

**PORT METRO VANCOUVER  
GATEWAY INFRASTRUCTURE FEE CONSULTATION**

**Gateway Infrastructure Program Advisory Committee – Meeting 5  
May 13, 2010**

Notes from a meeting of the Gateway Infrastructure Program Advisory Committee, May 13, 2010, 10:00am-12:00pm, at BC Maritime Employers Association, 500-349 Railway Street, Vancouver, BC.

**GIPAC:** Stephen Brown, Chamber of Shipping of British Columbia  
Brad Eshleman, BC Wharf Operators Association  
Phil Hulina, Vancouver Terminal Elevator Association  
Roger Larson, Canadian Fertilizer Institute  
Tom Maville, Canadian Fertilizer Institute  
Bernie Magnan, Greater Vancouver Gateway Council  
Don Sorochnan, Canadian Association of Importers and Exporters  
Allen Wright, Coal Association of Canada

**Port Metro Vancouver:** Judy Kirk, Kirk & Co. Consulting Ltd., Facilitator  
Allan Baydala, Chief Financial Officer  
Chris Badger, Chief Operating Officer  
Peter Xotta, VP, Planning and Development  
Larry Sawrenko, Director, Finance and Treasurer  
Scott Galloway, Director, Trade Development  
Naomi Horsford, Community Engagement Specialist  
Chris Chok, Kirk & Co. Consulting Ltd., Meeting Recorder

*The record notes that the meeting commenced at 10:00 a.m.*

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**KEY THEMES:**

- Participants asked Port Metro Vancouver to consider commercial and other benefits of the GIP projects.
  - Participants asked Port Metro Vancouver to clarify its contribution of land to GIP projects and how it is valued.
  - Some participants asked Port Metro Vancouver to establish a set of principles underpinning the GIF.
  - Some participants suggested that Port Metro Vancouver consider a separate GIF for each trade area.
  - Participants asked that Port Metro Vancouver apply the GIF to all Port users.
  - Participants suggested that Port Metro Vancouver should contribute to GIP projects through general revenue.
  - Participants noted that competitiveness should be a key consideration.
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## 1. Judy Kirk, Facilitator – Welcome and Introductions

C: *Judy Kirk*: Thank you for attending GIPAC Meeting 5. We very much appreciate your participation and the way in which you have participated in this process. I sincerely mean that. It's been a pleasure so far – hoping I can say that before the next hour and a half or two hours. I think Bernie Magnan confirmed that he will be joining us, so we'll welcome him as he does join us. In the meantime, I would like to go over the agenda and the materials that you have before you, and then get right into the discussion.

Everyone has an agenda in front of them. You'll see in the agenda that we have as we normally have had, the meeting notes from meeting 4. And just as we've done in the past, if there is anything that you feel should be corrected, we can certainly do that. They are very complete notes but open to a correction if you feel that you need that. In addition, we have four pieces that we have brought today. One is the key themes from the meeting notes of the GIPAC. So not the key themes from your written submissions, but from the meeting notes. That's one piece here. Also, key themes from all of the multi-stakeholder meetings. I want to spend a bit of time going through that with you. Some of you attended those meetings, lots of you did not, so we want to go through that. In addition, we have all of the multi-stakeholder meeting notes here for you, 150 pages. Everyone one of you wants them. Some of you have been asking for them. You can have them electronically as well if you like. In any case, all the meeting notes are here for you for the multi-stakeholder meetings.

In addition, we have brought the outline of Kirk & Co.'s *Consultation Summary Report* so that I can go through the content outline with you. The report that when we started this process, would be the report summarizing the feedback from the three phases of the consultation – the pre-consultation, which was December-January, the GIPAC process, which will be completed today, and the Port Stakeholder Consultation, the last meeting of which was two weeks ago today. Now, as you know, we are waiting until tomorrow, which is the deadline for written submissions. So we will go over the consultation summary report.

Following the key theme discussion that I will present, Allan is going to provide some initial considerations. And Allan will give a pre see here, but I, as the chair, will give one first. I want no mistake here, and I want the record to reflect this, that the considerations that Allan is bringing you here today are complete. They are not – Kirk & Co.'s report hasn't been written, all of the written submissions are not in. These are initial considerations that Allan, having been at every meeting, having reviewed key themes from these meeting notes for you here today, is providing for the purposes of discussion. But I don't want any mistake that they are complete considerations, they are not.

And agenda item 4, which is the longest portion of the agenda, is the time for you to bring any additional comments or feedback that you may have, having reviewed the material we are going to review today, and having had time to talk

to your various constituents or members and time to reflect on this whole issue or topic of the GIF. And then I'm going to do one last thing before we end up, and that is a round table. So Stephen, for example, I will come to you, and then Don, and then Allen and so on, so that any final comments you might have, you are able to provide.

Any questions on the agenda? I look forward to the discussion.

## 2. Review of GIPAC Key Themes – Judy Kirk

*Draft GIPAC Key Themes were reviewed. The final key themes will be published in the Consultation Summary Report.*

C: *Judy Kirk:* First of all, if I could ask you to turn your attention to the GIPAC key themes. These are the key themes from the 4 GIPAC meetings. Let me talk to you about key themes for a moment. You will see when you go through the bullets, what we try to do, is we try to express the key themes in language that is grammatically correct, if I can put that way, but reflects your language. It's not Judy Kirk's, or Chris Chok's, who has his hands on the computer. But it's trying to reflect the tone and nature of your comments. Again, these are from the meeting notes, these is not a compilation of your feedback forms or written submissions. So, for example, Meeting 1, the advisory committee endorsed the draft Terms of Reference. That's pretty straight forward. You were interested in whether the implementation of the GIF would affect port competitiveness. I'm sure you will all recall that. It was a very widely expressed theme. And you requested that the Port provide further analysis on Port competitiveness for discussion at the next meeting, which indeed occurred. You wanted to know the order of magnitude of cost of GIF in relation to the current cost of moving cargo through the Port. And some participants were interested in whether the GIF could be incorporated into harbour dues, while some noted that transparency of the GIF was important. Where I note some, usually participants means, in this case, most. And where I note some, it is an issue that came up that was discussed at some length, but was not necessarily expressed as a unanimous expression or a consensus expression. What we are trying to do is show the breadth of discussion and the overarching themes.

If we move to GIPAC meeting 2, you were interested in a separate GIF by each trade area. At least that was part of quite a bit of discussion, so that GIF amounts paid by each trade area would be more closely tied to the costs of the infrastructure improvements for those trade areas. Participants requested additional information regarding the Gateway Infrastructure Program projects per trade area. And you generally agreed that there the 25-30 year GIF payback period, reflecting the life of the infrastructure improvements. Some participants suggested that those paying the GIF should consider paying down the principle faster, and indeed we heard that in the broader consultation, if GIF improvements led to cargo volume increases. Some participants also said that

potential future higher interest rates may increase the benefit of paying the debt off sooner.

