

January 31, 2008 | Captain Gordon Houston, President and CEO | Address to Vancouver Board of Trade

Good afternoon, ladies and gentlemen and thank you for this opportunity to speak with you today. I thank you for your continued support, especially during the past year, which has been one of transition and change for the three lower mainland port authorities and indeed for the Greater Vancouver Gateway maritime community.

I've been asked to speak about lower mainland port amalgamation, its benefits and challenges, and how the Vancouver Fraser Port Authority will reflect the opportunities available to customers, stakeholders and communities in our region. I will do so, but I am also going to take it one step further: I'd like to speak to you about the opportunities we can accomplish together, if only we use our imaginations. British Columbia has "Imagine BC" and Calgary has an award winning "Imagine Calgary". These programs are designed to help participants look to the future, both have websites which deserve a look.

So here are my personal Imagine statements, or if you like my Vision of the VFPA.

Imagine a port that is chosen by its customers because it has a proven record of reliability and stability.

Imagine a port that is embraced by communities because they understand the value of being a port city.

Imagine a port that is envied world-wide for balancing economic growth with social and environmental responsibility.

Imagine a port that is truly a global competitor and a community partner.

I'll come back to these in a few moments.

Port amalgamation isn't a new idea. Anyone involved in the maritime community has heard about this idea for thirty years or more. But in the last few years, three factors combined to make amalgamation a possibility: the tremendous growth of Asia-Pacific trade; our three Boards supported amalgamation; and, support from all levels of both the provincial and federal governments.

The benefits seemed obvious: coordinated land use planning, not just for ports but with Metro Vancouver to augment the Livable Region Plan. More resources, more influence, consistency in strategic direction, more opportunity for customers, stakeholders and, especially, for communities.

Amalgamation of ports had never been done in Canada before, and in fact no process or regulations existed to allow it. Certainly we have an example of 5 distinct ports operating as one, in the USA, but each kept it's own Board and so is not an amalgamation of this

sort. It has been done between, and successfully, between the ports of Malmo and Copenhagen. The interesting fact there is that Copenhagen is in Denmark and Malmo is in Sweden.

I'd like to acknowledge the support of Premier Campbell, Ministers Cannon, Emerson and Falcon. Also the three Boards of Directors who unanimously saw this process through, the stakeholders and municipalities who must have been as tired of the word "amalgamation" as we were. Also Transport Canada and PWC who kept us on track. But most of all I'd like to publicly acknowledge my gratitude to the employees of the three ports who worked so hard to have a "Business as Usual" attitude all the while putting intense efforts into creating a new great port.

At the Canada Maritime Conference here in Vancouver in September, Minister Emerson said, "The old trade model won't work. It's no longer enough to be nice, honest, friendly Canadians. Globalization is not going away and there's nowhere to hide."

With respect to the Pacific Gateway, he said, "[In the past,] we've been long on talk and short on action. That's all changed. A successful Gateway will attract new industries not available in the past, create new jobs and more wealth. The opportunity is now," he concluded.

Well, I'm here today to talk to you about that opportunity and how we can achieve it. I firmly believe that the VFPA port is one of the most valuable assets in the Pacific Gateway strategy for growth in international trade. Our nation's economic growth and role in international trade has become increasingly tied to the Pacific Gateway and the infrastructure that supports it.

So, how will we, at the Vancouver Fraser Port Authority, contribute to regional and national economies, to customers and stakeholders, and to the communities that host port business?

Firstly we need to acknowledge our port histories and celebrate the diversity of skills and cultures that made the amalgamation a reality but now we need to look to the future.

Well, back to the Imagine statements that I made a few minutes ago. How will we achieve the vision:

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Cargo moves by economics, and the supply chain that is more economic than it's competitor will be the one they choose. It must be more reliable. This could be ensuring there is sufficient infrastructure to handle today and future volumes and as you know VFPA has some ambitious plans for our container sector, but we will also support growth in bulk, breakbulk and cruise markets. For the first time ever a coordinated Winter Plan was developed by the terminals, railways, trucking and the port to avert the consequences of a harsh winter. Winter is far from over but so far it's working.

Reliability in equipment such as tugs on station and on time, dock equipment serviced and ready, railcars delivered when and where ordered, bulk silos with the right cargo in the right quantities and sufficient management and labour to make it all happen. As a major world port we have the skills and expertise available but do we have the human resources requirements to supply the future?

