

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

Greffier de la Chambre des communes / Clerk of the House of Commons
Chambre des communes / House of Commons
Ottawa, Ontario

The Honourable Judy A. Sgro
Chair
Standing Committee on Transport, Infrastructure and Communities
House of Commons
Ottawa ON K1A 0A6

Dear Colleague,

On behalf of the Government of Canada, I would like to thank the Standing Committee on Transport, Infrastructure and Communities for its Report, entitled: Interim Report on Establishing a Canadian Transportation and Logistics Strategy (the Report).

The Government commends the members of the Committee, and the witnesses who appeared before it, for their insight and commitment toward improving Canada's transportation and trade corridors.

The government response is the product of a collaborative effort among implicated federal departments and agencies, including Transport Canada (TC); Canada Border Services Agency (CBSA); Canadian Environmental Assessment Agency (CEAA); Fisheries and Oceans Canada (DFO); Crown-Indigenous Relations and Northern Affairs (CIRNA); Employment and Social Development Canada (ESDC); Environment and Climate Change Canada (ECCC); Global Affairs Canada (GAC); Indigenous Services Canada (ISC); Innovation, Science and Economic Development Canada (ISED); Infrastructure Canada (INFC); Statistics Canada; and Women and Gender Equality Canada.

The Government is supportive of the Report as a whole and concurs with, or supports the intent of, each of the 31 recommendations. The government response focuses on current federal initiatives that address the issues raised in the Report and notes that the recommendations are well-aligned with initiatives currently being advanced or considered by the Government of Canada.

Please find enclosed a copy of the government response to the recommendations of the Report.

Yours sincerely,

A handwritten signature in blue ink that reads "Marc Garneau".

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport

Enclosure

Canada The word "Canada" in a bold, serif font, followed by a small Canadian flag icon.

Government Response to the 27th Report of the Standing Committee on Transport, Infrastructure and Communities, entitled: Interim Report on Establishing a Canadian Transportation and Logistics Strategy

In September 2016, the House of Commons Standing Committee on Transport, Infrastructure and Communities agreed to undertake a comprehensive study on the establishment of a Canadian Transportation and Logistics Strategy, using a trade corridors approach.

The motion to conduct the study was adopted by the Committee following publication of the *Canada Transportation Act Review Report* on February 25, 2016. That Report highlighted the importance of international trade to the strength of Canada's economy, and noted that investments in transportation infrastructure will be crucial in meeting the future demands of increased international trade. The Committee's study is also positioned within the context of several other reviews, including the Ports Modernization Review, the *Pilotage Act Review*, the St. Lawrence Seaway Review, and Understanding the Effects of Marine Vessel Activity on Coastal Environments.

The Government concurs with the Committee's overall assessment of the main issues facing Canada's trade and transportation corridors. The Government supports the majority of the 31 recommendations, indicates general support for the Report, and signals the Report's alignment with existing and upcoming federal initiatives. The Government supports 24 recommendations, agrees in principle with three recommendations (Recommendations 16, 17 and 31), and supports the intent of four recommendations that only partially align with Government policy (Recommendations 7, 25, 29 and 30).

The government response addresses recommendations grouped under nine themes: 1) infrastructure investments and improvements; 2) regulatory harmonization and efficiency; 3) dialogue and collaboration; 4) data and supply chain efficiency; 5) border fluidity and entry into Canadian waters; 6) climate change and coastal protection; 7) the St. Lawrence Seaway; 8) Niagara Region; and 9) labour shortage.

Theme 1 – Infrastructure Investments and Improvements

Recommendations 2, 3, 15, 26, 27, 28 and 29 advocate for increased investment in infrastructure and potential enhancements to federal infrastructure funding programs. The Government supports the majority of these recommendations.

Infrastructure funding is provided by the Government through a range of mechanisms, including transfer payments to provinces and territories, grants and contributions.