Moving to GIPAC meeting 3, participants requested a cost benefit analysis. Some participants were concerned about railway service, I'm quite sure that was in this room. You'll recall that, it came up at other times as well. You noted that while railways are contributing financially, the railway costs would likely be passed back to shippers and goods movers. The final key theme, participants acknowledged their understanding that Port Metro Vancouver will be implementing a Gateway Infrastructure Fee, but were divided about whether a volume-based approach or a value-based approach is preferable. In meeting 3, we really started to grapple more, not with the background information, but on the feedback on the models, and there was quite a bit of split opinion there.

In meeting 4, you raised the issue of sharing productivity gains from parties such as Port Metro Vancouver and railways, whom you felt will benefit from infrastructure improvements. Some participants felt that PMV would be benefiting from the GIP and therefore should be contributing money to GIP projects from traditional revenue sources. And participants noted that there is little support for any of the models that have been proposed by Port Metro Vancouver for consultation.

Any questions or comments so far?

- Q: *Roger Larson:* Can I just go back to one of them, and maybe it's just the way you expressed the cost benefit. I think there was a fair bit of discussion of the word commercial benefit. And the differentiation between cost benefit, or what would justify a program, and the word commercial benefit.
- A: *Judy Kirk:* I think that is a fair comment. I think that notion of commercial benefit could be better expressed in the key theme. I agree.
- C: *Brad Eshleman:* Further on that, I think there has been discussion on linking the benefit to the cost.
- A: *Judy Kirk:* Yes, I agree.
- C: *Brad Eshleman:* I think that there needs to be reflected. It needs to have that linkage.
- A: *Judy Kirk:* We can work on that key theme so that it's a fuller expression. Very useful comments. Anything like that between now and the end of the meeting would be very useful.

### 3. Key Themes from Multi-Stakeholder Meetings

*Draft Multi-Stakeholder Key Themes were reviewed. The final key themes will be published in the Consultation Summary Report.*

- C: *Judy Kirk:* Moving to the multi-stakeholder meetings. I have to say that they were very interesting meetings. Very few participants attended more than one meeting, but some did. Some organizations sent more than one representative,

and some organizations sent various representatives to various meetings. The discussion was very civil, the discussion was wide ranging. They brought up some issues that you as an advisory committee did not bring up. Going through this, I'll point them out.

In the April 8<sup>th</sup> meeting, a majority of participants felt there might be an advantage to including GIF as part of a harbour dues-like or wharfage fee or collected through rents, rather than a separately identified fee. Right off the bat, that was a surprising thing for me after meeting with you four times, that in that meeting, there was considerable discussion about the benefits of transparency. That in that meeting, there were people talking about the value of transparency, and whether shining a bright light on it is really what we want.

- C: *Brad Eshleman*: Didn't it come up in the first or second GIPAC meeting? Not in the same forceful way.
- C: *Judy Kirk*: It did, but it wasn't a key theme, and didn't come up, I can assure you, anything like the same way.
- C: *Brad Eshleman*: It was a comment, but it wasn't as forceful. Ok.
- C: *Judy Kirk*: Participants felt that the fee was relatively low cost. And unless you tell me today, that wasn't something that you guys had expressed, and it really was expressed not infrequently in the multi-stakeholder meetings. Didn't mean that everyone was happy and let's go, but the comments about it relatively low cost, and in some instances, some said, so low that it's going to be difficult to pass on. Participants requested that Port Metro Vancouver work to utilize a simple model. That did some up time and time again.

In the second meeting that day, participants asked Port Metro Vancouver to consider a separate GIF for each trade area, and to develop a model that treated bulk and containers differently. Participants representing container cargo shippers suggested that a higher price GIF over a shorter term would allow them to pass the costs on to their customers. This is the group that said, look, it's so low that it's going to be difficult for us. Participants were divided over a tonnage-based model or a model based on Gross Registered Tonnes of a vessel. There was a pretty significant division there. There certainly was the shoulders straightening up from time to time. Some participants representing bulk cargo asked if they could pay a bulk lump sum for their share of the projects, which was interesting.

In the third meeting, which was a week later, which I think is relevant, because the longer information is out there, the more chance industry as a whole has time to think and reflect on these issues, and some other things come up. Participants suggested that Port Metro Vancouver investigate the feasibility of integrating the GIF into the existing harbour-dues fee. This did come up more and more. Participants sought confirmation that the GIF is going to recover costs of 17 projects and that no further projects would be added. Participants suggested that the issue of not charging for empty containers be re-examined. That was something that didn't come up much here, and did come up there.

Participants asked whether Port Metro Vancouver had considered applying the GIF more broadly, including cruise ships. And that did indeed come up as a key theme in the stakeholder meetings. And it came up with more emotion than it did in your meetings. That said, in your written submissions, that certainly came up. Again, I would like to remind you that this is just from the meeting notes. It's not that you with your written submissions didn't bring it up.

Meeting 4, participants noted that they were not consulted on GIP projects in advance of consideration of the GIF. A participant from the Fraser River Trade Area, this I found rather startling, but I understood his point very well, and others agreed. They suggested that they might want, and I emphasize, might want, to be included in the GIF, so that there would be a broader base paying for projects, if Fraser River Trade Area projects were added in the future. And I think that this is careful language here. So there was one individual in particular, but there were others that brought the conversation around to that, and it was quite interesting, something for consideration. Some participants suggested that Port Metro Vancouver establish an infrastructure fund, rather than implementing the GIF, collecting a larger amount of money over a shorter period of time.

In meeting five, participants expressed a concern that the GIF would be charged in perpetuity and that additional projects would be added in the future. Participants were concerned that the GIF would set a precedent for the way Port Metro Vancouver would collect funding for infrastructure projects, stating that "baseline" gateway infrastructure should be funded by Port Metro Vancouver's existing revenues. Now, you notice that's quite similar to one that I read earlier, but I've tried to ensure that the language reflects the expression used in the meeting. It's not the exact same expression, but close. As much as possible, we are trying to have the key themes match the expression in the meetings. Some participants suggested exempting foreign-to-foreign cargo from the GIF, to retain or attract foreign cargo volumes through Port Metro Vancouver. Other participants cautioned against such an exemption, stating that these cargos were already not paying municipal, provincial or federal tax. There was quite a little exchange on that point.

The last Vancouver meeting, participants were concerned about the impact that the GIF could have on Port Metro Vancouver's competitiveness in relation to other West Coast ports. Participants commented that projects outside of traditional port areas have been historically funded by government, and were concerned that the GIF sets a precedent for cost sharing of these projects with industry. And they noted that transparency is important noted in implementing the GIF. So in the last Vancouver meeting, a counter point to the first point in the first meeting.

