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# **Standing Committee on Transport, Infrastructure and Communities**

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**EVIDENCE**

**Tuesday, June 4, 2019**

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**Chair**

**The Honourable Judy A. Sgro**



## Standing Committee on Transport, Infrastructure and Communities

Tuesday, June 4, 2019

• (1100)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call the meeting to order of the Standing Committee on Transport, Infrastructure and Communities, 42nd Parliament. Pursuant to Standing Order 108(2), we are continuing a study of the national trade corridors fund.

With us as witnesses today, we have from the Hamilton Port Authority, Ian Hamilton, President and Chief Executive Officer, by video conference. Welcome, Mr. Hamilton.

From Kitikmeot Inuit Association, we have Stanley Anablak, President. Welcome.

From the Nunavut Resources Corporation, we have Scott Northey, Chief Operating Officer; and Patrick Duxbury, Northern Affairs Adviser.

Mr. Hamilton, if you would you like to lead off, you have five minutes.

**Mr. Ian Hamilton (President and Chief Executive Officer, Hamilton Port Authority):** Okay, perfect. Thank you very much.

Good afternoon, Madam Chair, and members of the committee. It's a great honour to address the committee today.

As you mentioned, my name is Ian Hamilton. I'm the President and CEO of the Hamilton Port Authority. It's nice to see so many of you again. We were delighted to be able to tour you around the port last year when you were in Niagara and you could see first-hand some of the industries we serve and the outstanding growth we are experiencing.

As a brief refresher, Hamilton is the seventh-largest port authority in Canada and the largest in Ontario. In 2018, we had our best year in a decade. We shipped over 11.4 million tonnes of cargo, which was valued at more than \$3 billion. That's a big change from a decade ago when we had a similar cargo volume, in 2008. At that time, 76% of our cargo was related to the steel-making industry, and today that number is closer to 54%.

One of the big key drivers to that success story has been the growth in the agricultural products, corn, wheat, soybeans, which are all exported from Hamilton to destinations throughout the world.

Saying all of that, we're still a key transportation infrastructure for Hamilton's nationally important steel sector, allowing the steel companies to receive raw materials like iron ore and coal and

finished steel products. The port of Hamilton is also the key gateway for commodities that are critical for the southern Ontario market, such as road fuel, road salt, asphalt and construction materials, making us a truly diversified entity today.

In Hamilton, we have seen a progressive shift towards more diversified overseas cargoes, including exports. The number of vessels making overseas trips has grown by over 60% in 2018, and one of the key factors behind that is the infrastructure investments made in the facilities to handle these materials.

Hamilton now has three grain export terminals and southern Ontario's largest grain export gateway. Our biggest challenge continues to be building new capacity to meet these market demands, and the national trade corridors fund has been an extremely valuable tool in helping the port of Hamilton create this capacity.

In 2018, we were extremely proud to receive \$17.7 million through the national trade corridors fund. HPA will match that amount, and then some, with our funds, in support of a \$40-million project here in Hamilton, the westport modernization project. In addition to the \$40 million between ourselves and the NTCF that will be invested, we anticipate \$100 million in leveraged investment attraction from third parties.

It is focused on the oldest section of the port of Hamilton, an area that was assembled piece by piece over many years, with infrastructure that in some cases exceeds 80 years old. The project will allow us to upgrade our dock walls to current standards, increasing the amount of cargo handled at westport piers. It allows us to bring rail service to all of the piers, giving port users modal choice and flexibility. It has also allowed us to realign the rail and to reconfigure some of the buildings, which will allow us to increase our capacity by over 30 acres.

With the co-operation of Transport Canada's staff, which has been fantastic, we completed our contribution agreement very quickly and got our shovels in the ground in January of this year. We hope to finish the entire project by the end of 2020.

Just this week, we announced our first business growth outcome for the westport project, a new food-grade warehouse of 56,000 square feet, in partnership with Fluke Transportation. This will help to serve the \$1-billion food industry in Hamilton in creating more capacity for food-grade storage.

The structure of the NTCF program has allowed us to customize a project that addresses a unique aspect to the port of Hamilton and its role in the national transportation corridors system. I think one of the reasons it has worked so well is that the objective of the funds is closely aligned with our mandate as a Canadian port authority: to facilitate trade and to act as an economic driver. Enabling trade in proven transportation efficiency is the work that we do every day.

The other thing that sets the NTCF program apart from previous infrastructure investment programs, like the gateway funds, is that it accounts for the unique trade flows that take place in the Great Lakes region. Unlike the coastal ports where cargo transits through the ports, the cargo for the Hamilton Port Authority and the inland ports is used within about 100 kilometres of the port itself. This really serves the manufacturing heartland of the Great Lakes area and the farmers who bring all of their produce through Hamilton.

The NTCF program allowed us to design a project that delivers value to the national transportation system in a way that makes most sense for the Great Lakes region.

• (1105)

As part of the next round, the Hamilton Port Authority has identified and submitted another project. It is smaller in scope but one that is fairly in line with the government's focus on diversifying Canada's export opportunities. This project will dredge a new slip adjacent to one of the port's grain export terminals, allowing us to reduce the vessel turnaround times. This will allow us to export more Ontario grain to overseas markets. This is a market where we continue to see terrific growth opportunity.

CETA has opened new markets for Canadian projects, and Canada enjoys one of the best global brands for safe, reliable food commodities. New storage capacity for sugar will also—

**The Chair:** Mr. Hamilton, I'm sorry. I have to cut you off. I'm sure you can get in your last comments through questioning.

I'll move on to Mr. Anablak, president of the Kitikmeot Inuit Association.

**Mr. Stanley Anablak (President, Kitikmeot Inuit Association):** Thank you very much, Madam.

Good morning, ladies and gentlemen. Thank you for giving us your time and the opportunity to present to you this morning.

My name is Stanley Anablak, and I am the President of the Kitikmeot Inuit Association, also known as KIA. KIA is a regional Inuit association in western Nunavut. I am here with my colleagues to talk about our views on the national trade corridors fund, especially as it relates to Kitikmeot Inuit Association's Grays Bay road and port project.

I represent more than 6,000 Inuit beneficiaries in the Nunavut agreement who live in the five Kitikmeot communities. The Kitikmeot region is the least populated region in Nunavut.

Unfortunately, it is also the poorest region and desperately in need of trade corridor infrastructure that can help to transform our economy. While we have not been granted any project funding, the national trade corridors fund program could present a useful and appropriate avenue for us, and the team administering the fund has been professional and helpful.

We will identify the program's positive features in our presentation. However, as nothing is perfect, we will also use this opportunity to offer some suggestions that could improve the program, especially for remote regions such as the one I come from.

In late March of this year KIA submitted an application to the NTCF. This application is currently being reviewed by Transport Canada officials. KIA is seeking \$22 million from the fund to support activities that would get the Grays Bay road and port project completely shovel-ready within the next two to three years. The Grays Bay road and port is the most advanced trade corridor opportunity in the territorial north. I refer you to the maps that we have provided to the committee.

In summary, KIA proposes to build a new deepwater port on the Coronation Gulf in the Northwest Passage. The port would connect to a new 230-kilometre all-season gravel road that itself would connect to the existing Tibbett to Contwoyto winter road, an annual ice road, mostly built over frozen lakes, that runs from near Yellowknife in the Northwest Territories to the Jericho mine site in western Nunavut.

Grays Bay road would provide the first permanent land-based transportation link between Canada and any part of Nunavut. The Government of the Northwest Territories is working closely with us because they want to convert their winter road to an all-season road. They welcome and would benefit from the opportunity to access a port on the Northwest Passage. We think our project is a nation-building project, just like Canada's railway development of the late 1800s.

The road and port present an opportunity to fundamentally improve the economic and social conditions of the population of our region. An all-season transportation corridor between Yellowknife and a port on the Northwest Passage would greatly enhance the economic feasibility of known mineral deposits being developed for the benefit of northerners and Canada, and would promote mineral exploration by lowering the cost of accessing a mineral-rich but greatly under-explored region. It would substantially improve quality of life for the region's residents by significantly lowering the cost of community resupply, thereby increasing food security and lowering the high cost of goods in our communities. It would significantly reduce the cost of resupplying the NWT's diamond mines, which could help to extend the mine life of these important drivers of the northern economy. It would also create a significant presence in the central Arctic to promote Canada's sovereignty and security and improve safety for travellers.

