not work as intended, we can envision another model where the airport authorities become public corporations in every sense but become much more regulated than they are at this time.

6.0 AIR CARGO

6.1 We recommend that encouragement be given to all initiatives that are designed to take advantage of the capacity available as part of passenger travel or as unique linkages for all-cargo flights. This includes appropriate customs processes that facilitate onward movement, as well as examining additional cargo movement options.

Virtually every aircraft between America and most of the rest of the world passes through Canadian airspace or very close to it. This creates theoretical opportunities that can become realities with the right policies. A strategy that is responsive to airports, air carriers and other stakeholders will pay huge economic dividends for Canada.

7.0 ADDITIONAL COMMENTS

A number of concepts or suggestions were presented to us either directly or indirectly during our investigations. Some relate to the concept of the Pacific Gateway and others are parallel opportunities that may be worthy of further examination. Though we were not able to fully explore these suggestions, we would nevertheless like to acknowledge them.

7.1 The Port of Churchill:

We recognize that the Government of Manitoba and the private operators of the Port of Churchill have made considerable efforts to develop strategies for the more effective use of this potential Pacific Gateway. Changes in ice cover as a result of global warming, along with economic and political developments in Russia may create additional opportunities for future use of the port through the Northwest Passage. We were advised that, in the apparent absence of the availability of Canadian icebreakers, the use of Russian icebreakers could extend the season, providing a critical element for the port's future economic viability.

The Canadian Wheat Board is the port's major customer, responsible for about 70% of the port's use. As a result, the dismantling of the wheat board, as has been discussed by the government, would have the collateral effect of destroying the port. Considering the port's future potential, this connection should be considered before any decisions are made concerning the Canadian Wheat Board.

7.2 Winnipeg Airport Cargo Proposal:

Winnipeg International Airport is working with the Russian city of Krasnoyarsk to take advantage of Great Circle travel to develop what

could be a most efficient air bridge between Asia and North America. Just as Prince Rupert offers the shortest sea distance between Asia and North America, geographic realities combined with changing aircraft technology (which allows aircraft to fly the full distance with a full cargo load) make Winnipeg the air equivalent of Prince Rupert. Asian goods would flow to Krasnoyarsk and be air freighted to Winnipeg, where they could connect to other airports or be distributed by train truck to virtually anywhere in North America. We feel this initiative should be given consideration based on its merits.

7.3 Grain Containerization:

The rationale for shipping by container is based on the potential development of higher value crops through the retention of grower identity, the utilization of empty containers and the development of a just-in-time supply system from farm to end user. While a significant amount of specialty grain is already moving internationally by container from Canada, the United States and Australia, we believe that changes to infrastructure on the Prairies would promote trade of this kind in Western Canada. For instance, strategically placed inland terminals could become specialized collection points, distributing goods in both directions – removing commodities incoming by container from the West Coast, then refilling those containers with grain or other commodities and sending them back to the coast. However, historically, the prairie rail system was not designed for this pattern of freight, which has left a legacy of reluctance on the part of the railways to invest in such a new access structure. The railways' view is that this should be part of a national policy. We would like to see a policy environment that develops trade by encouraging the utilization of empty containers by the railways, along with investment in appropriate facilities.

As the Pacific Gateway reaches its objectives of a much greater flow of east-bound containers, the proportion of empties will rise dramatically, unless policies are created to fill them with grain and other commodities. We noted that in Australia shipping patterns have been developed that permit the loading of up to 37 tonnes per container instead of the more typical 20- to 22-tonne maximum in Canada. Change of this magnitude can dramatically alter the economics of international shipments of containerized grain.

8.0 CONCLUSIONS

The three strategic advisors to the Minister had not met prior to this assignment and have different backgrounds and therefore perspectives. Perhaps therein lays the wisdom of the individual appointments. Still, through intensive and extensive travels, learning and discussion, we were able to reach the above recommendations unanimously. This was necessary for that was our goal.

We chose to define the Pacific Gateway in the broadest way possible after reviewing the current literature on the subject authored by the different levels of government and the private sector. We studied what had been developed over the past several years by many stakeholders and determined that our mandate was to provide a definition and provide policy and strategic recommendations for the country and in the best interests of Canadians.

While we have not provided a myriad numbers and statistics based upon our many meetings, we did take note of them and used them where appropriate in forming our recommendations. We believe that our mandate was to rise above the back and forth of costs and opportunities, expressed in dollars or TEU's or tonnes. We sought to study other systems in other countries and find solutions for Canada. This was possible as we were not burdened by

prior knowledge or bias. We took the learnings and experience of others and applied them in a Canadian context.

We realize that our recommendations may be considered drastic by some. We recognize much of what we have proposed has not been proposed in this manner before. But we credit Minister Emerson and the government of Canada for allowing a “clean slate” look at a national treasure yearning to be developed.

If we could leave the reader with a few thoughts, they would be these. The largest opportunity for economic activity and success for Canadians with the Pacific Gateway is through the development of a marine container business that has national reach. But we learned very quickly and repeatedly that Canada is not a particularly important world player. What was made so clear to us, mostly in Asia, is that we have to find ways to be better than our competitors which are principally in the United States. Being less bad is the wrong strategy. We must develop best practices. While shippers would prefer Canada as a port of call, they are concerned with the entire labour situation and with reliability of our infrastructure. Until these are dealt with, we will not reach the goals we have set out as a country. The solutions will require a national will and commitment to succeed. And they will require different and visionary thinking from the private sector stakeholders.

As Canada has done in so many ways in the past in so many areas, the time has come for us to lead the world once again with best practices with respect to the Pacific Gateway. The solutions are there. We have to act, as the world will not wait.

Advice to the Honourable David Emerson, Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics

Once again, we thank you for the opportunity to serve Canada and make comments and recommendations regarding the global supply chain deemed “The Pacific Gateway”.

Jeff Burghardt

Arthur DeFehr

T. Richard Turner

BOUNDARY BAY CONSERVATION COMMITTEE

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Contact: susanj@dccnet.com

Ports Modernization Review
Transport Canada
November 29, 2018

Ports Modernization Review

The Boundary Bay Conservation Committee (BBCC) was established in 1988 to enhance public awareness of the Fraser River Estuary Ecosystem. We have worked with other conservation groups to obtain protection and recognition for this world class ecosystem including:

- BirdLife International's Important Bird Area (IBA) designation in 2001 for the Fraser River Estuary: Boundary Bay, Roberts Bank and Sturgeon Bank; the Estuary is the most significant IBA out of 597 sites in Canada.
- In 2004, the Western Hemisphere Shorebird Reserve Network (WHSRN) gave the Estuary its highest designation as a Hemispheric WHSRN Site.
- In 2011, Roberts Bank, the vital central link in this chain of inter-connected and protected estuary habitats, was finally declared a Wildlife Management Area.
- In 2012, the whole lower Fraser River Delta was declared a Ramsar site by the International Convention on Wetlands.

Since its inception, the BBCC has participated in numerous communications regarding port activities in the Vancouver area, in particular the lower Fraser River and estuary. We welcome this review of the role of Canadian ports and the opportunity for input on future port mandates and operations. The review is long overdue as proven by numerous submissions by the BBCC, and other groups, on port projects. Years of documented concerns over the port developments have been ignored.

Recommendations:

- 1. Tighten and define legal and accountable responsibilities of the Government of Canada in managing Canadian Ports. In particular, define the duties and responsibilities of the Minister and Ministry of Transport.**
 - By legislating authority to Canadian Ports, the federal government has contravened the principle of nondelegation which directs that a branch of government must not authorize another entity to exercise the powers which it is constitutionally responsible.
- 2. Abolish the current system of choosing Boards of Directors to manage Canadian Ports. Amend Section 20 of the Marine Act which delegates power to the Boards of Directors for the management of port activities.**
 - The current system contravenes federal government legal and open accountability.

3. Terminate the current mandate of Canadian Ports.

- Canada's shipping interests and efficiencies are being shunted aside for an agenda of using public assets to build a real estate empire with a focus on profits and business opportunities for vested interests.

4. Remove the power of the Vancouver Fraser Port Authority (VFPA) to initiate, promote and/or participate in undisclosed agendas in collaboration with federal and provincial governments, as well as government bureaucrats.

- Lip service is paid to public information and input. Plans and decisions are made behind closed doors and Projects are "done deals" before so-called public processes begin.

5. Remove power of the Vancouver Fraser Port Authority (VFPA) to be a proponent and/or a permitting authority of major Projects that have negative economic, environmental, and social impacts.

- The powers of the VFPA to grant permits is a serious abdication of legal accountability to the public, and Canadian laws. It is the job of responsible government agencies, not port employees.

6. Remove power of the VFPA to conduct environmental assessments and mitigation/compensation programs.

- There is no validity, or credibility, to delegating environmental assessments and programs to Canadian ports. It is a betrayal of the public trust with dire consequences.

7. Redefine the role of port managers and introduce policies that provide the public with complete and accurate information.

- The Vancouver Fraser Port Authority has become unresponsive to community concerns since the federal government granted near-autonomous powers in 2008. Information to the public and politicians is incorrect and deliberately misleading.

8. Ensure Canadian ports operate in the public interest:

- Canadian Ports operate as unregulated corporations exploiting public assets without public accountability. They are exempt from taxes and are granted project approvals without due process. Tax dollars fund infrastructure for port operations under the pretense of benefitting the economy.

Recommendation #1: Tighten and define legal and accountable responsibilities of the Government of Canada in managing Canadian Ports. In particular, define the duties and responsibilities of the Minister and Ministry of Transport.

(a) Regulate accountability of the Minister and Ministry of Transportation

A main concern is the refusal of the federal government to effectively and responsibly manage Canadian ports as required by law. Not only do federal politicians and staff ignore public concerns, but they also actively engage with ports to undermine environmental assessments and promote Projects. They operate behind the scenes which is in conflict of interest. The result is meaningless environmental assessments and lip service to legal requirements under environmental and constitutional laws.

In contravention of Canadian Constitutional Responsibility, the Minister of Transport refuses to manage Canadian ports and permits them to operate without any accountability to local governments or public concerns. A form letter is sent in response to public concerns stating:

“...the federal government has no power to direct or influence the actions of Canada Port Authorities.... I would therefore encourage you to make your views known directly to Port Metro Vancouver ...” (Letters from Minister of Transport, January 18, 2016 and July 21, 2016)

The VFPA ignores views of the public and local governments.

**(b) Stop collaboration between ports and federal/ provincial politicians and public servants.
Reform the process of inappropriate influence and post all information for public review.**

(c) Require public input to expenditure of Canadian tax dollars for major port infrastructure.

Currently, without public input, millions of federal tax dollars are used to provide infrastructure, some which creates traffic congestion and gridlock as well as inappropriate use of public lands.

Recommendation #2: Abolish the current system of choosing Boards of Directors to manage Canadian Ports. Amend Section 20 of the Marine Act which delegates power to the Boards of Directors for the management of port activities

The federally-appointed Board of Directors of the Vancouver Fraser Port Authority is chosen from supporters and promoters of vested interests. There is effectively no representation of local, social, environmental, or indigenous issues. The Board is invisible and its meetings, policies and decisions are not available to the public. The Board operates like a secret society.

Recommendation #3: Terminate the current mandate of Canadian Ports

The current mandate of the Vancouver Fraser Port Authority (VFPA) should be terminated as it has transformed port management into an unaccountable corporation working against the public interest.

- Under the guise of facilitating critical trade infrastructure, the Vancouver Fraser Port Authority is using its mandate to build a real estate empire focused on container imports. This is reflected in the fact that 47% of the port's operating revenue is from the container business i.e. property leases and port fees. In addition, millions of Canadian tax dollars are funnelled into infrastructure for containers with new facilities, upgraded roads and rail lines; power lines; and overpasses. The result is container congestion on Vancouver roads, bridges, and tunnels, as well as industrial and commercial lands stacked with empty containers.
- With most of the port's wealth earned from the container business fees and leases, it is the reason the port lobbies hard to borrow more money to increase land holdings, mainly for container enterprises. Ironically, 25% of containers are US bound and only 10-15% of containers are for the local area.

- Consequently, Canadian tax dollars are used to subsidize American-bound containers and to build infrastructure which is unnecessarily creating container congestion in Vancouver.
- As the container business is so lucrative for the VFPA, the port wants to dredge and fill the Fraser River estuary to build a massive second container terminal with 3 new berths at Roberts Bank. The VFPA is lobbying hard for the Project even though the new Terminal 2 is not required because Vancouver has enough container business capacity to almost double its current business. The Vancouver area container business is growing slowly and it will take decades to reach capacity.
- Since the formation of the Vancouver Fraser Port Authority in 2008, the management has switched from a facilitator of shipping and the movement of goods to become a real estate investor acquiring rich assets and servicing vested interests. The VFPA is a money-making venture which is permitted to borrow increasing sums of money to buy prime Vancouver-area lands, including properties in the Agricultural Land Reserve. The port has the power to overrule local zoning and expropriate lands.
- The VFPA has a real estate division which is buying up lands. In 2009, the port caused outrage when it purchased 198 acres of productive Richmond farmland in the Agricultural Land Reserve. It was able to do that because the federal government increased port borrowing capacity. The port owns the adjacent 690 acres of industrial land and is transforming an agricultural area into an industrial container complex. In 2017, the port purchased 340 acres of property for \$115 million. The port plans to purchase another 800 acres.
- **VFPA assets have doubled** since 2008, from \$887 million in 2008 to \$1.7 billion in 2017.
- VFPA income increased from \$40 million in 2008 to \$146 million in 2017.
- VFPA payments in lieu of municipal taxes went from \$5.1 million in 2008 to \$5.8 million in 2017 (a **decrease** from 12.7% to 4% of income)
- The port stipend to the federal government, instead of income taxes, went from \$4.8 million in 2008 to \$6.9 million in 2017 (a **decrease** from 12% to 4.7% of income)

Recommendation #4: Remove the power of the Vancouver Fraser Port Authority (VFPA) to initiate, promote and/or participate in undisclosed agendas in collaboration with federal and provincial governments, as well as government bureaucrats.

- All meetings, agendas and minutes should be publicly posted.
- An example of secret negotiations is the planning behind a massive bridge to replace the George Massey Tunnel which crosses the south arm of the Fraser River. The VFPA collaborated behind the scenes with government agencies and vested interests

- In reference to the highly controversial Trans Mountain Pipeline process, the VFPA inappropriately hosted and attended a meeting in the VFPA Boardroom on October 27, 2016. At the meeting, a high-ranking public servant of the federal Major Projects Management Office directed public servants from five government ministries to “give cabinet a legally-sound basis for saying, “yes,” to the Trans Mountain project.”
<https://www.nationalobserver.com/2018/04/27/news/i-was-shock-says-government-insider-about-instructions-ensure-approval-kinder-morgan>

The VFPA which purportedly acts at arm’s length from government, was participating in government business. The VFPA was also in clear conflict of interest as it stands to benefit financially from the Project. The Westridge oil terminal is partially located on federal properties managed by the VFPA. The Port is responsible for approving permits to Kinder Morgan for the expansion at the Westridge Oil Terminal. The port also collects money from leases and port fees. This is a classic fox in the henhouse scenario which is ongoing.

Recommendation #5: Remove power of the Vancouver Fraser Port Authority (VFPA) to be a proponent and/or a permitting authority of major Projects that have negative economic, environmental, and social impacts.

It is inappropriate for the Minister of Transport to abdicate legal responsibilities and delegate projects and processes to port authorities, particularly when the ports, and vested interests, stand to gain from project permits, approvals, and commitments. Unfortunately, port authorities are currently in a position to abuse the powers of their mandate. The result is loss of due process and a failure to credibly assess and grant permits to projects. The economic, social and environmental consequences are crucial with irreversible loss of habitat, misspent tax dollars, and a degradation of quality of life.

To exacerbate lack of accountability, the Harper Conservative Government gutted environmental legislation in 2012 making it even easier for Transport Canada and Port Authorities to approve controversial projects. The VFPA changed from just a proponent of projects to a position of power to assess, approve and grant permits for its own projects and other projects on port lands.

In October, 2015, Canadians elected a Liberal Government which promised, “immediate restoration and strengthening of environmental laws.” As this has not happened, and damaging projects are proceeding, the only resort for the public is to take legal action. This would not be necessary if the federal government was sincere about protecting tax dollars, the environment, and communities.

Due process has not been followed for some Projects initiated and/or managed by the Vancouver Fraser Port Authority. Concerned citizens have protested and/or taken legal action:

- Communities and Coal, a group of concerned citizens, has found it necessary to go to court to attempt to overturn the Vancouver Fraser Port Authority’s approval of a coal transfer facility on the Fraser River. The Project will ship four million tonnes of US thermal coal through Lower Mainland communities every year. Lawyers representing the group claim the VFPA didn’t have the lawful authority to approve the Project. Also, executives of the VFPA publicly supported the Project before approval indicating a bias. In addition, the VFPA has a compensation scheme which gives incentives and bonuses based on project approvals.

- VAPOR, a group of concerned citizens, unsuccessfully challenged a Jet Fuel Project on the Fraser River citing lack of adequate public consultation and a flawed environmental assessment. When the proponents sought legal fees from VAPOR, Madam Justice Dillon ruled against the proponents stating the public had been:

“..constrained by the law and disengaged from the environmental process.”

This is what the public has to contend with due to ineffective federal legislation, lip service to due process and no accountability.

The VFPA issued a permit in March, 2016, for Panamax tankers to deliver fuels on the Fraser River. The VFPA didn't even inform the new Liberal Government that it was issuing the permit. That demonstrates the power of the VFPA which operates without federal oversight.

The irony is that the port has no safety accountability beyond the Project footprint so who is in charge of jet fuel vessels on the Fraser River and where is it documented?

The VFPA has the power to issue the permit and the port will profit from the Project as it is located on port lands.

Recommendation #6: Remove power of the VFPA to conduct environmental assessments and mitigation/ compensation programs.

Vancouver Fraser Port Authority (VFPA) close ties to Government Agencies

It is inappropriate for the VFPA to be the Proponent for a new container terminal in the Fraser River Estuary (*Roberts Bank Container Terminal Project*) because of close ties to the federal agencies, particularly the Ministry of Transport. When bureaucrats and politicians come to Vancouver, they are hosted by the VFPA.

It is not possible for the Ministry of Transport to be unbiased due to close ties, so when it comes to permits and regulations related to navigable waters, dangerous goods, marine safety, accidents and spills, Transport Canada is in a position of bias, even conflict of interest.

Mining corporations will attest to the fact that they are subject to more rigid environmental assessments and regulations than government projects or agencies. They are required to submit credible Feasibility Studies and Cost/Benefit Analyses. This is not being required for the Roberts Bank Terminal 2 Project.

During the environmental assessment of the Deltaport Third Berth at Roberts Bank, lawyers from the Department of Fisheries and Oceans (DFO) advised the proponent, Vancouver Port Authority, how to avoid a Review Panel environmental assessment. This is a serious breach of due process. The DFO lawyers advised the Vancouver Port Authority (VPA) that if the planned second phase of the expansion were fully included in the cumulative effects study of the first phase, the project would need to be reviewed by an independent Review Panel. To avoid this, the lawyers recommended that the VPA write a letter to create uncertainty about the second phase even though studies and plans for the second phase were well underway. The lawyers then reviewed the letter.

Then DFO lawyers permitted the Vancouver Port Authority (VPA) to use this information and write the most important section of a report to the Minister of Environment. This section dealt with the critical issue of adverse cumulative environmental effects of the project. The report was supposed to have been authored by DFO and Environment Canada (EC) as Responsible Authorities managing adherence to the *Canadian Environmental Assessment Act (CEAA)*.