The Government supports **Recommendation 2**, that the Government support proactive planning and development of port infrastructure projects. Between 2005 and 2018, the federal Government provided \$716 million to Canada Port Authorities through various funding mechanisms, such as the New Building Canada Fund; the Clean Transportation Initiative; the Infrastructure Stimulus Fund; the Freight Technology Demonstration Fund; the Gateways and

Border Crossings Fund; the Asia-Pacific Gateway and Corridor Initiative's Transportation Infrastructure Fund; the Marine Security Contribution Program and, most recently, the National Trade Corridors Fund (NTCF). Of note, the NTCF has provided funding for a variety of initiatives to improve port capacity and freight fluidity at ports, including \$200 million to the Vancouver Fraser Port Authority for projects aimed at improving efficiency; \$18 million to the Montreal Port Authority to optimize the port's intermodal network; and \$6 million to the Nanaimo Port Authority to build a vehicle processing centre.

On March 12, 2018, the Minister of Transport launched the Ports Modernization Review. This review will ensure Canada Port Authorities continue to play a strong role in the transportation system.

The Government supports **Recommendation 3**, regarding the need to address the infrastructure deficit in Canada's remote northern areas. Led by CIRNA, the Government is co-developing a new federal Arctic and Northern Policy Framework with federal, Indigenous, territorial, and provincial partners to close gaps between Northerners and the rest of Canada. TC has been closely involved in the development of the Arctic and Northern Policy Framework, especially through the comprehensive Arctic infrastructure goal, which aims to strengthen Arctic transportation, communication, energy, and community infrastructure that meets local, regional, and national needs.

TC is also developing an Arctic Transportation Policy Framework with a multi-modal approach to better direct its policy, program, and regulatory efforts in Canada's Arctic. The Arctic Transportation Policy Framework will determine how TC can enhance the overall safety, reliability, efficiency, sustainability, and accessibility of the territorial North's transportation system.

TC regularly conducts studies to better assess transportation needs across the country, including in the North. Work is currently underway for the Department's 2019 Northern Transportation Systems Assessment. This study will offer a snapshot of the existing transportation system in Canada's territorial North and a breakdown of existing and future transportation demands. The Northern Transportation Systems Assessment will feed into the Arctic Transportation Policy Framework, providing current evidence-based analysis concerning the northern transportation system.

The Northern Transportation Adaptation Initiative seeks to enhance Northerners' capacity to adapt their transportation infrastructure and operations to climate change, through research and development and collaborative activities, such as workshops and other fora for knowledge exchange. The Northern Transportation Adaptation Initiative has been allocated \$6.9 million from 2018-19 to 2020-21.

As part of the Oceans Protection Plan (OPP), TC is investing \$94.3 million over five years to support safer and more efficient Arctic resupply operations through the Safety Equipment and Basic Marine Infrastructure in Northern Communities Initiative.

The NTCF includes a dedicated allotment of \$400 million to strengthen the efficiency and resilience of transportation infrastructure in Canada's territorial North. Budget 2019 proposed an additional \$400 million to increase the total NTCF allocation for transportation investments in Arctic and northern regions to \$800 million.

On October 24, 2018, the Minister of Fisheries, Oceans and the Canadian Coast Guard announced the creation of a stand-alone Arctic Region inclusive of the four regions of Inuit Nunangat for Fisheries and Oceans Canada and the Canadian Coast Guard.

DFO is evaluating feasibility and infrastructure needs in the North on a case by case basis. Currently, the Department has within its portfolio five Small Craft Harbours in the Northwest Territories, Nunavut and northern Labrador, and undergoes periodic maintenance and improvements at those facilities.

In addition, the Investing in Canada Infrastructure Program will deliver more than \$33 billion in federal infrastructure investments over the next 10 years through bilateral agreements with the provinces and territories. Of this amount, \$2 billion is dedicated to rural and northern community infrastructure, and \$400 million to the Arctic Energy Fund targeting energy security, reliability and efficiency in fossil fuel-dependent communities in the territories (including Indigenous and Inuit communities).

The Government supports **Recommendation 15**, which calls for improvements to supply chain efficiency through deployment of strategic technologies and infrastructure investments.

The NTCF and Canada Infrastructure Bank (CIB) will invest more than \$7 billion in transportation infrastructure, including to eliminate bottlenecks along Canada's trade corridors. As of April 1, 2019, the NTCF has committed over \$800 million in funding to 39 projects, across each Canadian province and territory and all transport modes.

The Government supports **Recommendation 26**, which recommends a thorough analysis of infrastructure projects prior to funding being allocated.