• (1110)

In terms of what we like about the national trade corridors fund, we like that indigenous groups, including Inuit, are able to apply directly without having to go through our respective provincial or territorial governments. This provides indigenous people greater autonomy to pursue projects that focus on regional priorities.

We like that a funding envelope was set up within the NTCF to exclusively fund territorial projects. This helps to ensure that northerners are not directly competing for scarce dollars against mega urban projects in vote-rich southern Canada.

**The Chair:** Mr. Anablak, I have to cut you off. Your last-minute comments were in response to the committee, I'm sure.

We'll go on to the Nunavut Resources Corporation, with Mr. Northey or Mr. Duxbury, whoever wants to go forward.

**Mr. Scott Northey (Chief Operating Officer, Nunavut Resources Corporation):** Thank you, Madame Chair. I'm going to continue on with Stanley's remarks; we work on an integrated basis.

We like that the second call from the national trade corridors fund was exclusively for territorial projects. This is a recognition by Transport Canada that basic trade infrastructure in the north lags well behind the rest of the country.

We like that remote airport projects are eligible projects. These facilities are our lifeline, and many have rundown buildings, inadequate support systems and gravel runways that are increasingly making jet access difficult.

We like that the NTCF will fund activities that lead to construction instead of requiring that projects already be shovel-ready. Permitting and engineering design of major infrastructure in remote northern regions can cost significantly more than equivalent projects in southern Canada. Due to the scarce financial resources of our territorial governments and indigenous organizations, very few projects would be able to advance to shovel-ready status.

On a side note, we've all been very impressed with the government officials from Transport Canada we have met with and who are assessing our applications. They have been very nice, helpful, constructive and thoughtful in their dealings with us.

Nunavut Resources Corporation is a wholly owned subsidiary of the Kitikmeot Inuit Association. Along with other business lines we pursue, we have been charged by KIA to execute its role as the proponent of the Grays Bay project. In this capacity, we have developed the business model leading to two applications to the NTCF and have been the primary liaison between KIA and NTCF staff.

As President Anablak laid out, there is a lot that's good about the NTCF. One other feature, which is not included in the remarks, is that the willingness of the NTCF to fund up to 75% of the capital cost of territorial projects is crucial. It recognizes and reflects the high cost of operating in the north and the fiscal challenges that all the territorial governments face, so we view that as being a very positive feature.

There are also many ways to make this program better or more effective. Number one, from our perspective, the total funding envelope is far too small and needs to be dramatically increased. This became abundantly clear in a debrief we had with the NTCF adjudicators last year when they explained that our initial application for \$415 million in funding was one of more than 70 applications seeking more than \$20 billion in support on projects totalling more than \$70 billion.

There is clearly a need for more support of trade corridors in Canada than monies available. Equally true is the inadequacy of NTCF's funding of \$400 million for territorial projects. The concept of a separate carve-out for northern projects is sound and is a good start. However, comparing this allocation for northern trade corridors in Canada against the billions in infrastructure investments that other Arctic nations have made in recent years, especially Russia, demonstrates that we're simply not in the same league.

Two, given its existing budget, the NTCF seems to be somewhat misnamed as it suggests it can significantly support trade corridor development. This is not entirely accurate. Transformational trade infrastructure is very expensive, and the NTCF is not large enough, in its current form, to do any more than support—

• (1115)

**The Chair:** Mr. Northey, could I just stop you for a second?

A vote has been called. Do we have unanimous consent to continue on until the seven-minute mark prior to the vote?

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Madam Chair, I would suggest that we try to ensure that every party gets one opportunity to ask questions and then leave.

**The Chair:** Absolutely.

**Mrs. Kelly Block:** Thank you.

**The Chair:** I have asked the witnesses if they want to stay for the second hour and join the other witnesses, so that we make sure we get full opportunity for everybody to get their questions out as well, and they've agreed.

**Mrs. Kelly Block:** Great.

**The Chair:** Mr. Hamilton, if you would like to stay on for the full two hours of our meeting, you're more than welcome to, if your time allows for that.

**Mr. Ian Hamilton:** Okay. Thank you.

**The Chair:** Thank you.

Okay, back to Mr. Northey.

**Mr. Scott Northey:** Thank you, Madam Chair.

Continuing on the second point, our view is the NTCF is not large enough in its current form to do any more than to support small components of larger projects. The NTCF can help to remove bottlenecks within existing corridors, but cannot fund wholesale transformation or development of new trade corridors.

Three, the NTCF's efficacy as a potential source of funding for nation-building projects appears to have been eliminated by the federal government allocating too much capital to the Canada Infrastructure Bank. This is an entity that presently seems unable to do much for nation-building projects in remote regions. As a former banker, I know that hiring bankers to oversee investments in nation-building projects with strong public policy benefits but meagre commercial returns is unlikely to work, and doubly so for the territorial north. This may be part of the reason that the Infrastructure Bank appears to have had such a hard time getting money out the door. Perhaps it's time to reduce monies under the bank's program and reallocate to the NTCF.

Four, another point worth noting is the NTCF currently does not fund legal fees, period. In isolation, the ineligibility of legal fees makes some sense in that the federal government probably does not want to pay third party lawyers to fight Canada on permitting matters. However, this suggests an unfamiliarity of how northern permitting processes work, especially in environmental assessments. In Nunavut, the process is managed under the Nunavut Planning and Project Assessment Act, through the Nunavut Impact Review Board. Environmental assessments of major projects in Nunavut have a significant legal component to them. Proponents require legal counsel to help guide their projects through the legislative and land claims-based permitting processes. An unwillingness to fund legal fees puts a real strain on the limited resources of indigenous groups, such as KIA, which seek to be proponents of trade corridor projects. We recommend that reasonable legal fees for territorial proponents be included as eligible NTCF expenses going forward.

Five, we understand that the territory allocation for NTCF has been refined to include northern and remote regions of provinces. This, too, strikes us as being counterproductive. We understood the intent of the territorial northern allocation was to give the territories a leg up given their challenging fiscal situations. For territorial governments, own-sourced revenues are lower than provinces and their financial capacity is further restricted by both a low population base and a federally imposed limit on the amount of borrowing a territorial government can do.

• (1120)

**The Chair:** I'm sorry, Mr. Northey, I'm going to have to interrupt you at that point. Thank you very much.

We move to Ms. Block for six minutes.

**Mrs. Kelly Block:** Thank you so much, Madam Chair.

I want to thank our witnesses for joining us today. I appreciate the opportunity to talk about the national trade corridors fund and to hear your perspectives on it.

I know the Emerson report contemplated a number of recommendations with multiple subsections in its report in chapter 4, with the first recommendation being 1(b)(iii), which addressed the project that you, Mr. Anablak, were talking about. I know you mentioned that you had a proposal before the NTCF right now for \$22 million to ensure that the larger project would be shovel-ready when the opportunity came to apply.

It's my understanding that your project was denied funding initially through this fund. Is that correct?

**Mr. Stanley Anablak:** Yes, that's correct, Madam. In the first round there was just not enough funding for it. At the first go-round, we applied for the full amount. We weren't sure about the staggering after the first round, and we met with Transport Canada again and they said staggering would help. So that's what we did, and dropped it down to \$22 million. We're waiting for an answer now.

**Mrs. Kelly Block:** Great. Thank you.

I appreciate the comments around the fact that there is a significant infrastructure deficit in the north. At this point in time I believe it's \$400 million that has been put towards infrastructure in the north, out of a \$2-billion fund that's supposed to stretch over the next 10 years. When you tell us that the total funding envelope in the north...the number of applications...would have added up to about \$70 billion—I think that's what you said—it's obvious that we have completely underestimated the needs for infrastructure development in the north.

I'm wondering, Mr. Anablak, if you could tell me this. What would such a project as yours do to fulfill the fund's priorities in terms of what was outlined as priorities for the fund? How did your project measure up to those priorities?

**Mr. Stanley Anablak:** I'll get Patrick to answer that question for me.

**Mr. Patrick Duxbury (Northern Affairs Advisor, Nunavut Resources Corporation):** In terms of our project and how it lines up with the various criteria, it lines up very well. Fundamentally, the Grays Bay road and port project is expressly a trade corridor project. It meets all the criteria in the sense that it creates new opportunities to diversify an economic region—in our case, northern Canada, and specifically the Slave geological province, which has proven to be a mineral-rich area but one that is facing enormous challenges because of the lack of infrastructure that promotes economic development. In that case, it has a very strong alignment with the national-level criteria.