In Toronto, participants expressed concerned that the implementation of Port Metro Vancouver's GIF could set a precedent for other Ports across Canada to start using this model as a way of funding infrastructure improvements. Some

participants were also concerned that additional projects would be added into the GIP. Participants were concerned that transparency of the GIF could be lost as the charge passes through the supply chain. And that's the first time that had come up in a multi-stakeholder meeting. Some participants representing the container industry suggested that the GIF term be shortened so that the principle could be paid off sooner, lowering overall costs. And finally, some participants suggested that Model 2 (GIF by tonnage) seemed the most simple and most fair, as it does not penalize high-value cargo and accounts for wear and tear of the infrastructure.

I just want to say on that last one, it was some, not consensus, and we weren't looking for it. But that gives you a flavour of the meetings with the multi-stakeholders. And again, all of the meeting notes, all 150 pages, are here for you and are available online as well.

Any questions on that information before I move to the outline of the *Consultation Summary Report*?

#### **4. Outline of *Consultation Summary Report***

C: *Judy Kirk*: If any of you are interested in seeing the form and nature and the style in which Kirk & Co. does these reports, I would invite you to go to the Kirk & Co. website and have a look at some *Consultation Summary Reports*. They won't be identical, obviously, we work on a variety of infrastructure projects, policy, but it will give you an idea of the kind of report, if you're at all interested. (Kirk & Co.'s project profiles can be found at [http://www.kirkandco.ca/project\\_profiles.html](http://www.kirkandco.ca/project_profiles.html))

Just as the discussion guide explains the GIP program, so will the *Consultation Summary Report*, so that it can stand on its own. In the second part of the report, we will set out the purpose and the scope of the consultation. And you have probably heard from me more times that you care to remember, about the three phases and about the consultation methods. For example, under discussion paper and feedback form, online, written submissions, etc., we will indicate how many feedback forms we have received, as well as the analysis and summary of those written submissions. And just for your information, the deadline is tomorrow, and in addition to your submissions, so I want to separate that, we have received 10 feedback forms, and seven written submissions. Which isn't a whole lot, but we're hoping that more will come in tomorrow. But the quantity is less important than the quality, and they are well thought out, well expressed submissions. So we have good information.

The detailed findings – the whole idea here of having a summary report written by an independent like Kirk & Co. is that everyone can read the 150 pages of notes, and you can read all the feedback forms and submission that we have received. But there needs to be an analysis of that. And indeed, that's what part 3 does. It's the most important part of the report. It's the part that the Port will

consider. And for transparency, provide a consideration memo which documents how they considered the input and what they did with it.

Any questions on the *Consultation Summary Report*?

## 5. Initial Considerations

- C: *Judy Kirk*: I'm now going to ask Allan to provide some initial considerations. I'm just going to provide one caution, if I could – it's a little unusual to give initial considerations in a consultation like this. But I've recommended and advised Port Metro Vancouver and Allan that we do this, because frankly, the respectful discussion we have had here provides a good platform for that. It also gives you an idea, before the deadline, where some of the initial considerations are. But it's not meant to be a vociferous debate, it's really not. It's meant to give you a sense of what the Port is thinking, having heard you and others, but it's really incomplete, because the written submissions are really important to this process.
- C: *Allan Baydala*: I'm not going to give you much insight into what the GIF is going to be. What I'm going to maybe give you a flavour for is where we think the key considerations are. We haven't made any decisions. We need to put together a submission for our board that will go out June 3<sup>rd</sup> for the June 15<sup>th</sup> meeting. So we don't have a lot of time between receiving Judy's report at the end of the month, and when that submission has to go to the board. So we have started thinking about, with the information we have now. And what we have had is our notes from participation in every meeting. I've been to every meeting. We have Judy's key themes. We have now the written summaries of the consultation meetings. So we have a lot of information, and enough information to start thinking about where we need to make decisions. We won't make those decisions or write the submission to go to Robin and the Board until after we receive. But we have started thinking about it, and I thought it would be fair to share with you what some of those thoughts are. But it's not exhaustive. So if I don't mention a particular point or issue today, it doesn't mean that it couldn't be introduced, or something that we think about in reading more letters or receiving new information. I'll just caution again, on Judy's caution, that this is just preliminary. So I'll start.

One area is just how simple or how complicated we want to make this. So that's a decision that we need to make. I can say there has been no consensus or unanimity on pretty much anything in here. But the one that comes closest is keep it simple. We've heard that over and over again. Some have been silent, but I can't think of a single group or individual who said make it complicated and comprehensive, because we need to get it down to a hundredth of a cent accuracy sort of thing. So I think that is a message that we have heard that we will seriously consider, is to keep it simple. And that benefits everybody.

Along with that, somewhat, is transparency. There has been a little more polarized view on that, but I don't think it's been entirely balanced. There are

some that have said, you should just bury it, we don't want to see it. I'm not sure that some of those views are because they think if it's buried they are going to avoid paying it, possibly. But there certainly have been a lot of people who have said we support your thoughts on transparency. So that's something we have to decide. But I think it's been weighted a little more on be transparent. Put a system or a process in where there is accountability or a review process or so forth.

One other area that Judy mentioned, and most of these are in the key themes, is whether we would have one GIF or three. I don't think there is another option, it's one or three. And that's an interesting one. Our initial assumption was that there would be one GIF for the Gateway. There are a lot of advantages. That's simpler. It goes to our initial thoughts that this is benefiting the Gateway. But we have heard through the process that I'm going to have a lot of difficulty in going to my board and explaining to them that we're paying a fee when we only operate in area A and this is going to cover infrastructure in area B or C. To that extent, I can tell you that we have had Kirk, who isn't here today, who is our technical guru, to look at what the GIF would look like if we applied it across the three trade areas separately. That opens some new issues though, which we have to consider. We talked about, and it was in the key themes, we talked about Port competitiveness. And that's inter-port competitiveness. If we introduced three GIFs, one for each area, it then likely becomes we know what the dollars we are spending, you are likely going to get a different rate per area. Then you have the potential for a different GIF per area. We have those differences today with wharfage today, so it wouldn't be introducing something entirely new, but it would be an artifact that we would have to consider what the implications would be. That's something that we're considering, but it's going to take us a bit of time to do that.

Throughout the process, we explained to you that there are inclusions or more importantly, exclusions, from the tonnage and who we would charge. Remember, we said we are trying to match the fee to benefits, in a broad sense, not on a terminal by terminal basis. And on that basis, we said that the Fraser River Trade Area would be excluded. That there were no projects in the Fraser River, and so there would be no GIF in the Fraser River. Similarly, for some liquid petroleum that is coming through a pipeline and being loaded on a ship, or going the other way, not taking advantage, that would be excluded. Through the process we have heard some say that they should be excluded too, and surprisingly, as Judy said, some said they would want to be included, where we had initially excluded. That's where we want to do a little more work to consider those points.

