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Chair: Mr. Peter Schiefke



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• (1105)

[Translation]

The Chair (Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.)): I call this meeting to order.

Welcome to meeting No. 59 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

[English]

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, February 3, 2022, the committee is meeting to discuss its study on large port infrastructure expansion projects in Canada and air passenger protection regulation.

Today's meeting is taking place in a hybrid format pursuant to the House order of Thursday, June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

I wish to inform the committee that all witnesses have been sound-tested for the benefit of our translators and interpreters for today's meeting, and have passed the test.

Appearing before us today, colleagues, from the Association of Canadian Port Authorities, we have Mr. Daniel-Robert Gooch, president and chief executive officer. From the Chamber of Shipping, we have Bonnie Gee, president, joining us by video conference. From the International Longshore and Warehouse Union Canada, we have Robert Ashton, president, joining us by video conference. From the Vancouver Airport Authority, we have Mr. Trevor Boudreau, director of government relations, by video conference. From the Vancouver Fraser Port Authority, we have Mr. Cliff Stewart, vice-president of infrastructure, joining by video conference.

We'll begin with our opening remarks, with Mr. Gooch.

Mr. Gooch, the floor is yours. You have five minutes.

Mr. Daniel-Robert Gooch (President and Chief Executive Officer, Association of Canadian Port Authorities): Thank you.

Members of the committee, thank you for the opportunity to address you today as part of your study.

[Translation]

My name is Daniel-Robert Gooch and I am the president and chief executive officer of the Association of Canadian Port Authorities, which represents the 17 Canada Port Authorities

I understand that you recently toured several of our ports to learn more about the great work they're doing to ensure sufficient capacity to support Canadian trade now and for the future.

[English]

I imagine you also learned about the challenges ports face within the confines of the CPA model as it is currently structured. To ensure enough capacity to support growing Canadian trade through innovation and expansion, while supporting the decarbonization of marine transport, \$110 billion in infrastructure investment over 50 years is needed, according to the supply chain task force.

We'd like to work with the federal government to gain a better handle on that infrastructure deficit and understand what it looks like across our seaports, and we have a proposal out for study.

However, to make the needed investments, CPAs need greater financial flexibility to act more nimbly while maintaining the arm's-length, commercial nature of Canada's CPAs. For larger ports, the borrowing limits on each CPA hit their ability to nimbly act on investment opportunities. It takes years to get the limits raised; they are too low to fund the investments needed, and they are much lower than what prudent commercial borrowers can secure.

The national trade corridors fund has provided nearly \$1 billion to Canada's port authorities. It's a great program that should be made permanent and tweaked to allow ports to move more quickly on projects that have been NTCF-approved but not yet announced. The longer it takes to move a project forward, the higher the impact on inflation.

The NTCF was the first infrastructure program even open to CPAs, yet new federal programs are not always so. Canada benefits when new federal budget programs are open to CPA participation.

Smaller ports face different challenges. With lower revenues, they must be more creative in how to maintain and build infrastructure. The ability to pursue business lines that may not be directly marine-related but provide the revenue needed to maintain and grow marine operations would be helpful.

Being more creative also includes exploring ways for ports of all sizes to collaborate more, such as on joint infrastructure projects or procurement. There are proposals in to Transport Canada on this.

Federal funding will also play a role, as it does in other sectors, such as the funding small airports receive for safety infrastructure through the airports capital assistance program. A similar program for small ports would be helpful for CPAs and non-CPA ports.

However, self-funding options are also important. ACPA has called for moving beyond borrowing limits, allowing port authorities to borrow based on creditworthiness and project merit in order to access more capital more nimbly.

With Bill C-33 expected before committee soon, your recent tour of ports was timely.

Canada's port authorities welcomed the supply chain task force report, which called for port authorities to be modernized through more authority, financial flexibility and autonomy. We were pleased to see that the federal government's goal with Bill C-33 is to provide ports with the tools to unlock greater performance, efficiency and productivity as effective instruments of public policy. These are goals we share.

When ACPA and our members reviewed Bill C-33 after it was tabled, we were pleased to see provisions recognizing port terminals as "works for the general advantage of Canada", enabling expansion to inland areas and a greater role for ports in traffic management.

However, we also outlined questions and concerns in a letter to Minister Alghabra in December. In response, one month ago today, we had a productive initial meeting with Transport Canada to understand how the government envisions the bill contributing to our shared goals.

Many questions remain, most notably on details of what ports would have to report on financials and strategic plans, and how borrowing limits in this new environment will actually work. We have sought follow-up meetings to understand this in detail, but that hasn't happened yet, and it's necessary for us to determine if the financial amendments proposed in Bill C-33 will help the industry meet our shared goals for a modernized, more nimble system of ports, or if they may have a detrimental impact.

We will also be proposing changes on the governance and advisory committee sections of Bill C-33, as ports have concerns there.

I'm happy to answer any questions you may have, and I'll do my best to respond. I may have to follow up if some of the questions are beyond my scope.

• (1110)

The Chair: Thank you very much, Mr. Gooch.

Next, from the Chamber of Shipping, we have Ms. Bonnie Gee.

The floor is yours. You have five minutes.

Ms. Bonnie Gee (President, Chamber of Shipping): Thank you, Mr. Chair, and good morning.

My name is Bonnie Gee. I am the president of the Chamber of Shipping. This is my first week in the role, so please be kind.

I wish to acknowledge first that I am speaking to you from the unceded territories of the Musqueam, Squamish and Tsleil-Waututh peoples.

On behalf of our members, who are shipowners, operators and agents who move a majority of Canada's international trade in the waters of the Asia-Pacific, the Chamber of Shipping appreciates the opportunity to provide our perspective on large port infrastructure expansion projects in Canada.

Port authorities are mandated to support the development of trade-enabling infrastructure to support the national interests of all Canadians.

Historically, port authorities have taken the lead on large infrastructure projects on what may appear to be speculative by some. What we know today as the Deltaport and Fairview Container terminals were really driven by a division of port authorities and community stakeholders, with little to no commitment from the shipping lines.

The context in which the shipping industry operates today has changed dramatically since then. There has been a tremendous increase in cargo volumes through the western trade corridors, and we have seen a piecemeal approach to improving infrastructure along the trade corridors to support the two major gateways in western Canada.

Port infrastructure expansion projects cannot be evaluated in isolation and must be part of a national growth strategy that encompasses all the pieces of the supply chain that would support fluidity through the intended project and the gateway as a whole.

A national supply chain strategy must involve provinces, municipalities, indigenous and local communities, and industry. Sufficient rail capacity and reliability are critical to the success of many marine terminals that have invested billions of dollars to increase their own capacity and efficiency.

Supply chains are comprised of a system of systems that has often felt like a house of cards, with climate change, civil disobedience and labour instability creating uncertainty.

Given the recent events that have affected our gateway over the last few years, the need for supply chain resiliency is top of mind. Disruptions will continue to occur, and it's imperative that we get better at preparing and reacting to them in a holistic and strategic manner, so that recovery does not take several months. Adequate surge capacity is needed throughout the supply chain.

We generally support the development of new trade-enabling infrastructure, and we are pleased to see that we are nearing the finish line for some major infrastructure projects in western Canada.

These projects are not for the tepid investor, and we recognize that sometimes government intervention may be needed to initiate or sustain projects. When it does, there must be transparency out front, and port users or tenants should not have to bear these costs after the fact if there's no direct or shared benefit.

Bill C-33 intends to address issues of port governance through amendments to the Canada Marine Act.

What is concerning specifically to our members is that the approval of major infrastructure projects often comes with conditions that can affect all port users. Conditions may be very specific to a project and yet have broader implications for other vessels operating in the same waterways.

While the Chamber of Shipping supports continuous improvements, the lack of apparent coordination between government departments on conservation initiatives, reconciliation and project approval puts the industry in a challenging space to operate. Pressure is building to manage or cap the cumulative effects of marine shipping and to support Canada's conservation objectives to protect 30% of our waters by 2030.