Specific to the northern criteria, in which there's a subset of the criteria, it's also very good. Part of it is that economic development will benefit the people of the Kitikmeot region and adjacent regions first and foremost. It also responds to issues around security, safety and improving transport generally in an area that has so few services available to it. There are no deepwater ports in this area. The search and rescue facilities are extremely limited. There are very few opportunities to deliver services regionally at this time, except for at a community level, which won't be effective, going forward, when you have, say, cruise ships with 1,000 people plying these waters and with no ability to respond to any sort of contingency. That already happened a couple years ago. We expect that as more people start to travel in these areas, we will need to have that response capability in place. This project, in addition to the trade corridor, would be maximizing the economic opportunities of regional development here.

• (1125)

**Mrs. Kelly Block:** Thank you.

I have only one minute left, so just very quickly, I appreciate the observation you made about the Infrastructure Bank and the potential to redirect some of the funding there to the NTCF. I'm wondering if you would be willing to provide us with the recommendations you have. If you could provide those to the committee, we would be able to have them in hand and take a look at them.

**Mr. Scott Northey:** I'd be happy to.

**Mrs. Kelly Block:** Thank you.

**The Chair:** Mr. Badawey, you have six minutes.

**Mr. Vance Badawey (Niagara Centre, Lib.):** Thank you, Madam Chair.

I will ask Mr. Hamilton, as he's sitting there very patiently, to answer some questions. It will also give him an opportunity to finish off his opening statement, hopefully as a segue into that discussion.

Mr. Hamilton, we had the opportunity to visit the central part of Canada as well as the west, and we heard from the east. We discussed the integration of distribution logistics, and had a greater discussion on the investments to support; I would underline the 2019 trade corridor strategies. With that, I want to open up the discussion with you with respect to the area of Niagara and of course Canada's canal corridor, being the Welland Canal. What investments are imminent to strengthen this trade corridor and bring it up to date as a multimodal hub?

**Mr. Ian Hamilton:** [*Inaudible—Editor*] operates extremely well in terms of its mandate of moving ships from Lake Erie into Lake Ontario and vice versa. The challenge is that the vessels don't really have much opportunity to stop in the Niagara region, and there aren't the right terminal facilities and rail and road connectivities to attract the businesses to utilize those services. The vessels are coming in from Ontario to Lake Erie and from Lake Erie to Ontario, but the opportunity to attract businesses into the Niagara region and service the businesses that exist there today....

They aren't fulfilling their potential. Quite simply, there hasn't been the investment in the dock walls. There hasn't been the investment in the rail connectivity. The road network needs to be

strengthened to service that area, all opportunities for...and completely aligned with the national trade corridors fund.

**Mr. Vance Badawey:** Mr. Hamilton, are there right now opportunities, or "plans", to use that word, attached to the strategies that both Hamilton and Niagara are currently embarking on? Are there currently discussions with respect to what specific investments can in fact be made, whether it be in road, rail, water or air?

**Mr. Ian Hamilton:** At this stage, there's probably one at the forefront. I think the first step in creating a trade corridor, a road trade corridor, between the GTA and the Niagara region is a great project, and I think that's being initiated by the Niagara region.

In terms of the development of dock walls and areas like that, currently they are controlled by the St. Lawrence Seaway Management Corporation. I don't believe there have been many applications for those, for investments in that area, and I believe that's a huge opportunity to open up.

**Mr. Vance Badawey:** Further to the partnership between Niagara and Hamilton and, to some extent, even Oshawa as being somewhat of an economic cluster of ports within the province of Ontario, can you further comment on how the trade corridors fund will actually add once again to the overall strategies that you and your partners are creating?

**Mr. Ian Hamilton:** Unfortunately—and you've been around, so you realize this—one of the biggest problems we have right now in the GTA is congestion. The waterways around the GTHA and into Niagara are underutilized. We firmly believe that by developing those transportation infrastructures and interfaces, we can better tap into that marine potential.

We believe that by tying together all of the assets and creating a regional port model, we're in a stronger position to control the bookends and strategically look at new products and services to better move our goods around cost-effectively.

**Mr. Vance Badawey:** When you look from Oshawa through the GTA coming in from Montreal, as well as through Hamilton and Niagara, do you find that a lot of the Canadian-born product is making its way not only out from the ports of Canada but also travelling the border and being shipped out of ports in the States, then off to the EU countries and other countries throughout the globe?

• (1130)

**Mr. Ian Hamilton:** Yes, and the kind of mini land bridge of that is that probably that cargo spends too much time on ground transportation before it actually is able to access marine terminals. As well, as you mentioned, going off the east coast to the United States while even going to the east coast of Canada means that it's travelled through the whole southern Ontario region to these ports by ground transportation, adding to the congestion issue, and in a lot of cases that's by truck.

By improving the infrastructure throughout the whole southern Ontario region, I think we're going to be able to convert that from ground transportation to marine transportation, thereby improving the environmental footprint and reducing the costs.

**Mr. Vance Badawey:** Thank you.

**The Chair:** Mr. Aubin.

[*Translation*]

**Mr. Robert Aubin (Trois-Rivières, NDP):** Thank you, Madam Chair.

My thanks to each of our guests for joining us.

I will not be asking a lot of questions about the value of the projects you are presenting, because they speak for themselves. But I have a lot of questions about the way in which you perceive the program and the way in which it assists you.

I will start with Mr. Hamilton.

When I read the description of the project for which you received funding, I find that it is strangely similar to projects that are going on in Trois-Rivières, for example.

Since this study began, one of the comments that always comes up is that it is difficult to make each of the economic corridors fluid. The projects that have been presented are business projects. In the case of the Port of Hamilton, for example, you are talking about finding ways to increase its effectiveness, its capacity and its performance. I don't see any coordination between the various participants in an economic corridor that will achieve that fluidity. They all seem to be working separately, because they each have to present one project of their own.

Would it not be preferable for organizations or groups to present projects designed to achieve that fluidity, meaning the capacity of freight to move quickly and effectively from one end of the chain to the other?

[*English*]

**Mr. Ian Hamilton:** Thanks. I think you bring up a good question, because we certainly see that there are silos for the different modes of transportation. Speaking for the port community, I think that as we evolve as ports, we realize that we have to be multimodal hubs. For example, on the Hamilton project, we worked very closely with the rail. One of the key components in that project was to improve accessibility by rail to the port and that interface with marine.

You do bring up a valuable point, and I think there are a number of different groups now that are trying to tie together the transportation modes. However, at this stage, you're right that there's been a lot of silo thinking, and possibly the NTCF could change its structure or someone could actually apply for the fund to create something that allows us to tie together. Today it's very specific in that the entity that applies has to provide the matching funds as opposed to it representing a conglomeration of different funds.

[*Translation*]

**Mr. Robert Aubin:** Thank you very much.

Mr. Anablak, from what I understood earlier, you said that you had to deal with the rejection of your first application, having

presented a project in its entirety. The funds did not allow you to move forward. It was then suggested that you present your project again, but in stages.

I have a problem with the fund. The government announced an amount of \$2 billion, which is a substantial figure that sounds very grand. However, the amount is spread over a period of 11 years, which means that people face exactly the same situation as you.

Would it not be preferable for the government to maintain its decision to invest \$2 billion, but to do it over two years, rather than asking you to come back each year, with a little bit of a project each time? The overall amount would remain the same.

[*English*]

**Mr. Stanley Anablak:** Thank you, sir.

Yes, it would be our preference to apply for the full amount instead of coming back every year to get more funding.

[*Translation*]

**Mr. Robert Aubin:** Thank you. Your answer was short, but clear.

I have another question. I have studied your project. You talked about a deep-water port in Coronation Gulf, in the Northwest Passage. You also talked about an ice road that would link the port to communities further south.

A few weeks ago, we found out that northern Canada is warming up twice as fast as the south. That being the case, is that ice road really a viable infrastructure in the medium and long term? For how many months per year could the ice road be used?

• (1135)

[*English*]

**Mr. Scott Northey:** We are planning to build an all-weather road, but it's going to hook up to a winter road. The winter road is in the NWT and they're looking to convert their winter road to an all-weather road for exactly the reasons you've raised. Their winter-road season is getting shorter every year, so they recognize there's not much value in having to replace it every year for a six-week season—you're right.

[*Translation*]

**Mr. Robert Aubin:** Thank you for that additional clarification.

I would have preferred if the committee had visited the north. The reality you live in is exceptional, and people who spend their lives in the south have a poor grasp of it.