We have heard some comments regarding sectoral differences. Those typically are, and I'm generalizing now, but for an example, the container side wanting a higher fee than the bulk side, and a shorter term. Those go hand in hand of course. We've heard that, and we're considering that. Either way, any change leads to problems. We have to be careful what can of worms we might be

opening up. We've heard that, and we'll consider whether we can do that. Shorter terms, longer terms, higher amounts, lower amounts for different cargo types, for example.

That's kind of it as far of our thinking. Now, we've just started that. It's a process. We still have a couple of weeks before we receive all the information from Judy. We are getting some letters that are coming in, we're being copied on those letters, so we'll read those and integrate them into our thinking. We have been, during the meetings, seeing diminishing returns in terms of new ideas as we have gone further through the process. But that doesn't mean that people haven't been holding off and we're going to get a letter tomorrow that will have a whole bunch of new informatino. We'll wait until we've seen all the points and all the evidence. But we need to work in parallel, so we are having these brainstorming meetings to be able to consider the facts and the submissions and the points you have made, rather than wait until the last day. That's kind of all I wanted to say – give you a flavour of some of the key decisions.

One thing we know that we'll change, is that in the strawman models we have been using 2008 cargo volumes and assumptions in interest rates and assumptions in dollars. We now know what project expenditures were for 2009, and more information on what 2010 expenditures will be, and so we're kind of refining the model with those better numbers and cargo volumes. So you will see a little bit of a difference there.

- Q: *Roger Larson:* This has been helpful, and I think we appreciate that I think you have accurately portrayed some of the different viewpoints. One of the things that you haven't quite addressed yet is the question of commercial cost benefits. What are your thoughts on that now, as in what have you heard us say, and what do you think might flow from that?
- A: *Allan Baydala:* There has been a lot of discussion about trying to establish what that commercial benefit was to a cargo type or to a terminal. I think we've said in the meetings that we haven't had that information to be able to do that and the intent wasn't to be able to do that and have a GIF on a terminal basis. At this point, that's well down the list, and unlikely to be possible. I think that's where it leads, Roger, when you're talking about commercial benefit. We will have one more look at the cost, but the benefit is really, I think it goes to, is \$167 million the right amount to pass on, and can you refine that by identifying who the beneficiaries are to a finer grain of detail, so you can apportion the \$167 million on a more fine basis than what we have proposed. And to a certain extent, we are considering that if we were to move to three GIFs, it does go some way along that. What we haven't looked at, and it's a good question, is whether we would revisit Transport Canada's apportionment of benefit and say that the \$167 million wasn't the appropriate amount for this industry, and more should have gone to municipalities, for example. The fact remains that we're going to have fund \$167 million, that decision has been made.
- C: *Roger Larson:* So there is no going back.

- A: *Peter Xotta:* Certainly with regard to the projects we are working on now, the basis of the funding agreement was the agreement that was struck. So there is no initiative to try and adjust that.
- C: *Tom Maville:* We have found, looking at the North Shore Trade Area, there appears to be a discrepancy of some of the actual numbers when you add up the projects, compared to the documents you have handed out to this advisory committee and the documents we had an option of viewing, that were in the agreement two years ago, there is a difference. We would ask you to look at that. There is a difference of \$10 million.
- C: *Roger Larson:* The agreement in principle specifies \$49 million. The documents that you gave us show \$59 million for the North Shore. That's for the 4 projects that there is GIF for.
- A: *Allan Baydala:* I think Brad brought that up before and we looked at that and I forget what the answer was.
- A: *Peter Xotta:* I can answer that. There are two issues. The Federal Government won't fund property transactions associated with the improvements. In the trade area study that was done by Transport, they identified a range of issues, the infrastructure as well as any property impacts. So they made an allowance for property impacts that the various funding parties might need to bring to the table. Transport, of course, because they only fund the infrastructure, not the property, in the agreement that was struck, there's this discrepancy. And that's the basis for the difference. The reality, of course, is that there is not \$10 million of property that would be impacted here, so the net effect is the \$60 million that has been targeted, and the basis for the conversation, is accurate. What we actually spend will be what we recover.
- A: *Allan Baydala:* So there was an allowance for \$10 million of property purchase we would have to make, for the expansion, and it doesn't look like we're going to have to spend \$10 million.
- A: *Peter Xotta:* Exactly. So the number that we're talking about is for the purpose of establishing the GIF. What we will recover...
- A: *Allan Baydala:* So the \$167 million should go down by the difference.
- C: *Roger Larson:* So in the case of North Shore, it sounds like it could be \$10 million or less, going back towards the agreement in principle.
- A: *Chris Badger:* One thing that needs to be borne in mind is that there is a certain amount of latitude within the Trade Area with regards to various projects. We are finding, as we enter final engineering design, that they overestimated in some areas, and underestimated in other areas. So we have to be cautious about that as well. For instance, I think the Pemberton one may have been overestimated, whereas some of the other ones in the east may be the other way around. So we have to be cautious that we're not looking at it too specifically, to give them the latitude to make sure the whole program gets funded.
- A: *Peter Xotta:* What we don't have latitude to do is use dollars that were committed in that implementation agreement to those projects outside that. But you're right, there is flexibility between the projects.
- C: *Brad Eshleman:* I just want to clarify on the property side when you talk about property purchases. There are two aspects of this, as I understand it, and I just

want to make sure there is clarification on this. If it's property purchases, actual cash dollars being expended, that would be recovered. Now, is that what the \$10 million is? Because there is some Port property that is being provided to these projects, and that isn't part of the \$10 million, is that correct? The \$10 million is for outside property purchases if there are necessary for the projects. Other than Port property that is being valued and put into the projects. There is quite a big difference between the two. One is a cash outlay, which I can understand recovery from that. The other one isn't a cash outlay, so I wouldn't expect that it would form part of the recovery in the program.

