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Chair: Mr. Peter Schiefke



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• (1535)

[*Translation*]

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

Welcome to meeting number 16 of the Standing Committee on Transport, Infrastructure and Communities.

Pursuant to standing order 108(2) and the motion adopted by the committee on Monday, January 31, 2022, the committee is meeting to study the state of Canada's supply chain. Today's meeting is taking place in a hybrid format, pursuant to the House order adopted on Thursday, November 25, 2021. Members are attending in person in the room or remotely using the Zoom application.

[*English*]

Per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask, except for members who are at their place during proceedings.

I'd like to make a few comments for the benefit of our witnesses as well as the members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike and please mute yourself when you are done speaking.

Interpretation is available for those on Zoom. You have the choice, at the bottom of your screen, of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

As a reminder, all comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

Colleagues, appearing before committee today, we have, from the Chamber of Shipping, Robert Lewis-Manning, president; from Food and Beverage Canada, Kathleen Sullivan, chief executive officer; from the Hamilton-Oshawa Port Authority, Larissa Fenn, director, public affairs and corporate secretary; and from the National Cattle Feeders' Association, James Bekkering, chair of the board, and Janice Tranberg, president and chief executive officer. From the Western Grain Elevator Association, we have Tyler Bjornson, consultant.

We hope to also be joined very soon by the Canadian Ferry Association and Serge Buy, chief executive officer, as well as the Canadian Manufacturers and Exporters and Dennis A. Darby, president and chief executive officer.

We're going to begin today's opening remarks with the Hamilton-Oshawa Port Authority.

Ms. Fenn, you have the floor. I give you five minutes.

Ms. Larissa Fenn (Director, Public Affairs and Corporate Secretary, Hamilton-Oshawa Port Authority): Thank you.

Good afternoon, Mr. Chair and members of the committee. It's my pleasure to be here today to discuss actions to build sustainable, resilient supply chains in Canada.

The Hamilton-Oshawa Port Authority, or HOPA Ports, is the largest integrated port network on the Great Lakes, with ports and marine facilities in Hamilton, Oshawa and Niagara. We own or manage more than 1,000 acres of industrial port property, and the cargo we handle is connected to 40,000 jobs in Ontario.

In the Great Lakes region, supply chain resilience boils down to capacity and innovation. As we've seen in Hamilton and in Oshawa, there is a tremendous demand for transportation-intensive industrial land, and we are activating more valuable industrial spaces in the Niagara region to attract new jobs and investment. In all of these spaces, we ensure that businesses that locate at the port have a supportive partner and access to efficient connected multimodal transportation services.

One tool that's been extraordinarily effective in capacity building and industrial renewal is the national trade corridors fund, NCTF, which is a successful and well-administered program. Now, more than ever, the NCTF can support cost-effective, energy-efficient supply chains that feed Canada's economic recovery. Let me give you an example of the impacts we can deliver with the help of this program.

In 2017, HOPA started work on its Westport redevelopment project in Hamilton, upgrading port facilities and infrastructure at one of the oldest areas of the port lands. The project included investments of just over \$17 million through the NTCF, which was more than matched by HOPA, in new docks, rail extensions, reconfigured cargo handling areas and new warehousing. Now complete, the project has leveraged more than \$77 million of private sector investment, the creation of two new development parcels on pier 15, a 105% increase in employment within the zone, a 27% increase in railcar volumes and more cargo being handled through the port, including 100% more steel and 500% more sugar than in 2017.

As we look to other locations around the Golden Horseshoe, we have identified new, shovel-ready infrastructure improvements that would deliver an immediate impact for our local economies, while also enhancing Canada's supply chains.

It's good to look around and see so much opportunity but, like other ports, HOPA is constrained by its borrowing limit and ability to invest in new infrastructure. Ports require a greater ability to raise funds on our own, based on market criteria. I know you've heard this message from other Canada port authorities. HOPA is feeling it too.

We also recommend that ports be empowered to pursue our trade facilitation mandate through a wider definition of multimodal activities that would make it easier to acquire land and operate logistics facilities, inland ports and other supply chain uses. Finally, HOPA, along with our port colleagues, is positioned to help carry forward as champions of Canada's climate reduction goals. As such, we recommend that ports be eligible for federal programs dedicated to decarbonization, innovation and fuels of the future.

The other key to ensuring resilient supply chains is innovation. Here, I want to focus on two aspects: the increasing viability of short sea shipping on the Great Lakes and the role of data in helping us optimize our transportation choices at a system level.

Ontario's Golden Horseshoe is one of the fastest growing regions in North America. It also suffers from some of North America's worst road congestion, costing the economy an estimated \$6 billion per year. Coupled with the urgent need to reduce the carbon footprint of transportation, these factors are converging to provide the push necessary to move more traffic to the marine mode.

As you know, there is very little large-scale marine shipping container traffic into the Great Lakes past Montreal, where containers are typically offloaded from vessels and put onto trucks. There are more than 10,000 trucks a day, in fact, rolling down the 401, one of Canada's busiest highways.

Meanwhile, the Great Lakes St. Lawrence Seaway system has capacity to spare, and the market is testing the waters. Just this past summer, our partner in Hamilton trialled a new container service between Montreal and Hamilton. This introduction of new modal choices can help us change goods movement at a system level, which is the scale necessary to make a real impact on GHGs and congestion.

One of the other keys to unlocking this potential is the use of data to uncover which cargo flows might be candidates for greater use

of the marine mode. Supported by Transport Canada, HOPA is currently working on a data analysis project that looks at flows between southern Ontario and the U.S. midwest. Projects like this are essential first steps in understanding how new modal choices can transform transportation in the Great Lakes region.

Prior to the pandemic, we were pleased to host members of this parliamentary committee on a tour of the port of Hamilton, and we appreciated the committee's recommendation to establish a formal trade corridor in the Hamilton-Niagara region. The Great Lakes have felt supply chain challenges, but also hold immense potential opportunity. HOPA is always ready to do its part sustainably and in partnership with its port communities.

• (1540)

We look forward to working with you for a resilient and prosperous Canada that makes the most of its transportation infrastructure.

Thank you. I would be pleased to answer any questions.

The Chair: Thank you very much, Director Fenn.

Next, from the National Cattle Feeders' Association, we have Chairperson Bekkering.

Mr. Bekkering, the floor is yours, you have five minutes.

Mr. James Bekkering (Chair of the Board, National Cattle Feeders' Association): Thank you.

Good afternoon, I am the chair of the National Cattle Feeders' Association, and a feedlot owner in Taber, Alberta. I'm joined by the president and CEO of the National Cattle Feeders'.

NCFA was established in 2007 as a unified voice for Canadian cattle feeders. The focus of NCFA is sustainable growth and profitability, improved competitiveness and industry leadership and partnership.

Agricultural supply chains are under tremendous pressure, negatively impacting national food security. In the beef industry, much of the current stress stems from two challenges: securing critical farm inputs, especially feed, and keeping cattle and beef products moving through the supply chain.

Last year's drought in western Canada was unprecedented, causing significant shortages of livestock feed and resulting in a surge of feed imports from the U.S. This increased feed demand, along with the fires and floods in B.C., exposed a multitude of weaknesses in our transportation systems. To date, dry, cold conditions in parts of western Canada are hampering the crop outlook, which may result in ongoing pressure on the transportation system.

Additionally, this year has been plagued with black swan events from protests at the Canada-U.S. border stopping the movement of beef and cattle, to labour stoppages at CP Rail, to an increased focus on feeding a global population due to the war in Ukraine, adding further stress to the livestock supply chain.

Using rail as an example, western Canada mainly relies on one company, CP Rail. In Alberta, at the time of the CP Rail strike, there was only a one- to two-week supply of feed grain available, creating grave concern about how we would feed our animals. Thankfully, the strike did not last long, but it brought forward the extreme reliance we have on CP Rail. While we recognize the right of Canadians to strike, when rail transportation is a monopoly and animal welfare is on the line, the Government of Canada must declare rail an essential service.

It's also important to understand the unique nature of live animal transportation. Cattle move across the U.S.-Canada border daily, with young cattle coming from the U.S. to supply our farms and finished cattle being exported to the U.S. for processing. Within Canada, truck drivers are needed to move cattle to and from farms and processing plants, for the removal of manure and for the transport of feed and supplies. These drivers require specialized training to transport livestock as animal welfare is of the utmost importance. Drivers must adhere to the Canadian Food Inspection Agency's animal transport regulations, as well as safe driver regulations with respect to electronic logging devices, ELDs.

Unfortunately, these two regulations were not developed by the government in consideration of each other, nor do they recognize the unique needs of livestock transport. The two sets of regulations do not align the mandated breaks for the drivers and the available facilities for the mandated breaks for the livestock. The regulations do not allow for flexibility that would prioritize animal welfare, and the U.S. regulations do.

• (1545)

Ms. Janice Tranberg (President and Chief Executive Officer, National Cattle Feeders' Association): On top of these issues are the rising costs of transportation. The cost for feed is at the highest level in history, and that's without factoring in increased transportation costs. The rising cost of fuel, in combination with the current price on carbon at \$50 per tonne, means trucking is no longer a viable option in some areas, and this will only worsen as rates move to \$170 per tonne. Finally, the rural nature of the industry requires proper maintenance of rural roads and bridges, yet your local municipalities struggle to find funding. The combined impact of all

these challenges manifests in terms of higher production costs, lost production, lost sales, lower incomes, less investment and overall a less competitive industry.

We appreciate the transport committee looking into supply chain issues. To ensure that Canada's beef sector remains competitive, we offer the following recommendations. Railway service in the west operates as a monopoly, with no alternative, and railway should be designated as an essential service. Regulations like those for ELDs need to accommodate the unique circumstances of livestock and Canada's ELD regulations need to be increased so we're not at a competitive disadvantage to the U.S. Immediate attention needs to be given to the growing shortage of drivers in the trucking industry, with particular notice of the specialized needs of the livestock sector. The rising costs of transportation and increased levels of taxation need to be considered so the government does not put its industry at a competitive disadvantage. Beyond the focus of rural broadband, agriculture requires essential investments in hard economic assets, such as roads, bridges, local transportation networks and improved rail transfer and storage facilities and infrastructure.