Apart from the increase of \$400 million, does the financial envelope specifically for the north mean that you will be able to compete with those in the south?

[*English*]

**Mr. Scott Northey:** The short answer is yes. Generally, by being eligible for a separate pool, it's very helpful to us to ensure that we at least have access to something.



In most other programs—we did apply under the building Canada fund, for example—we were lumped in with projects in Toronto, London and Waterloo, and it was very difficult to get our message out in the context of all the congestion-relief projects that were out there. The fact that there's a specific territorial allocation where everyone's in exactly the same boat.... We're competing for limited funds, but at least we're in a position to compete with each other as opposed to having to compete with the mega-projects that are coming out of the south. That was a good question. Thank you.

**The Chair:** Thank you very much.

I'm sorry, Mr. Aubin. Your time is up.

It's on to Mr. Iacono.

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

Mr. Stanley, in your opening remarks you alluded to remote communities not being able to compete or having difficulties with respect to the urban communities. Are you aware of the northern call project?

**Mr. Stanley Anablak:** No.

**Mr. Angelo Iacono:** The goal of the northern call project is to fund projects that would help to improve safety, foster economy and social development, and build on existing investments in the territories. The deadline was March 29, 2019. Are you aware of this?

**Mr. Stanley Anablak:** That's the NTCF, I believe.

**Mr. Angelo Iacono:** Yes. Did you apply to that?

**Mr. Stanley Anablak:** Yes, we did.

[*Translation*]

**Mr. Angelo Iacono:** In your opinion, how could the national trade corridor fund be improved in order to address the realities of Canada's northern communities?

[*English*]

**Mr. Scott Northey:** It needs to be larger, quite a bit larger. On one project, our initial application was for \$415 million, whereas the total territorial allocation was \$400 million. We don't really have access to what the infrastructure bank is currently offering because they're looking for projects that generate early years commercial returns, and we can't do that in our early years. We believe that in any nation-building project, you have to take the long view that over the long haul this would be good.

Our project will also generate significant tax revenues because it's going to stimulate other debt development, but the bank can't take that into account in their analysis because they can't pass that on to investors.

This is really the only program we have right now that we can apply to, and it's the same for all territorial projects, so my simple answer would be that it needs to be much larger.

**Mr. Angelo Iacono:** Thank you.

I'll give my remaining time to my colleague Mr. Sikand.

**Mr. Gagan Sikand (Mississauga—Streetsville, Lib.):** Thank you.

When you're talking about your infrastructure needs, the priority list seems to be based on the funding model, how much money you can get over what time. If you were given your desired amount of money, whatever is required, what would the rollout be in terms of your priority list?

**Mr. Scott Northey:** From our regional perspective, this is the priority. It allows us to connect to the south on a seasonal basis at least. It gives us access to a bunch of known deposits in the interior of the mainland that are currently inaccessible and really expensive to access—only by helicopter. The idea here is to stimulate economic development for the benefit of the beneficiaries, Stanley's beneficiaries, and to generate jobs and opportunities for businesses. So that's why this is the biggest opportunity to promote economic development. Other things can be sort of tuck-ins and add-ons all over the place, but this will have the biggest single impact relative to any other project that's on offer in Kitikmeot.

• (1140)

**The Chair:** Okay, thank you very much.

There are six minutes until the vote, so I will suspend now. We will return immediately following the vote. Thank you.

• (1140)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1200)

**The Chair:** I call the meeting back to order again.

Thank you to our previous witnesses for staying around for another hour so that if the committee has any questions you'll still be there.

With us by video conference from Vancouver is Peter Xotta, Vice-President of Planning and Operations, Vancouver Fraser Port Authority.

From the Western Canadian Short Line Railway Association, we have Allison Field, Director, Communications and Government Relations.

For the Western Transportation Advisory Council, we have Lisa Baratta, Vice-President, who is with us by video conference from Vancouver.

We will open the floor to Mr. Xotta. You have five minutes.

**Mr. Peter Xotta (Vice-President, Planning and Operations, Vancouver Fraser Port Authority):** Good afternoon, everyone. Thank you for inviting us to present today. My name, as has been indicated, is Peter Xotta. I am VP of Planning and Operations at Vancouver Fraser Port Authority, the body responsible for stewardship at the Port of Vancouver. Our mandate is to facilitate the nation's trade through Canada's largest port. We do so while ensuring safety, environmental protection and consideration for local communities.

Last year, the port traded 147 million metric tonnes—that's a 3.5% increase over 2017. In fact, cargo volumes through Vancouver have been hitting record highs for a number of years now, a trend that's forecast to continue at a rate of approximately 3.6% annually. Virtually every sector serviced by the port experienced increases in 2018, in particular in important export sectors such as agricultural products, fertilizers and steel-making coal.

With this significant forecasted growth and reliance on Vancouver as western Canada's port come growing pains in the form of high demands and stresses on our regional infrastructure. As a response, the port authority, in partnership with other members of the Gateway Transportation Collaboration Forum, a local forum which includes the port authority, TransLink, the B.C. Ministry of Transportation, Transport Canada and members of the private sector represented through the Greater Vancouver Gateway Council, work together to develop the greater Vancouver gateway 2030 initiative. This is our shared strategy for smart infrastructure investment. It is guided by the Government of Canada's commitment to strengthen trade corridors in order to increase trade and access to global markets. Essentially, it is our response to the transportation 2030 challenge laid out by Minister Garneau.

Nearly 40 projects identified in the strategy are designed to provide greater rail capacity and fluidity improvements that will directly contribute to the overall scale and productivity of port operations.

Beyond trade, these projects have been designed to have positive impacts on local communities and our environment. The elimination of delays at rail crossings will improve the mobility for commuters and freight, support pedestrian and bicycle access and improve the quality of life for greater Vancouver residents through noise and emission reductions.

In spring 2018, the federal government announced it would contribute over \$220 million toward projects identified in our gateway 2030 initiative through the national trade corridors fund. Earlier this year, we applied for additional funding to support additional projects. Decisions on these projects are pending.

We are appreciative of the support the federal government has shown toward this initiative, and we are hopeful for its continued interest to ensure that these vital infrastructure projects are completed. Without the national trade corridors fund, none of this would be occurring.

Continued trade growth through Canada's gateways—Vancouver in particular—is forecast over the medium and likely the long term. Our response to this tremendous opportunity and its associated challenges must also be long term. Recapitalizing Canada's trade-enabling infrastructure programs is important to fulfilling our trade objectives.

In many ways, demand-related challenges are good problems to have. However, the consequences of an inadequate response are quite serious. Without federal funding to sustain our capacity to meet demand, we risk devaluation of Canada's brand as a trading partner and as a place to invest. A loss such as this would come at an increased cost to Canadian businesses and consumers, particularly hurting the middle class.

The financial investment available through the national trade corridors fund has been absolutely essential to ensure the projects identified in our greater Vancouver gateway 2030 initiative reach completion. Private sector financial support for these projects is motivated and perhaps accelerated by time-limited, merit-based incentive programs offered through the national trade corridors program.

To put it simply, these necessary infrastructure projects that support Canada's trade objectives cannot move forward without the national trade corridors fund or similar funds. To further accelerate response, government might consider higher contribution levels in critical trade corridors in order to offer a greater incentive for matching funds.

In summary, there's no way around it: improved infrastructure is required to ensure a fluid supply chain so western Canada's port—Canada's largest port—can remain strong and competitive in the face of this forecast growth.

Once again, and in summary, we are grateful for the support we received from the national trade corridors fund thus far and the way it has helped us work toward meeting the nation's growing trade opportunities and challenges.

Thank you.

• (1205)

**The Chair:** Thank you very much.

We move on to Western Canadian Short Line Railway Association.

Ms. Field, you have five minutes please.

**Ms. Allison Field (Director, Communications and Government Relations, Western Canadian Short Line Railway Association):** Good afternoon, Madam Chair, and committee. Thanks for having me here today and for being willing to listen to the Western Canadian Short Line Railway Association's experience with the national trade corridors fund. We really appreciate it.

As you are aware, our association is a not-for-profit, membership-based organization that represents 17 short lines across western Canada. We operate 26% of the rail line in Saskatchewan and we have hundreds of kilometres in both Manitoba and Alberta. We move grain, pulses, fertilizer, LPG gas, diesel, propane, frac sand and gravel. Some of our customers include Viterra, Pioneer, ETG, G3, AGT, JGL, Paterson, Superior Pulses, Scouler, ADM, etc.