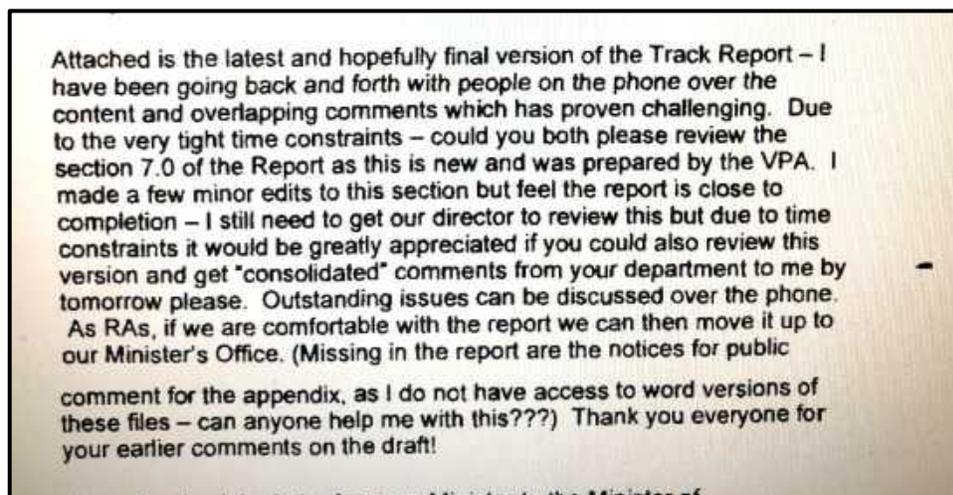
“From: XXX
Sent: October 18, 2004 2:18 PM
To XXX [PYRI]
Subject: Deltaport .T2 and Cumulative Effects
Hi XXX

I got a phone message from XXX this morning who sat in on the call between VPA and DFO on the issue of T2 and the cumulative effects assessment. According to XXX, the outcome is that VPA will be drafting a letter for review by DFO legal and EC on the issue. More on this after I speak with XXX in person tomorrow.
Cheers
XXX
Environment Canada “

“From: XXXXX
Sent: October 21, 2004 11:35 AM
To: XXX[PYR]; XXX[NCR]; XXX[NCR]
Cc: XXX[PYR]

Subject: FW: draft letter clarifying the status of Terminal 2
Here is a draft letter from VPA explaining the likelihood of T2. I seek your advice on whether this letter would provide sufficient rationale to remove T2 from the cumulative effects assessment for Deltaport Third Berth Expansion Project, on the basis that it is hypothetical, rather than certain or reasonably foreseeable. Also, DFO has advised VPA that, with such a letter, T2 could be removed from the scoping document without the need to go back for public consultation. Are you in agreement with this? XXX”

November 18, 2004 internal federal email: names removed. Evidence that the Vancouver Port Authority (VPA) participated in the environmental assessment of the Deltaport Third Berth and even authored a section of the report to the Minister who made the decision to approve the project.



Attached is the latest and hopefully final version of the Track Report – I have been going back and forth with people on the phone over the content and overlapping comments which has proven challenging. Due to the very tight time constraints – could you both please review the section 7.0 of the Report as this is new and was prepared by the VPA. I made a few minor edits to this section but feel the report is close to completion – I still need to get our director to review this but due to time constraints it would be greatly appreciated if you could also review this version and get “consolidated” comments from your department to me by tomorrow please. Outstanding issues can be discussed over the phone. As RAs, if we are comfortable with the report we can then move it up to our Minister's Office. (Missing in the report are the notices for public comment for the appendix, as I do not have access to word versions of these files – can anyone help me with this???) Thank you everyone for your earlier comments on the draft!

This is what goes on behind the scenes.

The environmental assessment for the Deltaport Third Berth Project (DP3) was a sham with lip service paid to public input. Scientific documents produced by the Boundary Bay Conservation Committee (BBCC) were ignored and there was no attempt by the Vancouver Port Authority, or the Canadian Environmental Assessment Agency, to respond. The consequences of that project, and years of port development at Roberts Bank, has been the loss and degradation of internationally significant habitat.

VFPA Inhouse Scientific Studies for Environmental Assessments

The VFPA, as Proponent, should pay for independent scientific studies commissioned by an impartial body. With the current process, the port commissions studies from port-friendly companies. These companies cannot afford to produce adversarial reports. One or two main companies do most of the environmental studies and monitoring for the VFPA.

VFPA Mitigation and Compensation Plans

The VFPA again uses port-friendly companies and organizations for mitigation and compensation plans and programs. Scientific information related to their mitigation and compensation is not available.

Monitoring and reporting on the Deltaport Third Berth (DP3) Project was not sufficient:

March 15, 2010 – email from B.C. Environment (*acquired through Access to Freedom of Information*)

“...reporting of fish and wildlife elements in the DP3 Project Reporting Updates from Hemmera continues to be grossly incomplete (despite repeated input over the last two years.”

“...Significant fundamental changes were made to the DP3 mitigation project package. ... News of the abandonment of efforts to attempt to stabilize the ever-increasing areas of the dendritic channel network in the intercauseway is of major concern to us. Notwithstanding the parameters related to mitigating the impacts of the DP3 project, this continuing habitat loss and erosion of mudflat, biofilm and eelgrass features is a de facto port development artefact. (here several sentences were blacked out) With respect to the dendritic channels, we realize it has been agreed that historic port development accountability has been discounted and cumulative effects generally of all port development apparently seem to be of similar prospect.”

Recommendation #7: Redefine the role of port managers and introduce policies that provide the public with complete and accurate information.

Unfortunately, the VFPA, operates like a corporation focusing on promoting projects and activities, even if they are not in the public interest. The port appears to forget that it is entrusted with public assets in order to support Canada's trade interests.

The CEO of the VFPA is a salesman and promoter. As the container business is so lucrative for the port and vested interests, campaigns are designed to promote growth in the container business at Vancouver ports. Instead the focus should be on all aspects of shipping including bulk, break bulk and autos.

Transport Canada should be orchestrating the best way for B.C. to manage the container business. Increasing container congestion, pollution and habitat damage in the Vancouver region is not the answer, particularly as it is unnecessary. The VFPA, with increased efficiencies and expansion of existing facilities, has enough capacity to handle nearly double the current container business.

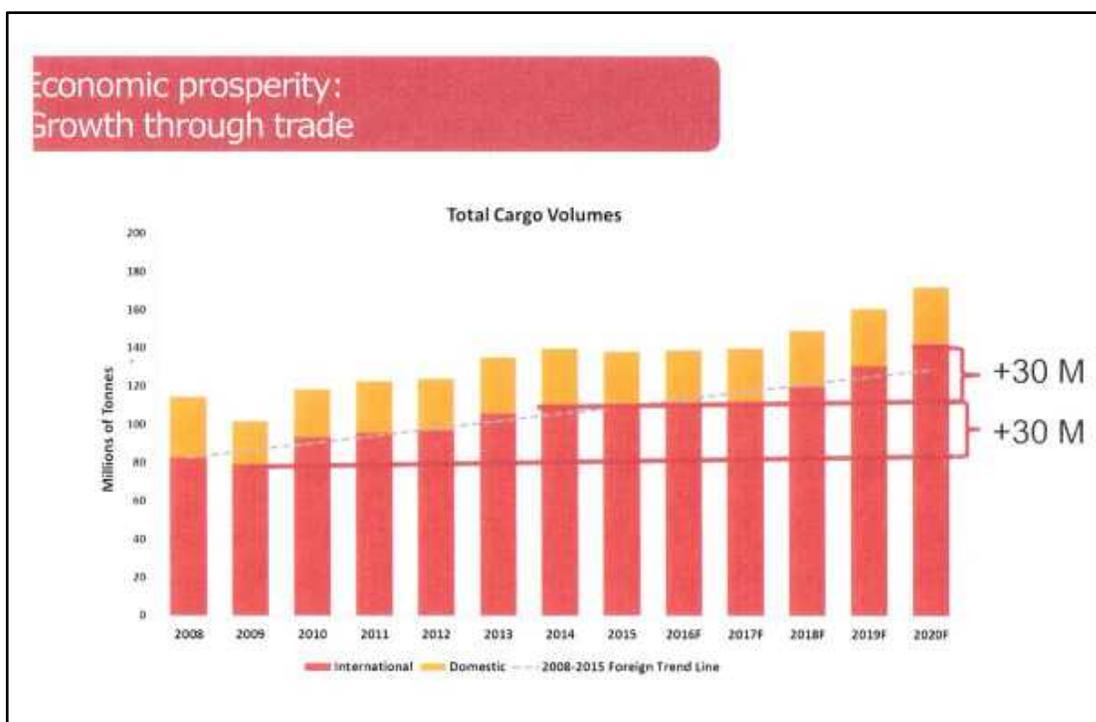
As the container business is growing faster in Prince Rupert, it makes sense that capacity expansions be built at that location. This was advised by three independent transportation experts in a 2008 report, 'Strategic Advisors Report, Asia Pacific Gateway and Corridor Initiative Report and Recommendations.' The experts, Burghadt, De Fehr and Turner, recommended that:

“...policy makers develop container capacity in Prince Rupert before making investments in Vancouver”...and further that: “...a systematic approach be taken to achieve an understanding of port capacity before a conclusion is reached that a particular port must necessarily be larger”

The VFPA ignores this advice even though the Compound Annual Growth Rate (CAGR) for the Prince Rupert Port Authority container business has been 20% over the past 9 years compared to the 3% CAGR of the Vancouver container business over the same 9 years.

In an attempt to push the agenda of buying up real estate and getting approval for a new container terminal, the VFPA, lobbies Ottawa, makes presentations to business interests, and produces promotional brochures. The propaganda fails to provide accurate and full information to justify the VFPA agenda:

- At a presentation dated May 24, 2016, Robin Silvester, CEO of the VFPA, showed the following graph:



**Graph shown in presentation by Robin Silvester, CEO of Vancouver Fraser Port Authority
May 24, 2016**

Mr. Silvester explained that international trade at the VFPA had grown from 79 million metric tonnes in 2009 to 109 metric tonnes in 2014, an increase of 30 million metric tonnes. Then he claimed international trade would grow another 30 million metric tonnes by 2020. The graph shows a forecast increase of 10 million per year from 2018 to 2020.

There was no explanation of which commodities, or types of shipping, would yield this 27.5% increase in international trade from 2017 to 2020. The forecast additional 30 million metric tonnes by 2020 is not being realized. As of June, 2018, Vancouver's international trade has grown 2.9% this year. As the graph above shows, international cargo was flat from 2014 to 2016.

Mr. Silvester did not explain which commodities would be involved in the forecast surge in international trade. However, his presentation emphasized the need for more land and more container capacity, specifically Container Terminal 2 at Roberts Bank. The inference was that container capacity was needed due to the forecast of another 30 million metric tonnes in international trade.

An examination of the 30 million metric tonnes of growth in international trade from 2009 to 2014 shows that the container business grew by 5 million metric tonnes and since then has grown another 1.4 million metric tonnes. The graph and inferences were misleading.

This skewed information is an example of the spin-doctoring by the VFPA in the interests of promoting the container business because of the lucrative profits to be made by the port and vested interests.

- To influence politicians during the current Review Panel Environmental Impact Statement (EIS) for the Roberts Bank Container Terminal 2, VFPA secretly sent Confidential Briefing Notes to Government:

“Welcome to our first newsletter, written exclusively for a government audience...”

The newsletter claimed to present the FACTS in rebuttal to concerns submitted to the EIS by the public. The information presented was projections and assumptions stated without evidence. This kind of lobbying behind the scenes during a formal, federal process is unethical.

- Just recently, October, 2018, the VFPA produced a brochure, submitted to the Review Panel of the Roberts Bank Terminal 2 EIS as an updated rationale for the Project. Again the brochure is promotional material rather than evidential material. There is a quote from the Minister of Transport in the brochure followed by a claim of the need to dredge and fill the Fraser River Estuary for the planned Container Terminal 2. The inference is that the Minister's comments support the need for the new Roberts Bank Container Terminal 2. This propaganda is unethical as the Minister is a decision-maker for the Project and his Ministry is making submissions to the EIS. This kind of deceptive indoctrination demonstrates the public has no hope of a fair decision-making process as public servants and politicians uncritically accept VFPA's misinformation.
- The rationale information in the Environmental Impact Statement for the Roberts Bank Terminal 2 Project (RBT2) fails to justify the project because it is anecdotal, insufficient and inaccurate. Even the updated document omits published statistics which confirm sufficient container capacity without RBT2.

In its rationale for the RBT2 Project, the Vancouver Fraser Port Authority (VFPA) piggybacks the 20% Compound Annual Growth Rate (CAGR) of the container business in Prince Rupert in the last 9 years. The VFPA omits to disclose the slower 3% CAGR in Vancouver over the same 9 years.

Statistics for Vancouver's ports have been contradictory since the process began for an environmental assessment (EA) of the Deltaport Third Berth (DP3) in 2005. Port statistics changed from prior to the DP3 Environmental Assessment (EA), and subsequent to the EA. This has led to incorrect data in the RBT2 EIS, especially when compared to outside reports.

The Transportation Ministry is using questionable FVPA statistics in an October, 2017 Transport Canada Report, *'Evaluation of the Asia-Pacific Gateway and Corridor Initiative and the Gateways and Borders Crossing Fund'*. Statistics for container traffic capacity in Chart 7 of the document are similar to the data in the Roberts Bank Terminal 2 Project EIS. The chart shows VFPA container capacity of 4.8 million TEUs without Roberts Bank Terminal 2 (RBT2) which is incorrect and out of date. Updated sources demonstrate VFPA will have capacity of 6.08 million TEUs without RBT2. As a result of skewed data, Canada's Minister of Transportation is not, and will not, be equipped with full, accurate evidence in his decision on the Roberts Bank Terminal 2 Project.

The Boundary Bay Conservation Committee has documented these skewed statistics in a [submission to the Roberts Bank Terminal 2 Environmental Impact Statement](#). The information is referenced and presents evidence that the Project is not needed.

Recommendation #8: Ensure Canadian ports operate in the public interest:

- Canadian ports should be legally bound to adhere to federal, provincial and municipal laws and zoning.
- Prevent empire-building of port authorities
- Pass legislation that compels ports to operate in an open and transparent manner.
 - The FVPA does not publish full information.
 - If you visit the FVPA website, you will quickly learn that the type is illegible with small, light blue font. It is difficult, if not impossible, to read the Financial Reports for the past 2 years.
 - The VFPA refuses to disclose statistics for each port and percentage of US bound containers from each port.
 - All meetings, presentations and speeches should be documented and posted.
- Ensure that Ports publically acknowledge that they are privileged to manage public assets.
- Ensure that local governments have a strong voice in port operations.
- Terminate port stipends in lieu of taxes, port donations and grants. This process is abused as grants and donations have become a source of influence-peddling.
- For Projects, require ports to fund independent economic, social and environmental studies commissioned by an unbiased group.
- For Projects, terminate the in-house mitigation and compensation plans and require ports to fund plans which are to be commissioned by an unbiased group which will ensure the application of credible science.

Thank you for the opportunity to join in the conversation on how to best position Canada's Port Authorities for the future. BBCC requests that the Government of Canada reform the current management of ports with succinct legal accountability. Vancouver's highly successful shipping business should not be undermined with misinformation and mismanagement of the container sector.

Stringent laws, policies, regulations and practices are needed if Canada is serious about supporting and protecting the globally-significant Fraser River Ecosystem.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Susan Jones
Director: Boundary Bay Conservation Committee



Garden City Conservation Society

PO Box 88104, RPO Lansdowne Mall, Richmond, B.C. V6X3T6
facebook.com/107448462667368 ♦ www.gardencitylands.ca

November 30, 2018

Dear Ports Modernization Review:

As part of Transport Canada's review of the ports system, the Garden City Conservation Society urges an inquiry into the Vancouver Fraser Port Authority.

To illustrate the problem, the attached report by the Boundary Bay Conservation Society, BBCC-Analysis-of-RBT2.pdf, proves that the Authority's proposed Roberts Bank Terminal 2 is simply not needed—now or even by 2030. Fortunately, the CEAA is assessing that project, but in this Ports Review context it is a glaring indicator of an Authority with far too much authority.

Instead of collaborating with the Port of Prince Rupert, the Vancouver port body has been going to great lengths to add an artificial island to its holdings. It knows the effect will be immense harm to Roberts Bank, the Fraser Estuary and the Salish Sea, but apparently that does not matter.

Bizarrely, the previous federal government gave the Vancouver Fraser Port Authority itself considerable environmental responsibility. It would best be returned to more credible bodies like the Fraser River Estuary Management Program (FREMP) and the Burrard Inlet Environmental Action Program (BIEAP) on the recommendation of Transport Canada and with ample funding.

In Richmond, the Vancouver Fraser Port Authority as a land speculator has bought Agricultural Land Reserve properties, including the 90-hectare Gilmore Farm in 2009. The obvious purpose would be to turn it into industrial land, misusing federal power to destroy the agricultural and ecological values of the ALR farmland. In Richmond and wherever else it occurs, that abuse needs to be fixed. To do that, Transport Canada could clip the wings of the offending port authorities. It could also fire port executives who are beyond modernizing—ones who fail to respect the environment, agriculture and local governments, well into the 21st century.

Since the problems with the Vancouver Fraser Port Authority have been growing for a decade, tweaking will not be sufficient. The main submissions to this Ports Review from the Fraser Voices Association and the Boundary Bay Conservation Committee make that clear, and we endorse both submissions. Please take strong action to purge the problems of the VFPA. Please then modernize the West Coast port system to preempt future misuse of power by port authorities or whatever less-autocratic bodies get assigned a governance role in the modernized port system.

On the bright side, the Discussion Paper for the Ports Modernization Review says, "Ports must do their share to better protect the environment and serve as environmental stewards." Accordingly, please sponsor results-based holistic programs, such as a program—starting now, using all means—that is as certain as possible to put the Southern Resident Orcas on the path to recovery.

Sincerely,

Sharon MacGougan

President, Garden City Conservation Society
Richmond, BC

Boundary Bay Conservation Committee (BBCC)
September 24, 2018

Cindy Parker
Panel Manager, Roberts Bank Terminal 2 Project
160 Elgin Street, 22nd Floor, Ottawa ON K1A 0H3
Telephone: 613-219-4108 or 1-866-582-1884
Panel.RBT2@ceaa.gc.ca

Roberts Bank Proposed Container Terminal 2 Project (RBT2) – Insufficient evidence in EIS

Executive Summary and Volume 1

Insufficient evidence in Introduction, Rationale, Purpose, Forecasts, Container Traffic Capacity, and Alternate Means of Carrying out the Project

These sections of the EIS fail to provide sufficient evidence as vital information is incorrect, omitted, contradictory, and/or misleading.

1. Missing is information from numerous reports and studies, historic and current, that provide the necessary data on the container traffic business of the Vancouver Fraser Port Authority (VFPA) and the Port of Prince Rupert.
2. The sole reliance on the Proponents' studies is insufficient as more accurate evidence is available in studies from other vested interests: B.C. ports; Metro Vancouver; Asia- Pacific Gateway and Corridor Initiative; Journal of Commerce; Shipping News; Press Releases; Federal Reports; and independent documents.
3. The reliance solely on Canada's west coast container traffic business and omitting to separately address the container traffic business of the Vancouver Fraser Port Authority (VFPA) fails to provide evidence that supports the RBT2 Project.
4. Historic forecasts are misleading as they address initial 2001 forecasts but fail to include all subsequent studies that are important to assessing validity of past and current forecasts.
5. Data for container traffic forecasts of the VFPA ports is omitted.
6. There is no evidence to support the rationale of the Project as data is missing for projected demand and capacity of Vancouver ports.
7. The information for Canada's west coast container traffic forecasts compared to actual throughput is out of date and omits data, credible references, and more relevant studies.
8. Data for Canada's west coast and Vancouver Fraser Port Authority (VFPA) container traffic capacity is insufficient, anecdotal and fragmented.
9. Statistics for Deltaport, Roberts Bank, have been contradictory since the process began for an environmental assessment (EA) of the Deltaport Third Berth (DP3) in 2005. Statistics changed from prior to the DP3 Environmental Assessment (EA), and subsequent to the EA. This has led to incorrect data in the RBT2 EIS, especially when compared to outside reports.