Thank you.

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

Next, we have Mr. Tyler Bjornson from the Western Grain Elevator Association, .

Mr. Bjornson, you have five minutes.

Mr. Tyler Bjornson (Consultant, Western Grain Elevator Association): Thank you for the introduction, Mr. Chairman.

Canada's bulk grain shipments make up roughly 20% of total railway volume and revenue each year, making WGEA members some of the largest single users of Canada's railways and ports.

For decades, our industry has faced challenges in moving grain products to market. The committee will know that the Canada Transportation Act was amended in 2018. Parliament, at that time, made three changes to the act that were supposed to be helpful to shippers to address the monopoly-style imbalance of power that we faced.

Those included replacing extended interswitching with long-haul interswitching, allowing for reciprocal penalties in service-level agreements, and providing the Canadian Transportation Agency with own motion investigative powers. Since these measures were brought in, not one application for long-haul interswitching has been made, none of the WGEA members have been able to negotiate a railway service agreement with true reciprocal penalties, and the own motion power of the agency has failed to address very obvious service problems.

Grain shippers have had very poor service in 2022, with weekly car order fulfillment routinely less than half of what was required. In the railway grain plans, CN indicated it would provide 5,350 cars each week in winter months, while CP said it would provide 4,350 cars. Unfortunately, Canada's farmers faced one of the worst droughts on record, and total production was 35% lower this year.

As a result, Canada's grain shippers required a lot fewer railcars than planned. For example, in the week of February 13, grain shippers ordered 1,204 cars from CN, but only received 550, or 44% of what we ordered, even though we asked for only 1,204 cars, rather than the planned 5,350. CP is a similar story, and the month of January was actually much worse. The railways provided incredibly poor service in the critical winter months this year despite a major drought and dramatically lower demand.

None of the new remedies from 2018 resulted in any meaningful change. The current measures in the act are fundamentally flawed. They do not allow shippers to hold railways accountable for their service performance on a day-to-day basis. If we want to change behaviour, it has to be done through the railways' pocketbook; otherwise, there is no proper incentive to deliver. That could include bringing back extended interswitching, and making reciprocal penalties automatic. It could include holding the railways accountable to the numbers from their annual grain plans, and it could go so far as to introduce joint line running rights.

I would like to provide a couple of final remarks on two other interrelated concerns.

For more than a decade, a strike or a lockout has occurred, or been threatened, every year at one or both national railways. On each occasion, Canada's food processors and international customers are told that they may not receive the grain they need to make staple food products. They are then left scrambling to determine how they'll manage their operations, and are forced to consider alternative, non-Canadian, sources of grain. This damages Canada's reputation.

Providing a framework for the fair and orderly resolution of labour disputes between railways and their unions through binding arbitration, thereby avoiding the needless harm from rail service interruption, has unquestionable merit, particularly if both parties truly believe their negotiating positions to be reasonable.

Concerns that such an approach threatens the integrity of labour relations fail to take into account the unique market dynamics of a single carrier, monopoly rail service, and are far outweighed by the harm caused to the Canadian economy by incessant railway disruptions.

The grain sector is part of a growing chorus of business groups across Canada urging the federal government to designate rail as an essential service.

Finally, the WGEA believes that the governance of Canada's port authorities requires an overhaul. These entities are legal monopolies with sole decision-making power over aspects of strategic importance to Canada's marine gateways and the economies they serve. Governments normally put in checks and balances where this imbalance of power may lead to questionable outcomes.

Proper checks and balances do not exist today. In some cases, this has led to conflicts of interest, exorbitant rent and fee increases, lease renewal issues, encroachment on jurisdiction by municipalities and provinces, and questionable infrastructure-setting priorities at times.

● (1550)

We would implore this committee to include the need for amendments to the Canada Marine Act to address these concerns.

Thank you for your time. I would be pleased to answer any questions that committee members may have.

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

Next and finally, we have Mr. Dennis A. Darby from the Canadian Manufacturers & Exporters.

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

Mr. Dennis Darby (President and Chief Executive Officer, Canadian Manufacturers & Exporters): Thank you and good afternoon.

It is my pleasure to be here on behalf of Canada's 90,000 manufacturers and exporters and our association's 2,500 direct members to discuss the state of our supply chain.

Just to recap, Canada's manufacturing industry represents about 10% of our GDP and about two-thirds of our value-added exports. It employs about 1.7 million people in well-paying jobs across Canada. Our association represents companies of all sizes from all regions and all industrial sectors.

CME has long been an advocate for addressing manufacturers' supply chain problems. We were at Minister Alghabra's supply chain summit and we continue to engage across Canada. We are very concerned about the state of Canada's supply chains, particularly manufacturing supply chains.

In March, we conducted a survey of manufacturers on their problems related to the supply chains. It confirmed what we've been hearing on the ground for months, which is that nine out of 10 manufacturers are encountering supply chain issues, with 60% rating them as severe or major.

As a result, they've lost about \$10.5 billion in sales through delays and lost contracts. Eight out of 10 have been forced to increase their prices. Less than 20% have planned on moving their sourcing into Canada in response to disruptions because there are no Canadian suppliers. About 44% said there are no Canadian suppliers. Because of a lack of availability and cost of labour, just 28% of manufacturers said they would likely relocate or even scale up production in Canada to mitigate supply chains. Finally, most manufacturers across Canada think that these disruptions will not end until some time in 2023 or even as late as 2024.

To sum up, the supply chain crisis touches every part of manufacturing, all kinds of products, all kinds of materials and all kinds of ingredients. There's no end in sight. Simply put, it's holding back our recovery and the recovery of the whole economy.

We have some ideas. We know that some of Canada's supply chain problems are beyond our control. We can't magically end everything that happened as a result of the COVID-19 pandemic. We can't end China's zero-COVID policies, which are driving the disruptions to the supply chains over and over again.

That said, most of these are things I mentioned about the survey we can probably address ourselves. I know the federal government and the committee understand this, but we need to take more action to address it.

The supply chain summit that was convened in January as a forum for stakeholders was a great step, but we need action. Here are some solutions that we can suggest.

First, in the short term, we need to provide assistance to manufacturing companies that are still feeling these supply chain disruptions. It doesn't get a lot of press, but because our manufacturing companies are, on average, smaller than our global peers, we are lower on the priority list when it comes to getting short supply parts like microchips. We need to correct for this uniquely Canadian problem by bridging manufacturers through these shortages.

Second, we really have to work on Buy America and other protectionist actions. We know our government and our diplomatic core are hard at work mitigating the protectionist tendencies of the current administration in the U.S. We have to keep up the pressure, as business and government together. We need to approach this as "buy North America", not Buy America. It's one way for us to continue to be part of its supply chain and help shorten its supply chain.

Third, we have to plug our labour shortages through immigration. Pandemic backlogs really have to be addressed. We encourage the government to dedicate every resource it can to do it. In time, we need to aggressively increase our intake targets to at least 500,000 people per year in the economic stream alone because we need those workers. There are shortages in every aspect of our economy, but certainly in manufacturing.

In the long term, we think we need to have a manufacturing strategy for Canada that maps out our supply chains. As the pandemic showed when manufacturers retooled their operations to produce PPE, we have a very limited knowledge of our own supply chains in Canada. The government is best suited to undertake this mapping project, so we can identify and remedy the weaknesses we have.

We must make sure, as others have said much more eloquently than I, that our transportation infrastructure is protected from disruptions. Blockades and labour disruptions do massive damage to the manufacturing supply chains, but more importantly, they tarnish our reputation abroad, especially with our biggest trading partner. Canada loses every time these happen. These are goals that we're scoring on our own net.

We need to speed up investments in critical trade infrastructure projects, like the ports, the rail and the borders. We have to better leverage government procurement in the areas to support these supply chains. Budget 2022 announced some positive steps. However, we're going to need to spend more aggressively if we're going to catch up with our peers.

Fourth, we need to provide more support to help manufacturers accelerate the adoption of automation technologies. Why am I saying that? By increasing our competitiveness and our scale we can produce more products here and reduce our reliance on foreign suppliers.

• (1555)

In conclusion, we're very worried about the state of the supply chain. The scale of the problem our industry faces requires immediate and bold action. We're committed on behalf of our members to work with the government, and I believe the solutions are a good place to start.

Thank you for allowing us to speak here today and for inviting us to be part of this really important study.

The Chair: Thank you very much, President and CEO Darby.

I would like to thank all of our witnesses for appearing before our committee today.

To kick off our questioning, we have Ms. Marilyn Gladu.

Ms. Gladu, the floor is yours for six minutes.

Ms. Marilyn Gladu (Sarnia—Lambton, CPC): Thank you, Chair.

Thank you to all of the witnesses, especially those who have returned again because of our vote disruption the last time.

We've heard a lot of testimony talking about how labour shortages, missing infrastructure or burdensome or ineffective regulations are really impacting both the supply chain and Canada's competitiveness.

I'm going to ask a bunch of you to comment on how specifically Canada's competitiveness is being impacted in your area by these things. I will start with Ms. Sullivan.

Ms. Kathleen Sullivan (Chief Executive Officer, Food and Beverage Canada): Thanks very much. It's a pleasure to be back with you again this week.

In the food and beverage manufacturing sector, which I represent, we have been significantly impacted by the range of issues that you just listed.

Labour alone, which is a topic that we've been seized of for the past six months, has had, I would say, a devastating impact on the food and beverage manufacturing sector. A survey in January showed that food and beverage manufacturers were running at a structural deficit of about 20% of their workforce and that, in turn, had reduced food production by about 20%. Normally we're trying to increase production, increase export and increase our productivity. What we've seen throughout the pandemic is a reduction in our output.

Equally I would say that infrastructure issues have hit us particularly hard over the last number of months. I include in the infrastructure issues the border closures that took place with the various blockades.

