

Greater Vancouver Gateway Society

Submission

Canada Transportation Act Review Secretariat

February 2015

The Greater Vancouver Gateway Society is a multi-modal not for profit Society established in 1994. We have two classes of membership: voting and non-voting. Our voting members pay for the operation of the Society and non-voting members attend and participate in meetings and provide valuable input to the Society.

Our voting members are the major transportation service providers in the Greater Vancouver Region including Vancouver International Airport Authority, Port Metro Vancouver, CN, CP, BNSF and Southern Railway of BC, BC Trucking Association, BC Marine Terminal Operators Association, Vancouver Terminal Elevator Operators, TransLink, UBC Sauder School of Business Centre of Transportation, Shipping Federation of Canada and the BC Maritime Employers Association.

Non –voting members include the four Western Provinces, Transport Canada, BC Business Council, Vancouver Board of Trade, Canadian Manufacturers and Exporters, Asia Pacific Foundation, Regional Chambers of Commerce Transportation Task Force, WESTAC and Metro Vancouver.

Since inception, we have focused on identifying what was required for our Gateway to become the Gateway of Choice for North America with a primary focus on the needs of Canadian Importers and Exporters and the efficient movement of people within and through the Region.

The Canadian economy is dependent upon our ability to move Canadian exports to market in an efficient and competitive manner allowing Canadian exporters to

compete in today's global market place. This is particularly important since many of our goods are located great distances from tide water.

We developed a Vision for The Future Document in 1999 and published an updated version in 2007. These documents identified the importance of the Gateway and opportunities and challenges that had to be addressed if we were to achieve our full potential as Canada's Gateway to the Asia Pacific Region.

We have been successful in obtaining government support in a number of areas including the reduction of and /or elimination of reduced provincial fuel and property taxes for railways in a number of provinces and some improvement to the Capital Cost Allowance rules for Railways at the Federal Government Level.

We are also appreciative of the billions of dollars in infrastructure investments that have been made in this Gateway by both the Federal and Provincial Governments. Our members have also made hundreds of millions of dollars in investments in plant and equipment to ensure that they can efficiently handle the projected growth in both cargo and passengers.

This Gateway is a major economic contributor to the local, regional, provincial and national economies. Our most recent economic impact study published in September 2014 demonstrates the importance of this Gateway. That Report titled "Economic Impact of the Greater Vancouver Gateway, 2014 Update" was prepared by Economic Development Research Group, Inc. 155 Federal Street, Suite 600, Boston,

MA 02110. The key findings of that report included the following:

- The Gateway Transportation System directly supports 82,000 jobs. The total rises to 182,000 jobs when indirect and induced jobs are included.

- The Gateway generates in excess of \$4.8 billion in direct wages, \$7.2 billion in GDP and \$21 billion in output annually.

- These activities provide \$1.8 billion in federal tax revenues and in excess of \$1 billion in provincial and local taxes.

- Approximately 73% of the value of Western Canada's foreign trade that moves by sea goes via this Gateway and when Prince Rupert is included that rises to 78%.

- Vancouver International Airport handles 46% of Western Canada's foreign trade going by air and 96% of BC's foreign trade going by air.

- Our Gateway road and rail border crossings handle the majority of BC's total trade with the US and Mexico.

As can be readily seen, this Gateway has enjoyed significant growth despite the world-wide economic set back that took place between 2007 and 2009.

WHERE ARE WE GOING AND WHAT IS REQUIRED

We believe that this Gateway has significant potential to meet the growing needs of Canadian Importers and Exporters as well as business and pleasure travelers. A coordinated effort and approach by all levels of Government and Industry will be required if we are to meet the opportunities and challenges ahead. We will focus our comments by mode.

Air

Vancouver International Airport (YVR) has recovered nicely from the 2007 – 2009 period. They are forecasted to exceed 19 million air passengers and 250,000 tonnes of air cargo in 2014. YVR has and continues to make significant capital investments in their facilities to ensure sufficient capacity to meet projected growth in a safe, efficient and cost effective manner. However, if YVR is to reach its' full potential as a primary gateway for both passengers and cargo linking Canada to both Asia and South America, a number of policy and or regulatory issues must be addressed.