10. The EIS fails to report that alternate means of carrying out the Project are already in progress. The option of the Port of Prince Rupert is dismissed and the EIS omits factual information about increased capacity, a rapidly-growing container business, and advantages to shipping lines at the Prince Rupert Port Authority.

Executive Summary and Volume 1: Introduction, Rationale, Purpose, Growth, and Forecasts

The intent of the Roberts Bank Terminal 2 (RBT2) Project is described in the Introduction to Project, Purpose, and Objectives, Volume 1 of the Environmental Impact Statement (EIS):

“By providing for an additional 2.4 million twenty-foot equivalent units of container capacity per year, the Project will help to ensure that container capacity on the west coast of Canada is sufficient to meet projected demand to 2030.”ⁱ

The claim is that the Roberts Bank Terminal 2 Project (RBT2) will help to ensure Canada’s west coast container traffic demand but the information in the Environmental Impact Statement (EIS) doesn’t provide evidence of the purpose of RBT2 to meet projected demand to 2030.

The EIS presents Canada’s west coast statistics on actual container traffic business, projected demand, and capacity but omits to provide data for the Vancouver Fraser Port Authority.

It appears the EIS information is attempting to piggyback the rapid growth of the container business at Prince Rupert to incorrectly inflate the slower growth in Vancouver ports. The EIS fails to disclose the fact that the container traffic business in Vancouver is not growing at projected rates, and hasn’t been meeting lowest forecasts since 2003.

The EIS fails to provide specific data, tables and graphs to support RBT2. The information addresses Canada’s west coast container statistics but omits to separately address capacity, forecasts and actual business for Vancouver ports as well.

2.2.4. Historic Canadian West Coast Container Traffic Forecasts

The information on historic forecasts quotes a 2001 Ocean Shipping Consultants report. The report is not referenced in detail and cannot be located. Subsequent studies would provide more sufficient evidence of forecasts and actual throughput.

Missing is a section on historic traffic forecasts and actual business for the Vancouver Fraser Port Authority (VFPA).

Figure 2.2

Figure 2.2 is a graph that purports to support VFPA’s claim of the “robustness and accuracy of the forecasts” as stated on page 2-7. No data is provided. A note claims the data is sourced from the Ocean Shipping Consultants Report of 2013. However, this information cannot be directly located in that study.

Figure 2.2 in the EIS is incorrect as the numbers in the vertical axis providing TEUS are misplaced. The Review Panel requested an updated version of this Figure. The re-submitted Figure 2.2 has corrected the error in the vertical axis.

There is no table and no credible reference for Figure 2.2 so a reader has no idea of actual numbers.

It is insufficient to present only 2001 forecasts. The 2003 study in the Environmental Assessment for the Roberts Bank Deltaport Third Berth provided forecasts that have still not been realized. The lowest forecast for 2015 was 3.6 million TEUs. The actual was 3.0 million TEUs.

The table below shows projections from the *Deltaport Third Berth Project Comprehensive Study Report*, page 37. Actuals are added revealing less than credible forecasts. The numbers are TEUs which are “twenty-foot equivalent units”, meaning each unit is equivalent to one twenty-foot container.

Table 1: Forecasts of Projected Demand for Vancouver Ports, 2006

TEUS in millions

Year	Actual	Projected Low	Projected Base	Projected High
2003	1.8	1.8	1.8	1.8
2005	1.76	2.0	2.1	2.2
2010	2.5	2.8	3.1	3.5
2015	3.0	3.6	4.3	5.1
2020		4.7	5.3	6.6

A 2005 Study, *Greater Vancouver Short-Sea Container Shipping* (Page 83), forecast 4.3 million TEUS by 2010 and 5.8 million TEUs by 2020. ⁱⁱ

The lowest case forecasts for the Vancouver Fraser Port Authority (VFPA) in subsequent studies, 2011; 2012; 2013; 2014; and 2016, are not being realized. Each VFPA successive study lowered the forecasts and still lowest forecasts have not been achieved. This is documented in the Boundary Bay Conservation Committee (BBCC) submission #209 to the Review Panel and in the Table below.

VFPA Studies Showing Lowest Case Forecasts and Actuals for Vancouver Area Ports

Table 2 *TEUS in millions*

Year	2003 Study Deltaport CSR Low Case p.37	2005 G.V. Short-Sea Shipping p.83	Worley Parsons 2011 Low Case p.8	OSC 2012 Low Case page 159	OSC 2013 Low Case page 15	OSC 2014 Low Case page 23	OSC 2016 Low Case page 219	Actual Total TEUs
	million TEUs	million TEUs	million TEUs	million TEUs	million TEUs	million TEUs	million TEUs	
2006								2.30

2007								2.49
2008								2.49
2009								2.15
2010	2.80	4.3						2.51
2011			2.66					2.50
2012			2.81					2.71
2013			2.97	2.80	2.90			2.82
2014			3.14	2.93	3.06	2.97		2.91
2015	3.60		3.32	3.06	3.23	3.10		3.05
2016			3.47	3.21	3.38	3.24	3.16	2.93
2017			3.63	3.36	3.54	3.36	3.32	3.25
2018			3.80	3.51	3.70	3.49	3.48	
2019			3.97	3.65	3.86	3.62	3.64	
2020	4.70	5.8	4.15	3.79	4.00	3.75	3.81	
2021				3.94	4.16	3.88	3.97	
2022				4.09	4.32	4.00	4.13	
2023				4.23	4.48	4.13	4.24	
2024				4.38	4.64	4.27	4.34	
2025			4.92	4.53	4.80	4.40	4.45	
2030			5.53	5.08	5.38	4.92	4.90	

The claim of robust and accurate forecasts in section 2.2.4 is not supported with documented evidence. On the contrary, the data in the studies commissioned by the VFPA consistently reveals inflated forecasts that are not being realized.

The lowest forecast for 2017 was 3.32 million TEUs and the actual was 3.25 million TEUs. The lowest forecast for 2018, 3.48 million TEUs, is not being realized.

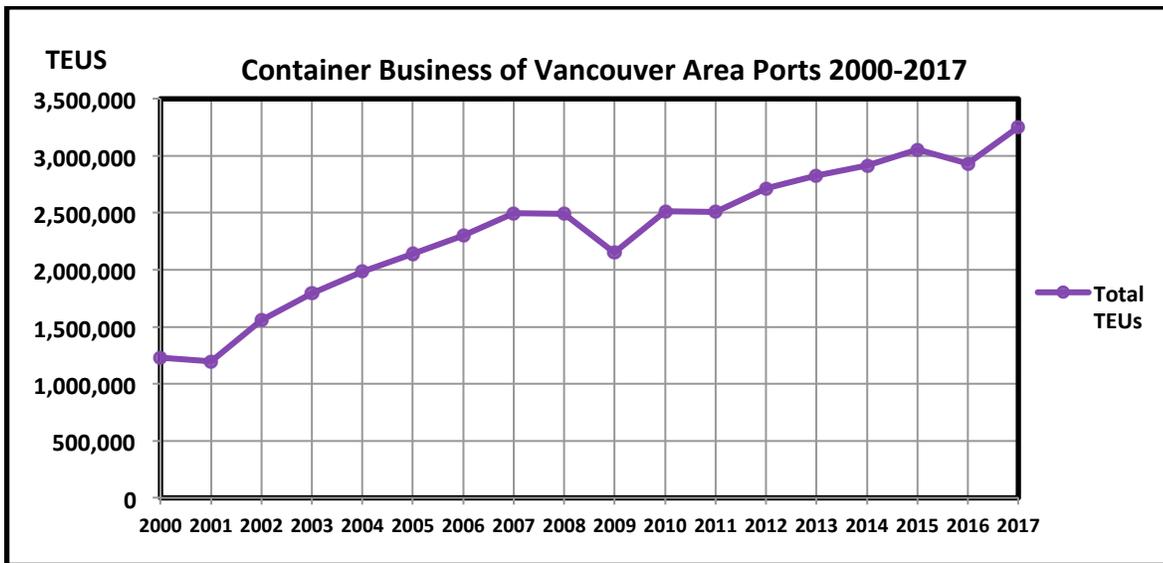
The Vancouver container traffic business fluctuates from year to year so a look at the long term actual business compared with unrealized forecasts is evidence that projected demand cannot be used to justify Roberts Bank Terminal 2.

Container Business at the Vancouver Fraser Port Authority 2000 to 2017

The graph and table below provide data of the VFPA container business from 2000 to 2017. As the container business was growing and expanding in the early years, the Compound Annual Growth Rate (CAGR) from 2000 to 2007 was **10.66%**. After the initial introduction of the container business to Vancouver, business slowed and for the past ten years (2007 – 2017) the CAGR has been **2.70%**. The EIS fails to disclose the slower growth rate since 2007 and the drops in 2008, 2009 and 2016.

The container business is reported in TEUS, “twenty-foot equivalent units”, which means each unit is equivalent to one twenty-foot container.

Graph 1



Source of Information: VFPA Statistics, Vancouver Port Authority Statistics, and Statistics Canada

Table 3: Container Business in Vancouver Ports 2000 – 2017

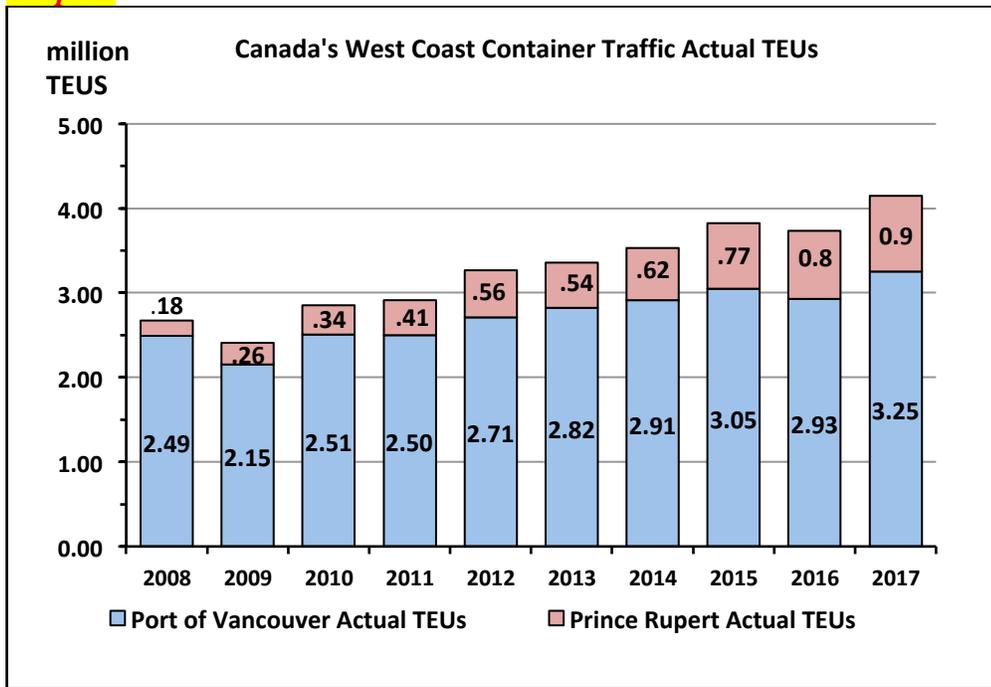
YEAR	TEUs
2000	1,229,842
2001	1,197,142
2002	1,558,762
2003	1,791,568
2004	1,982,488
2005	2,140,223
2006	2,302,381
2007	2,498,691
2008	2,492,107
2009	2,152,462
2010	2,514,309
2011	2,507,032
2012	2,713,160
2013	2,825,475
2014	2,912,928
2015	3,054,467
2016	2,929,585
2017	3,252,223

The EIS fails to document evidence to support the purpose and rationale for RBT2. The EIS addresses Canada’s west coast container business and forecasts but omits to provide evidentiary reasons for the Terminal 2 Project at Roberts Bank.

Canada’s West Coast Container Business 2008 to 2017

The graph below provides evidence of the rapid growth at the Prince Rupert Port Authority. The Compound Annual Growth Rate (CAGR) of the Vancouver Fraser Port Authority (VFPA) container business from 2008 to 2017 was 3% while the CAGR of the Prince Rupert Port Authority was 20% during the same 9 years. The CAGR of the two combined was 5%.

Graph 2



The EIS does not differentiate between the rapid growth at the Port of Prince Rupert and the slower growth in Vancouver ports. As a result, the forecasts for the VFPA in the EIS are not realistic.

2.2.5 Current Canadian West Coast Container Traffic Forecasts

Updated information from the *Ocean Shipping Consultants Report (OSC)* of 2016 was provided to the Review Panel for this section. The three upgraded graphs, Figures 2-2, 2-3, and 2-4 are all for Canada's West Coast forecasts.

Missing in the EIA is a section on container traffic forecasts for Vancouver area ports. These can be found in the *OSC 2016 Report*, page 219, but they are not included in the EIS. These are shown on pages 4 and 18 of this document.

The omission of this important information is a critical deficiency of this EIS

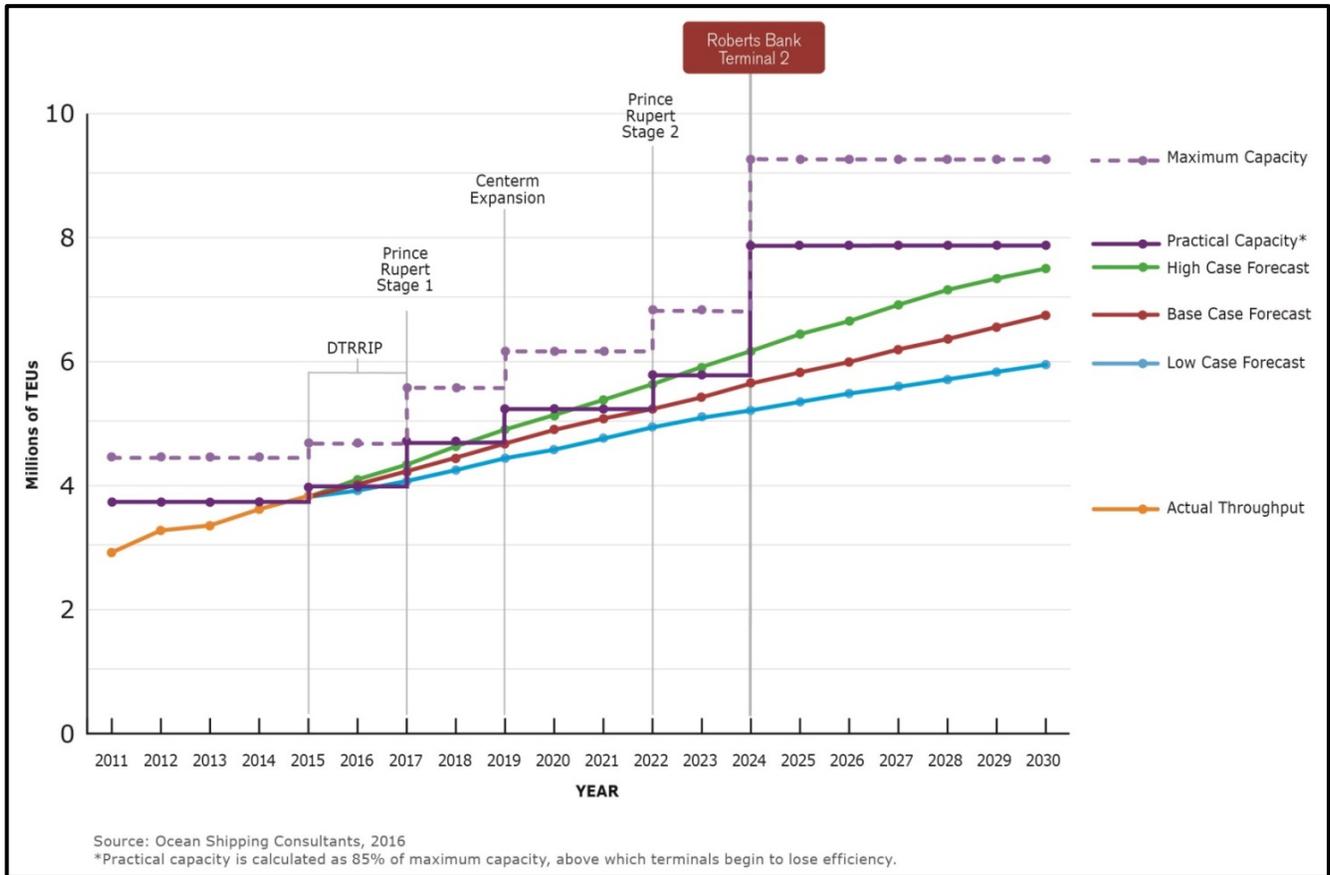
Capacity to Meet Demand

The EIS does not provide evidence to support the claim that RBT2 will meet Canada's projected demand to 2030. To the contrary, the data above provides evidence that the increased demand is at Prince Rupert Port Authority where the capacity is required.

Data providing existing and planned capacity for the VFPA is not included in the EIS. Figure 2-4 displays west coast forecasts and planned capacity increases but the graph is not easy to decipher and fails to provide evidence to support reasons for the massive increase in capacity at Roberts Bank.

RBT2 EIS: Figure 2-4 Canadian West Coast Container Traffic Forecast and Planned Capacity Increases to 2030, from *Ocean Shipping Consultants Study, 2016.*

Graph 3



There is no data to explain the lines on the graph. Specific information is essential to consideration of objectives and rationale of the Project.

The vague depiction is followed by a statement that the graph is evidence of need for RBT2. Professionals in business would be embarrassed to use such vague information as evidence that a project is feasible. Business requires feasibility studies and cost/benefit analyses. These are missing from the EIS.

There isn't any section in the EIS that presents the necessary data of container capacity for each port with ongoing and planned expansions. There are subjective descriptions in section 5.3.1, but no definitive data.

85% Effective Capacity

The VFPA presents port operations as being limited to 85% of maximum capacity. This raises serious questions because engineering requires incorporation of limiting factors in the initial assessment of capacity, not after the port capacity has been calculated.

If the VFPA cannot operate to capacity, then it is another reason to question the efficiency of Vancouver area ports. Were the engineering reports remiss in reporting properly calculated capacity?

Increased capacity can be achieved through more intensive use of existing terminals and more operating hours, not more terminals. As the VFPA is finding it difficult to operate at calculated capacity, it is likely that the Vancouver area, rail, roads and shipping lanes are too congested to consider more container traffic. Larger container vessels present new logistics that Vancouver's congestion probably cannot, and should not, incorporate.

As Canadians have invested hundreds of millions of tax dollars on container infrastructure for existing terminals, the VFPA should not bring in new competition that threatens current operations. The VFPA may be building at Roberts Bank in order to move the container business out of Burrard Inlet. That way, the VFPA could maximize real estate profits instead of maximizing container business at existing terminals.

It is also important that the container business does not squeeze out Vancouver's bulk shipping terminals which are more essential to Canada's economy. The container business imports products with 24% bound to the U.S. whereas bulk shippers export grain, potash, minerals and forest products which are more vital to Canada's economic wealth.

Figure 2.4 includes the Prince Rupert Port Authority in the 85% effective capacity category. This is inappropriate as the Prince Rupert Port Authority operated well above stated capacity prior to its first expansion.

As the container business is growing faster in Prince Rupert, it makes sense that capacity expansions be built at that location. This was advised by three independent transportation experts in the *Strategic Advisors Report, Asia Pacific Gateway and Corridor Initiative Report and Recommendations, 2008*. Burghadt, De Fehr and Turner recommended that:

"...policy makers develop container capacity in Prince Rupert before making investments in Vancouver"...and further that: "...a systematic approach be taken to achieve an understanding of port capacity before a conclusion is reached that a particular port must necessarily be larger."