Cost-benefit analyses are a long-standing requirement of TC's infrastructure funding contribution programs. For example, under the three NTCF calls for proposals that have been launched to date, comprehensive project proposals from proponents have been required to demonstrate a sound analysis of the anticipated safety, efficiency, environmental, social, and international trade and commerce benefits of the project. This includes a summary of the cost-benefit analysis for the project and methodology used for the cost-benefit analysis.

The Government supports **Recommendation 27**, which recommends the Government review its funding options and support for short-line railways. The Minister of Transport committed to examining the short-line railway system in Canada following the passing of the *Transportation Modernization Act* in 2018. TC is collecting information and is undertaking research and analysis on the short-line railway industry to build a better understanding of the issues the industry faces. In addition, as part of that work, TC is working with short-line railway

industry stakeholders to ensure they are informed of Government initiatives and programs, such as the NTCF and the Rail Safety Improvement Program.

The Government supports **Recommendation 28**, which recommends that the Government demonstrate flexibility in criteria for infrastructure funding programs in order to not exclude carriers that transport both passengers and freight. The eligibility requirements of TC infrastructure programs such as the NTCF do not exclude carriers that transport both passengers and freight. For example, a number of NTCF projects approved to date will provide significant benefits for both passenger and freight traffic, including improvements to airports, road-rail grade separations, and systems upgrades at the Fort Erie-Buffalo Peace Bridge, Canada's third busiest international crossing.

The Government supports the intent of **Recommendation 29**, which recommends that TC assess the need to increase funding levels under the Airports Capital Assistance Program for increased passenger and freight handling capacity. The Government notes, however, that a number of other programs are available for capacity enhancements at Canadian airports.

The Airports Capital Assistance Program has an annual funding envelope of \$38 million that is dedicated to eligible safety-related projects, such as the rehabilitation of airside surfaces or of airfield lighting, and the purchase of heavy airside mobile equipment. Any projects that extend beyond the scope of safety-related infrastructure maintenance or replacement, such as expansions or upgrades, are not eligible for funding under the Airports Capital Assistance Program.

TC is not currently looking at plans to alter the focus of the Airports Capital Assistance Program to address current and potential passenger and freight handling capacity. The federal Government currently offers a number of potential funding opportunities for the owners and operators of airports in small regional areas, such as through its six regional development agencies, INFC's \$10 billion Provincial-Territorial Infrastructure Component - Small Communities Fund, as well as the NTCF, which supports funding to small National Airport System airports.

Theme 2 – Regulatory Harmonization and Efficiency

Recommendations 4, 5 and 6 relate to increasing the harmonization of regulations and assessment requirements, and ensuring that existing or planned changes to legislation and regulations do not create undue delays or inhibit infrastructure investment. The Government supports these recommendations.

The Government supports **Recommendation 4**, which recommends that the Government work towards increased harmonization of policies and regulations in the transportation sector. The Government is actively pursuing opportunities in the air, marine, road, and rail sectors to improve and promote alignment and harmonization where feasible to improve the movement of goods, the coordination of programs, and support for innovation in the transportation sector. For example, the Canada-United States (U.S.) Regulatory Cooperation Council is a forum

for stakeholders, including industry, consumers, and non-governmental organizations, to discuss regulatory barriers and identify opportunities for regulatory cooperation between Canada and the U.S. With respect to railways, air, and road transport, under the Regulatory Cooperation Council, Canada and the U.S. have aligned motor vehicle standards for the use of electronic stability control systems in all heavy vehicles and continue to work together to create bi-national and international test procedures for automated driving systems. TC is also working with the U.S. Federal Aviation Administration to focus on specific North American strategies regarding Remotely Piloted Aerial Systems.

The Regulatory Cooperation Council continues to work towards establishing a Canada-U.S. safety and security framework for the St. Lawrence Seaway and Great Lakes system. In April 2018, TC and the U.S. Coast Guard published a policy directive on Port State Control Inspections, with the aim to align bilateral inspection and enforcement policies. TC also continues to coordinate with the U.S. Coast Guard on crewing issues in the St. Lawrence Seaway and Great Lakes system.

TC has begun developing regulations that will give effect to the *International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004*, in Canada. The differences between Canadian and U.S. ballast water governance preclude complete binational regulatory harmonization; however, both countries are actively working towards maximizing bi-national compatibility for ballast water regulations, to the extent feasible.

