

SQUAMISH TERMINALS

2016 Economic Impact Analysis FINAL REPORT



*Prepared for Squamish Terminals
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Executive Summary

Squamish Terminals Ltd. (SQT) is a privately owned, federally regulated break-bulk terminal located on the Howe Sound in Squamish, British Columbia, providing cargo handling services to markets throughout North America and the world. It operates on the only port lands owned by the Government of British Columbia, through a long-term lease with BCR Properties (a provincial crown corporation). The terminal is powered by its skilled and dedicated employees including longshore supervision, administration and workforce who belong to locals 514, 517 and 500 of the International Longshore & Warehouse Union (ILWU), as well as the terminal's own management team.

As a vital port in Western Canada's transportation network, Squamish Terminals contributes to employment and economic development throughout the local community, British Columbia (BC) and to the rest of Canada. This analysis examines the ongoing economic impacts generated from SQT's operations, based on a review of the business in 2016 and prior years.

Economic impact is a measure of the spending and employment associated with a sector of the economy, a specific project, or a change in government policy or regulation. In this case, economic impact refers to the economic contribution associated with the ongoing activities of SQT. The three major components of economic impact are classified as *direct, indirect and induced impacts*.¹ Together, they provide a snapshot of how the business of the terminal can impact the economy on a local, provincial, national, or international scale.

Squamish Terminals is an economic mainstay (*in operation since 1972*) for the District of Squamish. Its economic importance is reflected, in part, by the estimated 113 full-time equivalents (FTEs) of employment that are *directly* supported or facilitated by the terminal and the \$17 million *directly* contributed to Gross Domestic Product (GDP). Including indirect and induced impacts, SQT generated an estimated total of nearly 240 FTEs of employment and \$30 million in GDP in Canada in 2016.



The economic impact of Squamish Terminals includes 113 direct FTEs earning \$13 million in direct wages

¹ Direct impacts account for the economic activity of the target sector itself. Indirect impacts are those that result because of the direct impacts, which involve employment in downstream industries that arise from the presence of SQT. Induced employment is generated from expenditures in the general economy by individuals employed directly or indirectly by the port.

Ongoing Economic Impact

Economic impact can be measured in a number of ways:

- Employment (FTEs);
- Wages;
- Gross Domestic Product (GDP); and
- Economic output.

Total Economic Impact

The current economic impact of Squamish Terminals, which includes the impact related to the port's ongoing operations, is summarized in **Figure ES-1**.

Direct economic impact measures the employment and related impacts directly associated with the terminal. This includes employment of all personnel who are employed by SQT and work onsite at the port on behalf of SQT (i.e. longshore workers, supervision and terminal management and administration). Direct employment supported by ongoing operations at SQT amounts to over 110 FTEs or person years of employment, earning approximately \$13 million in direct wages. The total direct GDP generated by SQT is estimated to be \$17 million, while economic output is estimated to be \$34 million.

Indirect and *induced* impacts are multiplier impacts in the wider economy stimulated by the terminal's activities (e.g., support for other businesses that supply goods and services to the terminal, and spending by personnel employed directly and indirectly by the port, respectively). Adding in these multiplier impacts (indirect and induced); the total employment in Canada that is supported by activities at SQT is estimated to be nearly 240 FTEs, earning a total of \$20 million in wages. Total GDP is estimated to be \$30 million, and economic impact is estimated to be \$59 million.

Figure ES-1:
Total Economic Impact of Ongoing Operations at Squamish Terminals in Canada, 2016

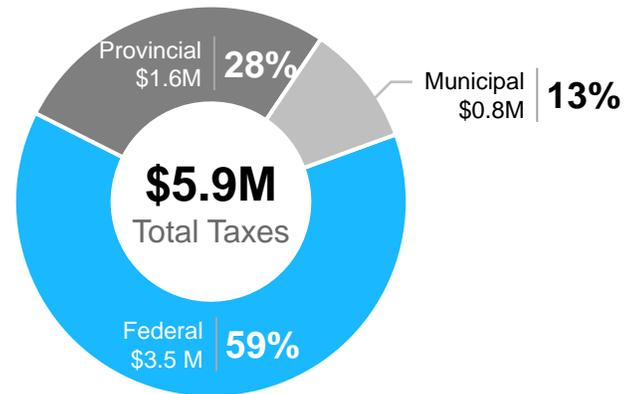
				
Impact	Employment (FTEs)	Wages (\$ millions)	GDP (\$ millions)	Economic Output (\$ millions)
Direct	113	\$13	\$17	\$34
Indirect	70	\$4	\$7	\$14
Induced	53	\$3	\$6	\$11
Total	236	\$20	\$30	\$59

Annual Tax Revenue Impacts

Squamish Terminals is also an important generator of taxation revenues to all levels of government. Total taxes paid on an annual basis, by both SQT and its direct employees, are estimated at \$5.9 million per year.

The majority of taxes collected (59%) accrue to the federal government, estimated to be \$3.5 million. The provincial government received an estimated \$1.6 million in tax revenues (28% of total). The municipal government also benefits from the terminal through the collection of property taxes amounting to approximately \$0.8 million (13% of total), as shown in **Figure ES-2**.

Figure ES-2: Annual Estimated Tax Revenues of Squamish Terminals, 2016



Capital Expenditures

In addition to the impacts from ongoing operations at the terminal, there are economic impacts associated with SQT's ongoing capital expenditure program. The economic impact of capital investment is considered separate from ongoing operations because capital spending can vary significantly over time and on a project-by-project basis.

In the past five years (2012-2016), SQT's capital expenditures ranged from \$0.5 million to 2.0 million annually, attributable to maintenance and improvements in the terminal's warehouse/buildings, dock and ship-loading equipment, automobiles and office equipment. In addition to routine capital spending, SQT invested nearly \$27 million on the replacement of a dock in 2016. Altogether, SQT's capital spending supports additional employment throughout the region, above and beyond the employment impacts measured in this study.

Social and Environmental Impacts

In addition to making a strong economic contribution, Squamish Terminals and its staff are actively involved in the community, lending a leading voice in volunteerism and environmental advocacy that is powered by the terminal's key role in the local economy.

SQT supports numerous organizations through monetary and in-kind donations, as well as volunteer hours of staff members. The terminal aligns its business with significant initiatives and issues in Squamish and the Lower Mainland, while regularly reaching out to port stakeholders and customers.

In the past five years, Squamish Terminals has contributed roughly 1% of its annual net income to charities with recent contributions that include the establishment of the Ron Anderson Memorial Scholarship Endowment Fund and sponsorship for the 2016 Great Canadian Shoreline Cleanup. In 2016, SQT staff volunteered 10,000 hours throughout their respective communities. This is equivalent to more than five FTEs of employment.

**10,000 volunteer hours
were contributed by
Squamish Terminals
Staff in 2016**

SQT also supports a variety of initiatives focused on reducing its environmental footprint. These include monetary contributions, investment in new technology, awards and certification, as well as concrete actions in which staff members can participate. In addition, SQT is a certified member of Climate Smart as well as Green Marine, a voluntary environmental certification program for the marine industry in North America. SQT is among 70 participants recognized as environmentally-conscious leaders in certain indicators such as air emissions, spill prevention, community impact, and waste management.