The concern is with the potential loss of operational flexibility for vessels, terminals and shippers, which implies a higher cost of doing business through Canadian ports.

Marine transportation is integral to Canada's supply chain and must be incorporated into the national supply chain strategy. Similar to the concerns regarding industrial land, our sector is facing a number of constraints on the water that will pose challenges to the rest of the supply chain if our marine corridors are not protected and managed appropriately.

In conclusion, we support large infrastructure expansion projects that support our economy by creating jobs and adding capacity and opportunities for trade while keeping Canadian exporters and importers competitive globally.

Thank you.

The Chair: Thank you very much, Ms. Gee.

Next, from the International Longshore and Warehouse Union Canada, we have Mr. Ashton.

Mr. Ashton, the floor is yours. You have five minutes.

Mr. Robert Ashton (President, International Longshore and Warehouse Union Canada): Good morning. Thanks. My name is Robert Ashton, national president for the International Longshore and Warehouse Union Canada. My pronouns are he and him.

The current year to date volumes comparing December 2022 and December 2021 show that fully loaded, imports are down 3.9% and exports are down 20% here in B.C., on the west coast. Empty containers for import are down 36.8%. The total number of exported cans that are empties according to the VFPA is 545,000 approximately, and fulls are 402,000 approximately. That means 58% of containers leaving through the port of Vancouver are empties.

In Prince Rupert, it's worse. There were 74,000 full and 196,642 empties, for a whopping 73% empty container export. This country does not have an issue with getting Canadian goods to other countries; we just need to do a better job at getting empty containers filled before they leave Canada. Our capacity is 6.3 million TEUs for 2022, and we've used 4,612,130 [*Technical difficulty—Editor*]

● (1115)

The Chair: Mr. Ashton, you're cutting in and out, unfortunately.

I don't know if you're having a hard time hearing colleagues.

Perhaps, just for the sake of your opening remarks, if you could shut your camera off, it might help with the bandwidth and enable us to hear you more clearly.

We'll try that and see if it works out.

I'll will turn the floor back to you, sir.

Mr. Robert Ashton: Thank you.

Our capacity in B.C. was approximately 6.3 million TEUs for 2022. We used 4,612,130 of those twenty-foot-equivalent spots. As of the end of 2022, we have space for approximately another 1.5 million containers.

Do we need more container capacity in the west? No, we do not. What we need is to fix the parts of the system that are broken.

For example, we cannot get enough railcars west to load them up and send them east. Container dwell times in B.C. have gone up, while container volumes have dropped off significantly. Why is this? Also, why is no one addressing this issue of hundreds of thousands of containers sitting on the terminals for five days plus when they should be on a train headed east within three days?

According to the VFPA's own information, it is getting harder to send containers east via rail, because we are not getting our railcars. Why build a new container terminal that can take two million TEUs and will destroy thousands of west coast port jobs, when all you will be doing is dumping two million more problems onto an already broken rail and warehousing system east of the Rockies?

When construction of a new terminal is proposed and the current tenants are paying for it through increased rent, then that terminal should be built in line with the current terminals, not in a way that gives the new operator, whoever that may be, an upper hand straight out of the gate. If RBT2 is approved with the current level of automation that is proposed, which is still up in the air because, according to the VFPA, the third party will get to choose the level of automation, this will force the current conventional container terminals to automate as well, just to keep up with the new greenfield terminal.

The ILWU Canada commissioned a study in 2019 called the “Economic Impact Study of Digitization and Automation of Marine Port Terminal[s]”—the Prism report. This report talks about the negative impact of job loss in communities and the negative tax implications of both greenfield and brownfield sites.

The VFPA brags that it will create approximately 800 full-time jobs at 1,598 hours in a year, which equates to 39.5 weeks of work in a year, but if the RBT2 gets approved, it will force the current conventional or brownfield sites to automate, which can reduce the workforce by up to 50%, so the port's creation of approximately 800 jobs maybe will cause the loss of approximately 4,000 jobs, according to the Prism report. Does the Canadian government think this is a good idea for Canadians? Does the Canadian government think this is a good idea for the working class in this country?

In regard to environmental remediation, Environment and Climate Change Canada is not convinced that the mitigation offers from the Port of Vancouver are feasible. What does this mean? It means that the biofilm needed to feed shorebirds can and will be destroyed. We're in a situation in which shorebirds will not have the required food to be able to migrate when the time comes. This equates to putting an entire species at risk—such as the western sandpiper and others.

The national supply chain task force recognized the need to improve the labour relations paradigm in this country. In doing so, the government and its partners should recognize that in developing, building and operating large port infrastructure projects, that activity will impact the working conditions of thousands of workers under collective agreements such as ILWU Canada's with BCMEA on the west coast.

In order to avoid labour disputes that may threaten the supply chain or infrastructure projects, government needs to consult with labour on planned projects and changes and to guarantee that such projects will not undermine the jobs, jurisdiction or collective agreements of unions. Where infrastructure projects have the potential to change where the work is done, how it is done and who is performing it, government must ensure that the project partners understand that infrastructure projects may not be used to undermine or remove collective agreement obligations.

In closing, I offer you this. Unions like ours, indigenous communities in our country and environmentalist groups need to have seats on port authority boards to bring an awareness to current and proposed infrastructure, so that before the development of new terminals in B.C.—like RBT2—we fix all other broken pieces first.

I urge our government to either not approve this project or postpone the decision until DP4 and the Prince Rupert expansion are in the same place in the impact assessment, so that all three projects can be put together and the best option for workers and the environment can be determined and acted upon.

Thank you for your time.

• (1120)

The Chair: Thank you very much, Mr. Ashton.

Next, from the Vancouver Airport Authority, we have Mr. Boudreau.

Mr. Boudreau, it's good to have you back. The floor is yours. You have five minutes for your opening remarks, sir.

Mr. Trevor Boudreau (Director, Government Relations, Vancouver Airport Authority): Thank you, Mr. Schiefke.

Good morning, everybody.

[*Translation*]

Thank you for the opportunity to address the committee today.

[*English*]

I am joining you today from Vancouver International Airport, which is located on the traditional, unceded and continuously occupied territory of the Musqueam Indian Band. Before I begin, I'd like to pay my respects to elders past and present.

As the committee studies large port infrastructure expansion projects, it's YVR's position that the Government of Canada must take a whole-of-government approach. Our large port ecosystems are only as strong as the weakest link. The Government of Canada must ensure that the existing port ecosystem is as efficient as possible to remain globally competitive.

Aviation cargo and logistics have always been a vital component of Canada's large port ecosystem. Today airports are playing an increasingly outsized and strategic role in supporting the expansion of Canada's trade, investment and supply chain resilience. The high-value goods, products and essential supplies that are key to international trade must move by air. Historically, 70% of the cargo that moved through our port did so in the belly of passenger aircraft. That is changing rapidly. There's a seismic shift under way to dedicated air freighters in response to changing consumer habits and the need for greater supply chain resilience.

Take, for example, one of YVR's largest exports. In just about a month's time, we're entering Dungeness crab season here in British Columbia. B.C. Dungeness crab is a highly sought-after commodity in the Indo-Pacific markets, but it's also a commodity that relies on aviation to retain its freshness, and thereby its value.

Moreover, we are beginning to see a shifting of supply chains in terms of the repatriation of manufacturing to North America—for example, semiconductors. Moving forward, other growth commodities that require air access include chips to support the booming 5G and Internet of things space; value-added biomanufacturing and pharmaceuticals; as well as components to support Canadian clean-tech and clean energy companies. Companies such as General Fusion have recently relocated their global head offices to YVR. Why? They needed access to our strategic location and global connectivity.

Canada needs airport capacity and air service access to support these developing trade lanes. That's why Canada's airports and air carriers are investing in cargo. Our major Canadian airlines, WestJet and Air Canada, have made significant investments in freighter fleets that are arriving this year.