Certainly the B.C. flooding situation was a little bit of a microcosm, if you will, that demonstrated for all of us how dependent we are. We often talk about foreign markets closing and challenges there, but I think we are also seeing that we are very much at risk within Canadian borders when we have infrastructure disruptions, and we were quite challenged.

We saw in some cases freight costs for food products increase by sixfold for trucking coming out of B.C. during the B.C. flood situation, and we even had at least one case of a food company that had to decline to ship food into central Canada from B.C. because the food costs were so high. Imagine being a country like Canada where transportation costs have reached a point—in this case due to natural disaster—where we can't afford to ship food. I think that is a really stunning situation that we really need to reflect on as an example of how extreme some of these situations can become.

• (1600)

Ms. Marilyn Gladu: Is the carbon tax making the situation worse?

Ms. Kathleen Sullivan: One of the challenges we have as an industry, and I suspect a lot of manufacturing sectors are the same, is that we have 8,000 facilities across the country, and the vast majority of them are small and mid-size. Most companies really struggle to even keep up with what the evolutions are in different regulations.

Everybody wants to do the right thing. I think everybody understands that contributing to a reduction in carbon emissions and contributing to sustainability in general are important. What we haven't done particularly well is help companies to adopt those measures and enable them to do that. In many cases, companies are, in fact, struggling with how they adapt their businesses to accommodate all of these new regulations and requirements that are coming through.

I will just say that we see the same thing on plastics and packaging. Companies really do want to move to sustainable packaging, but they're struggling because they don't manufacture the packaging themselves, and, as you well know, garbage collection and recycling are provincial and, at some points, municipal, and across the country we simply don't have the infrastructure in place to even accommodate the collection of some of these more sustainable packaging options.

Ms. Marilyn Gladu: I'm going to go to the beef industry and ask the same question. What are the impacts to you from the things I've mentioned?

Mr. James Bekkering: I will speak first, and if Janice wants to add, she can. When we talk about the regulation side of things—and we did bring this up—there's the disconnect between the transport regulations and the CFIA regulations. One of the disappointing aspects, especially on the CFIA regulations, is that they changed the regulations before the science was proven, and they're under current.... They were doing studies at the time, and they changed the regulations for animal transport. When they changed that, they didn't take into consideration the transport regulations inside of that. The two regulations are in conflict with each other. That's part of the regulation side of the things that has been difficult inside the beef industry.

Maybe Janice can add to that.

Ms. Janice Tranberg: Yes. Thank you, James. I think you've hit on it really well.

The only other thing I would add is that, as we identified, it's the layering-on effect. We're very short of drivers. In particular, there are complications in getting drivers in rural locations, and specialized for livestock. We're short of labour. Gas prices are going up. The carbon tax is adding on to that. There are changed regulations. Really, it's that layering effect that's having the complications.

Ms. Marilyn Gladu: Very good.

I have a question for the port of Hamilton. We heard testimony that we need to have more international ports across Canada for resiliency. Would the Hamilton port be something that you think would fit into a model of more international ports?

Ms. Larissa Fenn: Absolutely. We are, of course, very internationally oriented. A good portion of our commodities move overseas. Whether it be inbound steel or other materials, or outbound Canadian grain exported primarily to Europe, we definitely see the need for the Great Lakes to be considered when a—

• (1605)

The Chair: I'm sorry. Thank you very much, Ms. Fenn.

Ms. Gladu, perhaps you can follow up in the next round.

Mr. Rogers, you have the floor for six minutes.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thanks, Chair.

Thank you to all of our witnesses today.

We've been doing these meetings for a period of time now. We've heard from many witnesses who have provided some great information. There has been a smattering of views and opinions about supply chain issues.

With regard to all the issues and disruptions we've had in the recent years, I want to ask you this. I'll probably start with Mr. Darby, and if any other witnesses would like to make a comment, I'd be pleased to hear about their particular situation. So far a number of things have been identified: backlogs because of the pandemic; blockades; extreme weather events; and labour disputes, which a couple of witnesses have referred to. Which ones have been most significant for your particular organization, and why?

I'll start with you, Mr. Darby. If others would like to chime in on that question as well, they'd be quite welcome to do so.

Mr. Dennis Darby: I'd like to say that I have a very simple answer to that complex question, sir, but I'll try. Across the broad range of manufacturers, clearly those related to the pandemic that slowed global movement and increased costs by tenfold, in some cases, have been the most significant to the manufacturing sector across the last two years. But I must say that the blockades that happened in the last few months, and other stoppages like the rail work stoppages, affected trade with the U.S. and our manufacturers in the U.S. most significantly.

As you probably know, about 75% of what we trade is with the U.S. When those corridors are shut down, it gets noticed immediately. Plants start to turn down, whether it's in making food or automobiles or aerospace.

Mr. Churence Rogers: Thank you.

Maybe we could go to Mr. Manning.

Mr. Robert Lewis-Manning (President, Chamber of Shipping): Thank you.

I'll take a slightly different perspective. From a marine carrier perspective, it's actually the loss of the supply chain to climate change events. It's significant, because it has long-term consequences for the reputation of the resiliency of our supply chain. Yes, there have been lots of other things that have had huge impacts, but that one could be a lasting impact if we don't tackle it aggressively.

Mr. Churence Rogers: Thank you very much.

Would anyone else like to chime in on that question?

Ms. Kathleen Sullivan: I'd love to just quickly say that from a food and beverage manufacturing standpoint, by far the number one issue is labour. At the end of the day, if you don't have the workers, you can't manufacture the products. If our suppliers don't have the workers, it makes it difficult to get packaging and other inputs.

Ultimately, I will just say that when you have companies that are short of workers, it also makes it very difficult for them to focus on things like the future and on growth, sustainability, and some of the

other broad policy objectives the country has. It just makes everybody so focused on survival and on what's happening today.

Mr. Churence Rogers: Okay.

Mr. Bjornson, maybe you can talk a little more about the labour disputes at the railway. I know that the CP rail dispute this past year created some problems for your organization and others.

Mr. Tyler Bjornson: I was going to answer your question to say that any event that resulted in any sort of disruption or stoppage to one of two of Canada's national railways is a catastrophic event, frankly, for every single sector in the country and in particular for the grain sector.

There are certain things that we have control over and certain things that we don't. We don't have control over wildfires, floods, avalanches and cold weather and things of that nature, so what we rely upon is the railways to have excess capacity available in cars, crews and locomotives to be able to catch up when these disruptions that we don't control happen. We don't see that happening in our railways. They often get way behind and it takes months and months to catch up and in some cases they simply don't.

On the labour side of things, that's actually something we can control. We feel very strongly that in such an obvious essential service—it's the absolute lifeblood of our economy—it should be essential. Quite frankly, if either railway management or the union in question believes that their positions are reasonable they should have no hesitation at all to submit themselves to binding arbitration. It's an ongoing mystery why our rail services aren't considered essential and taken care of that way from a regulatory point of view.

● (1610)

Mr. Churence Rogers: In fairness to the other witnesses, I'm not sure if there's anybody else who would want to comment on that question.

Mr. Dennis Darby: If I could, sir, I want to underscore what my colleagues have said.

In the last available data there were over 100,000 vacancies—unfilled positions—in the manufacturing and exporting sector, which includes a lot of the people on this call. That really does impact us long term. Kathleen was right. It impacts our ability to even think about moving supply chains here, and that's what was so evident and so surprising in our survey of members. When asked, okay, you have supply chain problems, will you move production to Canada, most of them say, I can't, I can't even think about that at this point.

Mr. Churence Rogers: Thank you.

[Translation]

The Chair: Mr. Barsalou-Duval now has the floor for six minutes.

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

I would like the clerk to tell me if the Canadian Ferry Association representatives are still absent. Are they absent? Very well.

My question will be for Mr. Darby from the Canadian Manufacturers and Exporters.

You talked about the whole issue of relocation, at least the possibility of doing business with suppliers closer than in the past. You talked about the possibility of doing business with Canadian or Quebec suppliers rather than suppliers that come from abroad, or even relocating plants or manufacturing units here rather than keeping them abroad.

This is a phenomenon that we've seen emerging more recently. Previously, it looked like everything was moving towards offshoring, whereas now we're seeing a reverse trend. Could you talk about this and why this issue is important to you?

Do you think it would be relevant, for example, if there were government programs or measures that promote relocation and substitution so that we are less dependent on foreign supply?

Mr. Dennis Darby: I did not understand your question, as it was in French.

[English]

The Chair: Mr. Darby, I think you have to choose the language of your choice for the interpretation that you would like to have in your headset, sir.

Mr. Dennis Darby: I did. That choice did not come up. I apologize.

Could we pass it on to someone else? I'll ask if someone could help me with how to choose that on my headset because I don't have either here.

The Chair: Sure. Are there other members and witnesses appearing today who unfortunately did not have the translation that they would have liked to have had to be able to answer the question?

Perhaps we can go to any witnesses who would like to answer that question.

Ms. Kathleen Sullivan: I'll take the opportunity, if I may.

From a manufacturing perspective—food and beverage in this case—I think we do need to take a look at, first of all, the need for an industrial strategy or industrial policy for Canada. I think that would be multi-faceted. It would include things like transportation and infrastructure.

I also think, to go to the point of the question you asked, that we need to think about how we attract investment in Canada and encourage Canadian companies to continue growing here while also attracting foreign companies. I do think that part of that also goes to the issue of automation and robotics and the increased adoption of technology.

Certainly, in my industry, we fall well behind other countries in terms of our adoption of technology automation. I think that is obviously an issue that is broader than just the question about supply

chains, but I think it is one that ultimately goes to how we ensure we have a strong manufacturing and industrial base in the country.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

Could I be informed when Mr. Darby will have access to the interpretation service, or will this not be possible throughout the session?

• (1615)

The Chair: You need to repeat the question, as there was no interpretation.

Mr. Xavier Barsalou-Duval: Is it working now?

The Chair: It is working now. Mr. Darby had not selected the interpretation properly.

[English]

Just to be clear, Mr. Darby, are you able to now get the translation?

That's perfect.