With respect to internal trade, the federal-provincial-territorial Regulatory Reconciliation and Cooperation Table oversees the process to align regulatory frameworks between all provinces/territories and the federal Government in order to reduce barriers to trade, investment, and labour mobility within Canada.

Finally, work on the Regulatory Review Initiative announced in Budget 2018 is ongoing and continues to focus on removing regulatory barriers to investment and innovation. Engagement with stakeholders helped identify and prioritize key regulatory concerns, including the impact of misalignment across borders. Roadmaps to address these concerns will be published in Spring 2019.

The Government supports **Recommendation 5**, which recommends that any legislative or regulatory changes to federal environmental assessment processes not unduly increase timelines for environmental assessments or create funding uncertainty for infrastructure investments. The proposed "Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts" (Bill C-69) establishes shorter timelines, enshrined in legislation and managed in the context of clear criteria, to ensure a predictable process and timely decision making. For instance, the timeline for impact assessments led by the new Impact Assessment Agency will be reduced from 365 to 300 days, and companies will see better communication between the assessment and regulatory phases as regulators will cooperate with the Impact Assessment Agency from the beginning of the review. The legislation also provides for the development of

regulations to set clear rules around when timelines may be paused or restarted, leading to more timely decisions.

The Government supports **Recommendation 6**, which recommends ensuring that new environmental assessment procedures and infrastructure and climate change-related funding envelopes encourage more private-sector investments in trade corridors.

The Government is committed to engaging with the private sector to build more infrastructure in Canadian communities, including along Canada's trade corridors. For example, the CIB was created as a tool to maximize public dollars and mobilize private sector investment, allowing more innovative infrastructure projects to be built than public funds alone could achieve. Budget 2017 allocated \$35 billion to the CIB over 11 years, including \$5 billion for investments in trade and transportation projects. An additional \$5 billion was allocated for green infrastructure projects to support initiatives aimed at reducing greenhouse gas emissions, delivering clean air and safe water systems, and promoting renewable power. An additional \$1.1 billion was announced in the 2018 Fall Economic Statement for the Export Diversification Strategy to invest in infrastructure to support trade, provide businesses with resources to execute their export plans, and enhance trade services for exporters.

The NTCF's eligibility parameters encourage private sector investment in trade corridors. In fact, 28 of the 39 NTCF projects approved to date include funding contributions from private entities such as railways, terminal operators, airlines, port authorities, and airport authorities, representing hundreds of millions of dollars in private sector investment. In total, approximately \$800 million in NTCF funding has attracted more than \$1.1 billion in combined investments from other public and private sector partners.

Efficient, credible, predictable, and timely assessment and decision-making processes are critical to attracting investment and maintaining the economic competitiveness of the country. The proposed Bill C-69 establishes a transparent and fair process that better positions Canada to create jobs and economic opportunities by building resource projects in Canada in a responsible and timely fashion while ensuring a sustainable future for generations to come.

Theme 3 – Dialogue and Collaboration

Recommendations 18, 19, 24, 25 and 30 speak to a need for increased collaboration and dialogue between all levels of government, Indigenous communities, businesses and other stakeholders to improve strategic infrastructure planning for trade and transportation corridors. The Government supports Recommendations 18, 19 and 24, and supports the intent of Recommendations 25 and 30.

The Government supports **Recommendation 18**, which recommends the Government work with provincial and municipal partners to optimize land, road, and rail networks to encourage freight fluidity at Canada's ports.

In this area, TC's role is often one of convener, bringing together other levels of government and the private sector to improve communication, promote collaborative planning and, when necessary, address irritants in the transportation system. For example, TC engages with provincial counterparts on freight rail issues through, among other initiatives, the Commodity Supply Chain Table, a forum for supply chain stakeholders such as producers, shippers, railways, and other transportation service providers, in addition to representatives from provincial governments and other federal departments.

Funding criteria for the NTCF also underscore the Government's support for collaborative efforts among municipal and provincial/territorial counterparts. The NTCF assesses a proposed project's ability to leverage investments from multiple partners, and alignment of the project with regional, provincial, territorial and/or federal economic and safety priorities and objectives. 16 of the 39 projects funded through the first NTCF call for proposals will be carried out through partnerships, with multiple partners supporting implementation of the project (in addition to NTCF support).