- A: *Allan Baydala:* If we transferred property into a project where we were earning rent, and there was a loss on rent, we would look at that as a cost as well.
- Q: *Brad Eshleman:* So that is what you are planning on doing? I just want to clarify.
- A: *Allan Baydala:* I haven't looked at that yet, Brad. But philosophically, that would be something I would think would be...
- Q: *Brad Eshleman:* But is that part of the \$10 million? Is the \$10 million just that? I guess we are trying to clarify...
- A: *Allan Baydala:* I don't think the \$10 million was identified to that level of detail. It was, we know we're going through a corridor with tenancies, and we may have to buy an allowance of \$10 million of properties to put the rail tracks in. Was that existing Port property? I don't think it was identified to that level of detail.
- C: *Roger Larson:* I think there is an important point of principle in this discussion that we are having and I think we'd like to understand whether you understand what we're saying in terms of the principles when you look at the idea of including land. It comes down to, what is covered off by the basic leases and rents that are being paid in terms of if you lease a piece of Port land, and put a terminal on it, you pay a rent. So that maybe comes from general Port revenues, which would be the position that we would ask you to consider and we would like your feedback on. Versus things that are to be cost recovered, that provide for an increase in productivity or a commercial benefit to the Port users. And whether you understand that difference, and secondly, do you agree with it or not? And what philosophical approach, or what set of principles are you going to apply as you finalize the GIF?
- C: *Judy Kirk:* So before I come to Allan for a response, I'm going to go to Bernie, because I think your point might be to the land value.
- C: *Bernie Magana:* Yes, it is. Listening to everything that has been said, what I'm understanding, I'm trying to get clarification. If it's Port land that is unoccupied right now, and is sitting fallow, it should not be in the \$10 million allocation. If there is land that needs to be purchased that is not Port land, in other words, a cash outlay, then it's fair game for that \$10 million pot. The other one that has been raised is if the Port is currently getting rent from a property right now, that it is going to lose that revenue stream because it needs that property to do the project, that that too might be considered as part of the \$10 million, but only for the period of time the project lasts.
- C: *Judy Kirk:* Bernie, I think I would ask you, as an economist. Isn't there also a value of the land, no matter who owns it, in the future? If I understand the point you're making, Brad and Roger, I think what you're saying is that if the Port

owns the land, that they should make it as a contribution if you will, rather than as part of the \$10 million.

- C: *Bernie Magnan*: That's what I understand.
- Q: *Don Sorochan*: I'm going to ask a question because I don't understand. Who ends up with the land? If it's going to railway right of way, is it railway land?
- C: *Brad Eshleman*: It's Port land.
- C: *Roger Larson*: It's still Port land, being leased to the railway. At some point in the future, it can be torn up and reverted back to the Port's use or some other use.
- C: *Roger Larson*: But land doesn't appreciate, so...
- A: *Allan Baydala*: But land has to earn a return. If we lose that return, you know, it we can rent that to the railways, we don't rent land to the railways, typically. I hear all those considerations, and to me it's an economic one. The simplest at one end is that if we have to buy land to go into the project, I think we all agree. If it's a cost to us, if it's land that's fallow, we would still look at whether there is a lost opportunity cost. If it's rentable land that at this point just isn't being rented, that's at the other end of the spectrum, that's probably the most difficult. If it's land we have to buy, or land that we're renting and we have to forgo that rent. It's ok if we make a deal with a tenant and lose that rent and rent it to someone else. There's no loss to us. The last one is if it's valuable land that isn't currently rented, and just happens to be fallow at this point in time. Well, we would have to say, over 30 years, is there a lost revenue stream that could start 2 to 5 years from now. But that would be a consideration.
- C: *Bernie Magnan*: And that's more problematic.
- C: *Roger Larson*: And you're right. But just to be absurd about it. If you made a decision that you weren't going to provide any land to the railway because you wanted to rent it all, then you wouldn't be able to rent any of it, because there wouldn't be any railway tracks to move the goods in and out of the spot you wanted to rent. So, there is a balancing that needs to be done. And I think there is a question out there as to what are the principles that are going to be applied are, when it comes to something like land, land acquisitions or opportunity cost for land that is already owned. It would help the users of the Port to understand where things are coming from, if that was clearly stated.
- A: *Allan Baydala*: Much of this will be addressed at length, I'm sure, in our consideration memo. It's come up quite a bit, and I've had to address the question of why is the Port not contributing its own money at most meetings. And I'm sure we will give that full detail in our consideration memo.
- Q: *Brad Eshleman*: Just one last point on this, and I think what you're seeing is a sensitivity between the trade areas. And when we get into this type of stuff, that sensitivity accentuates itself a little bit, in that the North Shore trade area has had very little Port investment in infrastructure put into it. Whereas the South Shore trade area, with the port road and all the infrastructure improvements that have been made in that area, there has had a lot of money put into it. I think you get a sensitivity between trade areas on this type of issue, especially when it's the North Shore trade area that the land component is being added into. Whereas if you go back in time, you probably could have had

the same issue on the South Shore. So that issue accentuates it, especially for the terminals on the North Shore.

- A: *Chris Badger:* I think that's a very subjective statement, Brad. I'm not sure what it means. I wouldn't want it hanging out there as us saying that we agree that's the case. I think we have always invested in the Port where it was deemed most appropriate for the Gateway at the time.
- C: *Roger Larson:* But now there is a GIF for it. And that's the sensitivity. The feeling amongst some North Shore participants that in the past, they have paid for developments, acquisitions and improvements in other areas of the Port, or other sectors, such as containers or cruise lines, and they paid for that as part of their rent, historically, and then today, they are being asked to pay for a GIF and to buy land to make the necessary improvements in the North Shore. And then potentially in the future, there could be future GIF levies applied on a Port-wide basis, which they might feel they would be forced to pay for improvements to say, cruise lines. Do you understand where the angst is coming from?
- A: *Chris Badger:* I do. I think I do. But I would disagree with that. Because I think we are mixing here is commercial investments in terminals, versus investments which are happening here, which are extremely new to us. I think one of the basics of coming forward is I think we have never, as a gateway, been in this situation before we're investing off the Port's jurisdiction. That's the major difference here.
- C: *Brad Eshleman:* What the major difference is, is that it's Port land, the Lower Level Road on the North Shore is Port land, that has been paid out of Port dollars. A lot of those overpasses going into those lands also have been paid out of Port dollars, some out of general revenues. Some of those general revenues have come from the North Shore terminals. There hasn't been, and correct me if I'm wrong, investment from the Port on offsite infrastructure on the North Shore to the same level from general revenue that there has been on the South Shore. And that's sort of the sensitivity.
- C: *Don Sorochan:* Can I challenge you on that a bit. Because if you go back in history, there was. Certainly on the east end of the Port, half of that Port was in the water. They dredged that out and built that. It's not that there wasn't things done on the North Shore. In recent history, I agree with you, it's been on the South Shore. But in the longer term, there was that effort on the east end of the North Shore.
- C: *Brad Eshleman:* I'm talking about offsite infrastructure, not terminal development, which I understand, and full understand that the Port has invested in. We're talking about offsite investments, not terminal development. So that's the sensitivity that North Shore terminals have.
- C: *Bernie Magnan:* Just one thing on the considerations, not this particular point, but you talk about using 2009 and 2010 information. Given the recent economic downturn that we had which most affected the Port in 2009. If I were looking at it, I would look at any information that I was looking at for 2009, with some degree of caution. Just that cautionary note.