[Translation]

Mr. Xavier Barsalou-Duval: All right, so I'm going to ask you the same question, the one that Ms. Sullivan was able to answer.

Why is relocation or product substitution important for your companies?

What kind of government policies could support you in this?

[English]

Mr. Dennis Darby: Thank you very much.

I think there are two things to say.

One is what we need to be attracting. Obviously we've talked about policies to bring more labour into Canada, and we need to increase our economic immigration. Second, we need to be increasing the incentives to have capital located here.

We need more automation in Canada. We need to become less reliant on labour alone. If we do that, we'll have a higher probability of achieving the level of competitiveness in our manufacturing—whether it's in food, automotive, machines or biotech—to where we are more competitive versus our competitor countries.

That's been a problem for Canada for decades. We've fallen behind. Our capital stock is old. We don't use the latest technology. We've substituted labour for capital, and that's been a problem.

We've advocated strongly that we need to find ways to incentivize so that we get more investment in Canada in the industrial sector and we can become more resilient.

[*Translation*]

Mr. Xavier Barsalou-Duval: Thank you.

I have another question, which perhaps you could answer.

We find that Canada, over time and particularly in recent years, has not been very inclined to enter into free trade agreements. When we look at the whole issue of access to government procurement, or at least the issue of local content policies, we find that many people have been concerned that some companies here would be disadvantaged in some way relative to foreign companies because of this kind of provision.

Do you think that if the local content requirements were reinstated, it might be good for the manufacturing industry here?

[*English*]

Mr. Dennis Darby: Yes, sir, of course. I agree entirely. That is something we need to do. We need to improve our local content.

Canada tends to be a very fair trader and plays very much on a level playing field. Our competitor countries don't always do that, and they do tend to favour local production. We said on the recent budget, where there was more money put aside for infrastructure, that we need to make sure we take advantage of local procurement on that infrastructure, so that Canadian companies get an equal footing at the table.

Part of the problem sometimes is that—we've talked about this—Canadian companies tend to be on average smaller than their global counterparts, so they often need that leg up to be able to compete. I think that's really important for Canada to consider. I don't think it puts us offside in any of our WTO or other agreements, and I think it's something that we ought to pursue with some vigour.

[*Translation*]

Mr. Xavier Barsalou-Duval: Thank you.

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 very much, Mr. Chair.

Thanks to all our witnesses for their testimony so far. It has been interesting.

I'd like to start with Mr. Lewis-Manning from the Chamber of Shipping.

Mr. Lewis-Manning, you spoke a bit about climate impacts, and I think I heard you say that we need to tackle the issue aggressively. There has been a fair amount of talk about tackling it in terms of reducing emissions, but we all know that there's a certain amount of change that is coming regardless, because of the emissions that

we've put into the atmosphere over the past hundred and some years.

I'm curious about adaptation in your industry and what preparations companies are making to ensure they're more resilient in the face of extreme weather events. Can you speak to that?

Mr. Robert Lewis-Manning: The marine industry is regulated, first off, globally through the International Maritime Organization, which is an organization within the United Nations framework. The most positive sign is we see individual carriers now adopting measures that are more aggressive than those by a global regulator. This is largely driven by customers.

Customers need to improve their supply chain performance and they are looking for the marine carriers to be part of that solution. In Canada, for example, there are companies now trading that have adopted biofuels and are expanding their trial of biofuels significantly. What I would say, as an interim solution, is you will see more carriers now turning to LNG as a fuel.

All of these are steps designed to meet the demands, largely, of their clients, who are expecting them to improve their performance. There's nothing better than seeing competitors trying to out-compete each other in reducing emissions.

Is the challenge huge? Yes. Is the timeline tight? Yes. We're talking about assets that have a 20- to 30-year lifespan, and they need to make decisions today in order to adopt the technologies to meet the net and zero-emission targets for 2040 and 2050. It's a huge challenge.

That's a very brief statement about what's happening in the marketplace.

● (1620)

Mr. Taylor Bachrach: Thank you, Mr. Lewis-Manning.

Maybe I didn't quite phrase my question correctly. My understanding is that those changes are incredibly important and they have a very long-term impact, but in the short term, regardless of whether ships are running on biofuels, LNG or any of these things, we have extreme weather in our face, and we're going to have it every single year from here on out in different parts of the world. We saw it last year in British Columbia. It's one of the reasons we're here studying the supply chain.

I'm wondering what companies are doing to prepare for inevitable extreme weather events next year, the year after that, in 2026 and so on.

What are the plans?

Mr. Robert Lewis-Manning: I'm sorry. It may have been my interpretation of your question. I will take 50% of the blame.

Mr. Taylor Bachrach: I will take more than that.

Mr. Robert Lewis-Manning: You're right. I don't think this is something that just appeared last year. It has been happening over the last decade. Companies that are operating trans-Pacific and trans-Atlantic trade have been dealing with the effects of climate change for years. It may not have made the headlines, but the reality is that they have had to alter the way they manage their vessels. This includes more accurate and better predicting of weather events, and then adjusting their routing to achieve that.

One of the colliding challenges here is when we have such disruption of trade on a global scale, and the delays that are happening largely—they are consolidating in ports right now—is you have to be able to adapt to all of those trade imbalances and that supply chain congestion in addition to dealing with the climate change. Part of that is routing. Part of that is making sure that your vessel is in a safe place at the right time when we see more extreme weather, and that extreme weather isn't unique to Canada.

Mr. Taylor Bachrach: Thank you, Mr. Lewis-Manning.

I'll shift to Mr. Darby. I was interested to hear your comments about investment in Canada and attracting more investment to Canada. That's something lots of people support.

I believe you said that more investment in Canada will make us more resilient. It struck me that it must depend on what kind of investment that is. If we get a whole bunch of investment in thermal coal infrastructure over the next five years, that doesn't make us more resilient. That makes us more brittle as an economy, because the world is moving away from thermal coal—or it should be—as quickly as possible.

Maybe you could unpack that comment a bit. Can you speak about what kinds of investment Canada needs to attract to make our supply chain more resilient in the face of all the kinds of threats that we have been talking about over the past number of meetings?

Mr. Dennis Darby: Of course, your example is an interesting one.

Make the whole manufacturing sector more resilient. What that means is being able to compete and be the substitute for those parts. You need investment in automation and in plants and equipment to allow companies to be....

We have been falling behind the U.S. for years. Investment per worker in manufacturing in the U.S. versus Canada is multiple times higher in the U.S. than here. That means that they are getting the advantage of better technologies and more, greener technologies in some cases, in order to produce the same products.

Remember, the U.S. is both our largest customer and our largest competitor. We make things together, but we compete as well.

The investment I'm talking about from manufacturing and exporting is in the equipment, plants and automation. For the overall infrastructure, I think I said earlier that Canada needs to invest in making its infrastructure more resilient to be able to handle the ebbs and flows, and ups and downs in the economy.

• (1625)

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

Next, we have Mr. Muys, for five minutes.

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Great. I would love to, as the member of Parliament from Hamilton, ask some questions of Ms. Fenn, if I may call you Larissa, from the Hamilton-Oshawa Port Authority. You spoke well to the size and importance of the Hamilton port and, in your words, the immense potential opportunity. I know my colleague on this committee, Mr. Badawey, given the presence of HOPA in Niagara, shares that perspective.

First off, let me give you the opportunity to finish your comments on the international orientation of HOPA and the Hamilton port, because you were cut off from Ms. Gladu's question.

Ms. Larissa Fenn: I think I had said mostly what I had wanted to say there. We really do need to think about the Great Lakes as a gateway to the heartland of southern Ontario and the manufacturing supply chains that run through there. It very much is a gateway that is essential to some of the most critical industries in Ontario, namely, manufacturing, construction and agriculture.

Mr. Dan Muys: You talked a bit about short sea shipping. I know that's been something that's been brought up throughout the course of this study on supply chains. You mentioned a trial that was taking place between Hamilton and Montreal.

Can you elaborate a bit more about that? That sounds like an interesting opportunity.

Ms. Larissa Fenn: Last summer, our local partner, Hamilton container terminal, started a trial moving containers from Montreal to Hamilton. That's a unique sort of activity in Canada. There is also a trial, a similar service, running out of the port of Cleveland, but it's a new thing to be moving containers in the Great Lakes.

For a long time, the economics of it didn't make sense. There is now a sort of convergence of factors around companies wanting to green their supply chains, congestion on the road, and driver shortages that make taking advantage of the excess capacity on the Great Lakes St. Lawrence Seaway System to move some of those containers a real opportunity and possibility now like never before.

We need to make sure that our systems and structures are set up to anticipate some of those changes. The Canada Border Services Agency, for example, seems to not be set up to anticipate the large-scale movement of containers in the Great Lakes, so there is some work to be done there to put the structures in place to make those kinds of movements viable. The opportunity for building redundancy and resiliency, and making a massive difference to our GHG impacts of transportation in that corridor is a really interesting one. We would do well as a country to make sure that we're putting our energy behind more success in that way.

Mr. Dan Muys: The next question is for the two agricultural organizations that are witnesses today, even though from differing vantage points.

You talked about the layering effect. Obviously, there are a number of factors impacting the farm economy, such as increased input costs, the carbon tax, supply chain issues and rail strikes. We would be remiss if we didn't talk a bit about tariffs on fertilizers, the fertilizer shortage and the impact that's having on the farm economy.

I'd like your perspective on that, because that's certainly top of mind for all the farmers with whom I'm speaking.

Mr. Tyler Bjornson: I can take a stab at that question.

It's equally critical for the fertilizer sector and for farmers who are relying on rail for both the export of their grain products, as well as incoming shipments of fertilizer. Many people might not realize that in Canada, of course, we're planting crops in April and May, so shipments of grain products that go from Canada, for example, to the United States for further processing turn around and come back here fully laden with fertilizer products that are necessary for the spring shipping season.

In the case of the recent looming CP strike, that was very catastrophic for grain farmers who were potentially not going to get fertilizer in the very small window that they needed it in. It further underscored just how critical the railway system is to the functioning of our entire economy.

• (1630)

The Chair: Thank you.