The Government supports **Recommendation 19**, which encourages greater dialogue among stakeholders involved in supply chains on Canada's West Coast.

Government officials participate in a broad range of planning initiatives organized by public and private sector organizations in Western Canada, including intergovernmental land use and transportation planning sessions arranged by Metro Vancouver and Translink, Translink's Greater Vancouver Urban Freight Council, the Western Transportation Advisory Council, and the Greater Vancouver Gateway Council.

TC is also working closely with the Port of Vancouver and other stakeholders in the development of a supply chain visibility project to increase the efficiency and visibility of transportation system information with near-real-time data on freight movements through the Port of Vancouver and inland points. The project enables network analysis and modelling to support identification of opportunities for operational and infrastructure improvements.

The Government supports **Recommendation 24**, which recommends enhanced dialogue with stakeholders to inform a National Trade Corridors Strategy and more strategic long-term investments in infrastructure.

In 2016, TC consulted extensively with stakeholders to inform Transportation 2030, the Government's strategic plan that sets out its vision for a safe, secure, green, innovative, and integrated transportation system that supports trade and economic growth, a cleaner environment, and the well-being of Canada's middle class. In support of Transportation 2030, TC continues to engage regularly with its stakeholders to better understand bottlenecks across the country. This includes engagement with academia, private industry, other levels of government, shippers, and associations across the country.

TC also continues to work closely with territorial counterparts, Indigenous groups, and industry stakeholders to develop the Arctic Transportation Policy Framework, in close alignment with

the new federal Arctic Northern Policy Framework being led by CIRNA. Several roundtables were held in the North to collaborate with Indigenous groups and other northern stakeholders during the co-development process of the Arctic Northern Policy Framework (2017 and 2018).

The Government is also enhancing collaboration with Indigenous communities and Arctic stakeholders through the establishment of Low-Impact Shipping Corridors. The shipping routes established through this OPP initiative will provide the infrastructure, navigational support, and emergency response services needed for safer marine navigation, while respecting the environment, local ecology, and Indigenous cultures.

The Government supports the intent of **Recommendation 25**, which recommends the creation of regional and binational strategic transportation organizations that would focus on Canada's main trade corridors. The Government already supports and participates in similar fora across the country, and federal jurisdiction does not extend to mandating a particular approach to planning at the regional level.

Some examples of fora that TC participates in or supports in the Ontario Region include the Peel Goods Movement Task Force, Smart Freight Centre, McMaster Institute for Transportation Logistics in the Hamilton-Niagara Region, and the Movement of Goods Council for Canada's Innovation Corridor with the Toronto Region Board of Trade. Similar fora exist across Canada in which TC participates.

TC also participates in bi-national fora with U.S. counterparts. Notably, TC co-leads the Transportation Border Working Group with the United States Department of Transportation (USDOT), a forum where representatives from TC, USDOT, CBSA, U.S. Customs and Border Protection, international bridge and tunnel authorities, provinces and states, academia, and other government departments regularly discuss issues relating to border transportation infrastructure.

The Government supports the intent of **Recommendation 30**, which recommends that the Government establish a monitoring system to ensure the participation and consultation of Indigenous communities in transportation-related decisions.

Currently, each federal department monitors Indigenous consultation and engagement within their own program areas, and there is a wide range of Indigenous consultations, engagements, and participation in transportation-related decisions across the Government. The development of a Government-wide monitoring system would require substantial resources to address this range of activity.

The Government has taken steps to understand the perspectives and concerns of Indigenous peoples, and these are considered when making decisions on transportation matters of interest to their communities.

As a prominent example, as part of the Government's \$1.5 billion OPP, the Government is providing Indigenous peoples with new opportunities to play an active role in decisions about

marine safety by providing new training opportunities, collaborating on new marine safety initiatives, and including Indigenous Knowledge in decision making. For example, TC is collaborating with Indigenous communities on the governance of northern low-impact shipping corridors, the management of vessel traffic in local waterways, and the development of a web-based maritime situational awareness system.

As part of the Government's commitment to Indigenous reconciliation, national Indigenous leaders have met with the Federal-Provincial-Territorial Council of Ministers Responsible for Transportation and Highway Safety to discuss transportation matters and priorities for Indigenous peoples. Through these discussions, the Government has heard about transportation priorities such as Indigenous participation in the transportation sector for economic opportunities, including entrepreneurship, employment, and training; transportation of dangerous goods through and near Indigenous communities; and improved transportation infrastructure, especially in northern and remote areas.