The Federal Government is to be commended for the progress that has been made in expanding existing and negotiating new Bi- Lateral and Open Sky agreements. We believe, however, that more must be done in this area with increased emphasis on the Asia Pacific Region that is critical to the continued growth of both passenger and cargo traffic

for Vancouver International Airport. We support policy initiatives that pursue Open Skies type agreements with Free Trade Agreement partners and liberalized air agreements with our larger markets that serve our tourism, business travel, cargo and transit sectors.

Another area that we believe must be addressed is the issue of visa processing times. Canada is very uncompetitive with other competing jurisdictions in this area. There is also a need to expand the number of countries on the exempt list. Expansion of the "Transit Without Visa Program" is also a very high priority for YVR. YVR was the pilot airport for this initiative when it was initially established. It was very successful and operated as planned prior to the events of 9/11 when the program was halted. We have recently seen the program re introduced at YVR but it continues to have limited application. Should the program be expanded we believe that YVR, because of its geographic location, will be able to capture significant volumes of Asian traffic destined to the US as well as South American Countries.

Airports across Canada have been negatively impacted this year as a result of cutbacks in CATSA funding for passenger security screening. This has taken place despite the fact that passenger traffic has increased as has the revenue to the Government for the Air Transport Security Charges collected from airline tickets. Despite the fact that these funds are to cover the cost of providing aviation security they are not treated as dedicated funds but are included in General Revenue. We understand that CATSA's

budget has been cut in 2014 and is scheduled to be further reduced in 2015. This is very concerning to YVR since passenger traffic has grown by 1.2 million over 2013 and is forecasted to grow by an additional 1 million passengers in 2015. Based on YVR's experience of up to 1 hour delays with some travelers missing flights this summer, it is essential that there be a long term solution to this deteriorating situation by addressing the governance and funding model of CATSA to ensure service standards and dedicated funding are implemented.

We remain supportive of the current Governance Model for YVR. The not-for-profit model that was established has served YVR and the community well and has allowed for development of first class facilities, is financially sound and has provided excellent customer service as evidenced by their number 1 rating in North America for the past 5 years.

We believe that further improvements such as approval of Arrivals Duty Free and Free Trade Zones would provide additional long-term benefits for arriving and departing passengers.

A final area of concern centres on the long-term competitiveness of YVR. Canada has pursued a user pay approach which makes us uncompetitive with our US counterparts. For example, in the US airports are eligible for capital funding, pay no rent and in some cases such as Sea-Tac are also taxing authorities.

Marine Gateways and Ports

Global trade growth continues and Canada's ports are critical enabling entities to facilitate increased trade with key markets. Efficiently connecting North America to growing Asian and other global markets through port infrastructure must remain a top priority.

Canada and British Columbia have made significant progress towards the goal of ensuring that trade enabling infrastructure at our international gateway Ports has the capacity to serve our current needs. The Asia Pacific Gateway and Corridor Initiative (APGCI) was a successful catalyst and created a platform for private sector investment in terminal and related supporting infrastructure. Industry has made major investments in response to this catalyst, however, more is necessary to carry the Canadian advantage forward.

Significant opportunity for growth in Western Canadian energy, agriculture, mining and manufactured goods trade requires continued focus by the Government of Canada on timely implementation of trade related infrastructure to ensure that we harness the demand for Canadian goods abroad.

As successor programs are announced and implemented, the Greater Vancouver Gateway Council and its' members remain committed to working with

Government to identify and contribute to programs that ensure Canada's gateways continue to offer competitive services in support of export and import trade.

To ensure that we make the following recommendations regarding specific Gateway elements:

-The Canada Marine Act (CMA) identifies the purpose and governance framework for Canada's major ports. This framework provides ports with the ability to safeguard strategic assets for the benefit of all Canadians, while ensuring ports are sufficiently nimble and able to seize new opportunities as they arise. Maintaining the autonomy of ports as a federal undertaking is a crucial piece of what is increasingly recognized as part of Canada's competitive advantage.

-In BC's Lower Mainland, there is critical shortage of industrial land that is suitable for port-related development, notably terminal and off-dock logistics infrastructure. Given the shortage of this land and the competition to convert what little remains to non-industrial uses, acquisition of lands-as a means of securing their future potential- is becoming more difficult and costly. Canada's policy framework should include an industrial land strategy for critical gateways such as Vancouver to encourage the protection of lands required to safeguard Canada's trade growth. Such a policy framework could continue to incent Port Authorities to intensify the use of existing lands first, provide financial support for acquisition of lands for future gateway growth, encourage protection of the existing

industrial land base and explore other avenues to enhance the supply of industrial land.