The Report, commissioned by Canada's Minister of Transportation, was, and continues to be, ignored.

Canada's West Container Traffic Capacity: A Comparison of the RBT2 EIS and Other Referenced Information

The following Tables and Graph depict Canada's west coast container capacity according to information in the EIS and *Ocean Shipping Consultants Study, 2016* compared to referenced sources.

Capacity numbers for the VFPA, 2011 to 2025, are documented in a Table 7-6 on page 225 of *the 2016 OSC Report*. Statistics from the Prince Rupert Port Authority are added in to calculate Canada's West Coast Capacity. With the exception of RBT2, the *OSC 2016* Table does not include expansions beyond 2018.

While the Vancouver totals in the following table are identical to *OSC 2016, Table 7.6*, the numbers for individual Vancouver ports are not specifically accurate as they were extrapolated from different

sources: the *OSC 2016* Table 7.8; Section 5.3 of this EIS; the Deltaport Third Berth EA, Chapter 3; Figure 2-4 of this EIS; and published information documented under *Referenced Sources*.

Table 4

VFPA-Canada’s West Coast Container Traffic Capacity as shown in Fig. 2-4 of RBT2 EIS

	2004	2005	2010	2015	2016	2017	2020	2022	2025 RBT2
Deltaport	0.90	0.90	1.80	2.00	2.20	2.40	2.40	2.40	4.80
Vanterm	0.44	0.60	0.70	0.70	0.90	0.90	0.90	0.90	0.90
Centerm	0.36	0.70	0.90	0.90	0.90	0.90	1.40	1.40	1.40
Fraser Surrey	0.30	0.30	0.25	0.25	0.05	0.05			
Vancouver Totals	<u>2.00</u>	<u>2.50</u>	<u>3.65</u>	<u>3.85</u>	<u>4.05</u>	<u>4.25</u>	<u>4.70</u>	<u>4.70</u>	<u>7.10</u>
Prince Rupert	0.50	0.50	0.75	0.75	0.75	1.35	1.35	1.90	1.90
West Coast Total	<u>2.60</u>	<u>3.00</u>	<u>4.15</u>	<u>4.60</u>	<u>4.80</u>	<u>5.70</u>	<u>6.05</u>	<u>6.60</u>	<u>9.00</u>

Table 5

Canada’s West Coast Container Traffic Capacity Without RBT2 from Referenced Sources

	2004	2005	2010	2015	2016	2017	2020	2022	2025
Deltaport	1.40	1.40	2.10	2.30	2.50	2.70	3.00	3.00	3.00
Vanterm	0.44	0.60	1.00	1.00	1.00	1.00	1.08	1.08	1.08
Centerm	0.36	0.36	0.88	0.88	0.88	1.00	1.50	1.80	1.80
Fraser Surrey	0.30	0.60	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Vancouver Total	<u>2.50</u>	<u>2.96</u>	<u>4.18</u>	<u>4.38</u>	<u>4.58</u>	<u>4.90</u>	<u>5.78</u>	<u>6.08</u>	<u>6.08</u>
Prince Rupert			0.50	0.50	0.75	1.35	1.35	1.80	2.50
West Coast Total	<u>2.50</u>	<u>2.96</u>	<u>4.68</u>	<u>4.88</u>	<u>5.33</u>	<u>6.25</u>	<u>7.13</u>	<u>7.88</u>	<u>8.58</u>
									(10.08)

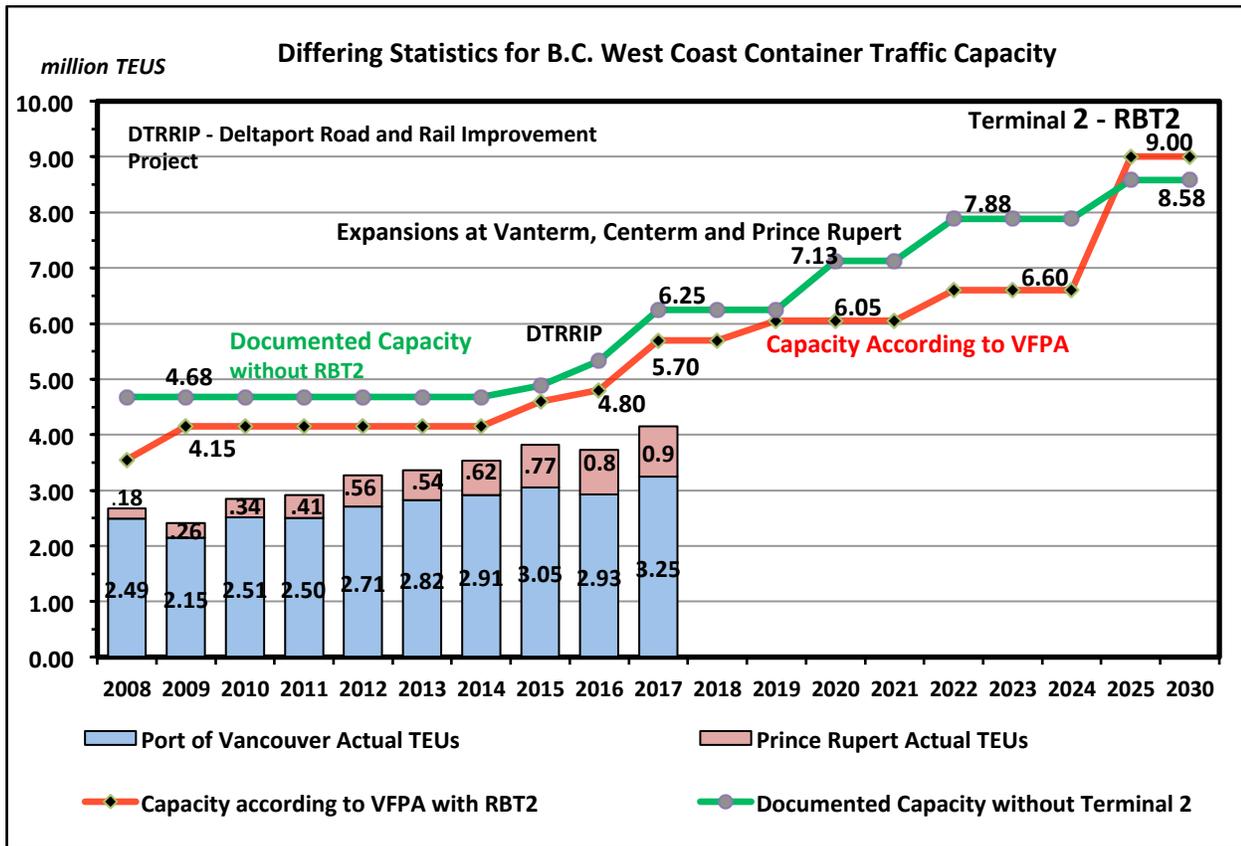
Reference xiv documents a potential capacity of 4 million TEUs at the Port of Prince Rupert. The tables and graphs provide evidence of more than sufficient container traffic capacity to meet Canada’s west coast demand to 2030.

Table 6

Summary Table Showing Incremental Capacity for Canada’s West Coast Container Traffic

	<i>TEUs in millions</i>									
	2011	2015	2016	2017	2018	2019	2020	2022	2025	2030
According to VFPA in RBT2 EIS Figure 2-4	4.15	4.60	4.80	5.70	6.05	6.05	6.05	6.60	9.00 T2	9.00
Other Documented Capacity without RBT2	4.68	4.88	5.33	6.25	6.25	6.25	7.13	7.88	8.48	8.58

Graph 4: Comparison of Statistics Showing Canada’s West Coast Container Traffic Capacity



Without the Roberts Bank Container Terminal 2 Project (RBT2), referenced sources identify the potential for a capacity of over 8.50 million TEUs for Canada’s west coast by 2022 and, with further expansions and efficiencies, port operators claim capacity for over 10 million TEUs by 2030. Reference *xiv* documents the potential for 4 million TEUs at the Port of Prince Rupert.

Referenced sources identify the potential for a capacity of 6 million TEUs for the VFPA by 2025. This is without the Roberts Bank Container Terminal 2 Project.

Referenced Sources

Container Capacity at Vanterm Terminal, Burrard Inlet 1,080,000 TEUs by 2020

“Vanterm increased its capacity to 0.60 million TEUs in 2005”ⁱⁱⁱ

“...Terminal Systems Inc....has ordered equipment to increase Vanterm’s capacity to over 1.0 million TEUs by 2009...”^{iv}

A June, 2018, article states Vanterm’s investment will increase capacity to **1,080,000 TEUs**.

“GCT is also investing \$160 million in infrastructure improvements at its 900,000-TEU Vanterm container terminal that will boost its capacity by approximately 20 per cent.”^v

A Study commissioned by the Corporation of Delta documents a capacity of 1 million TEUs at Vanterm:

“By 2031, it is assumed that Terminal 2 will be operating at full capacity. This is based on the following forecasted annual throughputs at full capacity: ... II Vanterm (1 million TEUs)”^{vi}

Container Capacity at Centerm Terminal, Burrard Inlet 1,800,000 TEUs by 2020

A 2007 Transport Canada Study:

“In 2006 Centerm completed a major terminal redevelopment doubling its capacity from 0.36 million TEUs to 0.78 million TEUs per year. The company expects to double its volume within two years and reach a million TEUs by 2010.”^{vii}

A 2014 Announcement:

“... Port Metro Vancouver announced that it is considering design options to increase container capacity at the Centerm terminal in the Burrard Inlet, from its current 900,000 TEUs to as much as **1.8 million TEUs**”^{viii}

**Container Capacity at Fraser Surrey Docks - 34 kilometres up the Fraser River from the Estuary
600,000 TEUs in 2005
Handling **100,000 to 200,000 TEUs****

In 2005, Fraser Surrey Docks spent \$190 million on expanding container capacity to 600,000 TEUS. Then its main customer transferred to another Vancouver Terminal. The VFPA states in the EIS that the Fraser Surrey Docks handles about only 100,000 TEUs annually due to larger container ships and navigational constraints of the Fraser River. However, due to its extensive land and rail yards, there is opportunity for Fraser Surrey Docks to be used for export of laden containers with agricultural specialty crops. This would help Canada’s balance of trade in the container traffic business.

**Container Capacity at the Port of Prince Rupert 2,500,000 TEUs by 2025
Potential for 4 million TEUs**

The Port of Prince Rupert began operations in 2007.

**“The original design capacity of the terminal was 500,000 TEU. However effective management and an efficient workforce have seen throughput grow to 776,412 TEUs in 2015...
... with phase 2A complete the project expanded the wharf to 800m in length and increased throughput capacity to 1.35 million TEUs per annum.”^{ix}**

In August, 2017, the Port of Prince Rupert announced completion of expansion to 1.35 TEUs.^x

In June, 2018, the Port of Prince Rupert announced another expansion:

“The Phase 2B expansion will increase annual throughput capacity at Canada’s second largest container terminal to 1.8 million TEUs (twenty-foot equivalent units) when complete in 2022.”^{xi}

<https://www.rupertport.com/news/releases/fairview-phase-2B-expansion>

DP World has plans to increase capacity to 2.4 million TEUs:

“Additionally, Prince Rupert this year received the necessary permits for a southern expansion of the port. Don Krusel, president and CEO, said plans for this expansion project have not been finalized but it could include construction of a third container berth, extension of the on-dock rail yard and additional storage space. The southern expansion would increase annual throughput capacity to 2.4 million TEUs^{xii}.”

“DP World has ambitions to increase its cargo handling capacity on Canada’s West Coast to four million TEUs by 2022. Sixty per cent of that total would flow through Prince Rupert as part of a third Fairview expansion that would raise its capacity to between two million and 2.5 million TEUs.”^{xiii}

A research paper by engineers reveals a potential capacity of 4 million TEUs at the Prince Rupert Port Authority:

“Currently, Prince Rupert is in the design and permitting stage for a second container terminal to begin development in 2015 which would have capacity to move 2 million TEUs annually and potentially bring the total capacity to 4 million TEUs by 2020.”^{xiv}

Container Capacity at Deltaport at Roberts Bank

3 million TEUs without RBT2

The VFPA statistics for container traffic capacity at Deltaport have been misleading for years resulting in claims of need for more capacity.

In 2008, Terminal Systems Inc, the operators of Deltaport, stated on their website, in documents, and in studies, that container traffic capacity at Deltaport was 1.4 million TEUs which would expand to 2.1 million TEUs with the Deltaport Third Berth.

“Deltaport capacity after the completion of Deltaport Berth 3 in 2009 will be 2,100,000 TEUs”^{xv}

This information was also documented in Chapter 4.2 of the Transport Canada Pacific *Coast Container Terminal Competitiveness Study – TP 14837E, 2011*.

“...Terminal Systems Inc. is adding a third berth at Deltaport to increase capacity from 1.4 to 2.1 million TEUs per year by 2009...”^{xvi}

The statistics used in the Environmental Assessment for the Deltaport Third Berth were lower by 500,000 TEUs for claimed existing capacity and lower for added capacity stating the Third Berth would add 400,000 TEUs of capacity:

“The proposed Project at Roberts Bank would increase Deltaport capacity from 900,000 TEUs a year in 2003 to 1,300,000 TEUs by 2008”^{xvii}

However, when the Project was completed, the VFPA announced an initial capacity that was higher by 300,000 TEUs and a higher added capacity of 600,000 TEUs.

“The project, which took two years to construct, increases Deltaport’s capacity by up to 50 per cent from 1.2 million twenty-foot equivalent units (TEUs) to 1.8 million TEUs.”^{xviii}

Then in 2011, the VFPA announced the Deltaport Terminal Road and Rail Terminal Improvement Project (DTRIPP) that would add 600,000 TEUs to Deltaport by 2017 for a total capacity of 2.4 million TEUs:

“The VFPA proposes to provide funding for the design and implementation of a project that could increase the container capacity at Deltaport Terminal by 600,000 TEUs (twenty-foot equivalent unit containers) to a total capacity of 2.4 million TEUs.”^{xix}

This is the current set of statistics used by the Vancouver Fraser Port Authority. Section 5.3.1.1 of this EIS, states the Deltaport Terminal Road and Rail Improvement Project (DTRRIP):

“...will improve efficiency and further increase capacity at Deltaport Terminal by 600,000 TEUs to 2.4 million TEUs by 2017”

Section 2.1.1 addresses rationale for the RBT2 Project:

“The Project will provide an additional 2.4 million twenty-foot equivalent unit (TEU) of container capacity per year.”

However, the study for the *Deltaport Road and Rail Improvement Project (DRRIP)* confirms that Deltaport, without RBT2, can handle 3 million TEUs by 2020 with the transportation upgrades, intermodal yard reconfiguration and improved efficiencies. The road and rail upgrades have added capacity of 600,000 TEUs and the associated upgrades will further increase capacity.

“Case 1: Deltaport has a sustainable capacity of 2.4 million TEU. Deltaport has maximum capacity of 3.0 million TEU in the interim years of high demand up to about 2020.
Cases 2 and 3: Deltaport has a sustainable capacity of 3.0 million TEU.”^{xx}

There is further evidence the Environmental Assessment Report for the *Deltaport Road and Rail Improvement Project (DRRIP)*:^{xxi}

“Emissions are calculated based on the Deltaport container terminal reaching a capacity of 3 million TEUs per year by 2020 due to Deltaport improvements”

As a result of inconsistency in numbers, in the EIS, the VFPA erroneously reports a maximum of 4.7 million TEUs of container traffic capacity at Vancouver ports without the Roberts Bank Terminal 2 Project.

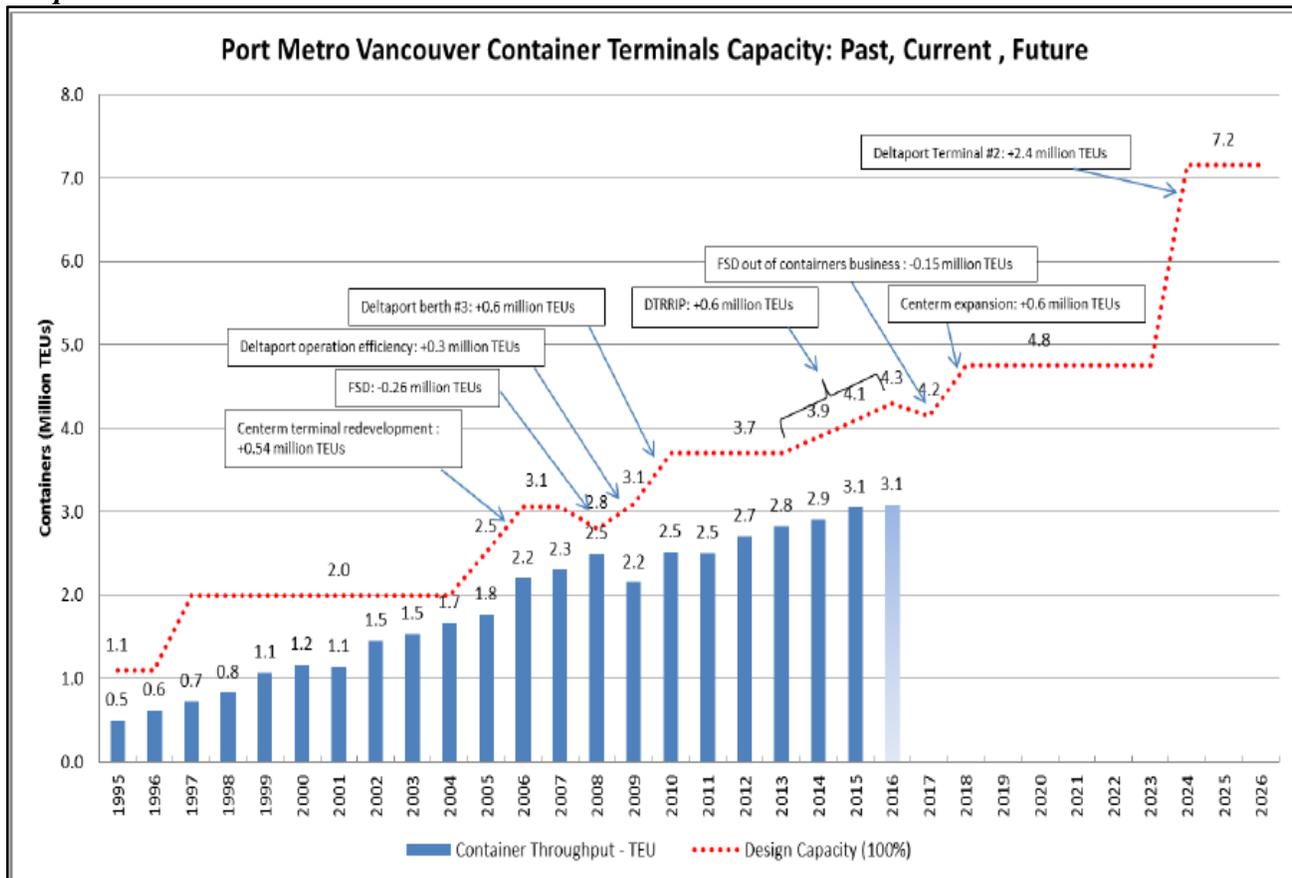
Statistics presented by the VFPA in the EIS also fail to include correct numbers for the increase in capacity occurring at other Vancouver ports. Documents provide evidence of container traffic capacity of 6.08 million TEUs without RBT2.

The consequence of this constant alteration of so-called statistics has far-reaching implications as it conceals the fact that the Vancouver Fraser Port Authority has sufficient container traffic capacity without the Roberts Bank Terminal 2 Project.