The success of the national transportation network is key for us and our customers. I'm going to touch on four things quickly.

First of all is the overall NTCF process. We had seven short lines apply. Three did not make it through the expression of interest phase. Of the four that did, one decided not to pursue a comprehensive project proposal so we have three that have gone through successfully. We should be hearing shortly about two of them and then another one within the next four weeks or so. So at this moment I'm unsure of what the results are for us.

The process, overall, we found to be really well organized. It was very fast. The funds were limited but overall pretty well organized and the Transport Canada staff were incredibly helpful to us throughout the whole process.

It was really difficult for some of our short lines because obviously we have a hard time raising funds. For example, one of our short lines went through an economic development bank to try to come up with 50% matching funds. They were valuing the railway at 50% of the value of the railway's land, which is obviously small strips of land so not very valuable. That was a really big problem. We had a very short time frame with NTCF to come up with 50% of the funds, and that was impossible for many of our short lines even though they had projects that probably would have been quite good for the NTCF.

There were also unintended results in the process. CN and CP were looking like they were going to be a part of several of our projects and then at the last minute decided not to pursue. The short lines figured out other ways to come up with the funds and to continue on but the unintended result was that short lines are now going to be paying for projects that significantly benefit CN and CP and the class I partners rather than necessarily just themselves with no funding allocated from those partners.

For us, the NTCF will be fantastic for the few that are able to access it, but really we have larger infrastructure needs that aren't addressed here. It would have been really useful, I think, to have had more consultation before the process began to maybe just change some of the ways that it was designed to make more of our short lines be able to access the funds.

Recently there have been several reports, the Canada Transportation Act review report, the Railway Safety Act review report, and the Standing Committee on Finance's report in 2019, that have suggested that there be long-term and sustainable funding for short lines for both economic and safety reasons. It seems that the response to that has been the NTCF and the RSIP, neither of which has really addressed those recommendations. The national trade corridors fund is great for the few that have big projects that they can fund, but really our problems are larger than that. The RSIP is just for crossings so it doesn't really help us with safety. We're really appreciative of the national trade corridors fund and for the projects that will be funded; I am sure it will be hugely successful and great. But overall it really hasn't addressed our issues. There is a lot more work to come.

Thank you.

• (1210)

**The Chair:** Thank you very much, Ms. Field.

We're on to Ms. Baratta for five minutes please.

**Ms. Lisa Baratta (Vice-President, Western Transportation Advisory Council):** Good morning, Madam Chair and members of the committee. Thank you for the opportunity to appear before you to comment on the national trade corridors fund.

The Western Transportation Advisory Council, WESTAC, is a tripartite council of major organizations represented by business executives, labour leaders and government decision-makers. Founded in 1973, WESTAC has a history as a credible, balanced

forum. We facilitate collaborative actions to improve western Canada's freight transportation system.

Our membership is a unique group of competing parties including ports, railways, terminals, major importers and exporters and labour unions, as well as the western provincial and territorial governments and Transport Canada.

Today's presentation is based on information from and discussion with the council's industry members.

First of all, we thank the government for establishing a national trade corridors fund. It was a critical initiative to reduce bottlenecks, improve the flow of goods movement and support trade diversification.

In particular, many members, especially in B.C., have been successful in obtaining NTCF funding for projects that reduce trade impacts on local communities, increase system resiliency and benefit exporters across the west.

As Peter said, projects would not be proceeding without this federal support. Transport Canada staff have been excellent at advancing applications in a timely manner without sacrificing appropriate diligence.

We believe that the NTCF was a good first step to addressing key trade infrastructure projects; however, looking longer term, a larger, more strategic program for trade-enabling infrastructure will be needed to capture growth.

Now I will turn to three points we believe are important in the conversation around trade corridors: capacity, reputation and leadership. This information is directly from our annual compass transportation leader survey and dialogue among our members.

Capacity within the transportation and trade network continues to be the prevailing concern both currently and looking ahead 30 years. Addressing congestion that is challenging capacity in key rail corridors and in the last mile before port facilities is essential.

Recent analysis shows that marine terminal capacity on the west coast in Prince Rupert and Vancouver is sufficient across all commodities except oil until 2023, but challenges come in the middle to late 2020s. Rail capacity is currently challenged in some corridors. Railways are investing to reduce constraints. About 20% of the revenue goes into capital improvements. Approximately \$5.5 billion will be invested in 2019.

Canada has slipped in global competitiveness rankings for logistics, according to the World Bank logistics performance index. Members report that trading partners are concerned that Canada is not a reliable supplier. WESTAC's survey supports this, with a third of industry leaders stating our reputation has worsened.

Capacity constraints and reputational declines are symptoms of the large problem of the need for coordination and leadership across this industry. We are optimistic that the time to act is now. Leaders from all areas of transportation are signalling a shift in thinking and awareness that, to make next-level improvements in our trade corridors, we have to move beyond silos. Canada needs an explicit supply chain plan.

As one executive said:

All the players involved in transportation need to get on the same page, now. It's critical there is a meeting of the minds between regulators, shippers, carriers, logistics hubs and ports on improving the efficiency of the system overall.

As this committee knows, a national trade corridors strategy, or at the very least a western Canadian strategy, is essential. We fully support the dialogue and fact-finding necessary to create one.

A strategy can provide a leadership framework by articulating priorities for the national supply chain network. This can narrow and align priorities amongst the overwhelming menu of investment choices and stakeholders. This supports the objective of an integrated and interdependent network amongst highways, railways, airports and marine ports. In its absence, we are left with an inventory of individual projects, all of which may have merit, but without a basis upon which to recommend coherent infrastructure priorities and their relative value to trade.

The theory is not only to address the infrastructure gaps, but also to stay one step ahead of emerging challenges and opportunities.

Finally, I leave you with these thoughts.

Transportation corridors need sustained increased funding. Trade-enabling infrastructure offers government some of the highest ROI in economic terms of any category of infrastructure. Trade and transportation infrastructure provides economic returns that pay for all the other infrastructure, for example, social, green and urban transit.

We need formal arrangements for long-term collaboration and leadership in western Canada's trade corridors, and action must be taken quickly. The competitiveness gap between Canada and other nations is steadily widening at the cost of this country's long-held reputation for great performance and reliability. Other countries are pushing hard to grab greater market share.

●(1215)

In the wise words of one survey respondent, "If we don't act together now, as leaders, we will lose what momentum we have. Our reputation will continue to decline and capacity will remain constrained."

Thank you.

**The Chair:** Thank you very much, Ms. Baratta.

We'll move on to Mr. Liepert for six minutes.

**Mr. Ron Liepert (Calgary Signal Hill, CPC):** Thank you, all, for being here this morning, including the presenters before we broke for the vote.

My colleague Ms. Block represents a Saskatchewan riding, and I represent an Alberta riding. To say that transportation and access through ports like the Port of Vancouver are critical is an understatement.

I listened to all three of your presentations, and there was a lot of emphasis around the need for taxpayer-funded investing. Among the concerns I think I have—and certainly our party has—are that some of the actions that have been taken are detrimental to long-term private sector investment.

Mr. Xotta, we had the opportunity as a committee to travel to and tour the Port of Vancouver recently. We had the opportunity to see about \$2 billion in investment, I think, currently under way in Vancouver port, both in grain and other private sector investment.

I was privately told by one of the very senior people with your authority—so I'd like to get the discussion on the record—that if Bill C-69, which I think you're probably familiar with, had been in place two years ago, none of those private sector dollars would be invested in the Port of Vancouver today. Could you comment on that, please?

**Mr. Peter Xotta:** I think the comments were looking back at the last number of years. Once again, referring to the infrastructure programs, through the course of the last number of years, we enjoyed support in the order of something to the tune of \$350 million of infrastructure funding through Canada that was matched roughly 50% by the private sector, so \$700 million worth of, I'll call them, first and last mile improvements. That was followed by about \$2.8 billion worth of terminal investments, some of which you mentioned in your question. Certainly from the perspective of those seeking to continue to grow in Vancouver, I think that was a very positive response from that previous policy direction.

I think the concern with Bill C-69 that has been expressed is with regard to the current permitting role the port plays, and many of those \$2.8 billion worth of projects were undertaken through the permitting process delegated to ports in this country under the Canada Marine Act.