YVR is opening up highly sought-after greenfield industrial land for development. We're also investing to expand our own capacity. This includes building our \$150-million airport cargo expansion project, which will facilitate more than \$250 billion in trade and investment over the next 20 years.

We're also implementing digital solutions, including our new air cargo community system. It's a system we developed in collaboration with our end-users and customers, allowing us to improve data sharing, streamline our operations and enhance YVR's overall cargo handling efficiency.

Before we move to the question period, though, I'd like to leave the committee with three recommendations to consider.

First, focus support and prioritize digital infrastructure and data sharing to create greater visibility, efficiency and multimodal collaboration. This will ensure that Canada is making the most of existing and future port infrastructure, providing clarity for end-users and delivering improved climate outcomes. Impact investment programs like the national trade corridors fund, which other colleagues have mentioned, are critical, but what is more critical is the long-term stable funding for these programs.

Second, ensure that government agencies are adequately resourced to increase their own capacity and modernize. This will ensure that all agency partners can support future trade growth and adapt to the evolving trade environment without sacrificing their core safety and security functions.

Finally, invest in trade-enabling transportation infrastructure now, while exploring new multimodal connections in the future. There is an immediate opportunity and need for Canada to invest in bridges, tunnels and roads. We must also think out of the box to explore better ways to connect businesses with consumers. For example, YVR is exploring the possibility right now of "air to marine to rail" connections, using e-barges to move goods up the Fraser River, a traditional trade channel here in the region.

Thank you very much for the opportunity to speak today. I look forward to discussing these recommendations in more detail with committee members.

• (1125)

The Chair: Thank you very much, Mr. Boudreau.

We would like to have heard from Mr. Stewart next. Unfortunately, I was just informed by our interpreters that they will not be able to interpret his testimony today due to a lack of the appropriate headset.

Mr. Miller, we very much appreciate your presence here today. I know that you will do your best to deliver the opening remarks on behalf of Mr. Stewart and to also respond to questions.

To both of you, I'd like to offer that if you don't feel that your testimony was adequate, we do have a subsequent meeting coming up next Tuesday. We could have you come back at that point to possibly answer questions to the fullest extent possible.

With that, Mr. Miller, I'll turn the floor over to you. You have five minutes for your opening remarks.

Mr. David Miller (Senior Advisor to the Executive, Vancouver Fraser Port Authority): Thanks very much.

I regret this, because obviously Mr. Stewart is the appropriate person, as the vice-president of infrastructure, to deal with a lot of these issues. I will do my best to deal with questions, recognizing that some of them may be beyond my areas of expertise.

Thanks very much for your invitation to us to appear here today. We regret that the committee was not able to visit our port during its recent tour. We would certainly appreciate the opportunity to host you all in the near future.

As I'm sure you're aware, the port of Vancouver is Canada's largest port, moving volumes nearly equal to those for the next-largest five ports combined. In the next five years, we're forecasted to grow by an amount equal to all of the trade through the port of Montreal, Canada's second-largest port, as new capacity ramps up and comes on stream.

We operate in a complex environment with challenging geography and bordering 16 local municipalities and a number of first nations. Given the growth that has taken place, our ability to finance and build infrastructure is extremely important. We certainly welcome the opportunity to discuss some of our recent projects and a vitally important project that we're hoping to have approved in the near future.

When it comes to major infrastructure projects, a significant impediment facing Canada's ports is the challenge of getting an increase to our federally mandated borrowing limits. Current borrowing limits are set substantially below the levels that commercial lenders would view as reasonable and appropriate. Raising borrowing limits is a slow process, usually taking several years. This can make responding quickly to commercial opportunities impossible. Bill C-33 creates a revolving three-year process for reviewing borrowing limits, but it does nothing to ensure that the process will move more quickly than it has in the past.

There are two significant infrastructure projects that were completed in recent years that I would like to note. The first is the G3 grain terminal. This was the first new grain terminal to be built at the port in many decades and it is the first grain terminal on the Canadian west coast with a loop track. This enables trains to unload without having to be broken apart or to remove the locomotive—a huge improvement in the speed and efficiency of the process. The project facilitated investment of well over \$1 billion in the prairie grain elevator system and created a highly efficient new supply chain to move grain to the coast and on to customers.

Under the provisions of CEAA 2012, as the terminal did not require construction of a new berth, the port was able to review the project through its own process. The terminal was approved and permitted in seven months and completed well ahead of schedule.

Similarly, the expansion to the existing Centerm container terminal did not need to go through the federal process, allowing it to complete permitting and move forward in 16 months. The expansion increased the capacity of the terminal by 60% while increasing the footprint by only 15%.

Unlike our recent success stories in advancing projects quickly to completion, our Roberts Bank Terminal 2 container project has been in the federal environmental review process for nine and a half years. We're very concerned that even using low-case projections for growth in container traffic, we're now in a position in which the port will run out of container capacity well before the new terminal can be completed.

The recent slowdown in the sector may buy us a bit of time, but not enough. On a recent trip to Asia to meet with the container shipping lines, my colleagues heard a common refrain wherever they went: We need more capacity.

This terminal is strongly supported by the western provinces, and we're proud that we currently have mutual-benefit agreements for this project with 26 first nations. As with our existing Roberts Bank terminal, the port authority plans to build the land and marine structure for the T2 terminal and then lease it to an operator, which would build and operate the terminal. The cost of building the land will be recovered through the long-term lease.

Another reason we're so anxious to move forward with T2 is to increase competition. Currently there are only two operators with container terminals at the B.C. ports. We believe that adding a third operator will ensure competitive pricing for Canadian importers, exporters and consumers. This is particularly important in the strategic Roberts Bank area, where there is currently only one operator. This is the only area in which there are no height or depth constraints, and the terminal can handle the largest ships, which are now in use around the construction.

• (1130)

If we do not build the capacity in Vancouver and Prince Rupert, our exporters and importers will be forced to rely on U.S. ports. This will represent a significant increase in cost, a loss of domestic control and an increase in emissions, as containers will need to be moved longer distances. More will move by truck rather than rail, due to limited rail capacity across the border.

This will negatively impact small and medium-sized Canadian exporters. These exporters, particularly those moving agricultural products such as pulse crops, compete on the world market, where the increased costs involved in using Seattle or Portland would likely make them uncompetitive.

Needless to say, we view this project as being essential for the future of Canada's trade competitiveness.

Thank you, and I'll do my best to handle your questions.

The Chair: Thank you very much, once again, Mr. Miller.

We'll begin our line of questioning today with Mr. Lewis.

Mr. Lewis, the floor is yours. You have six minutes.

Mr. Chris Lewis (Essex, CPC): Thank you, Mr. Chair, and thank you to all the witnesses this morning. Certainly, there has been good conversation around the table.

Mr. Chair, I believe the majority of my questions will be directed to Mr. Ashton.

The first question is this: What do you think the fix is to move the containers from the east to the west? I believe I heard it properly when you were talking about the bottlenecks not necessarily being at the ports but with the rail system.

Do you propose a solution? Is my line of thinking correct there?

Mr. Robert Ashton: I just shut my camera off, so that I don't have the same issue I had earlier.

The problem with moving boxes isn't at the container terminals. We move them on and off as best and as fast as we can. The problems that we see are in getting the railcars from the east coast.

[*Translation*]

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Mr. Chair, I have a point of order.

[*English*]

The Chair: I'm sorry, Mr. Ashton. I'm going to have to cut you off really quickly. I have a point of order from Mr. Barsalou-Duval.

[*Translation*]

Mr. Xavier Barsalou-Duval: I apologize to my colleagues and to the witness I have just interrupted, but I'd like to know whether the Standing Orders of the House of Commons allow witnesses to appear if we can't see them on the screen.

The Chair: Are you asking the question in order to know whether the witness is agreeable to that?

