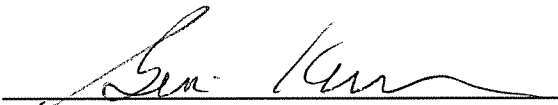




PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
May 30, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Geri Kaiser, Acting Chief Administrative Officer

DATE: May 24, 2006

SUBJECT: Atlantic and Halifax Gateway Initiatives

INFORMATION REPORT

ORIGIN

- HRM’s Economic Strategy identifies, as a priority action, the development of the Halifax Gateway as an East Coast transportation and logistics hub.
- Recent initiatives undertaken by the Halifax Gateway Council to develop the Halifax gateway
- Federal government support of the Pacific Gateway and expressed interest in similar regional transportation initiatives specifically in relation to an “Atlantic” gateway.

BACKGROUND

Significant progress has been made in developing the concept of a regional transportation gateway to support future economic growth and development in response to global trade flows. The implementation phase of the Regional Plan and the adoption and implementation of the Harbour Plan will be closely integrated with the Halifax gateway initiative. This report will update Regional Council on the gateway concept, describe its economic significance and steps taken to further its development and identify potential opportunities and matters where further examination may be warranted.

DISCUSSION

Atlantic and Halifax Gateway Concepts

A transportation “gateway” is an economic concept which refers to a network of intermodal transportation providers that promotes efficiencies across port, air, rail and road infrastructure in support of economic growth. The transportation network is defined by cross-border entry points, trade corridors and an appreciation for international trade and security protocols.

The Economic Strategy recognizes the significant potential for economic growth represented in the region's substantive port, air, rail and highway transportation infrastructure and identifies the need to develop the Halifax gateway as an East Coast logistics hub for transportation. This initiative is garnering interest at the federal and provincial levels and is being spearheaded by local stakeholders represented on the Halifax Gateway Council of which HRM, through the CAO, is a member.

The Atlantic region has major transportation assets which can bring significant economic benefits to the region from being part of a global supply chain that is growing exponentially through globalization. The region's transportation trunk systems are characterized by world-class airport facilities, major rail and highway systems that connect domestically and to the United States, and deep ports such as Halifax that are suited to handling the growing size of super container ("post-Panamax") ships and their traffic. Currently, the Halifax region is considered to be a multi-modal entry point on what is considered, from a conceptual perspective, to be the Atlantic gateway.

The Port of Halifax is currently working well below its capacity in handling container shipping. The Port handled 550,000 TEU's (twenty-foot equivalent units, i.e. "regular-sized" containers) of container shipping in 2005, which represents about half of its capacity. Other elements within the Atlantic gateway also have good growth potential which can be realized from a more coordinated, inter-modal approach. From an economic perspective, an inter-modal approach can spur value-added activities in the Atlantic region as part of the supply chain logistics that are integral to gateways being developed world-wide. This serves to maximize the economic benefits from private and public investment made in the region's transportation systems.

Intermodal gateways are being developed around the world to capture opportunities from new trade flows, especially with the growing economies of China and India. Significant investment is being made in Canada's Pacific gateway and in other gateway centres like Rotterdam and Long Beach in response to the logistical requirements of the international market. This represents a significant economic opportunity for Atlantic Canada due to the region's geographic proximity to the Suez Canal and the fact that the Panama Canal, which handles the bulk of Asian shipping, is presently near capacity and is too small to accommodate the emerging class of super container ships. The sheer volume of what is being shipped to and from these eastern markets, combined with a growing gap between the demand for logistical services and the capability of major ports on the East and West coasts of North America to meet this demand, suggests that Atlantic Canada could benefit greatly by growing its gateway capabilities. There is interest at the federal level in seeing the Halifax gateway developed within this broader context.

Recent and Ongoing Efforts

Gateway efforts have been and will continue to be spear-headed by non-governmental transportation service providers who are best suited to articulating the assets, opportunities and requirements of the Atlantic and Halifax gateways and in leading their overall development. The broader aspects related to maturing the intermodal network, developing strategic infrastructure and responding to public policy and trade issues are areas where public and private interests intersect. Consequently, Transport Canada and ACOA have jointly sponsored the creation of the Halifax Gateway Council and have expressed an interest in expanding the concept to include the Atlantic region.

The Halifax Gateway Council is a stakeholder group with a mandate to develop the Halifax gateway. The Council has eight voting members and nine non-voting members. The voting members of the

Gateway Council include the following transportation service providers:

- Halifax Port Authority;
- Halifax International Airport Authority;
- CN Rail;
- Air Canada Jazz;
- Atlantic Container Line;
- Armour Transportation Group; and
- Clarke/ITC.