We're driving further transparency throughout the supply chain with the continued refinement of our Measure and Monitor project, a port-led initiative to identify, define and apply specific industry metrics with the goal of tracking supply chain service performance through the application of new technologies. This project involves some 25 benchmarks on terminals, rail providers, trucks, the port and carriers and establishes targets that are stringent on each of the parties in the supply chain. The information is available on the port Dashboard and each participant can view everyone's performance. In this way finger pointing and rhetoric is removed and the impediment recognized for who where and what needs to be done. This way the solution is apparent to the appropriate party and everyone else in the chain.

If we accomplish the foregoing, we will ensure the reliability of the VFPA and with that will come the stability we all need: stability of our customers in the form of long-term contracts, stability in the supply chain of which we are all dependent and stability for our people. If we choose to provide the necessary environment the customer will choose our port.

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Ports bring international recognition to the cities that surround them. It also brings investment to their community, which provides much needed economic growth and the benefits that this provides. Ports have donated land for parks, money for art centres, launch ramps for boats, playing fields for sports, viewing sites around the port, interpretive centres for education, diving sites and a myriad other community benefits.

The process of amalgamation brought us into close proximity with the municipalities that surround the VFPA, and there are now 16 in the Lower Mainland that have a component of the port on their waterfront. As independent ports we all dealt with our municipalities in slightly different ways and this became apparent as we consulted with them regarding our intentions. Whilst there were points of disagreement, by and large the municipalities were supportive of the amalgamation and I thank them for this support.

However it also became clear that collectively we needed a different model for the future and so the Port Cities Task Force, struck by Metro Vancouver, and the ports developed a Municipal Engagement Model, as yet unsigned. This will serve as the basis for a different relationship between the port and the municipalities, by bringing the board and Councils together on an annual basis, by establishing joint areas of interest or concern and establishing joint committees to progress these initiatives. I believe that this model

will serve our region well and the VFPA will do whatever it takes to make it work. Our relationship with the municipalities will be one of the most important elements of our ability to succeed.

The VFPA is committed to establishing successful relationships with First Nations. We started a process a few years ago beginning with the Tsawwassen First Nation in Delta and more recently with the Tsleil Waututh and the Squamish Indian Band. The VFPA looks forward to extending our relationship with other First Nations in the Lower Mainland.

We are visible and active business operators in your community. We are also your neighbours. We aim to be good neighbours through our sustainability practices, and we plan with the highest consideration for environmental and social consequences. But collaboration goes both ways: we welcome and need your continued engagement and feedback to build better solutions than each of us can build alone. The benefits of being a port city are many and varied. We will work with you to identify and amplify our shared values. We need you to work with us to do the same. Let's carry "pride of ownership" to the next level.

Imagine a port that is envied worldwide for balancing economic growth with social and environmental responsibility.

This is one of the most important areas where the port can and will make a difference. As we visualize this port as an international leader, emulated worldwide — not just for promoting balance and sustainability, but for living and breathing it — we must begin with the foundation.

You are all aware the three legs of the sustainability stool are social, economic and environmental.

In the Social considerations we have been developing a Community Engagement program to enable us to better accept the needs of our communities and to participate with them as we move forward and grow.

The program consists of five initiatives: Port Industry Partnerships, Community Liaison and Dialogue, Community Relations, Port Planning Consultation and Community Investment.

1. Port Industry Partnership

The purpose of port industry partnership is to raise awareness around the VFPA's new approach to community engagement and to seek industry support, suggestions and participation going forward. Partnership with industry stakeholders is critical to the success of the Port and its stakeholders. Look what this partnership, with all levels of government, managed to achieve for Langley and the other communities on the Roberts Bank Rail Corridor: a 300 million dollar investment in overpasses. This is the power of

partnership applied well.

2. Community Liaison and Dialogue

The goal of this initiative is to engage in ongoing two-way communication with communities, rather than rely on traditional, one-way regulatory consultation practices. Community liaison and dialogue will raise awareness about the Port and its operations and build capacity for proactive problem-solving processes and dialogues at the community level. We have successfully established two of these groups and will do more.

3. Community Relations

The VFPA recognizes that responsible, sustainable business practices include supporting and strengthening the communities in which it operates. Tangible, visible action and presence in port communities is the foundation of the VFPA's community relations efforts. I have already described some of the benefits the communities surrounding the VFPA have realized.

