



February 10th, 2021

Katherine Bamford
Director, Trade Development
Vancouver Fraser Port Authority

sent via e-mail

Dear Ms. Bamford:

I am writing on behalf of the BC Marine Terminal Operators Association (BCMTOA) regarding the Gateway Infrastructure Fee 2022 (GIF2022). BCMTOA members are concerned with the lack of transparency, and flawed verification and attribution of costs versus benefit associated with infrastructure improvements.

The BC Marine Terminal Operators Association (BCMTOA) is the voice of the majority of terminals on Canada's west coast. BC Terminals are the businesses that ensure safe exit for Canadian exports and serve as the welcome for imported goods essential for Canadians. While members directly employ more than 7,000 Canadians, 1 of every 5 Canadian jobs is dependent on exports supported by the Canadian maritime industry and its partners. Collectively, BCMTOA members have invested over \$5 billion in capital expansion and upgrades at their facilities since 2004 and are prepared, if enabled, to invest billions more in future years to meet the projected growth of Canada's Pacific Gateway. BCMTOA is committed to improving the economic and environmental viability of B.C.'s marine terminals, and to invest in and promote the value of the port industry to local communities, the province and the nation.

BCMTOA is supportive of the need of investments in common user infrastructure projects by VFPA— however the proposed GIF2022 application has not provided enough transparency to draw the connection between the cost of projects to terminals and the benefits accrued. The data must be audited by a third party to verify the costs/benefits analysis before the bills are paid. A review of common user infrastructure found to benefit primarily the local municipalities and railways, or advanced to promote the interests primarily of the Vancouver Fraser Port Authority (VFPA), should be funded by those groups – and not simply downloaded to the terminals and customers via GIF.

As outlined during the GIF2022 meetings, BCMTOA recommends an independent financial review of the data supporting the cost allocation to terminals in the gateway. In addition, the criteria used to ensure port and terminal competitiveness must be transparent and shared with stakeholders.

During consultations, BCMTOA highlighted the need for the VFPA to provide significant funding for the projects. While BCMTOA appreciates the continued direct contribution from the Port, a review of the VFPA financial statements indicates that contributions should exceed the currently proposed ten percent.

In its own documentation, the VFPA indicated that some investments included in the GIF2022 would be a “communication problem.” In fact, if there is no benefit to an existing terminal operator and no business case for an investment – the project should not be included in the GIF2022 calculation and instead be supported directly by VFPA investment. Imposing millions of dollars in surprise costs on terminals is not a “communication problem,” but highlights flawed decision-making, and is a fundamental risk to the competitiveness of Canada’s existing terminals.

It is critical that before any additional infrastructure funding be advanced or negotiated, that specific terminals be consulted regarding future liabilities being assumed by the VFPA on their behalf. The detailed cost benefit analysis of each investment that will be downloaded onto regional trade areas or individual terminals must be available in advance of decisions being made. Terminal partners must be clearly identified the moment projects are being negotiated with local partners – and their contributions must be measured, communicated, and recognized in advance.

Going forward, several principles must be embedded in infrastructure decisions:

- 1) All investments must be prioritized with full transparency and a detailed business case being made available to stakeholders, in particular the contributing terminals and customers. Projects must be evaluated on their individual merit, with the cost and the benefit outlined. Clear criteria must be established, and only those shown to contribute to Port/terminal competitiveness should proceed.
- 2) The cost/benefit analysis of each project must be done up front to create a certainty for terminal operators related to their capital investment and financial obligations. Seeking only a wish-list of infrastructure priorities, without assessing the cost and obligations for private sector partners is a non-starter. Informing terminals of costs after the fact undermines the competitiveness of the Gateway.
- 3) The cost of projects being assumed by individual terminals must clearly align with the benefit accrued to the business. Project partners must pay their fair share – including municipalities, railways, the Port and other beneficiaries of investment.



**BC Marine Terminal
Operators Association**

- 4) All parties that are contributing financially, should be recognized in all communications regarding the project delivery. Terminal operators deliver significant direct benefits to communities via infrastructure investment, which to date has gone largely unacknowledged.

BCMTOA looks forward to participating in the design and execution of an improved consultation process for any infrastructure investments that will be downloaded to terminal operators. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Jones". The signature is fluid and cursive.

Stephanie Jones
President, BCMTOA

CC: BCMTOA Board of Directors
Robert Dick, Assistant Deputy Minister, Pacific, Transport Canada
Mike Henderson, Greater Vancouver Gateway Council
Robin Silvester, President & CEO, VFPA
Peter Xotta, Vice President, Planning and Operations, VFPA