Theme 4 – Data and Supply Chain Efficiency

Recommendations 11, 12 and 13 speak to the importance of collecting and sharing freight data, and introducing further initiatives to improve supply chain performance as a result of improved data collection and use. The Government supports these recommendations.

Of relevance to all of these recommendations, the Government of Canada committed, as part of the Trade and Transportation Information System (TTIS) initiative announced in Budget 2017, to improve access to, and the availability of, data and information on transportation in Canada. As part of the TTIS, the Government committed \$50 million to build the Canadian Centre on Transportation Data, a strategic partnership between TC and Statistics Canada. The Transportation Data and Information Hub, a key deliverable of the Canadian Centre on Transportation Data, was launched in April 2018 and is a one-stop location that provides access to high-quality, timely, and accessible data and information on Canada's transportation system.

The Government supports **Recommendation 11**, which recommends that TC accelerate the collection and distribution of forecast and real-time data on rail freight transportation in Canada. TC currently has a comprehensive inventory of data on freight rail transportation in Canada, including information on the number of railway cars, the tonnage and commodities moved between railway stations and using the Class I network.

In addition, the *Transportation Modernization Act* introduced new requirements for Class I rail carriers to submit more detailed information on freight traffic at a higher frequency, and on service and performance indicators, to TC. These new requirements are aimed at enhancing transparency in the freight rail sector and ensuring timely access to information for the benefit of all rail users. Since December 2018, these data are available publicly.

In terms of forecasting, TC produces a medium-term (10 years) rail forecast for major bulk commodities. This forecast is available in TC's annual reports, which are publicly available. As part of the TTIS, TC has also launched a comprehensive long-term (20 years) multi-modal freight

forecast exercise, covering 44 commodities and 78 sub-provincial economic regions. The initial forecast results will be complete in early 2020 and made available through the Transportation Data and Information Hub website. To accelerate the implementation of the system, the 2018 Fall Economic Statement accelerated \$13.6 million in funding over three years beginning in 2019.

The Government supports **Recommendation 12**, which recommends that TC publish comprehensive and regular reports about the volumes, products, trends, and other key indicators for each of Canada's ports.

In its publicly-available *Transportation in Canada* annual reports and statistical addenda, TC publishes multi-modal data and information, analyses and trends, including on the marine transportation sector and port activities. The Transportation Data and Information Hub website includes information on ports and shipments transported by the marine mode. A number of Canada Port Authorities' websites also publicly publish statistics on the volumes and products handled at their facilities as well as on trends and key performance indicators.

Under the TTIS, investments are also being made to address key transportation data gaps and to monitor, predict, and report on supply chain performance of the transportation sector. Three key initiatives are currently under development to address core critical gaps. First, the multimodal Canadian Freight Analysis Framework aimed at measuring how freight travels between a starting point and its destination was launched one year ago, and will soon include information on domestic and international shipments moved by the marine mode. Second, TC, in collaboration with industry and shippers, is developing Supply Chain Visibility Projects for key Canadian ports. Third, TC has launched a number of pilot projects making use of Earth Observation, global positioning system and sensor data to identify, monitor, and analyze daily transportation-related issues, such as congestion and bottlenecks at ports, marine traffic on the West and East Coasts, vulnerable points in the network, the utilization and depreciation of key strategic infrastructure assets, as well as situations raising marine safety and security concerns.

The Government supports **Recommendation 13**, which recommends the introduction of supply chain visibility initiatives, such as the Vancouver Fraser Port Authority's Supply Chain Visibility Project.

TC is already investing in a number of multi-stakeholder projects on supply chain visibility. After investing more than \$2 million to support trucking visibility at the terminal gates of the Ports of Vancouver, Montreal, and Halifax, in 2017 TC announced a \$250,000 contribution to the initial phase of the Vancouver Supply Chain Visibility Project, a multimodal and multi-stakeholder project designed to increase the visibility, reliability, and predictability of import and export supply chains through Canada's West Coast at the Port of Vancouver. The project is providing stakeholders (for example, railways, shippers, and maritime employers' associations) and Government better visibility of system performance and activity in the British Columbia Lower Mainland, which in turn highlights limitations of existing infrastructure.