-General urban encroachment and proximity issues are creating a more challenging operating and investment environment for project proponents. Port Metro Vancouver and Terminal Operators are developing increasingly robust community engagement and environmental programs, however, it is evident that national goals for trade are at increasing risk of being overshadowed by local interests. Addressing this challenge will require focused attention and collaboration between industry, communities and all levels of government.

-Increasing the coordination of gateway activity is required to more effectively harness available supply chain capacity. Canada's Transportation policy framework should include a greater requirement to provide, in real time, logistics information that will be used to assess future infrastructure requirements, and provide a basis for more effective day to day coordination. Canada should act as a catalyst for developing such a system of transparency to achieve and maintain a position of supply chain excellence.

-The mandate of Canadian port authorities and their governance model outline the role port authorities can and must play, resulting in Canada's ports having a competitive advantage over the manner in which US ports are governed.

The Canada Marine Act encourages appropriate development of capacity and facilities essential for thriving ports, efficient gateways and fluid corridors in the national

interest. At the same time, ports are required to balance the legitimate needs of the environment and various stakeholders including community and business interests. Achieving this balance can be challenging but has proven effective in the Canadian context.

However, Canadian port authorities should not compete against each other as there is no benefit to Canada. Working collaboratively would more effectively serve the national mandate by ensuring traffic flows in a manner that will make our gateways more efficient, allow for better land use planning and provide better options to shippers. Collaboration can also reduce administrative, engineering and other associated costs.

With successful amalgamation of the three Lower Mainland Ports as a proof of concept and given the importance of the Pacific West Coast as Canada's gateway to Asia, we recommend consideration be given to implementing a single port authority that would include both Vancouver and Prince Rupert. Implementation of such an authority would assure complete collaboration and asset utilization of Canada's West Coast ports, improve competitiveness with other North American ports and would assist in maximizing the collective vision of Canada's strategic national trade gateway and corridor on the Pacific.

Rail

We have seen significant growth in rail traffic for both domestic and international trade. Our Railways have invested billions of dollars in plant and equipment over recent years and this Gateway has seen unprecedented

investments by the Federal, Provincial, Municipal and Industry participants to address level crossing and siding challenges that had to be addressed if the Gateway was to meet growth projections. The Roberts Bank Rail Corridor, South and North Shore trade areas are examples of such multi-party participation.

Much more investment in the rail system is required to address forecasted growth. We believe that rail capacity will be our greatest challenge. There is a need for additional investments to replace the New Westminster Rail Bridge, address capacity of the Second Narrows rail Bridge and tunnel leading to the North Shore as well as additional sidings and numerous level crossings within the Gateway.

We are also very concerned with recent Federal Government legislation that has established preferential classes of commodities by requiring railways to allocate specific volumes of capacity to the movement of Canadian agricultural products. This is a very dangerous precedent and places all other commodities at a competitive disadvantage while adding further regulation to the rail industry. This preference to a specific commodity impacts the network operations of the railways thus reducing overall capacity. We recommend that the Government not renew the anti-commercial provisions of Bill C-30.

The ability of the supply chain to meet demand and be as efficient as possible is driven by collaboration of all supply chain partners. Partners at both ends of the supply chain need to have world class unloading and loading procedures.

It is important that the CTA and Transport Canada simplify the regulations and ensure that all legislation is consistent with the intent of the CTA.

A rationalization of legislative provisions available to shippers would be a positive step forward. It is also critical that service orders consider the safety impacts of all decisions.

With Railways operating in both Canada and the US, and the fact that shipments are interchanged to locations across North America, it is critical that Canadian and US legislation are harmonized. A key example is the current review of tank car standards. The railway industry fully supports new standards, though they need to be consistent between Canada and the US as differences will limit the use of the cars and add costs to the supply chain.

The capacity of railways to move incremental business is influenced by their ability to operate in the safest and most efficient manner possible. Decisions on new road crossings or noise and vibration limitations can have significant impacts on both public safety and railway operations. We believe that the CTA and Transport Canada need to be aligned on the path forward with respect to new road crossings and public safety must be taken into account when making such decisions. It is our view that Transport Canada should have sole responsibility to approve new crossings and that any new crossings not impact public safety or overall rail capacity. Safety and rail efficiency must be considered when making decisions with respect to noise and vibration as well. Collaboration and cost based solutions

need to be evaluated prior to setting limitations or moving operations.