Mr. Xavier Barsalou-Duval: No, I just want to know whether it's an acceptable practice under the Standing Orders.

The Chair: Thank you, Mr. Barsalou-Duval.

[English]

Mr. Ashton, I'm just going to confer with the clerk to see whether or not we're still following the rules as we should be with your camera off. Just bear with us for one minute, please.

Mr. Ashton, what we're going to ask you to do, sir, is to leave your camera on while we're conferring to see whether or not we're in accordance with the rules and regulations of committee work. If we see through our interpreters as well as the members here that they can't hear you correctly, then we'll just have to stop until we find the answer to that question.

I'll turn it over to you, sir, and I apologize for interrupting your response to the question from Mr. Lewis.

Mr. Lewis, I'll make sure that doesn't affect your time.

Mr. Robert Ashton: It's not a problem. I'm sorry about that.

The problem that I see is with the railcars going east and west. We can get the boxes off, get them on railcars and get them to the eastern provinces. However, then what we're hearing about is the issues in the warehouses in Toronto, Montreal and Chicago. They can't load the containers fast enough to get the railcars back; there are backlogs back there.

If we don't fix that problem, if we dump another two million TEUs, whether it's today or tomorrow, all we're going to do is exacerbate an already broken system.

Mr. Chris Lewis: Thank you, Mr. Ashton.

In your opinion, is an automated container terminal in the best interest of Canadians? I don't mean specifically for B.C., but for all of Canada as a whole.

• (1135)

Mr. Robert Ashton: No. Automated terminals are actually very bad for the people of Canada and for the country.

If you look at Los Angeles and Long Beach, they created one automated terminal, and then there was a systematic effect that forced all the other conventional terminals to go automated to "keep up with the Joneses", as they used to say.

It actually destroys the Canadian economy, because it destroys workers' jobs. Like I said in my opening statement, brownfield jobs could be decreased by as much as 50%, so this doesn't do anything for the Canadian economy.

All that automated terminals do is put more money into corporations that take it somewhere else besides our country.

Mr. Chris Lewis: Thank you, Mr. Ashton.

I'll ask Mr. Miller the same question, please. The question was this: Is an automated container terminal in the best interests of Canadians?

Mr. David Miller: First, I want to say that there is no reason, particularly, to believe that this will be an automated terminal. We don't even know who the operator will be at this point. The business seems to be going to partially automated terminals, where there are still a significant number of jobs. We indicated to the union that we in fact were prepared to guarantee a certain minimum

number of jobs that would be present. I think it's far too early. This terminal, if it goes forward—which, obviously, we hope it will—won't be completed for seven or eight years, so it's a terminal that will be operated by an unknown operator a long way down the road. It's very hard to say what will be happening in the business at that point or which way they will go. It's really speculation.

Mr. Chris Lewis: Thank you, Mr. Miller.

I'll come back to you, Mr. Ashton. Do you believe the port authority can guarantee the offer of 800 jobs, when they say the proposed terminal operator has the final say over the level of automation?

Mr. Robert Ashton: Not at all. My friend just said that they don't even know the level of automation. The VFPA themselves have told us that all horizontal traffic on the terminal will be automated. That's all the tractor trailers, all the rubber-tired gantries. Those will be all automated. That's hundreds and hundreds of jobs gone.

Mr. Miller already stated that there's no guarantee that it'll be automated. Well, that's not what the port authority has been telling our union and everybody else. It's been telling us that all horizontal traffic will be automated. At the end of the day, the 800 jobs.... The Vancouver Fraser Port Authority can't guarantee a number, because they've stated to everybody that it'll be the terminal operator, whoever that may be in this *Field of Dreams* scenario, who will have the final say in the level of automation. It could be 800 jobs. It could be five jobs. It could be 10,000, but it will be below the 800 number.

Mr. Chris Lewis: Thank you, Mr. Chair. I appreciate it.

The Chair: Thank you, Mr. Lewis.

To respond to the point of order posed by Mr. Barsalou-Duval.... If the sound and the video work well, then typically the committee will move forward with that approach. If the sound quality is not good, then the committee can decide by unanimous consent to adopt a motion that basically says that we can move forward with the video off in order to better protect our interpreters and ensure that we can better hear the witnesses.

Does that work for the committee? Are there no objections?

Thank you.

[Translation]

Thank you for having raised that issue, Mr. Barsalou-Duval.

[English]

Next we'll go to Mr. Iacono.

[Translation]

You have six minutes.

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Mr. Chair.

I'd like to welcome the guests and thank them for being here.

My first question is for Mr. Gooch.

How can the federal government help to identify gaps in the links between transportation infrastructures?

Mr. Daniel-Robert Gooch: Thank you for the question. I'm going to answer in English.

[English]

One of the things that we'd like to do at the Association of Canadian Port Authorities is update a study that we did well before I got there in 2011. It was funded, I believe, in part by Transport Canada, and it looked at both the planned infrastructure investments for the coming years as well as what was needed. The supply chain task force report identified \$110 billion over 50 years that is needed in infrastructure investments at Canada's seaports alone.

What we would like to do is dig a bit deeper on that, get our ports together and take a look at what that looks like. How much of that is maintaining existing infrastructure? How much of that is associated with decarbonization, which is a top priority for Canada's port authorities? How much of it is expansion? We know there are significant investments needed, and we do want to better understand what that looks like for the coming years. We've had some conversations with a federal agency that might be able to fund that, and we would like to work on that over the next couple of years.

● (1140)

[Translation]

Mr. Angelo Iacono: Thank you.

My next question is for Ms. Gee and Mr. Ashton

How do you think Canada compares to other countries in terms of the global trend towards automation?

What can we do to support workers during the transition?

[English]

Mr. Robert Ashton: Do you want to take this first, Bonnie, or do you want me to?

Ms. Bonnie Gee: I was going to defer to you, Robert.

Mr. Robert Ashton: All right.

How do we compare with other nations? We're actually doing very well. We have some levels of automation at our current container terminals. These were negotiated between the terminal operator and the union. What that did is create more space at the terminals. There hasn't been a steamroller effect of automation at our terminals. It was negotiated and dealt with appropriately, in order to protect workers' jobs as best we can.

If you look at what's happening elsewhere in the world—south of the border or in Australia; pick a country—you see corporations and employers coming in and blanket-automating an entire site. It's like what the Vancouver Fraser Port Authority is talking about with RBT2. What that does is wipe out the jobs. It wipes out the workforce. Our Prism report states that a greenfield terminal could wipe out approximately 90% of a conventional terminal's workers. A brownfield being converted to automation is...about 50%.

That doesn't work for workers in Canada. We're doing a fine job, in Canada, moving the boxes. We have a broken system. We don't need to spend \$3.5 billion to create a terminal that's going to wipe

out Canadian jobs. The port authority has already spent half a billion to a billion dollars, and it hasn't yet put a shovel in the ground. The money.... It has to stop. The feds have to put a plug in the sinking ship that is RBT2.

Mr. Angelo Iacono: Thank you.

Mr. Gooch or Mr. Miller, would you like to comment on this question, as well?

Mr. David Miller: Certainly. The suggestion that a decision has been made, somewhere, that this will be an automated port is just not true. That is not a message we have been sending. It's not something we know, at this point. It's just not accurate. We are in a position to put out a tender for an operator. Going forward, we will be able to put conditions on that tender. In that way, we will be able to guarantee jobs. It is misleading.

I would also object to the suggestion that the system is broken. There are major issues. A lot of them are relatively recent. There are issues of warehouse capacity in eastern Canada. A lot of that is linked to people over-ordering during and after COVID, then not picking up their loads. Warehouses get backed up. The railways don't have any place to put the loads, and they don't want to move them until they have someplace to put them.

There is no question there are problems. There was also a delay in terms of building a new terminal in the Milton area, which has not helped matters any. Realistically, this is not a long-term problem. To suggest the system is broken because of this problem is just not accurate.