## 6. Discussion and Q&A (Roundtable)

- C: *Judy Kirk:* Moving to the last part of the agenda, which is the discussion and question and answer, your final comments. We've got a good solid hour. I would like to open it up to additional comments you might have on the issues that are before consultation. If we are sort of slow to go here, I'll begin the roundtable.
- C: *Tom Maville:* I will say that I agree with the first two considerations that Allan described, which are to keep it transparent and keep it simple. I'm inclined to keep it in three trade areas. From a cost benefit point of view I think that's a starting point. Again, I do raise the question of the benefits. If I was paying this fee, and I was a corporation, I would want solid information that the benefit outweighs the cost. When I look at the North Shore, I see a heavy percentage of the cost being borne by the users. In fact, it's about 55% if you add in the rail position. So between the rail users and the terminal users and the shipper users, they are paying a heavy portion of that allocated amount. To that extent, I would suggest that you need to justify the benefit outweighing the cost.
- C: *Roger Larson:* I think we also need to encourage the Port to come up with a statement of principles on the GIF. I think we continue to be concerned with the idea, and the comments were made at the last meeting, and I don't want to rehash all of it, that there is such tremendous leverage here, that we should just take advantage of it and consider it part of the community responsibility. While I think that every industry wants to support community responsibility, there has to be a bottom line in there, and you have to start with principles. Looking at this as cost recovery, rather than as a revenue stream, is important. That came out on whether we should have to pay the stipend or not. When you look at things like the 3 to 1 federal money, in actual analysis, as Tom said, 55-58% of the projects related to the terminal are being paid by the shipper or the terminal or the railway. So the leverage is not that great on those aspects and I think this all turns to competitiveness. So maybe it's, ok, pick a number, and I'm not going to reveal our number, but it's somewhere between a nickel a ton and 50 cents a ton, probably, and say, is it that dramatic. If you don't go back to the principles of commercial benefit, then it's this charge now, and it's something else later, and it's a municipal levy at some point in time, and that will destroy the competitiveness over the long term. And we are moving to an economic environment. I said to one of my political friends that we have to pay attention to these things because Canada is moving to an era of dollar parity and we have to focus more on these costs. And his response was, no, it's a \$1.10, and I think that as exporters, we have to be acutely aware of the impact we are going to have, where we don't have a cushion of a low Canadian dollar to slosh things around.
- C: *Phil Hulina:* I'll speak for our association, even though we are on differing shore lines. I guess the points that we were raised at the stakeholder meetings, which I participated in, I think there is a common theme of separating into three trade areas. I think it's great that you are considering that. I think there are a lot of us that still need more clearly defined cost benefit in relation to whether it's an even split between North Shore, South Shore and Roberts Bank. We as individual stakeholders still need to get a better understanding of the cost benefit because we have to relate that back to our shareholders and owners of the company to make sure we are getting that. That there is fairness between

the commodities that come through the Port of Vancouver and that is containers versus bulk, not that I want to pit one against the other, but there has to be fairness or perceived fairness, or transparency to that model. One of the other ones coming out is the harbour dues. Seems to be a very common theme. I don't know if you mentioned, Allan, in your discussion, but something that has come out is that there has to be participation from all of the users of the Port of Vancouver, not necessarily just some of the general stakeholders. I'm not going to get into the South Shore versus North Shore, even though I'm on the North Shore. But some of the South Shore concerns are that they don't see any of the benefits to some of the projects, and they would rather not participate or have them move forward, and I thought I would bring that to the table, because that has been a comment from a couple of the guys on the South Shore.

- C: *Brad Eshleman:* Ok, I have a tough time commenting on some of the considerations or principles, because I don't have unanimity within our group to comment on them because we have a number of terminals that are dead against paying anything and don't feel that they have any benefit.
- C: *Judy Kirk:* I'm not really asking for comment on the considerations. I'm asking for your general final comments.
- C: *Brad Eshleman:* What I will say on it is that there has been consistently a desire for linkage from the fee to the benefit. That may be close to trade area issue also, linking the fee to the benefit. The other point on Phil's point, before I forget it, is are of the projects going forward? Is there any review on the projects, or are they all locked in? I've had some comment from the South Shore on that particular question. And then we do have some common points from the terminals directly. I will be providing this in written version, but I thought it would be appropriate to go through them here. The first thing is the principle on fairness, and there is a thing that that principle has not been achieved across the terminals. And that the consultation has been inconsistent, and that has been discomfort for some of the terminals. Some of the terminals weren't consulted in the trade areas. And also that they were talked to after the fact.
- C: *Judy Kirk:* I would ask you to clarify, Brad, that that is speaking to the projects, not the GIF, because all have been consulted on the GIF. If you wouldn't mind, in your letter, making sure that is clear.
- C: *Brad Eshleman:* Yes. Yes, I understand what you're saying. And then the linking to the benefits, which I discussed. Under some of the current proposed fee program, some stakeholders have been included while others have not. And that goes to the harbour dues and some stand to benefit than others, that issue. The second one is that there is a feeling that there should be some self funding from the Port from existing revenues for a number of reasons. The Port has a responsibility to maintain a level of service to existing facilities. The improvements will increase the overall capacity of the Port thereby increasing the overall value of the Port. The Port will receive future value from the improvements. The Port has taken on a responsibility for social license, part of the improvements are for social value and social license. And that PMV is generating cash flow in the order of \$50-60 million. A portion of their cashflow could be used for these improvements. The third one, which is quite important,

is that the fee, as currently proposed, is outside of the contractual arrangements of the terminals with the Port. And there is a concern with the precedent that this is setting in that it's a form of taxation to pay for offsite infrastructure projects. And there is a concern that the expectation of governments that terminals, or the Port industry, will continue to pay for inland improvements with a fee, and once you set a precedent, it's difficult from governments to pull back from that down the road. And that transportation infrastructure projects have a broad public benefit, and those have historically been funded by government. Those are common issues that the terminals could agree on.

C: *Bernie Magnan*: I can't speak to any specific elements. But a couple of comments for overall perspective. One of them is, we all know that Canada is a trading nation. One of the problems from a political perspective, or with politics, is that this country has tended to be very eastern centric in terms of decisions. In terms of its trading, has been very eastern centric. That is going to change, and is already changing, but will change over the next 20 years, where we will have to pay a lot of attention to Asian trade. It's important that we get this right. Because if we don't work together and do it, and some will see some pain, and some will not be with some pain. But if we don't get this right, then we could end up, as a trading nation, being worse off in the future than we are now. We are very dependent. Two other parts, with the Canadian dollar, yeah we could go up to \$1.10. We're a victim of our own success in many ways. With a debt to equity ratio that we had at a federal level, and if you added in all the provincial and municipal debt, we were amongst the best in the world in terms of debt to equity ratio. The fact that the federal government is moving to getting to a balancing point by 2015 and start paying down the debt again is another element that plays into the Canadian dollar. Not only are we a petrodollar, we're also a safe financial, stable dollar, from a worldwide perspective. Even though we are a small piece of the trading pie, in terms of currency, we get impacted by these swings, quite dramatically. Going into the future, that's going to be an issue. The value of the Canadian dollar is going to be an issue, going into the future. Productivity, and how we handle ourselves, we either get at it that way, or we're going to have problems going forward. All of that is part of the context that we have to work in when we are doing these things. And that's why we need to get it right. As I said, there may be some pain, but is the long term gain there for all of us, so that we end up winning, going down the road, rather than stumbling on our own feet.