Finally, one of the largest opportunities to improve safety is the introduction of Locomotive Voice and Video Recorders (LVVRs). These devices have been shown to improve compliance to rail operating rules and reduce human behaviours that work against safe operations. The railways require a change in legislation to proactively improve safety.

Strategic Gateway Infrastructure

Infrastructure improvements are necessary to support continued growth in Gateway capacity, both to facilitate expansion of critical goods movement corridors (both road and rail) but also to mitigate the impacts of the overall economic and population growth in the Lower Mainland. Road investments serve to enable the goods movement necessary for our national and local economies to function.

Road

Road investments in primary goods movement corridors will be required to meet near term goals. By way of example, some anticipated projects would include the following:

- Roadway improvements to facilitate continued growth in international trade at or near Roberts Bank

- Eliminating capacity constraints as volume increases on the South Fraser Perimeter Road

- Improved access to Marine Terminals in Burrard Inlet (both North and South Shores)

- Elimination of Conflicts at key crossings such as Harris Road in Pitt Meadows, Braid Street in New Westminister, and Douglas Road in Burnaby and Venables in Vancouver

- Replacement of the Massey Tunnel with a bridge

- Replacement of Patullo Bridge

- Completion of North Fraser Perimeter Road including improvements to Front Street and connectivity to new Patullo Bridge

- Improvements to Highway 13 between Highway 1 and the US Border including straightening of alignment close to Border and widening to accommodate completion of CBSA commercial inspection station at Aldergrove BC

- Improved access and egress on north end of Second Narrows Bridge

- Widening Highway 1 from Kamloops to Alberta border (4 lanes) and address over height and width for project cargo with additional pull outs and rest areas for truck drivers

- Address height restriction at Mountain Highway underpass in North Vancouver

Other

- Replacement of the New Westminister Rail Bridge

- Rail access to North Shore including appropriate connections on the South Shore

-Fraser River Dredging

While the above strategic infrastructure projects represent identified areas requiring attention, a jointly led and formal analysis of Gateway infrastructure needs is underway and we will provide a complete list of agreed upon priorities once this work has been completed.

Summary of Recommendations

Air

1. Pursue Open Sky Type agreements with Free Trade Agreement Partners and liberalized Air Agreements with our larger markets that serve our tourism, business travel, cargo and transit sectors
2. Improve Visa issuing process and expand number of countries on exempt list
3. Expand Transit Without Visa Program
4. Implement long-term solution for governance and funding for CATSA to ensure acceptable service standards are met
5. Approve Arrivals Duty Free

6. Improve Free Trade Zone regulations
7. Re-examine the current user pay approach that makes Canadian Airports uncompetitive with their us competitors

Marine Gateways and Ports

1. Need for a continued focus by Government of Canada on timely implementation of trade related infrastructure.
2. Maintain autonomy of ports as a Federal undertaking.
3. Establish a Federal policy framework that includes an industrial land strategy for key Gateways by protecting lands required for growth in Canadian Trade.
4. Implement a focused and collaborative approach between all levels of government, industry and communities to address urban encroachment and proximity issues impacting our ability to operate and invest for growth.
5. Canada's Transportation policy framework should include a requirement to provide up to date logistics information that would be used to assess future infrastructure investments and provide a basis for more effective day to day coordination with Canada acting as catalyst for development of such a system.
6. Consideration be given to implementation of a Single Port Authority for the West Coast that would

assure complete collaboration and asset utilization and improve competitiveness with other North American Ports.

Rail

1. Replacement of New Westminster Rail Bridge
2. Government should not renew anti-commercial provisions of Bill C-30
3. CTA and Transport Canada should simplify regulations and ensure that all legislation is consistent with intent of CTA
4. Rationalize legislative provisions available to shippers
5. Harmonize legislative requirements between Canada and the United States
6. Transport Canada should have sole responsibility to approve new rail crossings ensuring that any new crossings do not impact public safety or overall rail capacity
7. Amend legislation to allow for introduction of Locomotive Voice and Video Recorders to assist in improving safety.
8. Rail capacity to service North Shore Terminals must be addressed

Road

1. Continue to invest in primary goods movement corridors including level

crossing issues to allow for efficient handling of projected growth in cargo volumes. (list attached)

Other

1. We recommend Federal funding be established for dredging of Fraser River to allow for maximization of the economic potential of that trade corridor.