The proposal that appears to be embedded in Bill C-69 would change the threshold of projects. Our concern, of course, is that many of those major projects—some of the grain projects in particular, with the very large new terminal we have under development—would be classed as a designated project. In other words, that review would be centralized in the new agency under the new act. Our concern is that bringing the projects to fruition would be caught up in a much more complicated and time-consuming process, deteriorating Canada's competitiveness with regard to that particular sector.

It remains a concern; and we're anxious to see how the legislation and the regulations unfold.

• (1220)

**Mr. Ron Liepert:** Ms. Baratta, you mentioned the need to develop a strategy for a competitive system in Canada. What is your assessment of Bill C-69 and how that will impact our competitiveness, in the west particularly?

**Ms. Lisa Baratta:** Mr. Liepert, it's nice to see you again. You spoke at a WESTAC meeting a number of years ago in Edmonton.

In terms of Bill C-69, I would like to quote from our survey. There were two quotes in our reports.

Number one was:

Bill C-69 will add additional burden and complexity to an already overwhelming regulatory process and will have significant negative effect on project development in Canada.

That was one opinion.

Another quote was:

At least three of the Western provinces see this legislation as the death knell for future resource development projects. Infrastructure in support of such projects will be similarly affected.

**Mr. Ron Liepert:** Ms. Field, are there any impacts to the operations of the railway association with bills such as Bill C-69?

**Ms. Allison Field:** Anything that impacts economic growth will definitely have an impact on us.

**Mr. Ron Liepert:** And is it your assessment that it will, based on what you've just heard?

**Ms. Allison Field:** Based on what I've heard, yes. But I am unsure.

**Mr. Ron Liepert:** Okay, thank you.

**The Chair:** Mr. Hardie.

**Mr. Ken Hardie (Fleetwood—Port Kells, Lib.):** Thank you, Madam Chair.

I want to explore a number of different things because in essence when government comes to any project with funding, we're dealing with rationing because there's simply never enough to do everything that's needed.

I would like your thoughts on this point. Currently what we do is we allocate monies across a fairly broad band of needs. And it could easily be seen that you allocate a little bit here and a little bit there, you move the needle a little bit, but nobody is actually making substantive progress toward the totality of what needs to be done.

Do you think that government should be thinking about focusing its efforts on one corridor? In other words, should they come in with basically enough effect to actually get it done and then move to the next need and the next, rather than trying to move everybody along at what would need to be a very much slower pace?

I'm looking at you, Mr. Northey, because I think you represent an organization that's really starting way back of the pack at this point.

• (1225)

**Mr. Scott Northey:** I think it's fair to say that any consideration of a corridor is going to gravitate towards an east-west flow. At some point, we have to start looking north-south and our primary focus has been to at least establish a premise for going north, off whatever east-west corridors may exist. I think having any corridor is going to be useful. We always say that a right of way is a right of way that allows you to do a lot more than if you're nothing right now. So we figure with the road, we can put in hydro, fibre optics. We can do a lot of things with it. I think the concept of a corridor is a good one.

I guess our concern would be that everyone would gravitate towards an east-west corridor at the expense of something going north, if we're going to look at allocating limited funds.

**Mr. Ken Hardie:** So rather than perhaps having to wait some time for your turn, it's still better in your view that we go with incremental pieces such as we do now?

**Mr. Scott Northey:** I think so. I don't know how you have a broader body dictate which is the most effective corridor especially when you're going across time zones and provincial boundaries and all the rest of that stuff. I think my view is that rather than being a push from the top, it should be a pull from the bottom where the people who are local start the processing—we need access—and they maybe group together with people who also need access, and at that point you can start to create a more collective effort.

But the corridor is always going to be a top-down approach. That gets problematic because then you get into a situation of which corridor is the better one to be targeting.

It's a long way of saying that I think it's a good idea. I just don't know how you determine which is the right corridor to fund. I'd also say that everything is going to gravitate towards east-west as opposed to north-south.

**Mr. Ken Hardie:** Mr. Anablak, while we're up north, I wanted to ask you a technical question. Everybody sees the impact of climate change. The Northwest Passage is becoming a more viable trade route it seems every year. But we also see an awful lot...the thawing of the permafrost and the basic foundation on which you build things is changing. I'm wondering. When you're looking at your infrastructure needs, are you actually able, through even just the engineering side of it, to come up with reasonable cost estimates of what it will take to build something when literally the ground is shifting under your feet?

**Mr. Stanley Anablak:** I know for a fact that in our area we live mostly on the bedrock. That's pretty well for my home community of Kugluktuk and the communities on the coast, except for Cambridge Bay—it's pretty well on no bedrock. We see changes happening with the land. So, yes, climate change is impacting already.

**Mr. Ken Hardie:** Fair enough.

I'll go to you, Peter, in Vancouver. You look like you're channelling your inner hockey play-by-play look there.

Governments come and go, and each one comes in with a different ideology, a different agenda. This government has committed, for what looks to be a relatively long term, what looks to be a substantial amount of money, which I would presume adds some surety to the kind of planning that you can do.

The opposition right now is saying we have to be concerned about things like deficits and maybe we should pull back on future commitments if it means going into more debt. It becomes not just an ideological argument but also an argument about what kind of approach works.

What are your thoughts on that?

**Mr. Peter Xotta:** As you can imagine, mine are not as expansive as government generally. I'm focusing on supply chain challenges. I often say, though, that Canada's brand, which I put simply as, "Buy our stuff. We'll get it to you", is at risk here. We're in a position, and I'd say it's an enviable one, where demand for trade with Canada is growing at a pace that is clearly challenging our supply chains to keep up. It's a good problem to have.

The response is something that also needs some urgency. The business of assessing the level of deficit in the country I'll leave to folks in Ottawa. But from our perspective, the fundamental merits of the programs that we've enjoyed the benefits of have been very compelling. I mentioned some numbers previously: \$700 million led to \$2.4 billion in private investment. I think it's a compelling argument that demonstrates that there is pent-up demand for investment, either in the supply chain or in productive capacity in other parts—particularly western Canada—to seize that opportunity.

•(1230)

**The Chair:** Thank you very much, Mr. Xotta. I'm sorry, I have to cut you off.

On to Mr. Aubin.

[*Translation*]

**Mr. Robert Aubin:** Thank you, Madam Chair.

My thanks to our guests for joining us.

If I may, I will start with you, Ms. Field.

Since this meeting began, there is some consensus that the fund seems satisfactory. I imagine that receiving funding for their projects helps to make people happy and ready to move forward.

However, you tell us that, of the 17 rail companies that your association represents, only seven proposed projects. Of those, three have already been rejected and three others are waiting for an answer. Those numbers seem very low to me. Could it be that the program is simply not designed for you?

I was surprised to hear you say that one of your railways had been devalued by 50%. Is that also the case for class 1 railways? Is it your impression that the program's approach is not tailored to your needs?

[*English*]

**Ms. Allison Field:** Exactly. I'm not sure how it works for CP and CN in the class 1s, but for us, definitely, funding has always been an

issue because the banks just don't know what to do with us. This program, the NTCF, was really designed for bottlenecks and whole-of-network improvements. For some of our short lines it was difficult to prove that. Although they were really important pieces, because obviously for 26% of the rail network they're important, being able to justify that they had an impact on the entire national corridor was really difficult. Also, there was the short timeline. We only had four to six weeks to get our packages together. If we hadn't been planning on it for a short line that couldn't get funded by the bank or... We were trying to work with our partners to come up with...50% is a lot of money in a very short period of time. We needed board approvals. It was just too difficult for some of our short lines to take part in.

Plus, in all honesty, quite a few of our short lines have been turned down for federal funding so many times that they just don't want to go through the whole process again.

[*Translation*]

**Mr. Robert Aubin:** Presently, we are looking for fluidity in the delivery chain between point A and the terminal. The railways are important players, of course, but are you telling me that, even within that sector, it is difficult to get from point A to point B and to coordinate projects in order to achieve greater fluidity? For example, are there discussions between your association, CN and CP, in order to ensure greater fluidity of freight shipments?

[*English*]

**Ms. Allison Field:** Several of our projects that went ahead will improve fluidity. To get very specific, in some situations, if we aren't fluid on our network then we have to sit our trains on their main lines, which means they are interrupted, which can have a huge impact. So I would say yes, definitely.

[*Translation*]

**Mr. Robert Aubin:** Thank you.

I would like to take a few minutes to talk to Mr. Xotta.