Ms. Koutrakis, the floor is yours for five minutes.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair, and thank you to all our witnesses for appearing here this afternoon.

Mr. Bjornson, in your testimony you referenced Bill C-49, the Transportation Modernization Act. On May 24, 2018, there was a story on the GlobeNewswire:

"This day has been a long time coming for grain shippers and the farmers we serve," said Executive Director of the WGEA, Wade Sobkovich. "Grain shippers extend our thanks to Transport Minister Marc Garneau and Agriculture Minister Lawrence MacAulay for their leadership in bringing the Bill through the parliamentary process with the provisions that are of critical importance to the grain sector."

With that in mind and with the perspective of several years gone by, what is your view of these reforms, what worked, what didn't work, what remains to be done and how can we do better?

Mr. Tyler Bjornson: Obviously, from those comments, you can realize that we held out great hope for the amendments that were made. Unfortunately, the impact of what I think the minister, the department and many shippers had hoped would happen simply has not come to pass.

An example of that is our service-level agreements. They are supposed to be a negotiation between railways and shippers that allows you to lay out various terms to give you more predictability and certainty in your rail service. But unfortunately, we are dealing with two monopolies in our country on rail, and it's next to impossible to negotiate those service-level agreements. Not one service-level agreement is in place between either of the railways and a major grain company today. That, to us—

Ms. Annie Koutrakis: What do you think the federal government can do to do better in that regard? What would we need to be

doing as a government to make sure that the service levels are what they were promised to be?

Mr. Tyler Bjornson: Instead of embedding reciprocal penalties into service-level agreements, we would put them directly in the regulation. In other words, if the railway promises to deliver 100 cars to Weyburn, Saskatchewan to load a train, and they don't show up, then they pay a penalty—as we do for vessels. If we don't load a vessel on a particular day, and it's waiting there, we pay demurrage. We pay a penalty.

Right now, the railways do not pay any penalties for non-delivery, and we think it should be embedded directly in the regulation.

Ms. Annie Koutrakis: Thank you for that.

This is a general question to all witnesses. I would love to hear your thoughts.

We've heard, throughout your testimony, what needs to be done in terms of regulations and changes that need to be done to remove bottlenecks and whatnot. But what, in your view, could be a game-changer in terms of Canada's supply chain? If you needed to focus in one particular area, what actions would have the greatest impact on improving our system?

Ms. Janice Tranberg: Maybe I'll start then.

Normally we would have enough feed to feed our animals, and with the drought this year we didn't, and we had to bring in shipments from the U.S. That highlighted for us how critical the rail lines really are to us. Then on top of it, when CP Rail started to have its strike and we only had several weeks of feed supply, that again brought forward just how critical that supply system is.

I would say the game-changer for agriculture and a lot of the associated industries would be to make rail an essential service. Because we do have this monopoly, we soon realized that in Western Canada it was CP Rail. We couldn't even rely on CN because of the way the routes were. I would say that would be a game-changer.

• (1635)

Ms. Kathleen Sullivan: I would just say two things from a food and beverage manufacturing perspective. The first is around labour. A game-changer would be investing the resources necessary to overhaul our immigration system to make sure we have the people and the systems we need to process immigration and residency applications in a timely way.

The second thing, just building on what Janice and many others have said, is making sure that when it comes to infrastructure we put in place the measures that ensure we don't have these unnecessary stoppages in infrastructure. Virtually every single year we face some sort of strike or threat of a strike, either rail or port. As Tyler said, we can't necessarily stop the natural disasters, but if we make sure that we have excess capacity in our inner infrastructure, we ensure that we don't have these unnecessary breakdowns when there are other ways to deal with these things.

In some cases we're talking about food, which is essential for people to eat. These are essential products, essential goods, that we're providing. It is absolutely insane to think that companies sit there and don't know when they're not going to be able to get their supplies into the country, their packaging into the country, their goods out of the country, live animals moved. We have to figure that out. It is just unacceptable in a country like Canada.

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

[*Translation*]

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

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

My question is for Mr. Darby.

A witness from the Institute for Research in Contemporary Economics has suggested a measure that he believes could help make our businesses more competitive and level the playing field. He proposes the introduction of carbon pricing on imports.

In Quebec, steel is produced from hydroelectricity. In other countries, it is often produced from coal. The manufacturing process is therefore much less polluting here, and the effect on the climate is far less damaging.

Our companies are subject to environmental standards that are often much higher than those found in other countries.

Couldn't carbon pricing on imports be an interesting avenue?

[*English*]

Mr. Dennis Darby: Thank you.

Let me tell you that border carbon adjustment taxes on imports are something that would help level the playing field. It's a complex area, but I agree, it's an area that could help Canada remember that a third of our economy is exports, so we have to be able to export our goods and materials and food products competitively. If we are able to do that with a lower carbon footprint than a substitute from another market, we certainly have a place within our whole greenhouse gas reduction and our whole competitiveness to look at those carbon adjustment taxes. I agree, it would then level the playing field and in some cases, like you said, it will provide an advantage to Canadian manufacturers—so yes.

[*Translation*]

Mr. Xavier Barsalou-Duval: My next question is for Mr. Buy from the Canadian Ferry Association.

There has been a lot of talk about the supply difficulties experienced in recent years in cities and major centres, which were not used to this kind of problem.

I know that ferries often serve remote areas where supply difficulties were already present. Have these difficulties changed or are they just a continuation of what they have always been?

Mr. Serge Buy (Chief Executive Officer, Canadian Ferry Association): Thank you very much for your question, Mr. Barsalou-Duval.

We are indeed seeing many more periods where these kinds of disruptions are occurring. This summer, for example, the economy on Vancouver Island in British Columbia will probably be affected. Tourism is good, but tourists have to get to the island somehow. Now there is a shortage of crews to take people to Vancouver Island.

The phenomenon will also occur in other areas. In fact, remote areas have recently gone without food due to a lack of personnel. This shortage is partly due to the pandemic, but it existed before as well.

As Ms. Sullivan said, food is important. We have had disruptions in that area as well, and we are seeing more and more of them.

• (1640)

Mr. Xavier Barsalou-Duval: Thank you.

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

Mr. Bachrach now has the floor.

[*English*]

Mr. Bachrach, you have two and a half minutes.

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

I'm so glad to see that Mr. Buy was able to join us from the Ferry Association.

Obviously in northwest B.C., as you know very well, there are a lot of ferry-dependent communities, and just recently a major cancellation caused by staffing issues on the ferry left lots of passengers stranded. Because the ferry over to Haida Gwaii, for instance, carries lots of goods for stores there, we saw some empty store shelves, and it had a huge impact. I think that is now being resolved, but, of course, the backlog that creates takes some time to work out.

Perhaps from your discussions with B.C. Ferries you could provide a bit of a sense of what that recovery looks like and how significant the COVID-related impacts on labour shortages continue to be in the ferry sector.

Mr. Serge Buy: Thank you very much, Mr. Bachrach. I fully expected you to ask that question. I'm pleased to see that you have done so.

We indeed suffered a very big setback around Haida Gwaii when most of the members of a crew fell sick due to COVID. However, that outlined the lack of replacement crews and the fact that we are not able to have enough crew members all around the system to replace people. That long predates COVID. That will be an issue for a long time to come, as well. It will have an impact on the island of Vancouver this summer. It will certainly continue to have an impact throughout the country as well.

To give you a sense right now, prepandemic, a number of jobs throughout the sector and in British Columbia were vacant. Positions were vacant simply because we were not able to fill them with the right people. The pandemic has increased retirement rates for all of our operators. The vaccine mandate has also created additional disturbance. As an example, about 150 people at BC Ferries are out as a result of that.

All of this has created additional pressure points and challenges. While we're trying to solve them, they can only be solved through regulatory work, increased immigration—as Madam Sullivan and others have mentioned—and through work on automation. That's going to be the only way to solve them.

Do I have hope for this summer, Mr. Bachrach? I'm not sure I'm holding a huge amount of hope, but I'm hoping that the lessons we've learned during the pandemic will impact the efforts in the near future.

The Chair: Thank you very much Mr. Buy and Mr. Bachrach.

Next, we have Ms. Lantsman.

The floor is yours. You have five minutes.

Ms. Melissa Lantsman (Thornhill, CPC): Thank you to everybody for being here.

I want to focus just a few questions on the witness testimony that we heard today from the Canadian Manufacturers & Exporters, the National Cattle Feeders' Association and the Western Grain Elevator Association.

Did you attend the supply chain summit? I know one of you brought it up today.

Mr. Dennis Darby: Yes, we went to the very first summit.

Ms. Janice Tranberg: We actually attempted to get an invitation and we were not successful in that.

Mr. Tyler Bjornson: I am not certain if we had a representative there. I would have to check back.

Ms. Melissa Lantsman: Okay.

On checking back, can I ask if the CME has heard anything back from the supply chain summit that was held in January?

Mr. Dennis Darby: We've had some correspondence with their office, but nothing specific yet. There were some follow-up questions and our office in Ottawa has been in contact with the minister's office. I don't believe anything is formally set yet.

Ms. Melissa Lantsman: If somebody asked you which part of government was responsible for the supply chain, what would you answer?

Mr. Dennis Darby: Obviously, it's the transport department. I've said it tends to be the ministry that looks after the industrial sector. Those two are right off the top....

• (1645)

Ms. Melissa Lantsman: For the National Cattle Feeders' Association, if somebody asked you which government department was responsible for the supply chain, what would you answer?

Ms. Janice Tranberg: Probably right off the cuff, it would be transportation.

Ms. Melissa Lantsman: Mr. Bjornson?

Mr. Tyler Bjornson: It's Transport Canada, without a doubt.

Ms. Melissa Lantsman: My line of questioning here is about whether you would agree that the government's inability to be nimble—government across the board, whether it's the federal or provincial government—is part of the problem here in fixing something quickly.

Would you say yes or no to that statement?

Ms. Janice Tranberg: I'll say yes.

Mr. Dennis Darby: I'll take a run at it on behalf of my colleagues.