● (1145)

Mr. Daniel-Robert Gooch: If I may add to that, the only comment I would make—and this is very general—is this: We don't build infrastructure for today. We build it to ensure Canada has the capacity it needs 10 years from now, in the future.

[Translation]

Mr. Angelo Iacono: Thank you, Mr. Gooch.

Have your members been helped by the national trade corridors fund? If so, can you give us a few examples?

[English]

Mr. Daniel-Robert Gooch: Is that a reference to the national trade corridors fund?

A voice: Yes.

Mr. Daniel-Robert Gooch: Okay.

Port authorities have received nearly a billion dollars in funding through the national trade corridors fund. It is a great program. We would like to see it made permanent and capitalized on continuously.

We would recommend some tweaks. In particular, the way the fund works right now, applicants are told when the project has been approved. However, until a public announcement is made, they can't spend any money. That can end up being months of delay. We're in an environment in which construction and material costs, and inflation, are quite extensive. That's a concern.

[*Translation*]

The Chair: Thank you very much, Mr. Iacono.

I am now giving the floor to Mr. Barsalou-Duval for six minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

I'd like to thank all the witnesses for being here today.

I'd like to respond to Mr. Miller's earlier comment to the effect that the committee had not visited the port of Vancouver. I believe that most of us were very sorry to hear that the committee had eventually come to this disappointing decision, on grounds that the committee had visited the port of Vancouver in the past. I nevertheless believe that I and everyone else would have liked to visit that port.

My first questions will be for Mr. Gooch.

During our visits last week to various ports, I occasionally heard people comment or wonder whether it's appropriate to keep investing in certain ports, like those that are most congested, when other ports could serve the same markets.

Do you think it would be appropriate to withhold investment in congested ports and to shift traffic to underused ports instead?

I'm also wondering whether this could have an impact on us from the competitive standpoint, given that we would often be competing with some ports in the United States. You, no doubt, are more familiar with the market than I am, and might be able to answer this question.

Why are some ports congested while others have more capacity? Is this also related to market considerations?

Over to you.

[*English*]

Mr. Daniel-Robert Gooch: Well, I've been in this role a year, so I don't consider myself an expert yet.

The traffic flows in different directions. For example, the port of Prince Rupert receives very different traffic, destined for the U.S., compared with the port of Vancouver, for example.

One thing we've identified as an opportunity that could make the system work more efficiently is if Canadian ports could collaborate more closely together in certain areas. For example, there are three ports in Quebec—Trois-Rivières, Québec and Montreal—that have a working group to explore collaboration and if there could be some specialization in terms of one port versus another.

There are some provisions in the Canada Marine Act, as well as in competition law, that limit how far they can go. Those three ports have put forward a proposal to the Government of Canada to explore how ports might be able to collaborate more effectively than they can right now, with the limitations of the laws that are in place.

We understand that the Government of Canada has launched an RFP for a study on the complementarity of ports, which seems to be a response to that. We look forward to seeing the outcome of that work.

[*Translation*]

Mr. Xavier Barsalou-Duval: My question may have been too broad. I'll try to be more specific.

Do you think it would be a good idea to prevent congested ports from increasing their capacity, given that there are other ports operating below capacity?

[*English*]

Mr. Daniel-Robert Gooch: I would say that one thing we've been calling for since before I joined ACPA—and it echoes a call that Ms. Gee spoke to earlier—is a national transportation supply chain strategy that is well thought-out and involves all the stakeholders—the shippers, the ports, the railways and everybody in the supply chain—because there may be some specialization that might be appropriate in the system.

I understand from our port CEO in Halifax, who is from Australia, that they have a system like that. At least in that particular case, it guards against any investment that is perhaps not the most appropriate.

• (1150)

[*Translation*]

Mr. Xavier Barsalou-Duval: Mr. Miller, do you have anything to add?

[*English*]

Mr. David Miller: We obviously have an extremely diverse port. There aren't many ports in the world that handle as wide a variety of commodities and products as we do.

There could be instances in which that could make a difference, but generally speaking cargo flows to a port for a reason, whether it's a particular railroad in their network, or whether for some reason it has proximity issues, if something is moving out by truck.

Generally speaking, in the majority of cases there is a reason traffic flows to the port it does, so there could be places on the margins where traffic could move, because of capacity issues. Overall, I'm not sure this would be a terribly successful strategy.

[*Translation*]

Mr. Xavier Barsalou-Duval: My final question is for Mr. Gooch.

Locations with the highest density often experience environmental problems, whether in terms of population, endangered species or shoreline erosion.

How do we reconcile marine traffic development with environmental protection?

[English]

Mr. Daniel-Robert Gooch: Well, we have an impact assessment process that's in place now, and that's how we reconcile those challenges. It's certainly beyond my expertise to comment on how well we're doing that.

What I will say is that on the project my colleague has been referring to, the Roberts Bank Terminal 2, it has been 10 years that this has been under review, so I would say that seems to be evidence of a fairly robust environmental assessment process, perhaps a little more robust than is required.

[Translation]

The Chair: Thank you very much, Mr. Barsalou-Duval.

[English]

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair, and thank you to all our witnesses.

I'd like to begin with some questions for Mr. Ashton.

Mr. Ashton, in your opening comments you talked about a desire to see working people—the people who load and unload ships at our ports across Canada and ensure our ports are efficient and operate well—reflected on the boards of port authorities. We're currently considering legislation that looks at board governance.

Can you speak to what you see as the benefits of having working people reflected in the membership of the boards of directors and perhaps give some examples of where that's been successful?

Mr. Robert Ashton: You bet. Currently, in four ports on the west coast of the United States, there are some, including our international president and our international vice-president, who currently sit on their authority boards—or port commissions, I think they're called down there. They are able to make decisions together. The union would be able to bring any issues we know of to the table. It's the same with indigenous groups, if they have seats on the port authority boards, elected by the indigenous groups in that area. It's the same with environmental groups.

The union in particular can bring stories, such as what happened in Auckland, in New Zealand, for example. The Port of Auckland completely got rid of all its plans to automate because of the cost, and because it knew that automation was a failure. We could bring that to the table, but currently that can't happen because we don't have a seat at the table.

Mr. Taylor Bachrach: Thank you, Mr. Ashton.

I understand the Vancouver Fraser Port Authority made an offer to the ILWU of maintaining 800 jobs at the proposed Roberts Bank Terminal 2 expansion project.

How did your union receive that offer? Would you say that it was in line with normal operating procedure for relating to organized labour?

Mr. Robert Ashton: We were actually quite surprised.

The ILWU is split into two different divisions. There's the longshore division and then ILWU Canada. The longshore division was quite shocked by that letter, especially on the very next Monday.

No matter what Mr. Miller says in his testimony, the Vancouver Fraser Port Authority has always said that it will be an automated terminal and that all horizontal traffic will be automated. At the end of the day, the terminal operator that eventually wins the place will have the final say on the levels of automation. There's no way that the Vancouver Fraser Port Authority can guarantee any number of jobs. When they call 1,598 hours full-time work, that's only 39 weeks out of the year, and that's not full-time work. My members will have to come to you guys and ask for more money for employment insurance.

The second part of that letter was basically what I took as a threat against Local 517, which is the local that represents the workers inside the port authority. They're currently in bargaining, and the Vancouver Fraser Port Authority was.... I took it as a threat that this would affect their jobs. They can't do that in collective bargaining. That whole letter they sent to us was way out of the norm and, quite frankly, offside.

• (1155)

Mr. Taylor Bachrach: Mr. Ashton, I understand that in that letter there was a statute of limitations on your response to the offer of 800 jobs. How long did the Vancouver Fraser Port Authority give the union to consider the offer?

Mr. Robert Ashton: According to the letter, we had around 24 hours to respond. They gave it to us on a Sunday, and we had to respond by the Monday. We responded on Tuesday, because they have no right to....