C: *Allen Wright*: One of the benefits of coming this far around the table is that much of what has been said, we're in agreement with. Clearly, the cost benefits are absolutely crucial. Clearly the benefits have to outweigh the costs. To give you an example of what a couple of our members said, what we really need to make us competitive is more sidings, and less some of the other projects. And I am also in agreement that if you are looking at social benefits, while we all have an obligation, there is a certain obligation, the broad based benefit should be paid by the government. We're price takers, and even though the amounts are small, I think Roger put it well, as you add all of those pieces together it makes it much more difficult for us to be competitive. We have a number of challenges

as a coal industry, just the distance to tidewater is a huge competitive disadvantage for us. Even though the amount is small, you keep adding those pieces, and of course the dollar is killing us right now. I also agree that all users should be paying. One of the other criticisms, and this goes right back to the very beginning, and I've had this mentioned to me a few times by members, and it's not helpful at this stage, because it's being stated after the fact. But the consultation at Roberts Bank was less than consistent. I'm only focusing on Roberts Bank and the North Shore. Teck is not a member of our association anymore, so I'm more concerned down there. I also agree that there should be some self funding from Port Metro Vancouver, at least that's the message I'm getting from my members. A couple have expressed that when this is outside the contractual arrangement, what is it that the contractual arrangement provides are some of the things that are being provided here, should they be included in the things that you are getting on a contractual basis. Obviously, I think you've heard this before, the guys at Westshore feel as though they have paid for this many times over down there. We're really concerned about adding on additional cost to benefit others, containers in particular. And once again, I don't want to get into one versus another but obviously I have to worry about what our members are saying. Those are some of the things that my members have said to me. Pretty consistent with what everyone else is saying as well. I think Brad's got Westshore in there, and Ian May has a couple of others of other members there, so the messages I think are fairly consistent.

- C: *Don Sorochan*: I kind of envy those who clear instructions as to what their positions are. I've been trying to get some clear instructions from the members of IE Canada . Some people would say that means I could say whatever I want. I think it is in a way, telling, because I can't get them excited about something that they can't get their head around as to what it exactly is going to mean to them. You folks that have large infrastructure, you have a pretty good handle on what this is going to mean to you. The other distinction that I would make around our members, and I said this at the last meeting, the key thing, I believe, is competitiveness. The things that hurt your competition, when you've invested in massive infrastructure, you can't just go somewhere else, you're stuck with it. When I questioned people in our organization, what would you do if these fees made it so that you weren't competitive. Well, they looked at going through Seattle. And what if there was an extra fee put at the border? Well, then it might come back. There was more flexibility in the membership that my group is in. I was interested on the transparency though. Normally, as a matter of principle, I'm in favour of transparency. But I certainly remember from dealing with YVR, when we all had to buy those tickets, and there was griping about it, and then they buried it, and nobody even thinks about it anymore. Every now and then someone goes and sees what it is. There was some input back from our members, I think it depends on their contract, depending on how you word it, whether they are able to pass on the cost or not. Obviously people want to be able to pass it on. I've really enjoyed being part of this process. Maybe I could just say something as an observation. It seems to me that trying to analyze the cost benefit too much is not very productive. I'll use an example of my own law firm. What's the cost benefit to us for subsidizing rapid transit?

Well, you could analyze it in theory. I'll tell you what it means when our workforce can't get there. I'll tell you what the cost benefit is of not having a jumper on the Second Narrows Bridge and not having my workforce get there. You know what the benefit would be if you have a blockage so that no railcars can get to your grain elevators, and your various terminals. One of the examples that you gave last meeting about the grade out at Roberts Bank. I had thought that most of our members would have been on the South Shore, but I went back and said, oh no, we've got containers going into Roberts Bank. And if there is something that eliminates a bottle neck there, there's going to be a benefit. Well that wouldn't have been obvious. It seems to me that we would have to get into a lot of detail of what you are doing to get a really minute cost benefit. The same thing goes for the fact that we did spend money prior to this fund on the South Shore, and it improves the whole. The reputation of the Port doesn't get fine tuned down to what shore it's on. I've been in China talking about the Port. If you have a whole bunch of ships stuck out in the harbour, which we've had from time to time, you have a bad reputation. If you have things moving through, you have a good reputation. This is my own personal opinion, that anything that tends to raise up better movement, better operation of the Port is good for all of us.

- C: *Stephen Brown:* Thanks very much. Obviously, we do support and understand the need for these infrastructure improvements. And I don't have any of your problem, Don, I got very clear marching instructions on this issue. The need for infrastructure improvements are fundamental. I don't think anyone can argue against the need. I can also see the need for the Port to be involved, because if they're not, then chances are, they aren't going to happen. But of course, once the Port does go out of its mandate, or its territorial management, it presents a new dimension. I can't help but keep referring back to the problems that Australia is having where it has been an incredibly successful exporting country, but it has a truly serious deficit of infrastructure to service those ports. On any day of the week right now, you have around 300 ships waiting to enter, and they are all bulk, not containers, waiting for Australian ports. The average demurrage for the first quarter of this year for a vessel was \$1.4 million. This is a problem, in fact, that the Australian exporters would love to have. Because the progress in addressing the infrastructure deficits are so slow, as some of you might know, some of the exporters have started to build their own railroads. You still have this deficit of terminal capacity. The problems that we have in Canada right now are in some ways nice problems to have. But of course, it comes with a cost. We want to stay ahead of the curve the way the airport has stayed ahead of the curve. We don't want to get into this deficit of infrastructure that is so harmful, and actually negating. One of the reasons that we have actually done pretty well in coal this year, is that Australia has run out of coal capacity. Newcastle in New South Wales is the biggest coal terminal in the world, 100 million tons a year. They want to expand it to 200 million tons per year, but it takes time, it takes money, and who is going to pay. From the carriers perspective, carriers have not been involved until recently. For obvious reason – they were not part of the consultation of any of these projects during the discussions. Those were discussions between terminals, shippers and so on.