Ms. Melissa Lantsman: Yes, let's do it.

Mr. Dennis Darby: First of all, it is a complicated area. This is going to take many departments in government and jurisdictions across Canada to work out.

As you probably know, even on something as simple as how to protect the fluidity of the border crossings.... Ontario had introduced a legislation to prevent blockades, for example. There's a provincial role, a federal role and a role for industry.

Is that an excuse for not making progress so far? Probably it's not. I would argue this is something that is fundamental to our competitiveness. I think we need to get on it.

Mr. Tyler Bjornson: Yes, it's of our own making.

We used to have extensive interswitching that would allow for a shipper to pick up the phone and request the service without having to make any applications, go through any red tape, or ask for anybody's permission, and the rate was regulated, so you knew how much you paid. The long-haul, interswitching measure that was brought in in 2018 is just an absolute behemoth of a process, so much so that nobody has even attempted to make an application. Out of all the sectors and the thousands of shippers across Canada, not one application has been made, so I think your answer is there.

Ms. Janice Tranberg: I'll weigh in with the other example that we brought forward.

Animal regulations decrease the number of hours that you could have an animal on a truck. We know that the science says that some of the damage to the animals is when they go on and off the truck. Slippage, breakage and all of those things happen. We asked them to put a pause on making the regulations until the science was there, and they couldn't; they needed to push that through.

Where we bring in transportation, we also advocated very strongly to say that this needs to be done in consultation with the Ministry of Transport around electronic logging devices and other areas, and we did not get a response on that. Again, you're regulating the drivers separate from regulating the animals. It just doesn't make sense.

Ms. Melissa Lantsman: Thank you very much.

I really appreciate your shedding light on this.

The Chair: We have Mr. Chahal next.

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

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Chair.

Thank you to all the witnesses for joining us today.

I'll start with the National Cattle Feeders' Association.

Over the last number of months, I've had the opportunity to go to some feed-lots, and I've heard directly from them. We saw with the B.C. floods the number of challenges on getting feed to farm animals, and now we're seeing flooding in Manitoba as well.

Would you please comment on what you've seen with how much damage occurred to the association and the feed-lots? What lessons did you learn from the B.C. floods and from what we're now seeing with the Manitoba flooding?

Mr. James Bekkering: For the feed-lot sector itself in terms of the B.C. flooding, the impacts that we felt were getting supplies, our inputs. Certain things come by rail from foreign shippers with products that we need, and that delayed what we need for inputs.

We haven't seen the effects of the Manitoba floods yet, but I'm sure that the impacts that they have on the transportation system will be coming as well.

In the animal sector itself, there is a lot of north-south trade as well, so the trade of animals is more on the north-south basis than the east-west basis.

Janice, you can chime in as well.

• (1650)

Ms. Janice Tranberg: If there is a positive, one of the positives was, when the border was blocked, we did an emergency protocol on how to manage animals crossing the border in situations like this. These events this year brought forward things that we had never thought of. If there was a blockage of the border with blockades, we couldn't get beef or live animals across. We couldn't bring up feed from the other side, and we were so short of feed. It was sort of a perfect storm that happened this year, and it really brought forward some of the things that we had never thought of in the past. This emergency protocol was a positive, but I think it also highlighted where we're at and how fragile we are.

You brought up the floods in Manitoba, but right now in southern Saskatchewan and Alberta, the ground is like powder. If we don't get another crop this year, we're going to be back to the situation that we had of scrambling just to get feed. Due to that, prices have skyrocketed, and it's adding another layer on an already fragile system.

Mr. George Chahal: There are challenges with the drought that we've faced over the last few years, and also flooding. You also mentioned the blockades.

With the north-south trade that occurs and with the Emerson and Coutts border blockades for a number of days, how did that impact your industry and specifically the animals that were being transported?

Mr. James Bekkering: It pretty much brought the trade to a standstill, because not every port can handle animal crossings. From here, after Coutts, I think Emerson is the next port from Alberta to Manitoba that live cattle can cross. Then, into B.C., Kingsgate is the next one. Some of these cattle were having to add an extra 12 to 14 hours of transport to go around to the nearest border crossing so that they could get to a processing plant in the States. It was adding a lot of stress on the animals. It was adding extra time and extra costs to the transportation.

Mr. George Chahal: Thank you for that.

I'd like to go now to the Chamber of Shipping. We've heard a lot in this supply chain study about the shortage of containers. I'd like to get some further insights on how long you think this problem will persist and how Canadian shippers are dealing with it.

Mr. Robert Lewis-Manning: I'll try to keep this short. Certainly, there has been an issue of access to containers. I think the challenge is in making sure that those containers are in the right place for the right people at the right time. With all the congestion we're seeing, that's becoming increasingly difficult.

I think it's been widely reported that some containers have been going back to Asia empty rather than full, and then coming back with cargo. Those are some operational challenges in order to make sure that loaded containers are going out and then coming back loaded from Asia. That speaks to the Canadian supply chain and how to make sure that full cargo loads are going in two directions. It also speaks to some of the disruption that's happening in Asia and that—

The Chair: Thank you very much, Mr. Lewis-Manning.

Thank you very much, Mr. Chahal.

Next we have Mr. Dowdall.

Mr. Dowdall, you have five minutes. The floor is yours.

Mr. Terry Dowdall (Simcoe—Grey, CPC): Thank you, Mr. Chair.

I want to thank all our guests as well for their testimony here today. Sometimes I wonder if we have too many guests, because we don't have the opportunity to ask each of them a lot of questions.

My first question is for Mr. Darby on his discussion of the state of the supply chain. I'll give a quick example. I had the fortunate opportunity to view a company in my riding the last time we were in our ridings. It's called Autoliv and has 120 employees. It makes seat belts, as a matter of fact, over 53%, I believe, of the products. They are a company that is here in Canada, and they are a company in the United States as well.

Employee-wise, they had to raise the pay for those employees in order to attract what they need there, and at this particular moment, fortunately, they're at that level. The problem is that when they raise that rate and compete with their American counterparts, they look at it roughly every two years—that's what he was saying—to see whether or not it's viable.

Though Canadian employees certainly seem to have better quality control, from what I gather, when you start factoring in the increased costs of the carbon tax, not just on what they have to pay for the shipping but in their own buildings, and when property taxes are higher—as I know, coming from a municipal background—because it's easier to hit those industries than it is to hit the individuals who are in your community...

Mr. Darby, you say you're worried. Is that a strong enough word for this or should it almost be considered a crisis at this time?

• (1655)

Mr. Dennis Darby: You could do my job very well. I really appreciate that. That was well done.

Seriously, the issue we have is up until the pandemic Canada's industrial output did well, like you mentioned, because the U.S. could basically take everything we could make. They were on fire, and so we tended to substitute labour for capital and we tended to run our plants as hard as we could. What the pandemic, and the period of the pandemic, has caused us all to look at is, am I going to be competitive once we emerge? Am I going to be able to compete on price? Quality is not usually a problem for Canadian companies. It's, can I compete on price and what are the impacts of all of these various taxes, whether it's local taxes or property taxes?

Yes, we've said to the government we need to have a plan. We don't have an industrial plan right now, sir. Now that we have free trade agreements with so many countries, how are we going to compete with these countries that spend an awful lot more? States like Michigan spend an awful lot more on incentives than the whole of Canada, for example. How do we do that? How do we get that capital here so that rather than having the discussion, as you've mentioned, of do I expand my production here or do I move it to the U.S., we make it more obvious or make it easier for them to say, let's locate in Canada?

Is it a worry? It's a worry about supply chains. I'm really concerned about the future of the industrial sector.

Mr. Terry Dowdall: I don't want to see the supply chain be a lot quicker because we have fewer businesses—

Mr. Dennis Darby: Exactly.

Mr. Terry Dowdall:—here in Canada.

One of the other things you said in your opening remarks that was interesting was when you were saying that people in the industry think it will be better by 2023-24. What gives you the optimism that you think things will be better by 2023-24?

Mr. Dennis Darby: There are a couple of things. In some of the areas, specifically semiconductors, our neighbours to the south have done a great job of reshoring, and a lot of that capacity will come on board in the next couple of years. That will help in the automotive sector. The U.S. has been very aggressive in bringing integrated circuit manufacturers back to the U.S., and other countries have done the same. We think the pandemic effects will lessen. That's the other piece, some of those supply chain bottlenecks will be relieved. But even then, out to 2024 means that it has taken us a lot longer to come back. The recovery hasn't really happened overall in our industrial output. It's been slow because of all these headwinds.

Mr. Terry Dowdall: I have one more quick question. This is actually to the National Cattle Feeders' Association.

Something I've heard consistently in this study is the lack of government consultation. Often things come out, and they don't have the opportunity to have their say on how it's really and truly going to affect their industry.

Could you comment a little further on that, please?

Ms. Janice Tranberg: I can give you an example right now. It's not really on supply chain, but there are certain changes that are happening and consultations that are happening right now and this is the busiest time for a farmer. They're planting and they're getting out there and trying to do some things or get their crop in. It's considerations like that on timing. The example I'm thinking of is the Pest Control Products Act, right now, where they're looking at potentially opening up the act and making changes and they're asking for consultation. The person who will be impacted directly is the farmer and they're just out doing their job right now.

I think considerations like that would make a big difference.

• (1700)

Mr. Terry Dowdall: Thank you.

The Chair: Next we have Mr. Badawey.

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

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chair. I appreciate that.

I want to start off by saying that I'd like to speak about how robust the consultation has been between the government and at least some of the partners in my area of the country. I'm going to direct these questions at one of those partners that we've had robust communications and consultation with, which is the Hamilton-Oshawa Port Authority and Ms. Fenn.

Ms. Fenn, I'll preface my comments by congratulating you, your organization and your team at Hamilton-Oshawa Port Authority for the work you've done on enhancing the capacities available at an intermodal port on behalf of the cities of Hamilton, Niagara and Oshawa. I do want to dive in a bit deeper on that, especially as it relates to the benefits of investing in the Great Lakes and the St. Lawrence, and in particular the Niagara region, Hamilton and Oshawa. The current expanded structure of HOPA, the Hamilton-Oshawa Port Authority, is enhancing your overall capacity.