This is an unfortunate situation as the decision whether to proceed, or not, with Terminal 2 is made by Canada’s Minister of Transportation. The Transportation Ministry is using questionable FVPA

statistics in a recent Transport Canada Report, ‘*Evaluation of the Asia-Pacific Gateway and Corridor Initiative and the Gateways and Borders Crossing Fund*’, Transport Canada, Evaluation and Advisory Services, October 2017. Container traffic capacity in Chart 7 of the document shows similar statistics to the statistics used by the VFPA in the Roberts Bank Terminal 2 Project EIS.^{xxii}

**Chart 7: Evaluation of the Asia-Pacific Gateway and Corridor Initiative and the Gateways and Borders Crossing Fund’, Transport Canada, Evaluation and Advisory Services, October 2017
Graph 5**



As noted above, the Environmental Assessment for the Deltaport Third Berth, (DP3) stated the project would add 400,000 TEUs at Deltaport. Note in the graph above that 900,000 TEUs are added at around the time the Third Berth was completed in 2009.

The numbers in this 2017 Transport Canada graph do not correlate with Referenced Sources in this document. Chart 7 shows VFPA capacity of 4.8 million TEUs without Roberts Bank Terminal 2 (RBT2) which is incorrect and out of date. The referenced information in this document demonstrates VFPA will have capacity of 6.08 TEUS without RBT2.

As a result of skewed data, Canada’s Minister of Transportation is not, and will not, be equipped with full, accurate evidence in his decision on the Roberts Bank Terminal 2 Project.

This information is reinforced in *the Inland Intermodal Cargo Facility Study, 2014*, commissioned by the City of Delta which claims with RBT2, VFPA will have a capacity of 7.60 million TEUs. Without RBT2 that is a capacity of 5.20 million TEUs.

“By 2031, it is assumed that Terminal 2 will be operating at full capacity. This is based on the following forecasted annual throughputs at full capacity: II Deltaport (2.4 million TEUs) II RBT2 (2.4 million TEUs) II Centerm (1.8 million TEUs) II Vanterm (1 million TEUs)”^{xxiii}

The numbers in the Delta Study differ slightly from the References Sources in this document at they report 2.4 million TEUs (not 3 million) for Deltaport and were documented before the announcement of further expansions at Vanterm.

The contradictory information about Deltaport capacity has a domino effect on VFPA’s statistics for Vancouver ports’ total capacity and Canada’s west coast container capacity.

As container traffic capacity information is fundamental to determining purpose and rationale of the RBT2 Project, the convoluted information about capacity at Deltaport is inaccurate and misleading.

Container Traffic Capacity at Vancouver Area Ports

The Roberts Bank Terminal 2 Project (RBT2) EIS fails to provide evidence of the need for increased container traffic capacity in the Vancouver area. The Table and Graph below demonstrate ample container traffic capacity in the Vancouver area without the Roberts Bank Terminal 2 Project (RBT2)

The Ocean Shipping Consultants Report, 2016, page 225, shows that the Vancouver Fraser Port Authority will have a container traffic capacity of 4.70 million TEUs by 2018 and then no increase in capacity beyond that date, with the exception of the Roberts Bank Terminal 2 Project that will increase capacity to 7.1 million TEUs in 2023.

It is now 2018 and planned expansions have been announced for both Vanterm and Centerm so these are not included in the EIS.

Graph 6 below depicts the differing statistics on capacity compared with the actual container traffic business at the Vancouver Fraser Port Authority (VFPA). Even considering just the VFPA statistics, it is clear from the graph that the capacity exists to meet the growth in actual business without RBT2.

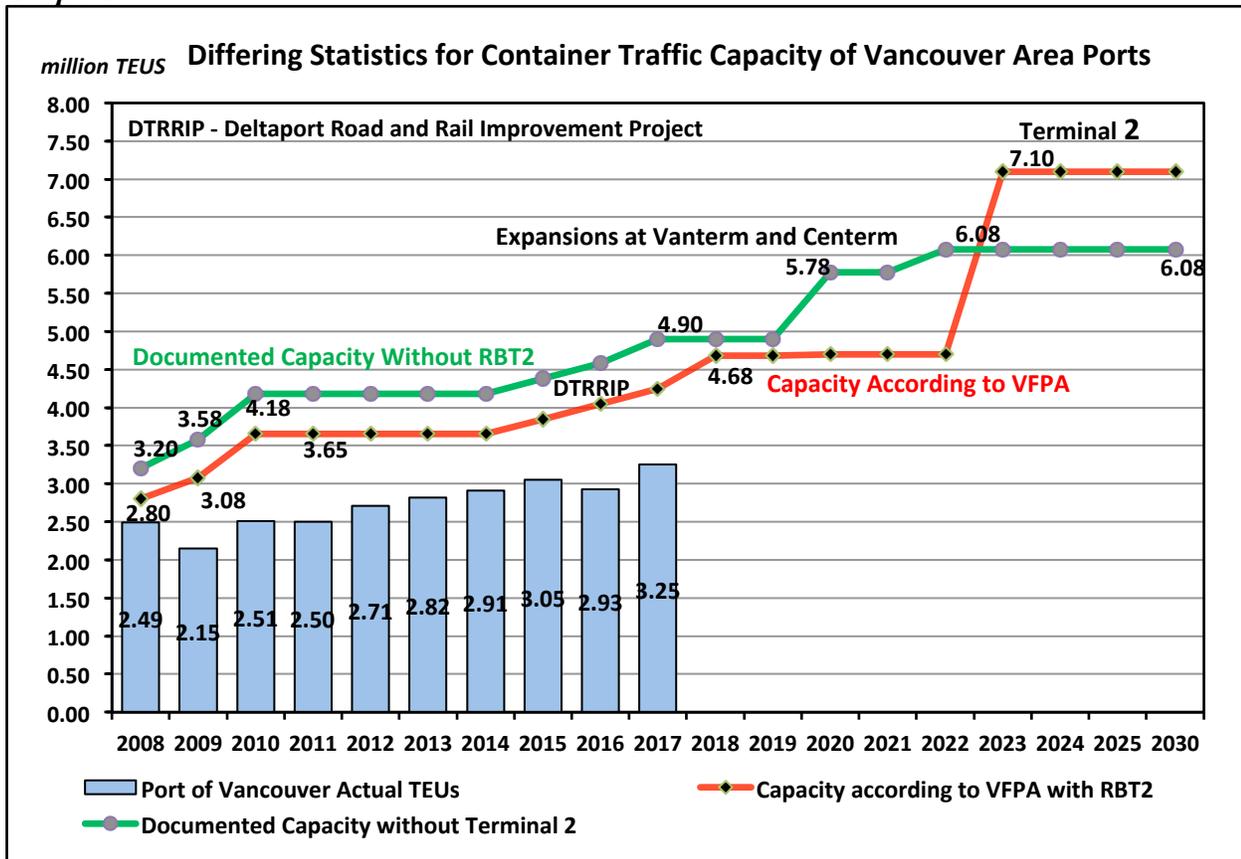
Table 7

Canada's West Coast Container Incremental Capacity to 2025 from Referenced Sources

Terminal	TEU Capacity	Expansions and Improvements <i>dates of expansions are estimated</i>					TEU Capacity
		2005	2010	2015	2017	2017-2020	
Deltaport	1,400,000	700,000	200,000	400,000	300,000		3,000,000
Vanterm	600,000	400,000			80,000		1,080,000
Centerm	360,000	520,000		120,000	500,000	300,000	1,800,000
Fraser Surrey	600,000	-400,000					200,000
Vancouver Total	2,960,000	4,180,000	4,380,000	4,900,000	5,780,000	6,080,000	6,080,000
Prince Rupert		500,000		850,000		800,000	2,400,000
West Coast Total		4,680,000		1,350,000		2,150,000	8,480,000

Vancouver Fraser Port Authority Container Traffic Capacity: A Comparison of information in the RBT2 EIS and Other Referenced Information

Graph 6



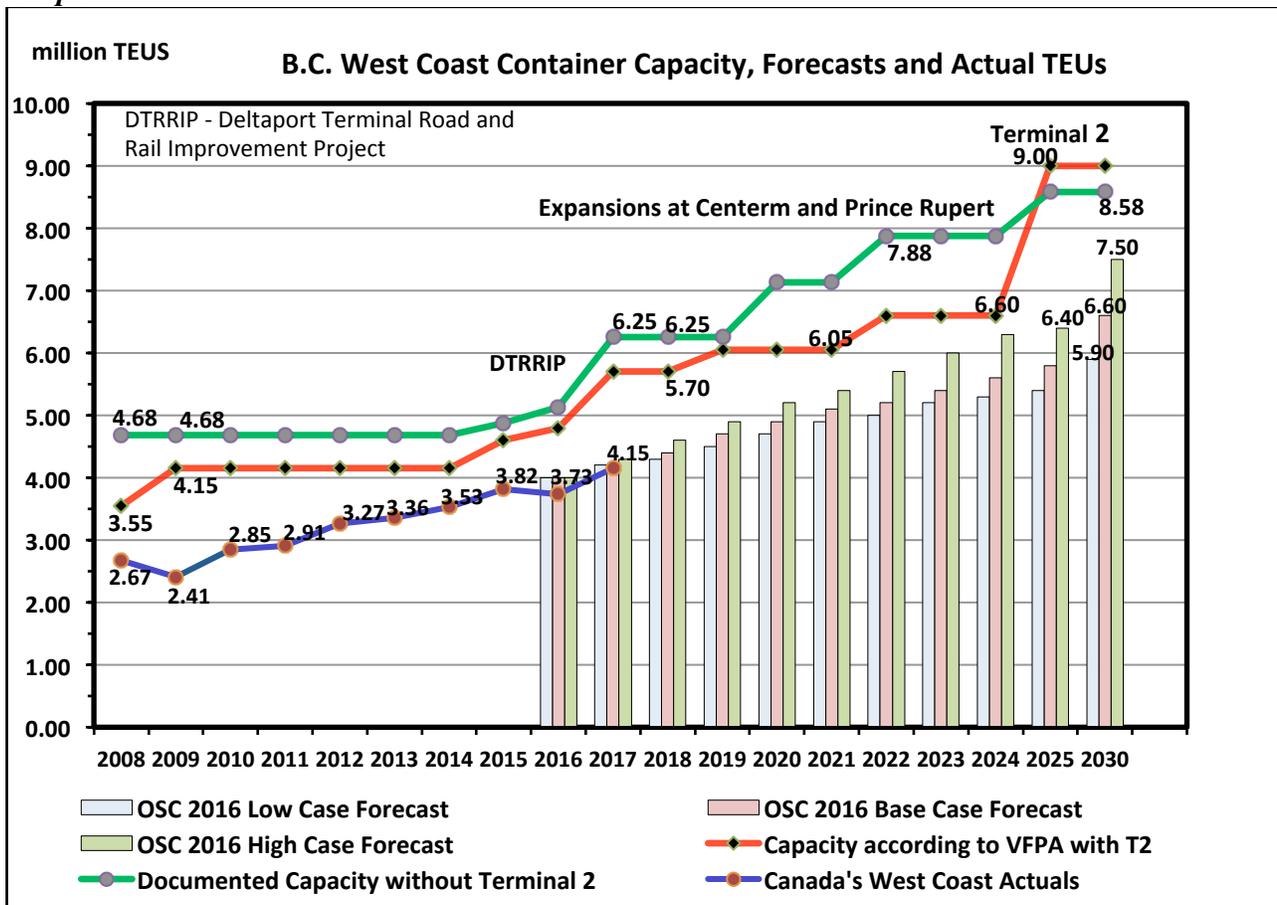
Canada's West Coast Container Traffic Capacity, Forecasts and Actual TEUs to 2030

The following graph shows B.C. West Coast container capacity compared with actual business data and forecasts. The VFPA west coast forecasts are from page 26 of the *2016 Ocean Shipping Consultants Report*. The Capacity data is from the Tables on page 9 of this document. The actuals are from page 5 of this document.

Documented Sources confirm that Canada's west coast ports can meet projected demand to 2030, and beyond.

The stated objective of the Roberts Bank Terminal 2 Project (RBT2) is to meet Canada's west coast container traffic demand to 2030. As shown below, the RBT2 Project is not required to meet that demand.

Graph 7



Vancouver Fraser Port Authority Container Capacity, Forecasts and Actual TEUS to 2030

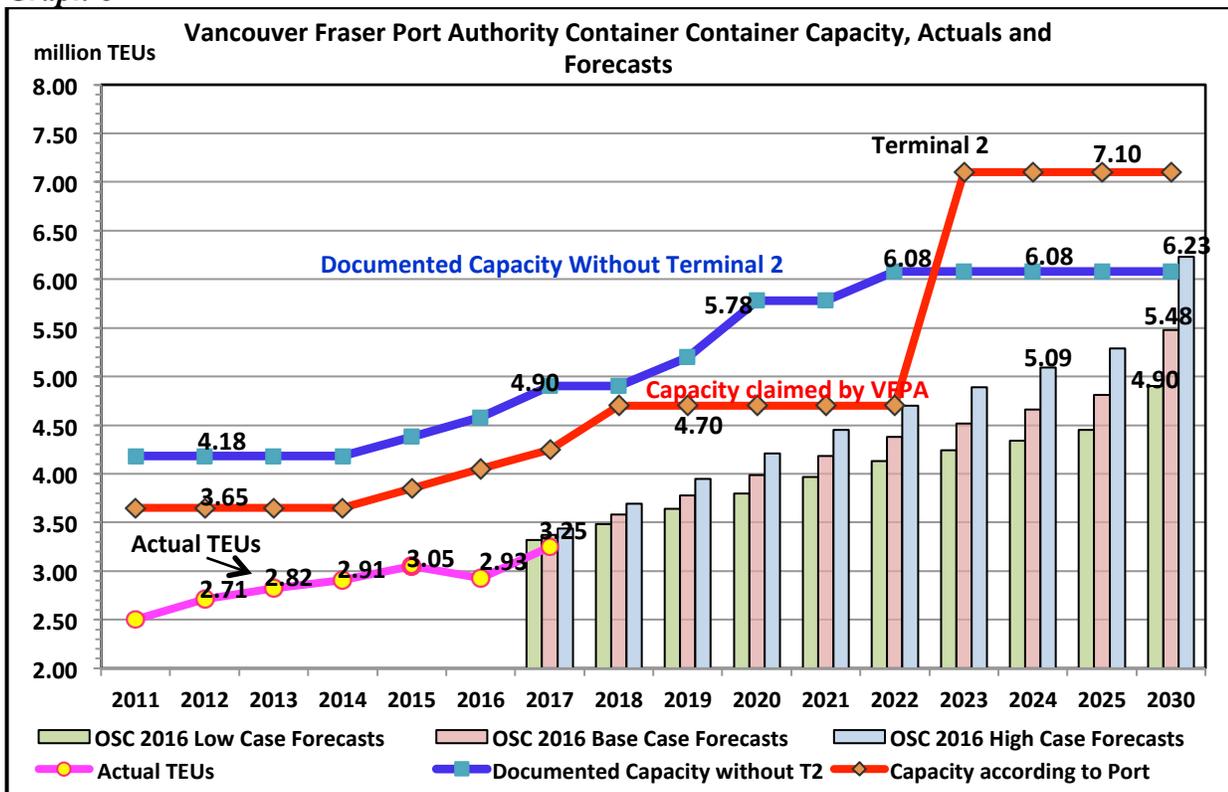
The following table and graph show that Vancouver ports can meet projected demand to 2030 without the Roberts Bank Terminal 2 Project. It is important to note that lowest forecasts in at least 7 studies since 2003 haven't been realized. Each successive study lowered the forecasts. So it is unrealistic to seriously consider the base case and high case forecasts.

Table 8: VFPA Container Business Capacity, Actuals and Forecasts

OSC – Ocean Shipping Consultant Study 2016

Year	OSC 2016 Forecast Low Case	OSC 2016 Forecast Base Case	OSC 2016 Forecast High Case	Actual Total TEUs	Capacity according to published information	Capacity according to Port Vancouver
2011	2.51	2.51	2.51	2.50	4.18	3.65
2012	2.71	2.71	2.71	2.71	4.18	3.65
2013	2.83	2.83	2.83	2.82	4.18	3.65
2014	2.91	2.91	2.91	2.91	4.18	3.65
2015	3.05	3.05	3.05	3.05	4.38	3.85
2016	3.16	3.18	3.19	2.93	4.38	4.05
2017	3.32	3.37	3.44	3.25	4.90	4.25
2018	3.48	3.58	3.69		4.90	4.70
2019	3.64	3.78	3.95		5.20	4.70
2020	3.81	3.99	4.21		5.78	4.70
2021	3.97	4.18	4.45		5.78	4.70
2022	4.13	4.38	4.70		6.08	4.70
2023	4.24	4.52	4.89		6.08	7.10
2024	4.34	4.66	5.09		6.08	7.10
2025	4.45	4.81	5.29		6.08	7.10
2030	4.90	5.48	6.23		6.08	7.10

Graph 8



Container Traffic Imports and Exports at Vancouver Ports

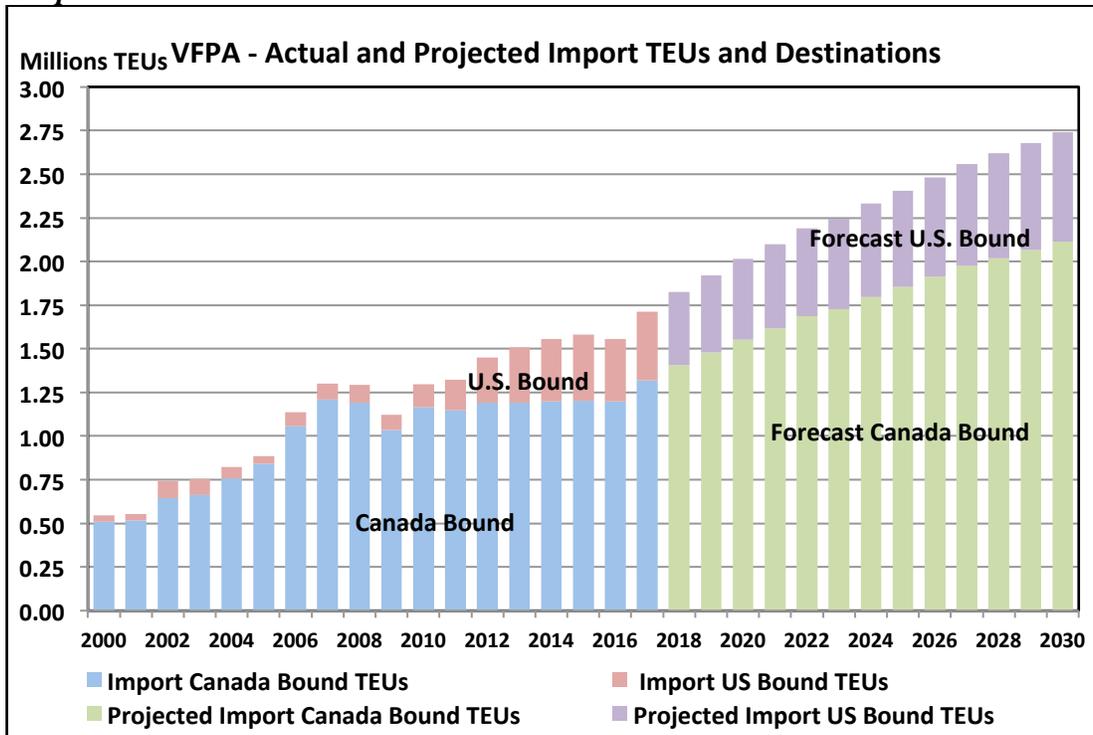
The following information is missing from the Roberts Bank Terminal 2 Environmental Impact Statement.