Other multi-stakeholder visibility projects in development by TC include:

- In Montreal, a project to maintain the efficiency of the supply chain and the connectivity between modes through better collaboration and data exchange among stakeholders;
- In the Greater Toronto Area and extending to the Golden Horseshoe, a project to develop an e-commerce collaborative platform in collaboration with the Ministry of Transportation of Ontario, Peel Region, and Hamilton-Niagara Region;
- In Halifax, a project to explore with the port and airport opportunities to increase agri-food export trade from the region; and
- Along the Great Lakes and St. Lawrence Seaway System, a project to develop a Marine Information System.

Theme 5 – Border Fluidity and Entry into Canadian Waters

Recommendations 8, 9, 10, and 17 relate to the safe and efficient movement of goods and people across Canada’s borders, via all modes of transportation. The Government supports or agrees in principle with these recommendations.

The Government supports **Recommendation 8**, which recommends the Government examine border operations challenges faced by the CBSA that are associated with balancing the need for security at border crossings with the expedient processing of goods and travellers. The CBSA is committed to continuously monitoring and reviewing its approach to border management to strike the appropriate balance between public safety concerns and economic facilitation.

The Government recognizes that strong border services are essential to public safety and economic opportunity, and Budget 2019 proposed investments of \$1.26 billion for CBSA, including:

- \$765 million over five years to help sustain and modernize Canada’s border operations, including the renewal of 24 critical land border ports of entry across Canada;
- \$382 million over five years to help increase asylum system capacity, strengthen processes at the border and accelerate processing of claims and removals;
- \$32 million over five years to increase the number of detector dogs deployed across the country to help address the risks associated with African Swine Fever; and
- \$30 million over two years to ensure CBSA is well equipped to deal with the growth in travellers entering Canada, such as visitors, students, and workers, while protecting the health and security of Canadians.

The Government supports **Recommendation 9**, which recommends that TC, in cooperation with CBSA, expand the number of “Trusted Travellers” and “Trusted Traders” able to access expedited border crossing services.

Existing Trusted Traveller programs, such as NEXUS, reduce border-related costs while enhancing border protection by streamlining the facilitation of low-risk travellers and their goods into Canada. CBSA is committed to expanding NEXUS benefits to increase membership through a variety of existing or planned initiatives. In the air mode, CBSA is preparing to leverage new biometric verification technology to provide faster and less intrusive border clearance at commercial airports offering NEXUS. CBSA is also exploring the use of Advance Passenger Information to further streamline processing and allow Border Services Officers to focus on targets of high or unknown risk.

In the land mode, CBSA is exploring the expansion of e-Gate technologies, allowing BSOs to process travellers remotely in order to prolong NEXUS lane service hours. CBSA is also exploring technologies to process travellers between ports of entry to expand the Agency’s ability to provide integrated border clearance for trusted travellers. Internationally, CBSA is working jointly with U.S. Customs and Border Protection to expand NEXUS member benefits to members of foreign trusted traveller programs (beginning with Mexican nationals in 2018).

In terms of freight flows, members of CBSA’s two Trusted Trader programs (Customs Self-Assessment and Partners in Protection) have access to a number of benefits to simplify border processing and expedite the movement of goods. CBSA is currently undertaking a modernization of its Trusted Trader programs to expand the benefits and simplify the enrolment process to expand membership and create a more robust and efficient program. CBSA is working to simplify the requirements for trusted carriers and drivers to access the expedited Free and Secure Trade (FAST) lanes at various land border crossings. Further, in September 2018, CBSA implemented a harmonized enrolment process with the U.S. Customs Trade Partnership against Terrorism program for highway carriers that will streamline the application process and increase membership in both programs.

The Government supports **Recommendation 10**, which recommends that TC, in cooperation with CBSA, take steps to implement a pre-approval program similar to the U.S. Transportation Security Administration’s Precheck program.

Since 2012, the governments of the U.S. and Canada have worked together to advance the initiatives of the Beyond the Border Action Plan. One such commitment was to mutually recognize screening measures at passenger checkpoints for trusted air travellers included in a risk-based program, and to consider other categories of travellers who could be eligible to participate in a trusted traveller screening program. That same year, screening lines dedicated for Trusted Travellers were added at major Canadian airports, where travellers receive screening benefits and an expedited screening process by not having to wait in a long queue.