The non-voting or support members of the Council include:

- Halifax Regional Municipality;
- Transport Canada;
- ACOA;
- Nova Scotia Business Inc.;
- Greater Halifax Partnership;
- Nova Scotia Office of Economic Development;
- Nova Scotia Department of Transportation and Public Works;
- Destination Halifax; and
- Metro Halifax Chamber of Commerce.

To date, this stakeholder group has completed a strategic plan and has prepared economic assessment studies to support further initiatives. One study, into the prospects of developing an inland terminal in conjunction with the Port of Halifax, was recently completed. The study concluded that capacity at the Port of Halifax may reach a future point where the construction of an inland terminal to free up space at the two terminals may be more economical than constructing new port facilities.

Other priorities for the Halifax Gateway Council include economic analyses and possible advancement of:

- A Distripark/Trans-load centre
- An air cargo facility
- Air liberalization
- Upgrading container terminal access
- DND logistics hub
- Cruise ship homeport strategy and
- Development of the Halifax - Moncton corridor

A study for the Distripark/Trans-load centre as part of the Halifax gateway is in the process of being undertaken by the Greater Halifax Partnership subject to funding approval from other government partners. Many ports in North America are pursuing the establishment of distribution warehouses in close proximity to port facilities. These trans-load facilities attract the cargo of major retailers such as Canadian Tire, Wal-Mart and Home Depot and their distributors by unloading their product from foreign containers and re-packing it to domestic containers for delivery to local markets. If a carrier seeks to carry goods associated with these companies, then it makes logistical and financial sense to incorporate a port of call where their goods are landed. An example of a trans-load facility is Consolidated FastFrate Ltd., a carrier which recently announced plans to develop such a facility in Burnside Business Park.

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Consolidated FastFrate Ltd. carries product for Canadian Tire which imports from the Far East. Upon full build-out, the \$10 million, 90,000 square foot facility will handle up to 200 containers per day and employ more than 200 people. Other air and ground transportation carriers are expected to follow suit. The emergence of trans-load facilities could lead to additional demand for Gateway partners to further develop gateway elements such as port and rail facilities and for municipalities to ensure that there is an adequate supply of serviced land available in areas such as Burnside and Aerotech business parks.

The Trade Corridor Connection

The Atlantic Provinces Chambers of Commerce (APCC) has been actively supporting the concept of Atlantica, which seeks to maximize Atlantic economic development through an economic network and trade corridor comprising the four Atlantic provinces and the US Eastern Seaboard. The Atlantic and Halifax Gateway concepts complement efforts to develop the Atlantica network as an economic trade corridor. ACOA and other facilitators are sponsoring APCC's "Reaching Atlantica" conference, to be held June 8-10 in Saint John, NB.

Federal and Provincial Roles

The role of the federal and Atlantic provincial governments is also key to developing the gateway. The federal government launched the Pacific Gateway in October, 2005. At that time, the federal government expressed interest in supporting gateways in other parts of Canada. In the recent federal budget, an intention to invest \$591 million over the next 8 years was articulated. ACOA is a facilitator of the Atlantic gateway concept and is a member of the Halifax Gateway Council.

Strengthening Nova Scotia's position in the competing world of international commerce is a priority for the Government of Nova Scotia. The province recently issued a request for proposals to:

- identify and evaluate potential gateway-related opportunities for Nova Scotia; and
- develop a strategy and action plan that will position the province to take maximum advantage of these opportunities.

As a member of the Halifax Gateway Council, the provincial government both facilitates advancement of the initiative and is coordinating the provincial study with other initiatives of the Council.

The gateway initiative is receiving broad government and community support within this region and there is growing interest in the private sector in furthering its development

the port of Montreal which cannot handle post-Panamax ships) will be by-passed in favour of northeastern US ports. This is of concern to the gateway partners, hence the desire to develop the concept further.

Next Steps

The immediate focus of gateway partners is to facilitate the development of a strong business case for gateway initiatives and to engage private sector and government interests in furthering the region's gateway capabilities. The Halifax Gateway Council and the upcoming APCC event in Saint John provide opportunities to promote private sector leadership of the initiative. Continued efforts to collaborate with the provincial government on gateway-related initiatives will also be pursued. Additionally, efforts will be made to position the Atlantic and Halifax gateways as a new federal priority for possible inclusion in the next federal budget.

BUDGET IMPLICATIONS

None

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

None.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.



Report Prepared by:

Jim Donovan, Manager of Economic Development