With that all said, we've heard a lot about this in the consultations we've been having in the last few committee meetings. We've heard about enhancing capacities with respect to strengthening overall the international trade performance that we as a country will have as we enhance those capacities; smart ports; integrating through digitization; intermodal trade infrastructure; investments in that infrastructure, whether it be water, rail, road or air; embracing energy transition, such as the benefit of shipping over other modes of transport; and of course the things that we don't think about all that often, such as CBSA enhancements in capacities, and others that complement your operation.

I'm going to throw this out to you, Ms. Fenn, with respect to a few questions. One, how can you assist manufacturers' distribution logistics within the supply chains in terms of the operation within your partnership? Two, how can you contribute to a national manufacturing strategy? Three, what investments have been, and need to be, completed to enhance HOPA's overall capacity and therefore strengthen the fluidity within the supply chains? Do you consider the Hamilton-Oshawa Port Authority a smart port?

Finally, Ms. Fenn, what recommendations would you make within the port's modernization review to satisfy all of the above?

Ms. Larissa Fenn: Thank you, MP Badawey.

We are certainly pleased to be serving the communities of Hamilton, Oshawa and Niagara. Over the past couple of years, we have brought those communities and the assets in them together as a port network so that we can provide innovative service and better allocate the infrastructure, the transportation and trade infrastructure throughout the greater Golden Horseshoe in response to the needs of this very unique part of the country, the manufacturing heartland and a rapidly growing population centre.

You spoke about manufacturing. One of the things that manufacturers in southern Ontario need most is space to grow. As the population expands and there is much more pressure on the land base in southern Ontario, Ontario has an acute shortage of multimodal-served industrial spaces of the kind that we operate. What we are hoping to do, and what we're doing in Niagara, and what we're doing in Oshawa and Hamilton, is bring underutilized spaces back into more intensive operation as part of the transportation network. We'd like to see more opportunities, whether lands be part of the federal portfolio or whether lands be other available spaces, to put

those lands to work as part of the industrial strategy that others around this table have spoken about.

You spoke about investments. The capital program that HOPA has been operating on is approximately \$30 million per year, but we have quite an intense demand from businesses that would like to locate and operate and grow at Canada's ports. I spoke about the excellent impacts of the national trade corridors fund in my opening remarks, and the leveraged investment that we've been able to deliver through them, but we have more projects coming to us than we can deliver on within the boundaries of our borrowing capacity. That's the kind of thing we would like to see addressed within the ports modernization review, giving ports a little bit more of a market and entrepreneurial approach to tackling some of those projects, and looking to the market to help finance them.

You were asking about smart ports. Using data and information to help us understand and make the best cargo decisions within our port network is something that we have been working on with several of our partners, including Transport Canada. We're also looking at the opportunity to reinvent ports as green energy hubs. I think that's a real opportunity in our space in Niagara. It's why we and our port partners have requested access to the dedicated innovation funds and that kind of thing, which can help us look to make ports the hydrogen hubs and that sort of thing that we have seen in other parts of the world.

• (1705)

Mr. Vance Badawey: Ms. Fenn, we're running out of time.

Thank you. That was well done.

The Chair: Thank you very much, Ms. Fenn and Mr. Badawey.

[*Translation*]

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

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

I will continue with Mr. Buy from the Canadian Ferry Association.

I imagine that, in your operations, you have to use a lot of federal infrastructure in its current state. For example, I often hear alarming stories from fishermen who are unable to leave or dock because the docks are in such poor condition.

Would you be able to characterize the state of federal infrastructure in general, at least that which ferries must use?

On the other hand, when I look at the government grant and assistance programs that exist for infrastructure or public transit, it seems that ferries are completely excluded. However, we often look for projects in the regions that could help public transit. Indeed, in remote areas, subways or very high frequency trains are rarely installed.

Do you feel that ferries are being excluded by the Canadian government?

Mr. Serge Buy: It is clear that when the government announced programs for the environment and for public transportation, etc., they made decisions that excluded ferries, since recent funding programs to decarbonize transportation do not include the ferry sector. We are excluded. That's clear.

We asked the federal government to participate when the budget was announced last year; we had asked some time ago, and it was the same response. So we were excluded from that.

This is obviously a problem, Mr. Barsalou-Duval, and we are disappointed. The reality is that when the government makes announcements to decarbonize shipping and makes international agreements, all ferries want to be part of that. However, they recognize that a ferry is built for 40 years.

We need help to change things. Indeed, we have problems in this regard, and the government is not helping us.

I cannot comment on federal infrastructure, as the majority of our operators use their own infrastructure, which would need funding.

Mr. Xavier Barsalou-Duval: Thank you.

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

[English]

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours for two and a half minutes.

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

Sticking with Mr. Buy for another question about ferries, in your last response you were describing in some detail the challenges around staffing and around recruitment and succession.

At our last meeting, I reached out and corresponded briefly with Kris Olsen, who is the mayor of the Village of Queen Charlotte on Haida Gwaii, and asked if he had any ferry-related questions that he wanted me to relay. That's also the topic that he wanted to know about. He wanted to know if the ferry operators, and in particular B.C. ferries, I think, have succession planning in place, particularly for ship engineers and mates.

Speaking to the larger issue of succession and retirements and recruitment of employees in this sector, do the operators have plans in place, and are they working proactively on the challenge of ensuring they have enough staff to operate the ferries and support communities?

• (1710)

Mr. Serge Buy: Mr. Bachrach, you've heard from every witness in this room, I think, that labour is a key issue.

We are certainly affected in the same manner as all of the other witnesses and all of the other sectors in Canada. There is a labour shortage in Canada. There is a specialized labour shortage in the maritime sector, and in the ferry sector we're no different from all of the others. Throughout the country, we're facing labour shortages. This is not new. This is not pandemic-related. This has taken on for a while.

So yes, indeed, the ferry operators have plans and have worked diligently to respond to those concerns. They have indeed advertised for positions. They have indeed done outreach to schools. There are a whole bunch of activities being done. The fact of the matter is that we're still dealing with a limited pool of potential workers in this sector.

Therefore there are two other possibilities, and for this we do need your help, and the help of the government in a way.

One is bringing people from outside. The federal government has started with international agreements to recognize the credentials of operators in different countries. We're not going to get replacements for all of our crews from Norway, Belgium and France. We need the government to concentrate on the countries where the biggest labour pool for our members is—the Philippines, Indonesia and others. That's the first step.

The second step is looking at our own regulations. Ferries that are operating in British Columbia, as an example, and similar ferries in Denmark for similar distances and similar numbers of passengers are requiring 16 crew members in B.C. versus nine in Denmark. That's a significant concern. That's regulatory, nothing else.

So there is—

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

Thank you very much, Mr. Bachrach.

Lastly, for today, as we do need to get to committee business, we will go to Ms. Gladu one last time.

Ms. Gladu, unfortunately there are only four minutes left for your line of questioning. The floor is yours.

Ms. Marilyn Gladu: Thank you, Chair.

Let me continue with the Ferry Association, because when I met with them to talk about some of the innovations that are being done to promote climate change, one thing that came up was that although the government is supporting those initiatives, there's missing infrastructure at the ports to connect to those.

Can you elaborate on that, Mr. Buy?

Mr. Serge Buy: What I can say is that generally the government has been supportive of our making changes in our operations—maybe not supportive with funding, as I indicated in my previous answer.

Regardless, you still need to bring power to the shore, where the ferries are going to be charging. That's not happening. If I may, for another region of the country, in Nova Scotia, as an example, some operators would love to be able to have electric ferries, but there is no way to bring power to the shore. Therefore, it is not going to happen.

So, yes, you're correct, Madame Gladu. When we met, I did mention that this was an issue. It remains an issue, and will for some time to come.

Ms. Marilyn Gladu: Excellent.

For the discussion of rail, I think it was clear from all of the testimony we've heard that, because rail is really a monopoly, we need to declare rail as an essential service in Canada. We need to make sure there are still dispute mechanisms to have arbitration, but not something that will affect it.

Do you think that the supply chain disruptions we have seen in Canada have damaged our relationship with the U.S. seeing us as a major supplier?

I'll go to CME for starters.

Mr. Dennis Darby: Thank you.

The U.S. doesn't usually hold a grudge. It tends to work in real time. It hurt us for that period of time where we were in a blockade, and you saw even the President react at one point.

Will it affect future decisions? Maybe. We have to work really hard to show them that we're reliable and that we can deliver when we say we're going to deliver. I think it's really important, as you said, to make sure that these critical infrastructures are protected in some kind of an essential service, yes.

Ms. Marilyn Gladu: Does anybody else want to comment on that one?

Ms. Kathleen Sullivan: I think from my perspective, I'll echo what Dennis said.

We have a very strong relationship with the U.S. in terms of trade, both ways. It takes a lot to break that relationship. Having said that, I think we have all seen a signal ourselves that we need to really start focusing on our supply chains and our infrastructure. If we don't start doing that, we run the risk of that relationship deteriorating, and of businesses making different decisions based on what they may see as a trajectory that Canada is destined for.

• (1715)

Ms. Marilyn Gladu: We also heard a recommendation when it comes to the ports that the government needs to help to secure some land for the growth they need. Do you have any specific suggestions, for example, for the Port of Hamilton?

Ms. Larissa Fenn: We are looking at land within the federal portfolio that is currently underutilized. We believe we could bring it within our purview and activate it for industrial uses. We're also looking at lands that are maybe not directly on the water, but may function as inland ports.

I think this should be contemplated within the Canada Marine Act. We're hopeful that a recommendation to that effect may come through the ports modernization process.

Ms. Marilyn Gladu: That's very good. I want to thank all the witnesses and I'll give you back 10 seconds, Chair.

The Chair: That is a very rare occurrence, Ms. Gladu. I appreciate it very much.

I'd just like to add my thanks to all the witnesses, particularly those who had to appear before the committee twice now due to the votes that occurred last week. We very much appreciate it. This is the final meeting for this particular study, so we want to thank you.