Table 9: VFPA Actual and Projected Import and Export TEUs

YEAR	Total TEUs	Total Export TEUs	Total Laden Exports	Total Empty Exports	Total Import TEUs	Import US Bound TEUs	Import Canada Bound TEUs	Projected Total Import TEUs	Projected Import US Bound TEUs	Projected Import Canada Bound TEUs
2000	1,234,00	622,000			546,165	38,231	507,934			
2001	1,202,00	596,000			553,981	38,779	515,202			
2002	1,565,83	721,000			741,951	96,454	645,497			
2003	1,799,88	791,000			752,566	90,308	662,258			
2004	1,982,48	840,000			824,783	65,983	758,800			
2005	2,140,22	884,000			884,324	44,216	840,108			
2006	2,302,00	1,076,00			1,137,30	79,611	1,057,69			
2007	2,495,52	1,104,00			1,301,30	91,091	1,210,21			
2008	2,492,10	1,197,79	915,465	282,334	1,294,30	103,54	1,190,76			
2009	2,153,00	1,029,61	925,411	104,201	1,122,84	89,828	1,033,02			
2010	2,514,30	1,217,36	940,921	276,443	1,296,94	129,69	1,167,25			
2011	2,507,03	1,186,42	999,725	186,697	1,320,61	171,67	1,148,93			
2012	2,713,16	1,261,85	1,048,82	213,028	1,451,30	261,23	1,190,07			
2013	2,825,47	1,317,48	1,125,61	191,865	1,507,99	316,67	1,191,31			
2014	2,912,92	1,356,22	1,045,67	310,547	1,556,67	358,03	1,198,64			
2015	3,054,46	1,473,62	1,066,03	407,588	1,580,84	379,40	1,201,44			
2016	2,929,58	1,375,44	1,100,68	274,760	1,554,13	357,45	1,196,68			
2017	3,252,22	1,538,97	1,101,64	437,328	1,713,25	394,04	1,319,20			
2018								1,824,50	417,800	1,406,70
2019								1,918,60	439,400	1,479,20
2020								2,013,30	461,000	1,552,30
2021								2,099,80	480,900	1,618,90
2022								2,190,10	501,500	1,688,60
2023								2,260,10	517,600	1,726,00
2024								2,332,10	534,100	1,798,00
2025								2,406,30	551,000	1,855,30
2026								2,482,10	568,400	1,913,70
2027								2,559,50	586,100	1,973,40
2028								2,619,10	599,800	2,019,30
2029								2,679,20	613,500	2,065,70
2030								2,739,70	627,400	2,112,30

References: VFPA Statistics; *Ocean Shipping Consultants Study 2016*, page 220

Graph 9



The business of Canadian-bound containers has been relatively flat since 2007. From 2010 to 2017, Canadian-bound container imports at Vancouver ports grew at a Compound Annual Growth Rate (CAGR) of 1.76% while U.S. bound imports grew at a CAGR of 17.21%. So the forecasts for Canada-Bound container traffic are unrealistic when compared to actual TEUs since 2006.

A quick glance at the graph above reveals that Vancouver’s recent growth in container traffic imports is mainly for U.S.-bound containers. The EIS should include a cost/benefit analysis of the Vancouver Fraser Port Authority handling US-bound container traffic as it is of questionable value to the Canadian economy. It causes local congestion and pollution in a highly populated area with geographic limits. It also adds problems to an overloaded railway system.

Page 69 of the *Ocean Shipping Consultants Study of 2016* states less than 30% of import containers are for B.C. It appears only 10% to 15 % of container traffic imports are destined for the Vancouver area so more capacity is not required to meet local demand.

Container Traffic Exports at Vancouver Ports

From 2010 to 2017 Vancouver container traffic exports grew at a Compound Annual Growth Rate of 3.1%. Laden exports grew at a CAGR of 2.28% during those 7 years. The Vancouver laden container export business has been flat for the past 5 years with a CAGR of 1% from 2012 to 2017.

The export of empty containers grew at a CAGR of 6.77% from 2010 to 2017 and at CAGR of 15.47% from 2012 to 2017.

There has been a decline in the balance of trade in container traffic in Vancouver area ports. Where there used to be about a 200,000 to 300,000 difference in TEUs between imports and laden exports, the difference now is 400,000 to 600,000 TEU difference.

Alternate Means of Carrying Out the Roberts Bank Terminal 2 Project (RBT2)

Section 5.3

The information above (*Graphs 4, 6, 7, & 8*) demonstrates that alternate means of meeting west coast container traffic demands are already being carried out, some with financing and permits in place.

On page 5-10 of the RBT2 EIS it is stated:

“Additional capacity will be required at both Prince Rupert and PMV container handling facilities to meet long-term forecasted demand for containerized trade-handling capacity on the west coast of B.C. As a result, the Prince Rupert expansions are not an alternative for providing long-term capacity. Accordingly, this alternative will not be subject to further consideration.”^{xxiv}

The Proponent then dismisses the option of west coast container traffic demand being met by expanding capacity at the Prince Rupert Port Authority. This statement is not supported with evidence. To the contrary, the information in this document indicates more than sufficient container traffic capacity to 2030, which is the stated rationale of this EIS. Also, this document provides evidence that forecasted container traffic demand for Vancouver ports has not been realized in the past 10 years. (*Pgs. 3, 4, & 18*)

In Table IR1-06-1, *Feasibility Analysis for Marine Terminal within British Columbia Alternatives*, under *Alternatives Considered*, the EIS incorrectly states the Prince Rupert Port Authority cannot provide long term capacity growth by the mid-20s and it is not a feasible alternate means. As documented on page 12 of this document:

“The Phase 2B expansion will increase annual throughput capacity at Canada’s second largest container terminal to 1.8 million TEUs (twenty-foot equivalent units) when complete in 2022.”^{xxv}

<https://www.rupertport.com/news/releases/fairview-phase-2B-expansion>

The Prince Rupert Port Authority offers the deepest harbour in North America which is serviced by the Canadian National Railway (CN) providing a dedicated intermodal rail connection to the Chicago hub in less than 100 hours. The port is more than two sailing days closer to Asia and it has cheaper industrial land available.

In contrast, the Vancouver Fraser Port Authority is located in a congested area with limited land resources. The port has to compete for railway use and the containers have to be transported through the challenging, rugged Rocky Mountains.

Due to its success, the Prince Rupert Port Authority was ranked in the top 10 in the Americas category of the Journal of Commerce 2015 survey of global port productivity.

The Port of Prince Rupert has Valued Ecosystem Components but not on the same scale as Roberts Bank. The Roberts Bank Terminal 2 Project plans to dredge and fill in 445 acres of waterlot in the Fraser River estuary, an area of international significance for salmon, migratory birds and resident orcas. Building at Roberts Bank will cause significant residual adverse environmental effects which cannot be mitigated or compensated.

The Prince Rupert Port Authority was granted a Port Award by Colliers International in 2013 in recognition of being the only port in the Pacific Northwest with a direct railway connection (Canadian National) to the Port of Mobile, the deepest port along the Gulf Coast. The port is also being recognized by shippers and it has become the fastest growing North American port:

"There is nothing that would take us out of Prince Rupert," said Howard Finkel, executive vice president of Cosco Container Lines Americas and vice president of Cosco Americas. "It's been a success story for us. Our shippers like it, so I don't see any changes at all. There may be expanded services into there. We intend to keep our dominant position and we would like to offer this to more shippers."

(Cosco expects to remain the driving force at Prince Rupert, Journal of Commerce, Peter Tirschwell; March 28, 2016)

This information is missing from the RBT2 EIS.

Also missing is the Report, mentioned on page 8, which advises policy makers to develop container capacity in Prince Rupert before making investments in Vancouver. The Canadian Ministry of Transportation is ignoring its own report by three transportation experts.

The EIS presents the Deltaport Terminal as limited to 2.4 TEUs. As explained above, (pages 12-15), the Deltaport statistics provided by the Port of Vancouver over the past 15 years appear to be skewed when compared to other published information and data.

The EIS dismisses the Centerm expansion to 1.5 million TEUs stating it cannot meet the long-term capacity needs. Graphs 6, 7, & 8 above clearly show the expansions at Centerm, Vanterm and the Port of Prince Rupert developing enough container traffic capacity to meet demand to 2030.

On page 5-6 of the EIS, it is stated that it is not feasible to expand Vanterm until sometime after 2030. This is now inaccurate as Vanterm has announced increased capacity to meet 2030 demand.

The existing Vancouver container terminals are in an untenable position due to the mandate of the Vancouver Fraser Port Authority (VFPA), commonly known as the Port of Vancouver. The Vancouver area container port operators are tenants of the VFPA so their leases can be discontinued when they are due for renewal. In this case, their landlord, the VFPA, wants a new terminal which will create more competition and more real estate opportunities. The area container port operators are not in a good position to disagree with the Port of Vancouver.

At Roberts Bank, if Terminal 2 is built, the employees for Global Containers Inc at Deltaport will have to compete with an adjacent, automated terminal. As forecasted demand is not being realized, jobs will be lost.

In response to Sufficiency Information Request #06 (IRI-06), the Proponent responded on Page 3:

"Based on the analyses of the location alternatives (see Table IR1-06-1), RBT2 was deemed to be the only viable option to meet the anticipated long-term growth and demand of containerised trade on the west coast of Canada..."

This conclusion is not supported with credible evidence. Information above proves it is definitely not the only viable option. Indeed, it is not even a viable option as the costs to build the Project will be prohibitive.

The demand for containerized trade on Canada's west coast by 2030 can be met, without the Roberts Bank Terminal 2 Project, as documented above and summarized in Graphs 4, 6, 7 & 8 of this document.

References

ⁱ Roberts Bank Terminal 2 Project – Environmental Impact Statement, Volume 1, Section 1, Introduction <https://www.ceaa-acee.gc.ca/050/documents/p80054/101388E.pdf>

ii

FIGURE 8.1
GREATER VANCOUVER CONTAINER THROUGHPUT FORECASTS BY TERMINAL (TEU)

		ACTUAL	ACTUAL	FORECAST	FORECAST
		2003	2004	2010	2020
VANCOUVER INNER HARBOUR	ALL TERMINALS	650,000	750,000	2,100,000	2,100,000
FRASER-SURREY DOCKS	EXISTING	250,000	325,000	600,000	700,000
ROBERTS BANK	EXISTING + NEW	890,000	920,000	1,600,000	3,000,000
TOTAL – GREATER VANCOUVER	ALL TERMINALS	1,790,000	1,995,000	4,300,000	5,800,000
COMPOUNDED ANNUAL GROWTH -	FROM 2004	N/A	N/A	13.7%	6.9%

ⁱⁱⁱ *Container Capacity Expansion Plans at Pacific Coast Ports*, Hanam Canada Corporation, January 2007, Page 31/72

<https://www.tc.gc.ca/media/documents/policy/tp14710e.pdf>

^{iv} *Transport Canada, Pacific Coast Container Terminal Competitiveness Study - TP 14837E*,

December, 2011, Chapter 4.2 <https://tc.gc.ca/eng/policy/report-research-ack-tp14837e-chapter4-1646.htm>

^v Big money deal for Delta port operator, June 10, 2018

<https://www.vitadaily.ca/faq/big-money-deal-for-delta-port-operator-1.23328931>

^{vi} *Inland Intermodal Cargo Facility Study* for the Corporation of Delta Draft 1.6 August 15, 2014, page 20 of document; scrolled page 29/76

<https://delta.civicweb.net/document/111945/F02%20Inland%20Port%20Study.pdf>

^{vii} *Container Capacity Expansion Plans at Pacific Coast Ports*, Hanam Canada Corporation, January 2007, Scrolled page 31/72

<https://www.tc.gc.ca/media/documents/policy/tp14710e.pdf>

^{viii} *Port Metro Vancouver, Container Capacity Improvement Program*

<http://www.robertsbankterminal2.com/wp-content/uploads/PMV-Container-Capacity-Improvement-Program-Update-November-2014.pdf>

^{ix} Fairview Container Terminal website: Phase II North Expansion

<https://www.rupertport.com/future/fairview-terminal-phase-2>

^x Port of Prince Rupert Press Release: PORT OF PRINCE RUPERT COMPLETES FAIRVIEW TERMINAL EXPANSION, August 28, 2017 <https://www.rupertport.com/news/releases/fairview-2-expansion>

^{xi} **Phase of Prince Rupert Fairview Terminal Expansion Unveiled, June 19, 2018**

<https://www.rupertport.com/news/releases/fairview-phase-2B-expansion>

^{xii} CMA CGM gains slots to Prince Rupert, capping busy year for port, Bill Mongelluzzo, Senior Editor | Nov 19, 2015, Journal of Commerce

https://www.joc.com/port-news/international-ports/port-prince-rupert/cma-cgm-gains-slots-prince-rupert-capping-busy-year-port_20151119.html

xiii Cargo up, optimism up for B.C. container terminals

Positive numbers for Centerm, Fairview operator, but outlook for global carriers is mixed

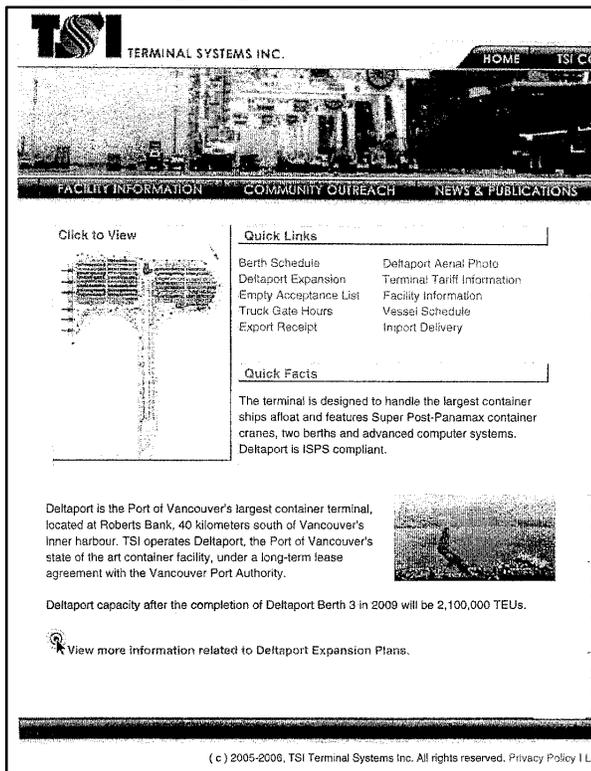
By Timothy Renshaw | February 20, 2018, 8:00am

<https://biv.com/article/2018/02/cargo-optimism-bc-container-terminals>

xiv *Pacific Northwest Logistics Patterns: The Port of Prince Rupert as a Successful National Gateway Strategy*; A report prepared for Transportation Northwest (TransNow) University of Washington, Anne V. Goodchild, PhD Kelly Pitera, MS Susan Albrecht; 2009

[pacific northwest logistics patterns: the port of prince rupert ... - ROSA](#)

xv TSI Website: 2005-2006



xvi Chapter 4.2 of the Transport Canada *Pacific Coast Container Terminal Competitiveness Study – TP 14837E, 2011* <https://www.tc.gc.ca/eng/policy/report-research-ack-tp14837e-chapter4-1646.htm>

xvii *Deltaport Third Berth Project, Environmental Assessment Application, Page iv Scrolled p.5/86*
https://www.portvancouver.com/wp-content/uploads/2015/03/EA_App_Preface_et_al.pdf

xviii Deltaport's new third berth officially opens, January 18, 2010
<https://www.portvancouver.com/news-and-media/news/deltaports-new-third-berth-officially-opens-bringing-a-50-per-cent-increase-in-terminal-capacity/>

xix Deltaport Terminal , Road and Rail Improvement Project, Delta, BC, *CEAA Screening*, October, 2011
<https://www.acee-ceaa.gc.ca/052/details-eng.cfm?pid=64535>

^{xx} *Projections of Vessel Calls and Movements at Deltaport and Westshore Terminals, Deltaport Terminal Road and Rail Improvement Project (DTRRIP), November 28, 2011, pages 21&22*
<http://www.robertsbankterminal2.com/wp-content/uploads/Projections-of-Vessel-Calls-and-Movements-at-Deltaport-and-Westshore-Terminals.pdf>

^{xxi} *Environmental Assessment Report, Deltaport Terminal Road and Rail Improvement Project; Hemmera; November, 2012, bottom of page 276 (Scrolled 299/450)*
<https://www.portvancouver.com/wp-content/uploads/2015/03/the-environmental-assessment-report.pdf>

^{xxii} *Evaluation of the Asia-Pacific Gateway and Corridor Initiative and the Gateways and Borders Crossing Fund Transport Canada, Evaluation and Advisory Services, October 2017, Chart 7.*
<https://www.tc.gc.ca/eng/corporate-services/evaluation-asia-pacific-gateway-corridor-initiative-borders-crossing-fund.html>

^{xxiii} *Inland Intermodal Cargo Facility Study for the Corporation of Delta Draft 1.6 August 15, 2014, Page 20, Scrolled page 29/76* <https://delta.civicweb.net/document/111945/F02%20Inland%20Port%20Study.pdf>

^{xxiv} **Roberts Bank Terminal 2 Project, Environmental Impact Assessment, Volume 1, page 5-10**
<https://www.ceaa-acee.gc.ca/050/documents/p80054/101388E.pdf>

^{xxv} **Phase of Prince Rupert Fairview Terminal Expansion Unveiled, June 19, 2018**
<https://www.rupertport.com/news/releases/fairview-phase-2B-expansion>

Fraser Voices VFPA Governance Concerns

November 24, 2018



Goal of current grassroots action: To help modernize West Coast federal marine port governance by ending the self-gorging self-governance of the Vancouver Fraser Port Authority (VFPA) and ultimately enabling the Fraser River Estuary to be revitalized—crucial in itself and, most relevantly, an excellent indicator of the success of port modernization.

Concerns: VFPA as a law-unto-itself with federal powers

Under the guise of economic growth for the region, province and country, the VFPA uses its ample financial resources and its unaccountable, unelected, non-transparent, self-serving governance to act against the interests of a spectrum of stakeholders. Examples: residents, businesses, landowners, Indigenous Peoples, and the provincial and local governments.

For almost a decade, CEO Robin Silvester has implemented the strategy. Some examples:

1. Interacting imperially with local governments and other coastal and inland ports.
2. Aggressively supporting a massive bridge that would enable deeper dredging, allowing larger ships to go upriver past the Massey Crossing, with immense ecological harm*
3. Allowing the Fraser Surrey Docks coal project, with mishandling of the permit process*
4. Permitting a jet fuel facility on the banks of the Fraser River, with ecological harm*
5. Exorbitantly increasing rents re float homes, pushing residents toward homelessness
6. Outbidding the private sector for ALR lands and industrial properties
7. Failing to ensure predictable long-term leases with tenants, e.g. West Coast Reduction
8. Pushing out agricultural-sector infrastructure from the waterfront—for more containers
9. Defunding the National Port Enforcement policing team, further entrenching the Port as a gateway for criminal activity
10. Mismanaging container trucking issues that led to a costly strike in 2014
11. Ignoring rail capacity constraints on the South Shore of Burrard Inlet—leading to multi-commodity terminal congestion
12. Eliminating cruise ship capacity without consulting the BC tourism sector
13. Acting as proponent for projects that are beyond the federal marine port mandate
14. Pushing Roberts Bank Terminal 2, with immense ecological harm*, competing with Canadian private-sector interests, despite enough capacity for projected growth
15. Disrupting the endangered Southern Resident Killer Whales*, despite claiming to protect them, by adding much ship traffic that could be served by Prince Rupert, etc.
16. Displacing roles of formerly credible environmental programs*: Burrard Inlet Environmental Action Program (BIEAP) and Fraser River Estuary Management Program (FREMP)

* For details about the VFPA's ecological harm, please see [Let the Fraser live.](#)



14 Concerns about the VFPA

- 1 Lack of transparency, objectivity and collaboration. Treats other Canadian authorities as competitors, instead of working collaboratively.
- 2 Bias—the VFPA solution is the only one.
- 3 Abuse of dominant position:
 - VFPA does not pay property taxes—instead deciding how much they will pay to local governments in lieu (not the assessed amount).
 - VFPA disregards land use designations at will; at least in effect, for example, they take land out of the Agricultural Land Reserve (ALR).
 - VFPA can expropriate.
 - VFPA is the sole arbiter in setting lease terms, length and annual rents.
- 4 VFPA is both the proponent of projects and the approver and regulator (fox in the chicken coop privilege).
- 5 The VFPA mission and goals are not compatible with their role as landlord and overseer of ports. Their focus recently has been land acquisition. Two examples: the Gilmore Farm in Richmond, which is in the ALR; a railroad property adjacent to the BC Rail-operated Port Subdivision.
- 6 Selectivity of information dissemination. Often the public is left out, such as when VFPA distributed a newsletter to government departments only.
- 7 Obstructive in responding to Access to Information requests.
- 8 Perceived autonomy despite the provisions of the Canada Marine Act, which already permits the Minister of Transport to oversee port authorities.
- 9 Consistent and ongoing lobby in Ottawa.
- 10 Failure to listen to alternative views and consult in a meaningful open manner.
- 11 Power to influence reviews—such as determining terms of reference for an environmental assessment. For Roberts Bank Terminal 2, VFPA lobbied successfully to limit the review to the port footprint, ignoring negative impact from trucking and rail, as well as wildlife impacts in the Strait of Georgia.
- 12 Board representation is stacked. Most appointees are by the Federal Government on recommendations from port users. The four western provinces have only two appointees (one from BC), and the 16 municipalities hosting port operations have only one. There is no Indigenous representation and none with an environmental focus.
- 13 Lip service to complaints about noise and air pollution. Too ready to duck and pass the buck.
- 14 Use of evidence with vital information that is incorrect, omitted, contradictory and/or misleading (e.g., re Roberts Bank Terminal 2).

