



**Law Amendments Committee**  
**March 26, 2018**

**John Khattar**

## **Port of Sydney Development Corporation**

Chair, Honorable Members, Ladies and Gentleman

I am John Khattar, Vice-Chair of the Port of Sydney Development Corporation.

I am here today to support the proposed amendment of the MGA as set out in Bill 85.

Under our Memorandum at the present time the Port of Sydney Development Corporation is empowered to operate and manage Sydney Harbour and the associated infrastructure as it relates to the Joan Harriss Cruise pavilion, and by implication, the cruise industry in CBRM.

The Port of Sydney Development Corporation is mandated under its articles for the purpose of civic improvement and to support and promote the development of the Port of Sydney with a view of growing the economy of the Cape Breton Regional Municipality. In

our advocacy role, the Port Development Corporation strives to create and support conditions for success with the aim of optimizing the Port's economic development prospects and by extension, that of CBRM.

Going forward, it is the intention of the Port Board to expand its mandate keeping in mind the main focus of our creation and existence. We feel strongly that the further commercialization of the Port of Sydney is key to our long-term success. How can this be accomplished?

I'm going to talk about leveling the playing field – it isn't level right now.

These amendments are the beginning of offering Cape Breton Regional Municipality – and its Port of Sydney, the opportunity that had brought success to the Halifax Regional Municipality and the Port of Halifax.

Halifax has a flourishing port: Science, shipbuilding, Navy, Coast Guard, marine serves, cruise ships, offshore services, city ferries, container traffic.

In Sydney – our port is also very busy - Marine Atlantic ferries to Newfoundland, we have a robust cruise sector, bulk shipping: Donkin Mine is now shipping coal, shipyard and ship repair, Coast Guard college, fuel shipments, naval ship recycling contract, tug service.

The Board of the Port of Sydney is focused on the growth of that cruise and tourism sector. We are planning a record-breaking season, on top of last year's record-breaking season. 200,000 visitors are expected this year.

A key thing to keep in mind, is that we are not competitors. The services we offer in Sydney complement Halifax.

Example: For cruise lines... Their itinerary would be unappealing if it had only a single stop at Halifax then Quebec. Sydney and Charlottetown are part of our region's team of ports.

The more cruise lines that are attracted to the Canada-New England route, the busier Halifax becomes and Sydney – as Disney calls it: "Nova Scotia's second biggest city" ... becomes busier too. Halifax is expecting 300,000 cruise visitors this season. Most of those will be visiting us as well.

We complement Halifax. We have a lot in common with Halifax.... with one significant exception.

And that brings us to the Municipal Government Act Amendments that we are discussing today.

When it comes to leveraging our port assets, Halifax has tools at its disposal, regarding tax rates and land leases.

A couple of examples come to mind.

- Halifax Council approved a tax deal with Irving Shipbuilding that determines the company's tax rate for the next 25 years. Providing predictability for large, long term investments.
- The Queens Marque construction underway at the waterfront. The provincial Waterfront Development Corporation will continue to own the land and manage the public space through a 99 -year land lease with the private sector developer.

These couldn't happen in Sydney. The municipality owns many important waterfront properties...but can't do these things. They do not have the tools.

The properties that come to mind – are the over 2,000 acres available for container terminal development next to the dredged channel. The municipality and their First Nations partners own this land.

Like the other services in our harbour, the container development envisioned works much the way Prince Rupert complemented the Port of Vancouver as part of the Pacific gateway.

For those who might not know, Prince Rupert is a relatively new Port, constructed about 10 years ago. About 500 nautical miles north of Vancouver. They recently welcomed the largest container ship to ever visit Canada.... a 14,500 TEU capacity. The port supports thousands of jobs. It moves over 1.3 million containers. It was a gamechanger for their region.

Prince Rupert is now Canada's second largest container handling facility behind the Port of Vancouver's Deltaport.

The presence of Prince Rupert augmented all the supply chains making the region a growing powerhouse in shipping.

Vancouver's capacity went up after Prince Rupert began operations. They moved 2.4 million TEUs in 2008. They broke a record this year with 3.3 million TEUs.

Sydney would do the same for Halifax and Nova Scotia... If our regional municipality is given the same chance and same tools as the Halifax Regional Municipality.

In order for Port of Sydney Board to succeed and fully contribute to the communities within CBRM, it is mandatory that others have the opportunity to succeed, with the help of CBRM when appropriate. If CBRM with knowledge of intent, purpose and community impact of a private sector entity, wishes to assist that entity in its development and growth by making certain

concessions, the CBRM should be able to freely do this and not be limited by legislation.

It is essential for the Port Board that I represent, to have a vibrant, operational and active port. It is our collective belief that CBRM should not be prevented from taking any steps it deems necessary to encourage, support or assist in this happening.

I have previously noted the significant number of cruise ship passengers that visit CBRM. Over the past 10 years, CBRM's cruise traffic passengers have increased by 177% and during this same time our cruise ship capacity has grown by 182%. In 2017 the Port saw an increase of 40% in passengers and crew and a 52% increase in ships. Our port was host to a total of 82 cruise ships in our season from May to October. With the construction of the second berth, we expect this to increase significantly.

To continue this monumental growth, we need development in CBRM by CBRM. CBRM clearly needs the flexibility to undertake the necessary transactions.



The Port of Sydney commissioned a rail study at the cost of \$90,000 to prepared for when the rail upgrades decision is finalized. The estimated cost of the upgrades is \$103 million. This decision will be contingent upon the identification of sufficient rail traffic.

The proposed container terminal in Sydney will provide the necessary rationale to invest in rail. But the container terminal will not be the only party to benefit from rail infrastructure. There will be many others who will benefit from this catalyst. The container terminal and supporting infrastructure are critical to advance our community's much needed economic prosperity and competitive advantage.

As our mandate evolves, the success of businesses in the CBRM will have an impact on Port Board operations including such items as the navigational aids, ownership of the Sydney harbour bottom, waterfront development and harbour services such as security and harbour master. The Port of Sydney sees the immense potential in existing natural assets which up to this time has gone under-utilized.

To realize full potential at the Port of Sydney Development Corporation the Board needs these important amendments for CBRM from this government, remembering that CBRM is the second largest region of Nova Scotia. Discussions today indicate that the request before the government is an opportunity to facilitate needed investment that leads to a more stable environment for businesses and residents of CBRM.

The amendments in front of you are a key next step in the decade long effort begun by the Ports Master plan for the Port of Sydney.

This Master Plan was endorsed by all parties and all levels of government representing the region. We hope for the continued support of our working efforts by our provincial government and all parties.