Mr. Taylor Bachrach: What was your response?

Mr. Robert Ashton: It's too little, too late.

We're not going to accept a promise of 800 jobs—a promise that they make—that will destroy anywhere from 2,000 to 4,000 jobs, approximately.

We can't put that many working people's jobs on the chopping block. There's no way.

The environmental impacts of this program are horrific. It would be devastating to the community there: crab fisheries, the salmon spawning ground, you name it.

Mr. Taylor Bachrach: Thank you, Mr. Ashton.

I'll turn now to Mr. Gooch.

Mr. Gooch, we were just in Prince Rupert as part of our port tour. I was having a conversation about this idea that the federal government, perhaps, should play some role in prioritizing approvals in investments, so that public money is put to the most efficient use.

The response from the representative was interesting, I thought. He indicated that the private sector does a good job of prioritizing where investment should go, because it has a lot riding on it, so that public money could follow private investment, and that would result in efficient outcomes.

Do you share that view, that public approvals and public investment of taxpayer dollars should look to the private sector as to where the priorities lie?

Mr. Daniel-Robert Gooch: As my colleague, Mr. Miller, indicated, traffic flows to a certain port for a reason. If there's private investment interest in a certain area, there's a reason for that. I would also say that certainly when we're looking at the national trade corridors fund, it's not a guaranteed process, and there are federal officials who are evaluating these applications. We understand they're actually working with other parts of government for a whole-of-government view on this, which is certainly a positive development. They are considering the various options when they are evaluating what gets funded and what doesn't get funded.

Mr. Taylor Bachrach: My next question is—

The Chair: Thank you very much. Unfortunately we're out of time, Mr. Bachrach.

Mr. Taylor Bachrach:—very short.

I can ask so quickly. You'd be amazed.

The Chair: No, unfortunately.

Voices: Oh, oh!

Mr. Taylor Bachrach: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Bachrach. Rest assured that you have two and a half minutes coming up very soon.

Next, we have Dr. Lewis.

Dr. Lewis, the floor is yours. You have five minutes.

Ms. Leslyn Lewis (Haldimand—Norfolk, CPC): Thank you, Mr. Chair.

My first question is for Ms. Gee.

Ms. Gee, are you concerned at all about Bill C-33, the removal of the west coast anchorages, and what the impact will be on infrastructure?

Ms. Bonnie Gee: Certainly, if that is the intent of Bill C-33—to remove anchorages—which I do not believe is the case....

There is a lot of work under way currently with the Port of Vancouver and Transport Canada to look at how we better utilize those anchorages, particularly outside the port's jurisdiction.

The anchorages and the vessels in those anchorages are often a symptom of a supply chain that's broken. They are waiting there only because the cargo has not arrived yet at the facility where the vessels need to load. The perception that vessels are there for no reason other than to park the vessels is not correct.

The consequences of not having those anchorages would be having vessels drifting offshore.

• (1200)

Ms. Leslyn Lewis: I'm not sure why you concluded that there's a perception. Is there some background information that would lead you to the conclusion that there's a perception that that's why they're there?

Ms. Bonnie Gee: I think many people don't understand why the vessels are sitting in the anchorages, and that they are integral to the supply chain and the movement of exports from Canada. Particularly, grain commodities often bounce in and out of anchorages due to partial loads, or if there's a weather situation that prevents them from completing their cargo load. They'll bounce out and to an anchorage.

Ms. Leslyn Lewis: You also spoke about the lack of coordination among the ports. I would like you to elaborate on that, specifically with respect to how you see technology could improve this coordination. This is something that we also witnessed in visiting the various ports. We were surprised to see the lack of harmony, integration and coordination among the various ports.

Ms. Bonnie Gee: Yes, and it's not just between the ports but with the federal departments as well. Our vessels provide 96-hour advance notice to, I think, eight different departments, and these are separate reports. There seems to be no coordination in terms of managing the arrival of vessels and clearing the vessels in. It's become quite complex, and I think just this month we have four different advance arrival reports being requested of our vessels to submit.

There is a lot of opportunity to develop a port community system based on a digital platform. I think Canada is expected to have a national single maritime window in place by January 2024. I don't believe that there's been any or enough effort put into that, so I'm not sure where we'll be in January. The intention is to have a single window where everyone can see what is coming to Canada and understand how we can best manage the movement of goods, vessels and other pieces of the supply chain.

Ms. Leslyn Lewis: Thank you, Ms. Gee. You've done a very great job for being in that position for such a short time, so thank you for your responses.

My next question is for Mr. Gooch.

You spoke about merit borrowing limits. I'd like for you to elaborate on that a bit and maybe speak about some of the red tape that you see in that whole process.

Mr. Daniel-Robert Gooch: Certainly my colleague from Vancouver can add to my comments, but it takes years. There are fixed borrowing limits in the letters patent for each of our CPAs. It takes years to change them. My understanding is that they represent maybe half of what an organization that doesn't have limits would be able to borrow. When it takes years to change a borrowing limit, private capital is just not going to wait that long, so it's an incredibly cumbersome process.

We would recommend that borrowing limits be eliminated and that projects be considered in terms of financing on the merits of the projects as well as the creditworthiness of the organization that is putting forward the proposal.

Ms. Leslyn Lewis: Mr. Boudreau, could you speak briefly about the data sharing and the end-user climate outcomes that you raised in your testimony?

Mr. Trevor Boudreau: We have invested significantly in YVR in our entire operation. On our passenger side, we launched a digital twin in 2021, which is helping us with our passenger terminal.

On the cargo side, you'd be forgiven if you came to YVR's cargo village.... I am disappointed that the committee unfortunately couldn't make it out here as well when you were out here in B.C. You would be surprised to know that it looks very much like 1984. There's a lack of coordination and a lack of visibility. We worked closely with our cargo village partners to explore a pilot for an air cargo community system, one that would give greater visibility to what's coming in and what needs to go out.

Currently you will see a large number of trucks coming onto Sea Island, and that creates congestion. They sit there idling while they're waiting for their cargo to go, and it's very inefficient. One of the first use cases we've had for the air cargo community system is a truck slot management system, so we can tell the trucks when to come on, and they can optimize their time here and optimize their time getting off the island. The community benefits because there isn't the congestion on our bridges on and off the island. If you had been here, you'd know that we're an island and that we're connected by several bridges, so we need to make sure those bridges are clear and moving efficiently.

• (1205)

The Chair: Thank you very much, Dr. Lewis, and thank you, Mr. Boudreau.

Next we have Mr. Rogers.

Mr. Rogers, the floor is yours. You have five minutes.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thanks, Chair, and thanks to the witnesses here today and to the people online.

Mr. Gooch, we had many groups present when we did our report on supply chains. What do you see as the most important priorities that were identified in that recent supply chain task force report?

Mr. Daniel-Robert Gooch: For us, there was a recommendation on providing port authorities with greater financial flexibility through more autonomy and authority. That speaks to what I was speaking to with Dr. Lewis in terms of the borrowing limits and moving to a model that is more flexible.

Mr. Boudreau just spoke to what the Vancouver Airport Authority is doing to improve the efficiency of its operations. It operates under a very different regime when it comes to financing. The airport authorities do not have the challenges that we've identified at the port authorities when it comes to raising capital. They're much more flexible in terms of what they can do, much like a private organization.

The other recommendation that I'd say was top of mind and quite important was the call for a national transportation supply chain strategy, so we can take a whole-of-Canada look at our supply chains and work on the various corridors that we have in this country.

The Great Lakes, for example, are an interesting case study, because they have unused capacity. There are a lot of opportunities to more efficiently flow goods down the St. Lawrence and within Canada as well, but we really need to take a strategic look at it, because there are many impediments that are not connected to each other that we would have to overcome to really maximize the use of that fantastic asset we have, which is the Great Lakes St. Lawrence system.