Feel free, witnesses, to log off at your pleasure. I ask that members remain so we can spend the last 15 minutes of this committee meeting in committee business.

Thank you very much, everyone.

Colleagues, I just wanted to have the last couple of minutes here to go over the committee schedule for the next month or so to make sure we're all on the same page and we all know what's going to be expected of us to ensure that everything moves as quickly and as smoothly as it possibly can.

First on the agenda for next week, we have the consideration of two draft reports. The first is the railway safety study, which will take place this coming Monday, May 9. Second will be the targeted infrastructure investment study report, which will take place on Thursday, May 12. If you haven't received the reports yet, please advise the clerk and he'll make sure to get those to you.

The following week, which is the 16th and the 19th, we will begin the study put forward by Ms. Lantsman on reducing red tape and costs on rural and urban Canadian airports. The following week will be a constituency week, followed by a return on May 30. At that time, the minister and department officials will be appearing before committee to address main estimates. That will be followed by the third meeting dedicated to the rural airport study.

If you have not put forward any suggested witnesses, colleagues, please do so as soon as you can so we can give the clerk and his team the necessary time to secure the witnesses and ensure their participation. Keep in mind that immediately following the study that was put forward by Ms. Lantsman, we're going to be jumping right into anticipated labour shortages. If you haven't done so, put forward your witnesses for both of those.

In addition to that and just as pressing, the clerk has asked that by next Friday we all put forward our drafting instructions on this particular study that we just concluded to ensure that these incredible people sitting here can get us the report before the end of this session.

Before turning the floor over to Ms. Lantsman to speak to her motion, are there any questions, objections or comments on the schedule for the next month?

I see no objections.

Mr. Taylor Bachrach: Mr. Chair, do we have a longer term view on reports? We have a work plan with a number of different studies following the ones that you mentioned. Could we run through those briefly?

The Chair: That's a good question, Mr. Bachrach.

According to the analysts and the clerk, the only one that we will be able to get prior to the end of this session—by the end of June—will be the study on supply chain. The rest will be coming in the fall.

Mr. Taylor Bachrach: We'll talk about it near the end.

The Chair: Yes.

There's just a quick question from the clerk. Does everybody have enough time to review the reports that were distributed for Monday and Thursday?

• (1720)

Ms. Melissa Lantsman: Is the first one the rail study?

The Chair: It's up to the committee, but that was the plan.

Does that work for everyone? Are there any objections? Perfect.

Ms. Lantsman, the floor is yours.

Ms. Melissa Lantsman: Thank you, Mr. Chair.

I have a motion to present. I put forward a motion for everybody's review. I'll read that motion.

I think it's important that Canada fully supports Taiwan's participation in international organizations. Given that we are the transportation committee, I think that's important in the case of the International Civil Aviation Organization. I think it's in Canada's economic and strategic interests to strengthen our relationship with Taiwan, given some of what we are seeing in a very destabilized world.

I put forward a motion that says:

That the Standing Committee on Transport, Infrastructure and Communities report to the House that it supports the full participation of Taiwan in the International Civil Aviation Organization.

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

Are there any questions or comments?

Go ahead, Ms. Koutrakis.

Ms. Annie Koutrakis: I would like, hopefully, to add a friendly amendment, and I hope that my colleagues across the way may agree to that. I am proposing that, where it says it supports the full participation of Taiwan, that “full” be replaced by the word “meaningful”; and, that instead of a report, we publish a news release statement.

The reason for that is not to delay the work of our committee and not to delay the legislative agenda as well. I'm hoping that these are two amendments will be met with approval by my colleagues.

We're aware of Taiwan's interest in strengthening its participation in ICAO. We're not against that, but when we look at the UN membership and statehood requirement, Canada is unable, as far as

we're concerned—or as far as I'm concerned—to support full ICAO membership for Taiwan at this time, although we remain very open to exploring other options for Taiwan's meaningful participation in ICAO.

That is something to consider.

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

Are there questions or comments on the amendment put forward by Ms. Koutrakis?

Ms. Melissa Lantsman: I'll answer that. Thank you for the amendments. The difference between meaningful and full participation is very different in the eyes of Canada and the eyes of Taiwan. Given what we're trying to achieve in the global context, I'd like this to go to the House as a report, and I don't think that it will delay our committee study.

The Chair: Go ahead, Ms. Koutrakis.

Ms. Annie Koutrakis: Thank you for that, Ms. Lantsman. I just want to make sure that the Conservatives are not using concurrence motions in committee reports as a means of delaying the important work of Parliament, including our efforts to pass legislation for all Canadians.

Requiring a government response will allow the committee to express its view on this issue and compel the government to respond. This would be a more meaningful engagement than simply reporting to the House, so I'm hoping that maybe we could find a way to agree on the part of the report. If we can agree at least on a part of it instead of a report, a news release....

The Chair: Thank you, Ms. Koutrakis.

Go ahead, Ms. Lantsman.

Ms. Melissa Lantsman: I certainly think that a discussion in the House and a report to the House is much more meaningful than a press release. Our allies and those that we are seeking to have full participation in ICAO would certainly agree.

Again, I don't think it delays committee business, and I do think this is important business in the House, given the global context, so if you'd like to vote on the amendment, I guess we can do that, but I'm not sure that we're going to find, necessarily, agreement.

I'd like the motion to stand.

The Chair: Are there any other questions or comments on the amendment?

Yes, Mr. Badawey.

Mr. Vance Badawey: Thank you, Mr. Chairman.

I'll be a bit more blunt. I do think it's a tactic. I'm not going to sugar-coat it. It is a tactic to stall legislation that we're trying to put through in the best interests of Canadians. It's a back door through the committee to go to the House and do just that. You know it. We know it, and I want to go on record stating it.

Thank you, Mr. Chairman.

• (1725)

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

Are there any other questions or comments on the amendment put forward by Ms. Koutrakis?

Mr. Bachrach, you have the floor.

Mr. Taylor Bachrach: I share some of the current concerns that have just been expressed about obstructive tactics in the House. At the same time, I also support, and the NDP supports, the content of the motion.

There are a lot of reports in the House, and the Conservatives seem to have ample opportunity to obstruct. I'm not sure that adding one more is going to change that, and I would just ask my colleague down the way to ensure that this is indeed in good faith and not meant as a tactic. I think this is a matter of importance, given the importance of Taiwan as a hub for air travel and the importance of ICAO as an organization aimed at ensuring safe air transportation.

I will support the motion as written with the caveat that I hope, when it does come to the House, it doesn't become part of what we've been seeing of late, which is concerning and should be concerning to Canadians as well.

Thank you.

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

Mr. Barsalou-Duval.

[Translation]

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

I, too, think Ms. Lantsman submitted an excellent motion.

The issue of support for Taiwan's bid is important and has nuances. The proposed change is not a nuance, rather it distorts the motion.

I would like to understand what the practical effect of the proposed amendment on the report will be. Perhaps the clerk could explain that to the committee. On the substance, it might be a good thing for the government to have to report on this issue.

That said, I would like to know whether this will lead to a debate in the House. What will the last part lead to?

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

Ms. Koutrakis, as you were the one who proposed this change, can you answer Mr. Barsalou-Duval's question? If we pass the motion, what will happen? Why is it problematic?

Ms. Annie Koutrakis: Thank you very much, Mr. Chair.

I am concerned that this will delay the important work that Parliament must do for all Canadians.

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

[English]

Are there any other questions, comments or concerns on this?

Mr. Bachrach.

Mr. Taylor Bachrach: Mr. Chair, I certainly take Ms. Koutrakis' point and the concern that's been expressed.

I also think that we can't allow what's currently happening in the House, which is, indeed, troubling and obstructive, to hold the committee work hostage and prevent us from conducting what is an important function, which is reporting to the House on the things that we discuss as a committee.

I do think this is an important issue. I think it's important that the committees are able to report to the House. And I think that when those reports get to the House, they should be dealt with in good faith by all parties. I very much hope that will be the case when this lands in the House in the near future.

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

Mr. Iacono.

Mr. Angelo Iacono (Alfred-Pellan, Lib.): It kills me to hear comments about what is happening in the House. I would like the member preceding me to explain exactly what is happening in the House that is causing so much turmoil. Just speaking *dans le vide*, as we say in French, it's very easy to say.

I think what's happening in the House is going very smoothly. The government is there to defend the interests of Canadians. To insinuate that there's turmoil in the House of Commons, I think, is misleading.

I'd rather have him make comments like that with proof of what he's trying to say rather than just saying it to say it.

The Chair: Thank you, Mr. Iacono.

Mr. Rogers, I'll go to you next, and then to you, Mr. Bachrach, if you'd like to respond afterwards.

Mr. Churence Rogers: Mr. Chair, I share some of the concerns of my colleagues on this particular motion and what it might mean for action in the House on this if we go with this motion.

I would support the amendment by my colleague and hope that we could, perhaps, get some time to think about this. If a vote is necessary, maybe we could deal with it in our next meeting.

● (1730)

The Chair: Okay.

Ms. Melissa Lantsman: Mr. Chair, if I could interject, I have one comment.

Perhaps I can encourage you, given that we have a time constraint that you've told me about, to call a vote.

It is concerning to hear the committee say that we can't report to the House on any of our reports or any discussions that the committee speaks about. It is one of the roles of committee. It is an important role of the committee. I certainly hope that those in the Taiwanese community and certainly those who have supported this, as I have, a long time before I came to this place, are not watching this and are not seeing this being used as an excuse of some kind of turmoil in the House. This is important committee business, and I hope that we can call a vote.

The Chair: Are there any other questions or comments on this?

Okay. All those in favour of Ms. Koutrakis' amendment?

We will have a recorded division.

(Amendment negatived [*See Minutes of Proceedings*])

The Chair: Now we will go to the vote on the motion presented by Ms. Lantsman.

(Motion agreed to [*See Minutes of Proceedings*])

The Chair: The motion carries.

Thank you very much, colleagues. Have a great weekend.

This meeting is now adjourned.

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