The Vancouver-Fraser Port Authority seems to be playing its cards well in terms of this funding program. However, when I hear that we are losing our international reputation a little, I have questions about the program itself. Billions of dollars have been announced over a long period. I wonder whether it would not be preferable to have the entire sum from the outset, in order to set our infrastructures up properly. In Canada's trade corridors, not just the ones in the West, but also those in the Atlantic, the Gulf of St. Lawrence, and the Great Lakes, I don't think our companies are competing among themselves. The companies competing with them are mainly American.

Are we in the process of falling behind and never being able to catch up?

•(1235)

[English]

**Mr. Peter Xotta:** I'm optimistic about our ability to respond. As you mentioned, the Port of Vancouver and our partners have done reasonably well in terms of accessing federal funding, in part because of the preparedness we had to enter that process. We've been analyzing the supply chain, both regionally and within western Canada, for some time, so we're fortunate to be in a position to respond to the questions fairly promptly.

I believe that our ongoing commitment to infrastructure programs is a key or foundational piece. International customers want to see and hear a very strong and long-term commitment from the stakeholders, including the Government of Canada, to improving and delivering the capacity necessary for trade to continue to grow. Keep in mind that our port, Vancouver, has grown by approximately 30 million tonnes in the last 10 years. We have been doing what I believe is a fairly good job of responding to the challenge.

The question of timeliness and accelerating beyond to make sure we can deal with demand is the key issue.

**The Chair:** You have 30 seconds.

[Translation]

**Mr. Robert Aubin:** In 30 seconds, I would just like to know whether Ms. Baratta shares that optimism or whether she has a different opinion.

[English]

**Ms. Lisa Baratta:** I share Peter's optimism.

**The Chair:** Thank you.

By the way, the Western Transportation Advisory Council through Ms. Baratta has submitted a reference document called "WESTAC Compass" report, which we need permission from the committee to have translated. Is everyone okay with getting that document translated?

Thank you.

We move now to Mr. Badawey.

**Mr. Vance Badawey:** Thank you, Madam Chair.

First off, I do have to say to all of you thank you for being here and for bringing us to the next level. The purpose of the national trade corridors fund, as we all know, is to invest in the Canadian transportation logistics strategy, and specifically the trade corridors. With that, we're expecting that fluidity of bottlenecks, and attached to international trade and our ability, especially with the new trade agreements that are made available to you in the international market, that that would once again happen with fluidity and ultimately strengthen Canada's overall trade performance moving forward.

With that, when we look at—and I'll go to what I know best in my area, so back to Mr. Hamilton—Niagara-Hamilton and of course the GTA, they attach themselves to over 44% of North America's annual income within one day's drive. When you look at the eastern seaboard, at south Ohio or the southern states or northern states south of Ontario, at Ohio, east to Michigan, Indiana, and as well Illinois, and of course back into Ontario and Quebec, it's a pretty

extravagant market that we attach ourselves to within one day's drive.

With that said, international trade and bottlenecks become a deterrent, and travelling in and out of the Niagara-Hamilton area from those locations I just mentioned, it's critical that with those trade agreements in place, having that fluidity become a major strategy.

I have two questions for Mr. Hamilton. What are your thoughts towards further ensuring that fluidity and of course the strategies attached to the same that would then again align with the investments to the NTCF? What are your thoughts on what should be done or what should be invested in to satisfy the objectives of those strategies?

The second question, with respect to NAFTA, CETA, CPTPP and of course all of the product coming in and out of the Midwest from those areas and into those areas that I just mentioned, is how do these agreements affect the demand and the pressures you're going to see within these trade corridors within the immediate future as well as in the long term?

**Mr. Ian Hamilton:** Thanks, Mr. Badawey. Maybe I'll answer your second question first.

Certainly, as a result of the free trade agreements, we've seen fairly material growth in the Port of Hamilton and the surrounding area for overseas cargo. We now carry over \$1 billion worth of agricultural products, mainly into Europe, which is close to a \$750-million increase per year over the last 10 years.

As we enter into each one of these agreements, and with Canada the only country with free trade agreements with all the G7 countries, I think we're in a very strong position to continue to grow. When there are disruptive things in the marketplace, such as trade wars or retaliatory tariffs, I think we'll continue to be well positioned as Canada to take advantage of that, whether it be the steel market or the agricultural market, as we've done locally. All that said, the demand is going to continue to grow for the products, and it's going to have the impact of increased congestion.

I think that in the line of questioning for Ms. Baratta from Mr. Aubin earlier on, they both talked about it. I think it's an integrated transportation strategy that's going to be critical; that's a strategy that truly focuses on how we use all the modes to their best advantage. I think that's an area the NTCF could probably further develop to understand how we use our fund to tie together those modes so that we're truly offering the most efficiency.

We have the roadways that are being used at the right time, the rail that's being used at the right time and the marine that's being used at the right time. As Mr. Aubin pointed out, sometimes we have a tendency to think in silos, but we're starting to see a momentum towards that integrated transportation strategy. I hope we can continue to use the funding to address how the modes integrate together to get the biggest benefit from each one of them, tap into capacity, like there is in the marine industry on the Great Lakes with the 50% available capacity, and continue to take advantage of that.

I hope that answers your question.

● (1240)

**Mr. Vance Badawey:** Yes, it does.

Now I'm going to bounce over to you, Ms. Field, and short-line railways. I have some background in that in my former capacity as the mayor of a community that brought in a short-line operator—I was for the short line—working with CN and CP.

My question for you is, with respect to the capital that you're going to need, are you partnering with the municipalities that you've attached yourself to? You mentioned that CN and CP are not co-operative when it comes to the capital side but do benefit from it. Is there a further opportunity for you to actually saddle CN and CP with some revenue opportunities for you, based on their use of the short line that you have available within your area?

**Ms. Allison Field:** Yes, with the municipalities, not so much. With the building Canada fund, a lot of funds are technically available to short-line rail, but we need municipal support. It's essentially impossible, because it's always going to be putting the private railway ahead of the community's water supply or the community's...you know. We're never going to be able to measure up, and the municipalities don't typically—

**Mr. Vance Badawey:** In terms of track rights, when you look at cars coming on or off CN or CP lines—

**Ms. Allison Field:** Yes.

**Mr. Vance Badawey:** —and utilizing your short line, is there not an opportunity to charge a per-car rate by you to them?

**Ms. Allison Field:** Yes, definitely. We do that now. If they have an overcapacity of one kind of car, they'll store them on our lines for a fee. Yes, we do that, and that's a part of—

**Mr. Vance Badawey:** Your cars are obviously being utilized off the short line or onto the short line by CN and CP to get onto the main lines.

**Ms. Allison Field:** I'm not sure I'm following. I'm sorry: one more time?

**Mr. Vance Badawey:** When your car is going onto the short line or off the short line or going or coming from the main lines that are owned by CN and CP—

**Ms. Allison Field:** Oh, absolutely. Yes.

**Mr. Vance Badawey:** Again, when those cars are going onto or off the short line, vis-à-vis the benefit of CN or CP to use the short line, is there not more of an opportunity for revenue generation on a per-car rate on or off your short line?

**Ms. Allison Field:** If they were our own cars, if we owned our cars...?

**Mr. Vance Badawey:** Anyone's cars, as long as they're going on or off the main line. Obviously, if they're doing that, they need you.

**Ms. Allison Field:** Right. Yes.

**Mr. Vance Badawey:** That said, isn't that an opportunity for you

**The Chair:** I'm sorry, Mr. Badawey, but your time is up.

**Mr. Vance Badawey:** —to actually charge that rate?

**The Chair:** Ms. Field, maybe you can attempt to answer it at a later time.

Mr. Sikand.

**Mr. Gagan Sikand:** Thank you, Madam Chair. My question is for the Port of Vancouver.

Peter, I just want you to clarify a few things. When you talk about volume in the port, does that mean the traffic—the number of ships coming in—or is that the units on the ships as well? Are they one and the same or are there two different metrics?

**Mr. Peter Xotta:** There are two different metrics. I've been employed here for about 24 years now, and virtually throughout that time we've had somewhere between 3,000 and 3,500 ship calls per year. That hasn't changed in the last 25 years because, generally speaking, vessel size is increasing.

Referring to the numbers, though, we're talking about volume of cargo, 147 million tonnes of cargo. It grew by 3.5%. Just to put it in perspective, one of the major grain terminals in the port is a four to six million tonne-capacity facility. You can see that, as we grow each year, we need the equivalent capacity of a new grain terminal each and every year as we move forward. The demands on the port and the supply chain are significant.