4. Port Planning Consultation

VFPA Planning & Development process includes consultation activities key to the approval processes for development on port lands. Under the Community Engagement Plan, a more proactive and partnership-based form of consultation will be fostered with port communities.

5. Community Investment

The goal of the community investment initiative is to bring benefits to the community. VFPA's current community investment program invests up to one percent of net income in community-based charitable, non-profit, scholarship, donation and sponsorship activities based on the three pillars of education, environment and community enrichment. Scholarships in transportation studies, environment and other related fields. Port support of its operating communities through investment in ongoing, community-sanctioned projects will benefit both the port and the communities.

The environment is probably the most important part of our work in the eyes of many citizens.

The Lower Mainland Ports Land-Based Emission Inventory covering the jurisdiction of the VFPA and the areas of operations. This inventory includes estimates of emissions from cargo handling equipment, trucks and rail for 2005 and will be used to backcast and forecast to cover the years 1990-2030.

Partnering with Princess Cruise Lines, BC Hydro and the Province of British Columbia VFPA will undertake implementation of shore power for cruise vessels at Canada Place.

In April 2007 VPA launched its Differentiated Harbour Dues Program which encourages and recognizes vessels that implement eligible emission reduction measures through a tiered harbour dues rate system. This system will be expanded to all of VFPA.

The VFPA, in partnership with the Port of Seattle and Port of Tacoma, and with support from Environment Canada, the U.S. EPA and the Puget Sound Clean Air Agency, developed the Northwest Ports Clean Air Strategy In May 2007. The strategy includes emission reduction performance goals for port-related sources, and represents a cooperative effort amongst the three ports to improve air quality in the shared Georgia Basin-Puget Sound Airshed. The VFPA will consult with stakeholders, customers and the public and incorporate any changes or improvements into the final strategy for implementation in late 2008.

The careful environmental management of port lands is important to ensure "clean areas stay clean" and historical contamination is managed in the best interest of the environment, the adjacent communities and the Port. The VFPA is developing a comprehensive environmental management system for the new VFPA jurisdiction.

To identify and reduce environmental liability and potential violations the VFPA follows the federal policy of "polluter pays" and endeavors to ensure that baseline and ongoing conditions of all properties are assessed so existing and new port tenants are responsible for site cleanup when they have an impact.

We will continue to advance several contaminated sites projects. For these projects, we will retain environmental consultants to ensure independent opinion and will direct the consultants to complete the required work to meet applicable environmental legislative standards.

As the VFPA, we can now develop an integrated approach to land use, transportation planning and sustainability initiatives. Our combined human and financial resources mean greater opportunities for land acquisition, river management and strategic infrastructure investments.

To achieve our vision of this Port as an international leader in creating sustainable solutions, we must live and breathe our commitment to environmental sustainability. It's not good enough that our Port is recognized internationally as environmentally proactive. To truly balance economic growth with social and environmental responsibility, we must raise the bar even higher than we already

Imagine a port that is truly a global competitor and a community partner.

With a coordinated, consistent approach to our business, we will be better able to continuously improve our level of service to customers, stakeholders, tenants and port users, locally and internationally. We will maximize regional economic benefits and encourage fair market access. We will become a driving force in Canada's logistics chain

and be better able to build a world-class Gateway.

You've heard me say this before: our ability to operate, now and in the future, depends on the social license we earn in our operating communities. This essential focus will only sharpen with a larger VFPA. Earning our social license means we have to identify and manage our investment in a way that serves industry stakeholders and society.

The Vancouver Fraser Port Authority has existed for exactly one month today. Our corporate dynamics, relationships and culture will continue to evolve and change, as we're now part of a larger organization with broader scope and responsibilities.

We operate our port in the midst of Western Canada's largest urban centre. We believe it is our obligation to operate and grow our business in a way that meets public and user expectations for performance. This requires collaboration among government, the private sector and our host communities. As Canada's newest port, we are uniquely positioned to balance economic, environmental and social sustainability in a meaningful way to benefit and strengthen business and community interests, while we support our national mandate.

Ladies and Gentlemen, this is my Vision. This is how we will be a Global Competitor and a Community Partner.

Just imagine...

Thank you.

Captain Gordon Houston
President and CEO
Vancouver Fraser Port Authority

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