Let the Fraser live!

A plea to governments destroying the lower Fraser River and Estuary

Threats mount as the Governments of Canada and British Columbia contravene and alter laws to permit devastating destruction of the lower Fraser River and Estuary in BC. Industrial projects often pollute and disrupt natural flows and interactive, interdependent ecosystems.

“If a man fails to honour the rivers, he shall not gain life from them.” (Anonymous)

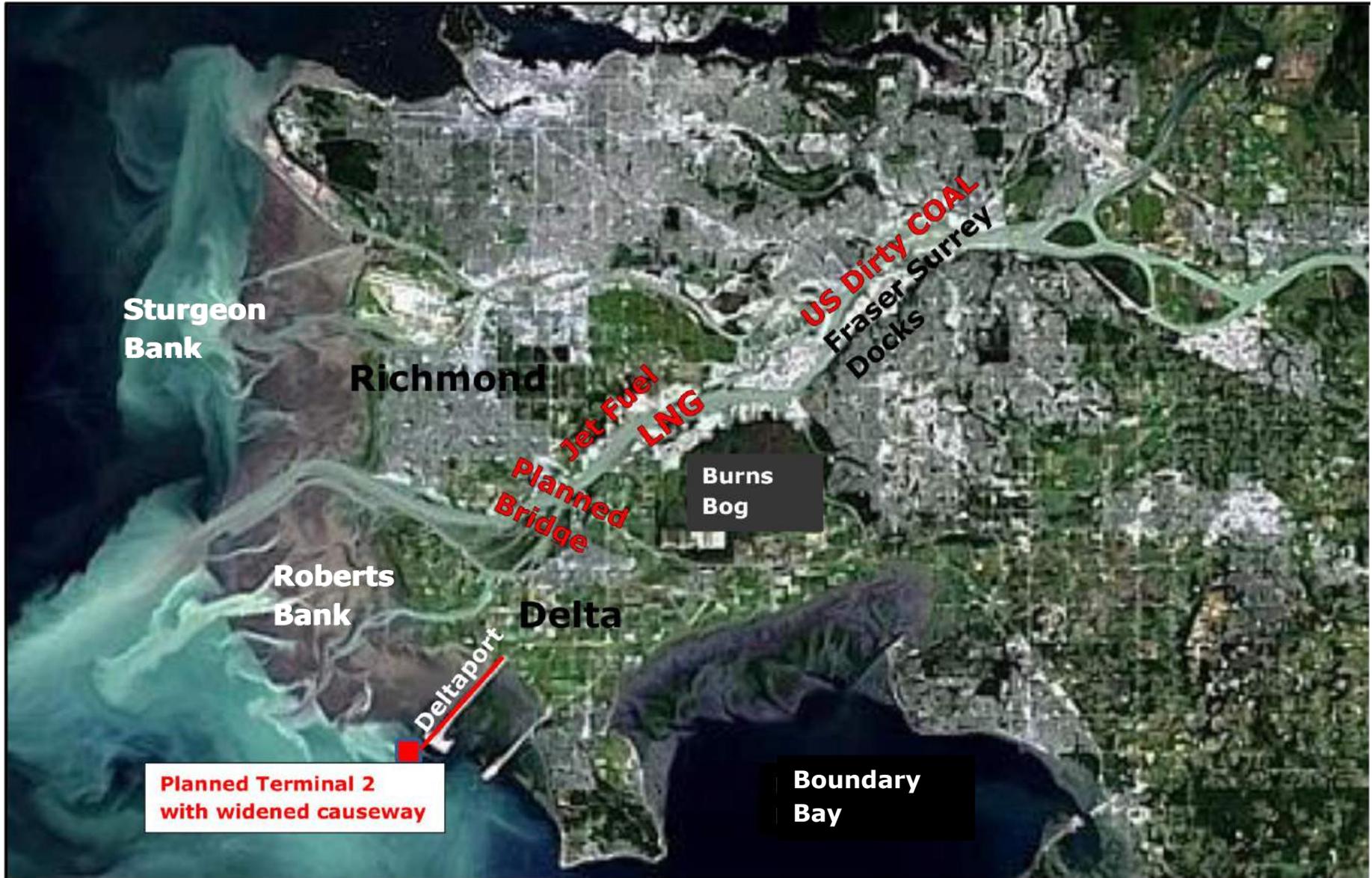
UPDATED: In this 2018 version, warm red type (like this) indicates updates.

Major projects may destroy British Columbia's lower Fraser River and Estuary

Along the lower Fraser River, little is left of the marsh, mudflats, eelgrass and river habitats of a century ago. Only 15–20% remains.

Vancouver Fraser Port Authority, aided and abetted by the Governments of Canada and British Columbia, is promoting numerous major industrial projects that will destroy this amazing, globally significant jewel.





Canadians cherish the mighty Fraser and its rich Estuary, where fresh water ends the long journey across the province of BC and blends into the Salish Sea. This priceless natural heritage nourishes the body and soul of the peoples along the path of its journey to the Pacific.



Unfortunately, this local, national and global treasure needs protection from insatiable exploitation by governments and corporate organizations—managed by vested interests—that plunder for power and wealth.

- **The Fraser, the world's greatest salmon river, is a Canadian Heritage River.**
- **The Estuary, critical habitat for fish and wildlife, is Canada's largest wintering habitat for waterfowl and birds of prey.**
- **The Estuary is a regular foraging area for the endangered Southern Resident Killer Whales (Orcas)**

Global significance and designations

- **Western Hemisphere Shorebird Reserve Network *Site of Hemispheric Importance* (highest designation)**
- **Ramsar Site as a *Wetland of International Importance***
- **Major stopover site of the *Pacific Flyway* for migratory birds**
- ***Important Bird and Biodiversity Area (IBA)*, listed by Birdlife International as an *IBA in Danger***

Industrial projects are being unethically permitted with:



- **No credible environmental assessments**
- **No meaningful public consultation**
- **No international safety standards**
- **No cumulative environmental effects assessment as required under Canada's *Environmental Assessment Act*, Section 19.1 (a) and Section 5.**
- **No transparency or accountability**

The Governments of Canada and BC collaborate with the **Vancouver Fraser Port Authority** on projects built on public and private lands. Tax dollars are used to provide the infrastructure servicing these projects.

The governments permit **VFPA—under the guide of Port of Vancouver**—to behave like a private corporation with a wealth of assets, including miles of waterfront properties.

Oops! Forgot these are public assets!!!



\$10 billion in federal, provincial and municipal tax dollars have been spent on infrastructure to serve the **Vancouver Fraser Port Authority and vested interests.**



The Gateway Transportation Collaboration Forum is planning to spend another \$10 billion in tax dollars.

VFPA pays only “payment in lieu of taxes,” which is dramatically lower than regular property taxes.

How much power does Port Metro Vancouver have?

“MP Joe Peschisolido (Steveston–Richmond East) said the port has become unresponsive to community concerns since the Stephen Harper government granted near-autonomous powers in 2008....

Under Harper, the environmental process was gutted and the port had authority to make those decisions.”

(Kent Spencer, Vancouver Sun, April 14, 2016)

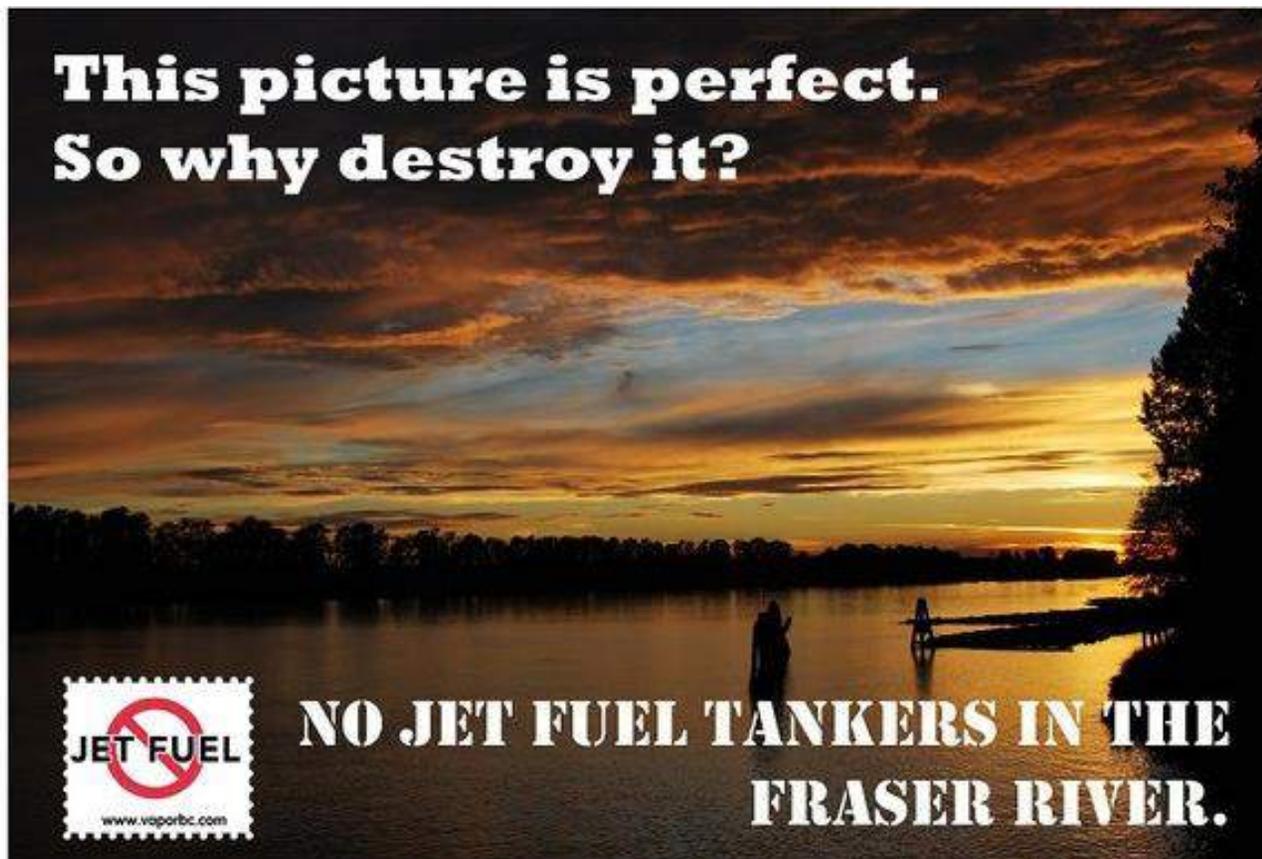
“The big landowner now looks after environmental assessments. It’s the classic wolf looking after the sheep. That alone makes them unaccountable.”

*(Otto Langer retired DFO Senior Biologist:
Richmond News article
by Alan Campbell, October 25, 2013)*



In 2015, the Trudeau Liberal Government promised *Real Change*, including “immediate” restoration and strengthening of environmental laws.

**A year and a half later...no change.
Now it is almost too little too late.**



Projects on the lower South Arm of the Fraser River

- **Massive expansion of Fortis BC Tilbury, Delta LNG**
from only 5,000 gigajoules to 450,000 gigajoules per day

The BC Government quietly passed Orders in Council in 2013 and 2014 to permit this massive expansion— with no public input or environmental assessment.



- **LNG Terminal at Tilbury for export** – WesPac Tilbury Marine Jetty

There is no federal environmental assessment, as a BC environmental assessment is being substituted—**and just for the jetty.**

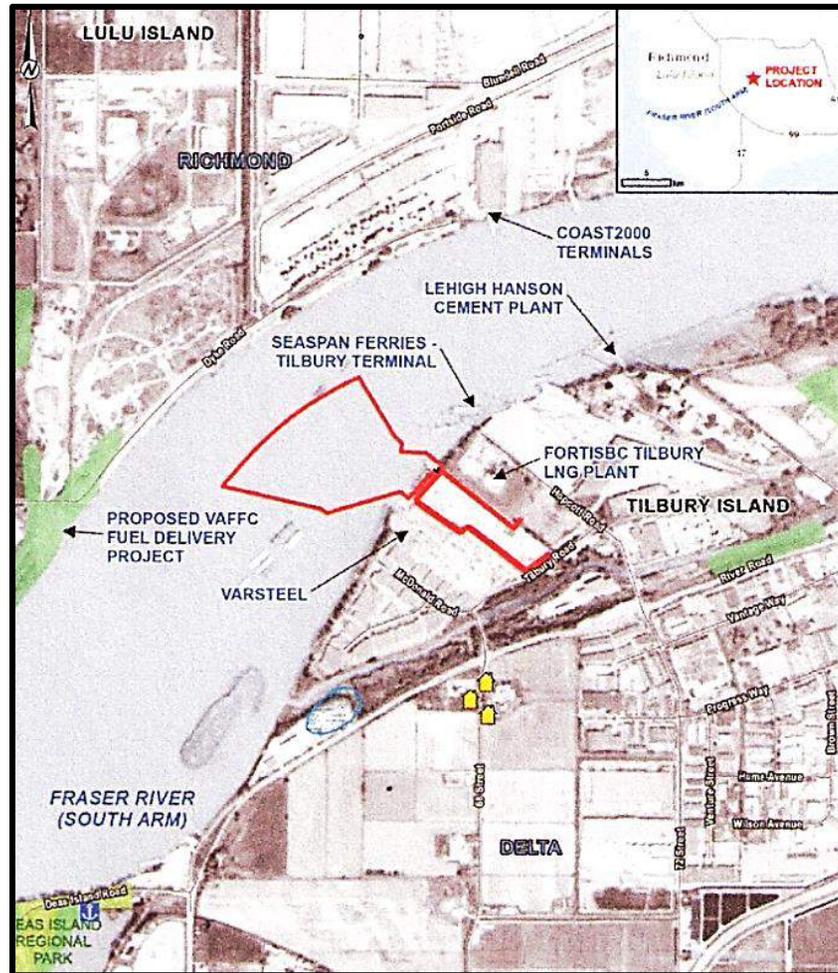
Note: The BC assessment is limited by ineffective legislation, with only lip service to public concerns. It is still in progress.



The LNG shipping contravenes international and US safety standards.

Note: In Canada, there appear to be no federal, provincial or municipal laws for locating hazardous industries. If they exist, they are not being enforced.

On May 7, 2015, the *unaccountable* National Energy Board of Canada approved a license for WesPac Midstream to annually export 3.5 million tonnes of LNG a year for 25 years. The LNG will be provided from the FortisBC Tilbury LNG plant on the adjacent property.



The LNG Terminal Project contravenes international and US safety Standards, which state that LNG ports must be located where they do not conflict with other waterway uses, as all other vessels must be considered to be ignition sources.

US laws prevent the movement of LNG ships in narrow waterways close to communities. LNG production and export should not be permitted in this Tilbury Island location due to safety concerns on the site and along the narrow shipping route. The Fraser River ship channel is too narrow to meet international and US standards.

The BC Wilderness Committee has created a colour-coded risk map of the area on the basis of a US Coast Guard document that outlines "zones of concern" in the event of an LNG tanker accident:

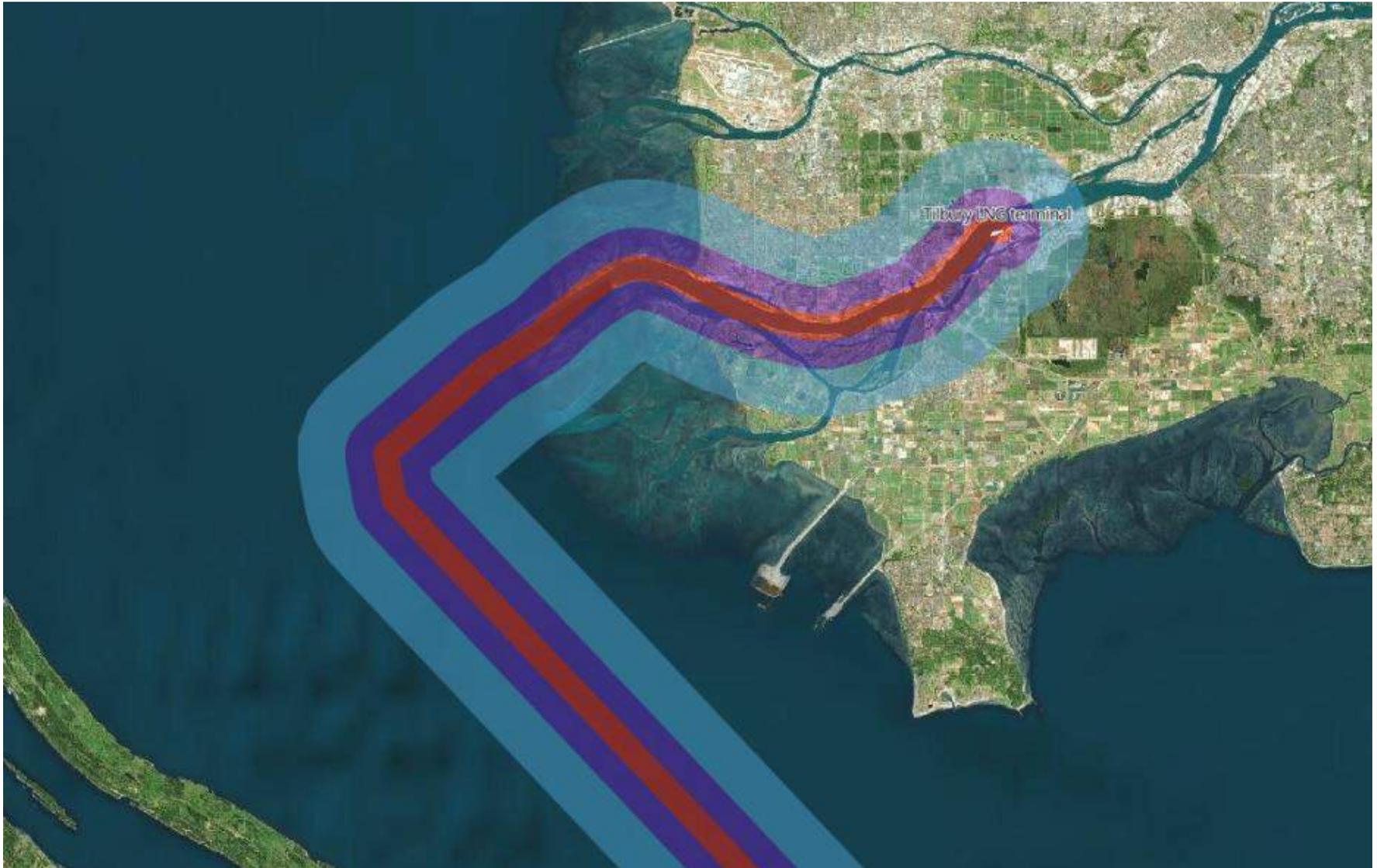
Zone 1 is where an LNG spill could pose severe public safety and property hazard.	Zone 2 would be "less severe" in a wider hazard zone—up to 1.6 kilometres away.	Zone 3 would spread further into Ladner and Richmond. It is considered the maximum distance a cloud of escaped LNG vapour could drift without dispersing. If ignited, the cloud could burn back to the tanker and result in a "pool fire."
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LNG Hazard Zones—“Zones of Concern”

Zone 1: 500 metres

Zone 2: 1.6 kilometres

Zone 3: 3.5 kilometres



- **Vancouver Airport Jet Fuel Import Terminal**

**Federal screening environmental assessment
and BC environmental assessment**

—ineffective legislation, with lip service to public concerns.