● (1245)

**Mr. Gagan Sikand:** This is my last question before I share my time with Mr. Tootoo.

Do you assign metrics to when a ship is idle in the port? Is there a cost assigned? Is there a way to measure that?

**Mr. Peter Xotta:** Certainly, depending on the type of commodity and the commercial arrangements between the parties, some are much more sensitive to delays than others, but for a vessel to come in, it's based on size, not on length of stay, to be precise in terms of answering the question.

**The Chair:** Mr. Tootoo.

**Hon. Hunter Tootoo (Nunavut, Ind.):** Thank you, Madam Chair.

Thank you, Mr. Sikand, for sharing your time.

It's good to see you again, Stanley, Scott and Patrick.



One of the things that I've always said about Nunavut is that it's an untapped resource. The rest of Canada has been explored, dug into and capitalized on, but Nunavut hasn't. I think one of the things that we need as a country, to be able to tap into that resource and allow Nunavut to create a sustainable and stable economy, is that investment infrastructure. I've always said that national programs like this one, whether they be programs or formulas, don't take into account the uniqueness of the north: the time frame that it takes to get things done and the higher cost of doing stuff up there. I've always said that investment in infrastructure in the north is an investment in the Canadian economy, because everything that we need up north comes from the south.

I guess, having said that—and I'll leave it up to who would like to answer this—what would be the economic benefit to Canada from this project? Do you have any specific numbers that you'd like to share with us on that?

**Mr. Patrick Duxbury:** I'll respond to that one. Thank you, Mr. Tootoo.

Yes, Nunavut has a small population but huge potential economically. The mineral sector is probably the brightest star in that constellation. We believe that our project would, at minimum, trigger the development of what is a world-class zinc lead deposit in the Kitikmeot region. It's called the Izok corridor project, and it would be triggered by the development of the Grays Bay infrastructure.

We did some economic impact assessment work on this, and just revenues to Canada in the forms of income tax, corporate tax and royalties associated with that development would be about \$665 million. If you look at that as a cost benefit, the revenues coming just to Canada would pay for the infrastructure itself on one project. There are many other projects along that corridor that could be developed that would become more feasible with that infrastructure in place. That's just the first layer of opportunity there.

We also believe that that single project, that one mine, would probably generate something around \$7.5 billion in GDP over an 11-year economic life. That's just 11 years. We think that project could be extended several years after, because what's happened is, in the absence of infrastructure, a lot of the developers who have played this area are not committed to doing any further exploration because, without the infrastructure in place, what's the point?

They know they have projects there, but until Canada decides it's going to build infrastructure that connects these resources to tidewater and to international markets, there's no further point to doing that work. Canada should be in the business of building its own infrastructure for its own benefit, and there will be lots of investments that will come to this region of the country once that investment has been made.

**Hon. Hunter Tootoo:** You hit the nail on the head there I think. It's just something like...can we afford not to invest in it?

I think everyone knows there are very limited opportunities in Nunavut to create a stable, sustainable economy, and the numbers you just pointed out make it very clear that here's something that—and you can confirm—would create economic prosperity as far as

jobs in the region for individuals, and also the business opportunities in the region and in the south.

Thank you.

**The Chair:** For the committee's interest, we need a few minutes at the end to adopt our bus study.

We'll go on to Ms. Block.

• (1250)

**Mrs. Kelly Block:** Thanks very much, Madam Chair.

I want to welcome all of you who have joined us for this second hour of our meeting by video conference. Ms. Field, thank you so much for coming to Ottawa.

I found my colleague's speculation about what a Conservative government will do around infrastructure very interesting. All we need to do is look at the previous Asia-Pacific gateway and corridor initiative transportation infrastructure fund, which was created in 2006, and carried on all the way through to 2018, and which I believe this fund was built on. I think you can only look to the past to perhaps see the importance that a Conservative government would place on getting transportation infrastructure done, and done in a timely way.

Mr. Xotta, you stated, "Buy our stuff and we'll get it to you." Really, it's our reputation that's on the line when our infrastructure isn't efficient enough to meet the growing needs and demands of our exporting nation.

That's an interesting observation, as well. Much of what we export is either grown or taken out of the ground, yet we have a government that continuously introduces legislation that will not only have a devastating impact on our resource development but also our ability to get those products to market.

My colleague referenced Bill C-69, and I think you spoke to some of the issues you have with that piece of legislation, never mind Bill C-48 or even the carbon tax. None of us have mentioned today the impact that has on transportation across this country.

In the time that I have left, I want to ask a question of you, Ms. Field.

I know that short-line railways are an important part of Canada's railroads, a part of the broader network that moves goods from coast to coast, and that we have many in western Canada. You've had an opportunity to share with us your experience with this fund, but could you share some of your infrastructure challenges, and perhaps the opportunity we have through our short-line railways to address greenhouse gas emissions?

**Ms. Allison Field:** Sorry, can we do the two questions one more time?

**Mrs. Kelly Block:** The first one is to perhaps outline some of the infrastructure challenges, and then the second one is on the opportunity.

**Ms. Allison Field:** Our infrastructure challenges are really because we took over rail lines that were falling apart. We're only 15 years old or younger. When CN and CP were deciding to devolve some of their branch lines—of course, if you had a used car and you knew you were going to be junking it, you wouldn't be keeping it up to par, right?—they didn't maintain them. When we took over the short lines, they were in really bad repair.

We've been band-aiding and band-aiding, but what we really need is something like the 45G tax credit that they have in the U.S. That tax credit has been studied by McKinsey and other third parties and massive improvements have been shown in both economic outcomes and safety based on that. That's a 50% matching program, tax credit, that has been running in the U.S. for about 10 years, and will soon be made permanent in the U.S.

That, for infrastructure, is really of massive importance, because that allows us to continue to improve our existing infrastructure and then releases funds that we could use for big projects like the NTCF. Right now, we just don't have that. That would be what we really need.

Then, in terms of carbon, the number of trucks that are going on the road when short lines can't operate.... We have some short lines where, because of our infrastructure, we're only going 25 cars at a time. We're operating at one-sixth of our potential. When there's a huge harvest and everyone wants to get their crops out, and we're limping along at only 25 cars at 10 miles an hour, we just can't meet the requirements of our customers. They end up trucking. That's destroying our roads, destroying the environment, for no reason.

Short lines can have a huge positive impact on carbon emissions, if given the opportunity.

• (1255)

**Mrs. Kelly Block:** Thank you.

**The Chair:** Thank you very much.

I'd like to thank all of our witnesses very much for your time and attention today. I think we learned a lot and we very much appreciate it.

We'll stay in committee business in open session if it's okay. I need approval of the bus study that we completed.

Mr. Aubin, your changes were all incorporated as well into the report.

Everyone in favour of the bus study that we had completed? Opposed?

(Motion agreed to)

**The Chair:** I have a budget for today's business.

Can I have approval of this today as well, that is, the budget that you have before you?

(Motion agreed to)

**The Chair:** There is one other thing. The analysts have indicated that they could put a letter together outlining what they've heard today in regard to the national corridor. If that's all right, the analysts will pull something together and we can review it at the first opportunity that we have.

Ms. Block.

**Mrs. Kelly Block:** I would suggest that this might not even be necessary.

I think this was to receive an update or for information. I didn't understand that this was meant to be more formal than that.

It's a two-hour meeting.

**The Chair:** It doesn't have to be anything.

**Mrs. Kelly Block:** I think it's been a very good opportunity for us to hear about the transportation fund from the witnesses who are here. But I think if we were going to do anything more formal or want to provide a letter to whomever, I would want to see us do a little bit more in depth on this fund.

**The Chair:** We can do a letter, we can do a press release or we can do nothing at all.

The analysts indicated that based on today they could put a letter together acknowledging the fact that we had the witnesses and the information that they provided.

What's the desire of the committee?

Mr. Hardie.

**Mr. Ken Hardie:** I would certainly support a letter.

I think there are some comments and some statements made here specifically to Bill C-69 that I think the minister should see. There are a lot of opportunities here to ensure that the things that people are concerned about don't have to happen. Flagging those, particularly some of the comments that were made, would be very useful.

**The Chair:** Okay.

All those in favour of producing the letter?

(Motion agreed to)

**The Chair:** Thank you again to all our witnesses for your valuable time.

The meeting is adjourned.







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