Mr. Churence Rogers: It would be very important, then, going forward, to have a discussion on that strategy.

We recently visited ports that have long-term visions for 30 years out and 50 years out for Canadian ports in order to mitigate that. What kind of vision do you see for these ports that would mitigate future supply chain issues or problems or challenges?

Mr. Daniel-Robert Gooch: You know, I was visiting one of our ports, and they have an interesting story. They have enough land to have the capacity to handle the next 50 years. They don't need to physically expand the footprint of the port, but they need to move some things around. They have an opportunity to relocate, for example, some of where their cruise operations are. That would be an expensive part of the project, because it would entail a physical building that passengers could flow through, but that would open up container capacity.

Now, the costs associated with container capacity are quite minimal, but that's where the value is. You get the value from a financial perspective on the container capacity. The costs are on the passenger side. The borrowing limits don't allow them to finance this as a complete project, which they would be able to do if they operated like an airport authority and had the financial flexibility of an airport authority.

The national trade corridors fund only funds the movement of goods, so they couldn't use that for the cruise facility. They're in this strange situation in which they have all the capacity they need, but the constraints of the model make it challenging for them to move forward to do what they need to do.

Mr. Churence Rogers: Okay. Thank you.

Mr. Stewart, we talk about conflicting views, of course, and we hear them here today in terms of what we need to do going forward. Can you describe what kinds of consultations you currently undertake when proposing expansion projects or changes in how you operate? What is your understanding of how Bill C-33 would change consultations?

I'm sorry. That's for Mr. Miller.

Mr. David Miller: We currently have in place a pretty extensive system of consultation committees with the local municipalities, with first nations and with residents in the area. We really already have in place most of what Bill C-33 envisions.

I think what they envision is a challenge for some of the smaller ports that just don't have the staff to deal with some of what they feel they are being asked to do. In an area like ours, where we're dealing with 16 municipalities and numerous first nations, we've developed over the years a pretty robust system in terms of consultations. It's worked quite well for us.

• (1210)

The Chair: Thank you very much, Mr. Rogers, and thank you very much, Mr. Miller.

[Translation]

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

My question is for Mr. Gooch or Ms. Gee.

We know that marine shipping is steadily increasing. It's praised as the mode of transportation that generates the least greenhouse gas per kilometre. However, it's undeniable that shipping has repercussions, on biodiversity and elsewhere.

Have you come up with strategies to reduce greenhouse gas emissions and their impact on biodiversity? Do you have a mitigation strategy?

[English]

Ms. Bonnie Gee: Certainly, there is a lot of work under way in managing biodiversity on the west coast, and a lot of engagement with first nations as well when it comes to co-governing our marine waterways. You're correct that marine transportation is focused on decarbonizing over the next several decades. The challenge we have is that we're not sure what the fuel of choice will be for many vessels in the future. That choice will drive what vessels are being built. It's kind of a chicken-and-egg situation: We need fuels to be available, but we don't have a clear decision as to which fuels will be preferred.

Vessels are already slowing down for southern resident killer whales to reduce underwater noise. What's happening with new marine protected areas is that there's a discussion around minimum standards of what can actually happen in marine protected areas. From our perspective, we would like to see designated low-impact marine corridors for shipping, where we can either reduce speed or require certain fuels.

There is still a lot of work to be done. We need the required infrastructure. We don't have adequate port reception facilities if, for instance, we're to mitigate all discharges from vessels. I think Prince Rupert doesn't even have an adequate reception facility, in any case.

[Translation]

Mr. Xavier Barsalou-Duval: I heard a lot of talk last week about dockside electrification. More and more groups are moving towards electrification. That looks like a very good idea. At least

when the vessels are berthed, there are no greenhouse gas emissions; at least electricity produces a lot less.

How long do you think it will take for all your members to be able to operate like that dockside? It would seem that not all shipowners have this capacity.

[English]

Ms. Bonnie Gee: Vessels that are operating on a fixed route can certainly look at electrification. We have cruise vessels and container vessels that are already using shore power when they're alongside. However, for the other trades—the boat trades—the vessels aren't necessarily coming here on a regular basis, so shore power is not the solution for these vessels.

[Translation]

The Chair: Thank you very much, Mr. Barsalou-Duval.

[English]

Next we have Mr. Bachrach.

The floor is yours. You have two and a half minutes.

Mr. Taylor Bachrach: Thank you very much, Mr. Chair.

Mr. Miller, building on my question regarding public investment and approvals following private investment, I note that despite being in the assessment and evaluation process for over a decade, the Roberts Bank T2 project still doesn't have a terminal operator.

Could you explain why the Vancouver Fraser Port Authority has had so much difficulty attracting a private investor to the project?

• (1215)

Mr. David Miller: We really haven't had difficulty. The reality is, we haven't tried.

A process was begun, and when it became clear...when we had the ministerial information request and it was clear that the process was going to drag on significantly longer than we anticipated, we didn't see a point. The potential operators, with the uncertainty of the timeline, would likely come in offering significantly less than they might in a different circumstance, so we felt it was in our best interest to wait and go to tender at a later date, when there was more certainty involved in the timeline.

We've certainly had interest. We have no doubts whatsoever in our minds that we will have numerous parties interested in being the operator, but we just haven't gone through that process as of yet.

Mr. Taylor Bachrach: One of the reasons for the long timeline is that Environment Canada has raised some very strong concerns about the impact of the project on the environment, stating that the adverse effects of the project will be “immediate” and “continuous” and “cannot be mitigated”.

One of the big concerns, I understand, is this biofilm that accumulates on the sand and is vital for the migratory birds that rely on it for nutrients.

What's the port authority's current plan for mitigating those impacts?

Mr. David Miller: We went through a very extensive review process, and there was a fairly high level of comfort from the review panel in terms of what's being done to accommodate both salmon and resident killer whales. In terms of biofilm, there was one question about which they felt they did not have enough information to reach a conclusion. That was not about the quantity of the biofilm, but the quality of the biofilm.

Certainly, we've had numerous experts in the field who agree with us about the lack of impact, and the first nations in the area agree with us. It's interesting that there's great interest in first nations and indigenous knowledge when they agree with the department, but when they disagree, they suddenly don't want to talk to them.

When they said that the impact would be immediate, we made the offer that we would build, in effect, the shell of the facility, and then we would stop; we would take a break—which we have to in any event, because of fishing seasons and crabbing—and there could be a monitoring process. If there were signs of impact that couldn't be mitigated in other ways, we would pull it out. That's how confident we are. All of a sudden, the department came back to us and said, “Well, maybe not immediate; we really need a few years.”

That's the frustration we've been dealing with.

The Chair: Thank you very much, Mr. Miller, and thank you, Mr. Bachrach.

Next we have Mr. Muys.

The floor is yours. You have five minutes.

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Thank you.

I'm intrigued by the conversation we have had around borrowing limits, borrowing capacity and financial flexibility—and these are just two examples; they're not even the biggest ports—because what struck me on our tour of ports is that in Saint John, their borrowing capacity is \$8 million. It takes them \$30 million to build a pier, while \$8 million will buy you three houses in the GTA.

Hamilton port, which is close to my heart and to Mr. Badawey's heart because it takes in Niagara and has great opportunities for short-sea shipping, has a borrowing limit of \$45 million. It's going through the process now to increase that. Of course, it's lengthy. That's a port that has four billion dollars' worth of cargo going through it and 40,000 Ontario jobs attached to that.

You talked about it briefly in your opening testimony, but maybe you could elaborate on some of the other shortcomings of Bill C-33, or missed opportunities as we look at that.

Mr. Gooch can start, and then maybe Mr. Miller can talk from the perspective of the Vancouver port, which we haven't had a chance to get to.

Mr. Daniel-Robert Gooch: I would say the financial aspects of Bill C-33 are where we have the biggest questions about the bill. We first saw the bill when it was tabled in the House of Commons. We reviewed it and addressed questions and concerns in a letter to Minister Alghabra in December.