We're a little bit late in a way to come to the table here. The other concern for carriers is the degree of precedent setting. Ocean carriers service every maritime country in the world, obviously. Ocean carriers cannot be financing the infrastructure of every country of the world. They feel very strongly about this. It's really for each country to address its own infrastructure needs. The ocean carriers feel their duty is to service marine infrastructure, and we actually pay very heavily for marine infrastructure. Perhaps the shining example right now is the Panama Canal. \$5.25 billion of infrastructure improvement in the Panama Canal to get bigger ships through there. Next year alone, you have an increase of something like 14% in Panama Canal transit costs. Which means that a large container ship, transiting the Panama Canal, you're getting close to half a million dollars. And that's increasing from year to year to year. From an ocean carrier perspective, that's marine infrastructure, there's no way to get around it. But what we're talking about now is land infrastructure. And this is the problem that ocean carriers are really struggling with. Why should we be expected to pay for land infrastructure? We're so heavily paying already for marine infrastructure. Whether you agree with that or not, it's the crux of the perspective. So the discussion and the suggestion from several directions that this somehow gets put into harbour dues, that's caused some real anger with ocean carriers. Real anger. My marching orders are that ocean carriers do not feel that they should be expected to pay anything, or collect anything, for this GIF. It's seen as a shipper issue to pay for this GIF, if indeed the GIF is going to be. Because, ultimately, there is no cost benefits for carriers. The benefits, and I agree they need to be identified, really are for the shipper, consignee, community, not for the ocean carriers. And I think it's important to look at what are the mitigating impacts on the amount of demurrage that's paid. There are huge amounts of demurrage paid. Each weekend I see a dozen or so ships anchored in English Bay. Doesn't come cheap. I don't know what the annual cost of those ships at anchor is, but that has to be factored into this because there are savings to be made, if indeed we have a more efficient infrastructure to service the port. But the ocean carriers are quite clear. They feel that they cannot be going around the world financing individual national infrastructure projects. It's simply not their job. They have enough to do to finance the huge demands for improved, more efficient ships that international legislation is demanding of the ocean carrier industry today. It's become an enormous cost. That's our contribution to the infrastructure of the supply chains, it's the ships, plus all the other charges that we have to pay to come in and out of the Port. But please, ocean carriers should not be asked to carry this burden.

- C: *Judy Kirk:* Any other final comments before we wrap up.
- C: *Allen Wright:* Just a couple of comments on Stephen's comments. Roger, you raised the idea of how you based the fee – it wasn't that you were imposing it on the ships. That was your point, wasn't it? It was just one way to calculate the fee?
- C: *Roger Larson:* It was the principle you would use to allocate the cost amongst the shippers or the terminals. And I think our feeling was that as a denominator, the tonnage of the ship was more appropriate than the tonnage shipped.
- C: *Allen Wright:* But not necessarily on the ship itself.

- C: *Roger Larson:* And our thought was that harbour dues are paid by the user, not by the vessel. Now, maybe that's different in different sectors. Our companies lease a lot of their own ships. They own their own terminals. So there tends to be maybe, as far of their concerned, they are going to pay it. I don't know, how does it work in other sectors? Does it work differently? Our thought was harbour dues are going to be paid by the shipper.
- C: *Stephen Brown:* Well, harbour dues are normally paid by the ship. You could have some sort of internal arrangement when you're ship owner and terminal all in one. That's one thing, but in most cases, that's not the case. Harbour dues are directly a ship cost. The other difficulty, respectfully, Allen, is that there really isn't any correlation between harbour dues and cargo activity. In the case of a coal ship coming in, with a full cargo of coal, that's one thing. But you could have a container ship that comes in that is a 8,000 TEU capacity ship, and it discharges 1,000 containers. So there is no correlation between the tonnage of that ship and the actual cargo activity. Similarly, a steel ship could come in, it could be a 50,000 ton steel ship, and it could unload 5,000 tons of steel and go. There is no direct correlation between the GRT and the cargo activity. This is where that argument starts to fall apart.
- C: *Roger Larson:* But I think that's out point. I think that gets to the nub of our perspective on this. It is unfair to only allocate on a Port-wide basis a GIF. And then to say that we're only going to take it on the cargo. Because that excludes private vessel, that excludes cruise lines. And that minimizes the cost that containers that only show up, drop 1,000 tons off and take off again, would pay. If you do it on a cargo basis, then basically, the bulk guys – coal, potash, sulfur, grain, forest products – they are getting tabbed with the entire cost on a Port-wide basis. That was the point. It wasn't whether or not we're going to pay, it's what is a fair allocation.
- C: *Stephen Brown:* But you can see where I'm coming from in terms of the ocean carrier, and their contribution to infrastructure. I don't think there is any argument, marine infrastructure, the ocean carrier pays. If you can pass it on on occasion, fine, but most of the time we end up eating it. We're eating it now in Vancouver. So there is a very firm view on the carrier side that we can't be going around the world financing everybody's infrastructure projects.
- C: *Brad Eshleman:* Similar to what Stephen has said, if you take a terminal perspective, terminals have invested heavily on their sites. They have made significant investments on their site. Being brought inland to some of the other infrastructure, there is a feeling that we have invested a lot on our sites, and that's where we made our investments, and should we be dragged inland to inland infrastructure that has typically been the responsibility of government. It's the same – again, I'll reiterate that given the whole situation, infrastructure funding, getting federal funds, and the whole stimulus funding situation led us all to this table, but it's difficult when you start splitting up the payment of it, because we all got here, but it all seems like a good idea, but it's difficult splitting up the payment of it, because even in the terminal perspective, you have different terminals with different contractual relationships. Some are shipper owned and operated, and they own the vessels too, so they don't care how it's done. Other terminals are totally independent and have 50 or 60

customers, and how do you deal with that. So it's not simple and straight forward.

- C: *Judy Kirk:* I'm going to thank you for that roundtable – obviously you reflected on this between meeting 4 and this meeting, and have taken very seriously the whole issue and its impact on your sectors. Certainly from my perspective in chairing this, it's been very civil, very thoughtful and very reasonable, and I just want to thank you for that, and ask Allan whether he's got any final comments before we adjourn.

### **Conclusion**

- C: *Allan Baydala:* No, just thank you again. We don't have another meeting scheduled – I wish we did, so that we could get back together after we put this together and then we could have a post mortem, but I'm sure we'll be talking to all of you individually. I've said before, that the tough part for us is now to come. We've heard you, we've listened to you, and I think we've heard you. It will be difficult to assimilate all that information and we know that we are not going to satisfy everybody. And probably not anybody on all of their concerns. But I think it will be evident that this process has been worthwhile. It's new for the Port. Certainly it has taken a lot of time – our time and your time. And I hope at the end of it, we would all agree that it was worthwhile. I wouldn't like to suggest that it will be a model because that might suggest that we were going to run out new fees every year – but I think we have learned a lot about consultation generally, and stakeholder and customer engagement. I think that is going to be a significant side benefit from this.
- C: *Brad Eshleman:* Our association has a number of members that feel quite strongly that they shouldn't be paying, and others that have a different view.

*The meeting ended at 11:36am.*