A challenge in court by the citizens' group VAPOR did not succeed. However, the judge stated the public had been “constrained by the law and disengaged from the environmental process.”

(Comments by Madam Justice Dillon, January 24, 2016)



February 24, 2016 – The Port of Vancouver issued a permit for construction of a terminal and 6 five-storey storage tanks to the Vancouver Airport Fuel Facilities Corporation.

The terminal and storage facility are located in Richmond on the north side of the Fraser River, near a park, a residential area and SilverCity.

The public and Richmond Member of Parliament Joe Peschisolido were horrified to learn that Canadian Minister of Transport Marc Garneau knew nothing about the Port of Vancouver permit that will bring Panamax vessels and even lower-end Aframax vessels to the South Arm of the Fraser for the first time in history.

As he did nothing and said nothing, it appears that the Minister of Transport, Marc Garneau, does not care that the facility is a safety risk located beside a park and close to other public facilities and people's homes.

Why should I care?





**The Port of Vancouver is in conflict of interest,
as it owns the land and will benefit from the lease.**

The BC environmental review process was flawed. Department of Fisheries, Department of Environment, local municipalities and First Nations considerations of the issues were never properly included in a *public process*.



Crude/Product Panamax Oil Tanker 71,000 DWT (Deadweight Tonnage)

Coming your way up the Fraser River?

The tanker route will impact endangered Southern Resident Orcas (Killer Whales).



Any spill will impact 80 species of fish, including the largest Salmon runs in the world, as well as migratory birds and listed species such as White Sturgeon and Eulachon and a subspecies of Great Blue Heron (shown below).



- **Export of US dirty coal from Fraser Surrey Docks** —no proper environmental assessment—just a Port of Vancouver permit

Fraser Surrey Docks plans to construct a direct transfer coal facility to ship up to 8 million tonnes of American thermal coal through BC annually, making BC the largest coal exporter in North America.



Why would Canada want to waste this prime industrial site on the globally significant Fraser River by shipping dirty US thermal coal through BC?

This project should have triggered a federal *environmental assessment by review panel* due to the high level of public concern and potential irreversible environmental impacts on fish, wildlife, air quality and water quality.

The assessment by review panel did not happen because of the major changes the Harper Conservative Government made to environmental assessment and protection legislation in 2012.

After that, the Port of Vancouver changed from just a proponent of projects to a position of power to approve its own projects.

This is another classic Fox in the Henhouse process, with Port Metro Vancouver approving projects on the properties they manage within their mandate.



Political effects of public opinion have stopped this project for now.

To sum up: Tragic situation for the Fraser River

- **The Governments of Canada and BC are abdicating responsibility for increased shipping on the river.**
- **The Port of Vancouver is the permitting authority, yet claims no accountability for any project beyond the port footprint.**
- **The Harper Conservatives gutted environmental protective legislation, and the Trudeau Liberals are operating under those changes.**
- **Consequently, no one is assessing environmental impacts of larger vessels on the Fraser River and Estuary—and on the **Salish Sea, which is getting more attention, thanks to the federal Court of Appeal.****

June 2012 – Fraser Surrey Docks applied for a permit from the Port of Vancouver to ship up to 4 million tonnes of US thermal coal—which US ports decline to ship.

In the fall of 2013, due to public pressure, the Port of Vancouver asked Fraser Surrey Docks to conduct an internal Environmental Impact Assessment.

APPROVED



Fraser Surrey Docks hired SNC-Lavalin to do the Environmental Impact Assessment (EIA), raising public concern about the reputation of the company and its close connection through business agreements with Macquarie, the Australian owners of Surrey Docks.

SURPRISE!!!

**August 21, 2014 –
The Port of Vancouver issued the permit.**

APPROVED

At first, the export plan was to barge the coal down the Fraser River past the municipalities of New Westminster, Burnaby, Delta and Richmond to Texada Island to be unloaded and then later reloaded onto large ocean-going vessels.



APPROVED



This plan was changed. On November 15, 2015, Port Metro Vancouver issued a project permit amendment to allow for the direct loading of coal onto ocean-going vessels at the Surrey Docks.

(But it's on hold.)

APPROVED

APPROVED

Various projects on the Fraser River and Estuary anticipate larger ships upriver, past the current tunnel: Panamax and lower-end Aframax vessels, including tankers and LNG carriers.



To facilitate these large vessels, governments and vested interests want to remove the George Massey Tunnel, which should be good for another 50 years or more. **Clear evidence shows that:**

They want the tunnel gone.

AND They want to dredge the river deeper (for 34 km up the river, and with large deep turning basins).

AND They want the high (and expensive) bridge so that larger vessels can travel beyond it for fuel transport.

AND They want to double the number of container trucks on the bridge.

AND They want public tolls to pay \$3.5 billion for the oversized, overpriced bridge.

(AND If the toll is \$5 to \$7 each way, it still won't cover the costs.)



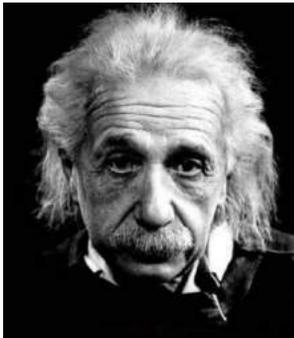
“The bridge has got everything to do with Port Metro Vancouver’s plans to industrialize the Fraser,” says Richmond Councillor Harold Steves. Illustration from BC government.



Proposed new Steveston interchange and bridge “go against 40 years of regional planning,” says Richmond mayor. Illustration from BC government.

How can all this happen?

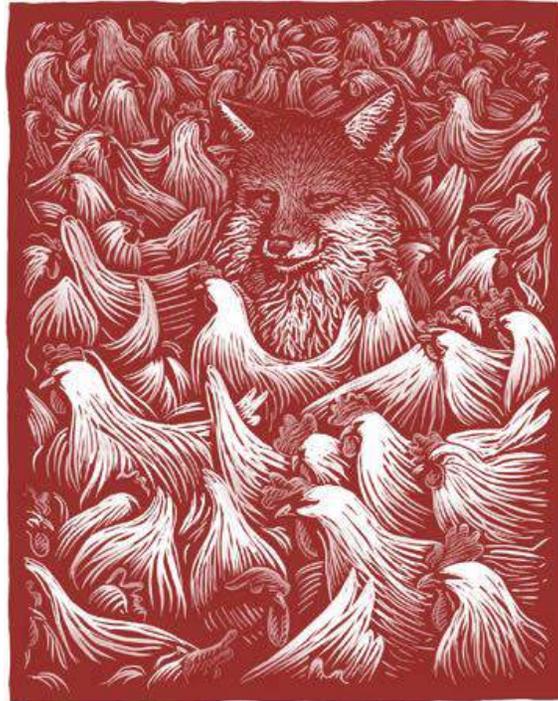
- Major industrial projects are being forced on the public.
- Lip service is paid to public participation. Documented strong opposition is ignored.
- There are no credible environmental assessments because environmental laws, regulations and protection were gutted by the Harper Conservative Government in 2012. As well, the BC Environmental Assessment Act is so weak it is useless.
- It appears that the current Trudeau Liberal Government supports these projects, as it has not yet delivered on its promise to reinstate and strengthen the laws.



“If I were to remain silent, I'd be guilty of complicity.”

Albert Einstein

In 2013, the Fraser River Estuary Management Program (FREMP) —with all levels of government and the public implementing its plan to ensure monitoring and protection of the river— was essentially terminated by the Harper Conservatives: they handed FREMP over to Vancouver Fraser Port Authority, along with the Burrard Inlet Environmental Action Program!



VFPA with FREMP and BIEAP

**The Vancouver Fraser Port Authority,
currently doing business under the guise of
Port of Vancouver, is accountable to no one.**



Marc Garneau, Federal Minister of Transport stated:

“Canada Port Authorities are federally incorporated, autonomous, non-share corporations that operate at arm’s length from the federal government. They are governed by boards of directors nominated by port user groups and various levels of government. They operate according to business principles and have the authority and flexibility to determine strategic direction and make commercial decisions.

In this context, the federal government has no power to direct or influence the actions of Canada Port Authorities.” July 21, 2016

Yet, according to the Liberal Government's declaration called *Open and Accountable Government*:

“A Minister is accountable to Parliament for the proper functioning of his or her department and all other organizations within his or her portfolio.”

and

“Crown corporations remain government organizations and instruments of government policy for which Ministers are ultimately accountable.”



The Federal and Provincial Governments collaborate with the Port of Vancouver on major industrial developments and related infrastructure and then claim no authority over Port decisions. At the same time, the **Vancouver Fraser Port Authority** claims no responsibility for impacts beyond the footprint of Port projects.



Until 2008, Metro Vancouver's ports were run by local authorities with port expertise and experience:

- **The ports were in the business of shipping and trade for the benefit of Canadians.**
- **They were accountable to the public and the federal government.**
- **They moved goods efficiently and were financially self-sufficient.**
- **They had working relationships with local municipalities.**

Then

..... in 2008



The Harper Conservative Government placed the Metro Vancouver ports under ONE authority: the insatiable Vancouver Fraser Port Authority, also called Port Metro Vancouver or the Port of Vancouver.

The port people and ship captains were out.



Business Interests took over.



The Port of Vancouver is no longer about moving goods off and on ships in an efficient way that is in the public interest.

BUT

**It is about building up real estate and assets
with a high return for vested interests,**



**and it is about spin-off businesses run by friends
and large corporate interests.**



**It is also about the Port and friends buying up farmland,
*including land in the Agricultural Land Reserve,***



**to lease to logistics and operations companies
for a handsome profit.**

NEWS RELEASE: BC Transportation Strategy supports industrial buyout plans for South Delta farmland

April 3, 2012

Delta, BC – Delta South MLA Vicki Huntington revealed today that an industrial consortium is behind the optioning of 558 acres (226 ha) of South Delta farmland for port-related use. Huntington’s office has uncovered \$98 million in options on prime ALR farmland ...

... “Port-related corporations like CN Rail, CP Rail and Western Stevedoring are working with developers who are actively seeking prime land in the Agricultural Land Reserve,” says Huntington.



Vancouver Fraser Port Authority CEO Robin Silvester:

“Agriculture is **emotionally** important
but economically [of] relatively
low importance to the Lower Mainland.
And in terms of **food security**,
[it] is **almost meaningless**
for the Lower Mainland.”

BC Business Magazine, October 2011
(emphasis added)

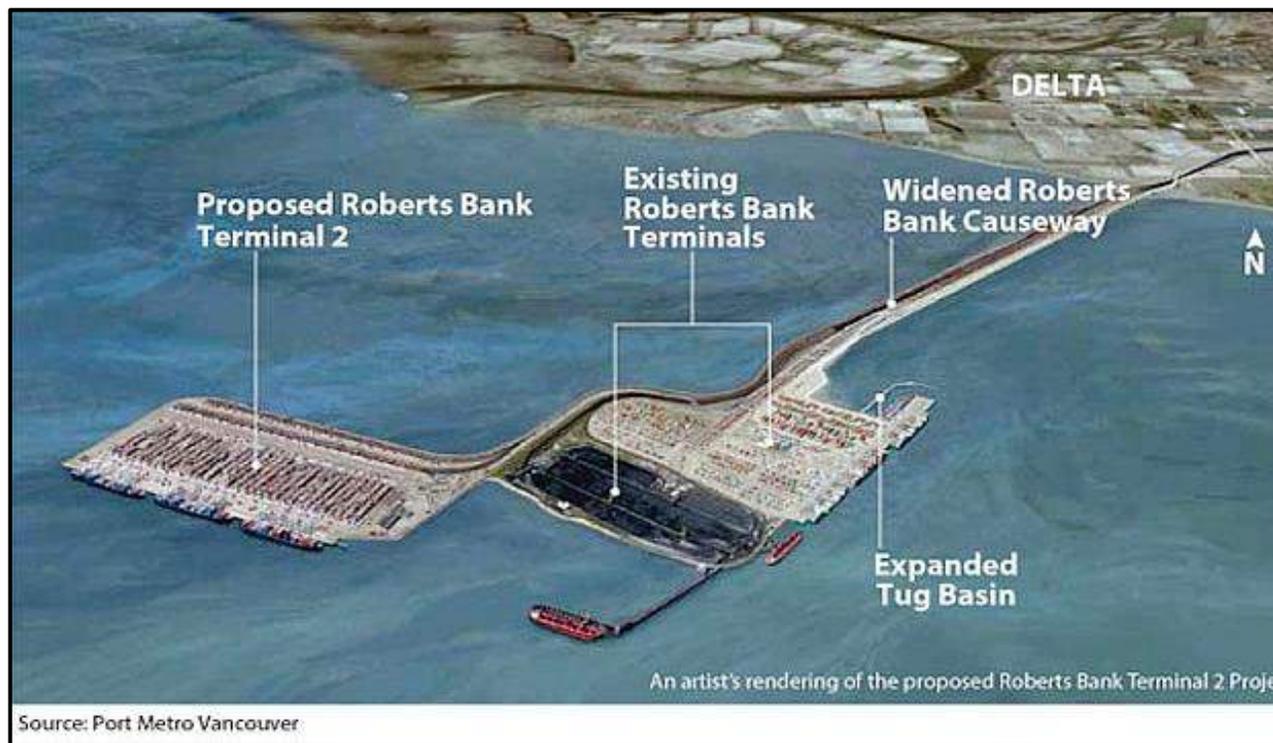
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This used to be part of Burns Bog. It is what the Port of Vancouver plans to put on farmland in Richmond, Delta, Surrey and Langley.

VFPA misrepresents port statistics and forecasts in order to build assets such as Container **Terminal 2** at Roberts Bank in the Estuary:

- An artificial island and expanded causeway, it would fill in 445 acres of aquatic ecosystem in the environmentally sensitive and globally significant Fraser River Estuary in order to increase container capacity.
- **VFPA** has never provided a credible feasibility study or cost/benefit analysis.
- Its container business fails to achieve *its lowest forecasts*—year after year.



VFPA pays for skewed science and bogus compensation plans that lead to loss of habitat and degradation of globally significant ecosystems.



To see what's happening here, view the [Western Sandpipers](#) video.

Who should be accountable?

The Government of Canada has set up a **VFPA** board of 11 appointed directors. It represents business and industry, with *only one* token appointee for the municipalities.

The board is operating with greater powers than those of democratically elected governments. In a letter to the public, the Minister of Transport, Marc Garneau, states that **“the federal government has no power to direct or influence the actions of Canada Port Authorities”** (July 21, 2016).

That statement contravenes “Canadian Constitutional Responsibility and Accountability.” It states: **“Ministers are responsible for all the actions taken under their authority.”**

Responsibility in the Constitution, Government of Canada Privy Council Office

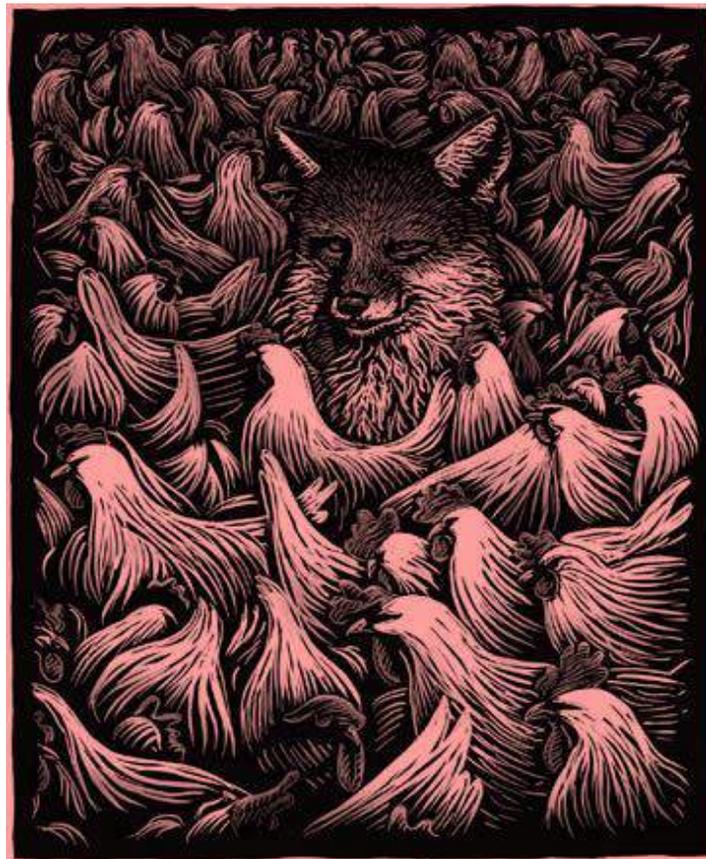
The majority of the directors appear to be in conflict of interest, as they represent vested interests.



In 2012, the Harper Conservative Government passed the ruinous omnibus bill that dismantled legislation — Environmental Assessment, Fisheries, Energy and Navigation.



Consequently, the **Vancouver Fraser Port Authority** was given powers to undertake environmental assessments and grant permits to port projects.



Reminder: The current Trudeau Liberal Government promised to restore and improve the legislation.



But you promised! :(

So far, projects are being permitted to proceed

- **without credible environmental assessments,**
- **without meaningful public participation, and**
- **without any regulatory or ethical oversight.**



What can be done now?

The Government of Canada needs to act *now* to:

- Restore and strengthen Canadian legislation.
- Terminate the mandate of the Vancouver Fraser Port Authority, VFPA, and ensure federal accountability.
- Place a moratorium on the mega projects in the Fraser River Delta/Estuary.
- Initiate a *cumulative* environmental effects assessment of past, current, and planned projects in the Fraser River Delta/Estuary as required under the *Canadian Environmental Assessment Act*.
- Develop a plan and legislation to protect the health of the Fraser River Delta/Estuary in perpetuity.

We need more than HOPE.



We need TIMELY ACTION.



Send your voice to the Government of Canada.

[Ports Modernization Review](#) and [Discussion Paper](#)

[Roberts Bank Terminal 2 Project — Canadian Environmental Assessment](#)

Some federal cabinet ministers:

The Right Honourable Justin P. Trudeau, Prime Minister of Canada

justin.trudeau@parl.gc.ca

The Honourable Marc Garneau, Minister of Transport

marc.garneau@parl.gc.ca

The Honourable Catherine McKenna, Minister of Environment and Climate Change

Catherine.McKenna@parl.gc.ca

The Honourable Dominic LeBlanc, Minister of Fisheries and Ocean

dominic.leblanc@parl.gc.ca

The Honourable Bill Morneau, Minister of Finance

Bill.Morneau@parl.gc.ca