We had a good, productive meeting with Transport Canada officials one month ago today, but we have big questions about how the borrowing process will work. There are extensive new financial reporting requirements in the bill that are proposed as well. Ports are already reporting significant amounts of data on a quarterly basis. We don't have an answer to the question, “Is what's being provided today sufficient to meet what is desired, or is it an onerous new requirement in terms of reporting?”

We've been told that it's meant to inform a borrowing limit process that will be more dynamic and more responsive to changing business environments, but we don't have the answers on what that looks like or how it works.

If the reporting requirements are similar to what is happening today and if the borrowing process is more dynamic than the hard limits we have today, that could be an improvement. It's not what we were asking for, but we simply do not have the answers. We hope to get them before we come back before this committee, because otherwise we can't say whether this bill is a modest improvement or if it actually might be quite negative.

• (1220)

Mr. Dan Muys: Go ahead, Mr. Miller.

Mr. David Miller: We certainly have some concerns with the governance provisions. We feel the system has worked well. We don't understand why the minister has been given the ability to appoint the chair. It's quite important that the board have confidence in and be comfortable with the chair.

The minister has assured us that he would consult with the board and would in normal circumstances follow their recommendation, but of course that doesn't mean that future ministers will take the same course. That's a concern.

There's a significant part of the bill that is of particular interest to us, such as the deals in terms of the ability to gather data and putting in place a new vessel management system that we're currently working on.

The concern there is not the bill. The bill basically creates the shell in which to build. It's really all going to come down to the regulations and, potentially, changes to our letters patent in terms of whether they will give us the powers we need to enforce what they are asking us to do.

Mr. Dan Muys: I imagine my time's running down.

There was some commentary about U.S. ports. Obviously, they're a threat. We're going to bleed business to U.S. ports if we don't get this right and we have these kinds of constraints here in Canada.

Maybe you can give us an assessment of how much of a threat that is. As we look at our national supply chains—the comment was made that there isn't a coherent strategy—I note that none of the immediate recommendations of the task force have even been implemented.

What kind of threat are we facing from U.S. ports?

Mr. David Miller: There's no question. The goods have to go somewhere, and if there isn't capacity in our ports, they will flow south of the border if there is capacity there. Generally speaking, particularly in terms of containers, they are significantly more expensive. I'm told it's about \$500 per container on average. These are costs that will get passed on to Canadian consumers in imports.

It's also a question of access. There are very limited cross-border rail routes. There's no question that more traffic would have to move. A company in Saskatchewan, say, moving lentils and moving specialty crops for export would likely be in a position of having to ship to Vancouver and truck south, and that's a problem.

It's not as big a problem for the Walmarts and the Canadian Tires, because they inevitably hedge their bets. They use multiple ports. However, for a smaller shipper, it would prove a significant challenge.

The Chair: Thank you very much, Mr. Muys, and thank you once again, Mr. Miller.

Finally for today we have Mr. Badawey.

Mr. Badawey, the floor is yours. You have five minutes.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chairman, and welcome, fellas. It's great to see you again.

First off, I want to base my questions and comments on assumptions and expectations. What I mean by that is moving forward in an attempt to come forward with recommendations that will attach to the business of moving trade in 2023 and well into the future, getting away from the somewhat archaic system that we have in place today—mostly because of the fact that everyone's working in their own silos on different methods of transportation, number one, and number two, because we need to work in an international versus a binational manner. We look at that, and we've heard about amending the letters patent, expanding financial capital leveraging and borrowing limits to enable you to satisfy your business and strategic plans, moving forward.

With that said, I guess my first question is this: Can I assume that you've established strategic plans, and with that, obviously individual, but more importantly integrated, supply chain multimodal strategic plans—again, it's 2023—and also with that, strengthening the ports' multimodal capacity, which includes water, rail, air and road, and therefore national and binational supply chain fluidity?

This is extremely important to me. This is an important study for this committee. It's one of the reasons I sit on this committee. It attaches to my riding, to Niagara. That's our niche. How do we better

that? How do we strengthen that? It's southwestern Ontario, Hamilton included. How do we strengthen our supply chains domestically and therefore strengthen binational and international trade performance? These are discussions that I expect will be undertaken in the next few days, with the President's visit.

I'll go back to my question: One, have you established strategic plans that are integrated, multimodal and binational as importantly as national? Attached to that, have you established secondary plans, capital asset management plans, that strengthen your capacity and the sustainability of your strategic plans through strategic integrated multimodal and binational, and not just national, capital investments?

That's my first question.

• (1225)

Mr. Daniel-Robert Gooch: A port authority is really a convenor of many different parts of the supply chain that come together. Locally, absolutely they take a very strategic view of how all those pieces fit together. Certainly, Hamilton, in your backyard, has been quite excellent at that.

What we would like to see, though, is the next step, which is going beyond the actual port itself and looking at the various corridors that are involved. That's where a national transportation supply chain strategy—we know that the department is working on something of that nature now—is really needed to put all the pieces into a national context.

I think my colleague might speak to the Vancouver context of that a bit more effectively than I could.

Mr. David Miller: Sure.

We certainly have strategic plans in terms of our own operations, but we are limited in that, legally, our jurisdiction only goes so far. We certainly work with the supply chain partners, but in terms of binational, we work with Seattle, for example, on some environmental programs and things of that sort. I wouldn't say there's no dialogue, but frankly, we really don't have any jurisdiction to work in those areas.

We work closely with the railways. There's been a lot of strategic work done in terms of the prioritization of the various proposals for funding under the gateways program. Much of that reaches beyond our jurisdiction. I think we have done a good job of addressing some of the worst bottlenecks in the system, but every time you address one, the next one pops up. Sometimes, as that happens, it becomes less clear. You know, everybody knows the worst ones—

Mr. Vance Badawey: Thank you for that. I have limited time.

I'll get to the crux of it and try to come out of this with some meat on the bone with respect to the takeaways, the next steps.

If I'm hearing you right, one is that the discussions can be moved forward with respect to ensuring that your individual strategic plans become more integrated and more multimodal in nature. That is point one.

Point two, as we move forward with those strategic plans—including your capital investment, which would support itself as a secondary plan—is to give them the capacity they need to then move forward with the...I'll use the word “infrastructure” that you're going to require.

The second part of that is to also have those integrated discussions with our American partners, to integrate the supply chain so that it has more fluidity. Further to that, to give it more fluidity, the infrastructure investments that must be made will be not only domestic but also binational. Whether it's a road, a rail line.... We have the Great Lakes; it's binational.

To integrate, whether it's digital data or the logistics and distribution systems, and to work with our American partners on the same piece of water would be prudent. That's my second takeaway. Going from your comments, that would have to happen as well, that binational relationship to discuss those capital integrated investments. The fluidity within the supply chain has to happen as well.

• (1230)

Mr. David Miller: There's no question about it.

To give you an example, availability of industrial land is something that we don't control. It's beyond our capacity, but without it,

we can't make rational decisions. Things end up moving farther than they need to. We end up with environmental impacts, but it's not something that we control. It's the municipalities and the province.

Mr. Vance Badawey: I have a final comment, if I may, Mr. Chairman, to both.

Let's have that discussion. Let's ensure that we leave this meeting with that as the takeaway—that we in fact have those discussions with respect to the capacity and infrastructure that are needed, the integration of the multimodal network.

Lastly is the binational discussions we have to have so we can integrate not only the capital investments for the multimodal network but also the fluidity within the supply chain.

Mr. David Miller: I would add that into that.

The Chair: Thank you very much, Mr. Miller, and thank you, Mr. Badawey.

On behalf of all committee members, I'd like to thank all the witnesses who joined us in person today or virtually online for your witness testimony and to contribute to this very important study.

With that, I'm going to suspend the meeting for five minutes as we go in camera.

Thank you very much, everyone.

[Proceedings continue in camera]

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