TC has been working to further align Canada's Trusted Traveller security screening program and its aviation security screening procedures with the U.S. Precheck program. Since mid-2018, to increase the number of passengers using the Trusted Traveller lines at some of Canada's preclearance facilities, many passengers vetted by the Secure Flight pre-screening program who receive the Precheck designation have been redirected to the Trusted Traveller lines.

TC has also been working with the U.S. Transportation Security Administration in consultation with CBSA and Public Safety Canada to determine the feasibility (i.e. security, efficiency, and cost) of implementing a Canadian Trusted Traveller security screening application program similar to the U.S. Precheck application program, where travellers could apply for and receive a Trusted Traveller membership. This would significantly increase the number of travellers eligible to access the Trusted Traveller screening lines.

The Government agrees in principle with **Recommendation 17**, which recommends that the Government study the introduction of a single-window approach to gathering information required regarding the arrival and departure of ships in Canadian waters.

The World Trade Organization encourages governments to consider implementing a single-window concept with the Trade Facilitation Agreement, which came into force in 2017. The International Maritime Organization also introduced this concept and is working with member states, including Canada, on advancing it.

Government officials are continuing to participate in discussions that are taking place at the International Maritime Organization before considering pursuing a study of the introduction of a single-window approach. This will ensure any future consideration of a single-window approach in Canada reflects international practices. Implementing a single-window concept in Canada would require cooperation with a number of Government agencies that are responsible for ships and trade, including CBSA, Immigration, Refugees and Citizenship Canada, Canadian Coast Guard, Health Canada, and TC, as well as non-government entities, such as the Shipping Federation of Canada, the BC Chamber of Shipping, and the Association of Canadian Port Authorities.

Theme 6 – Climate Change and Coastal Protection

Recommendations 14, 22 and 23 support ongoing research into the impacts of climate change on Canada's transportation infrastructure, and the protection of coastal environments from transportation activities. The Government supports these recommendations.

The Government supports **Recommendation 14**, which recommends that the Government continue to research the impacts of climate change on transportation infrastructure and the effects of increased marine traffic on coastal ecosystems. A number of federal programs and initiatives are underway that support this recommendation.

As referenced in Recommendation 3, TC's Northern Transportation Adaptation Initiative funds research to generate new knowledge; develop and test innovative technologies and practices;

and encourage collaborative activities to share knowledge and build capacity. For example, Northern Transportation Adaptation Initiative projects to date have helped to increase understanding of the effects of permafrost on northern roads and airstrips, and how coastal erosion is affecting some northern marine facilities.

TC's Transportation Assets Risk Assessment program was established to better understand climate risk to federal-owned transportation assets and potential adaptation solutions that could be employed.

TC also undertakes targeted research activities to improve the understanding of climate risks to the transportation sector and potential adaptation solutions. For example, TC and Natural Resources Canada developed a comprehensive report of the current state of knowledge on climate risks and adaptation practices for the Canadian transportation sector, entitled "Climate Risks and Adaptation Practices for the Canadian Transportation Sector 2016" (released in 2017).

DFO has developed two climate change web-based adaptation tools for coastal infrastructure. The Canadian Extreme Water Level Adaptation Tool provides projections of sea level rise. The Coastal Infrastructure Vulnerability Index combines environmental, harbour engineering, and socio-economic data into a relative measure of harbour vulnerability to combined climate change impacts. This helps engineers and managers plan where best to invest in adaptation projects.

With regard to researching the effects of increased marine traffic on coastal ecosystems, within the OPP TC is working to preserve coastal marine ecosystems that are vulnerable to increases in marine shipping, while reducing the impact of day-to-day vessel traffic through the Cumulative Effects of Marine Shipping initiative. The initiative responds to concerns, heard through project-specific environmental assessments, relating to the cumulative effects of marine shipping on all coasts. Results of this initiative will include the collection and amalgamation of existing data such as marine vessel movements and shipping data; the environmental, cultural, and Indigenous use data; development of the National Cumulative Effects Assessment Framework for Marine Shipping; and the identification of potential tools and strategies that can be applied to mitigate the effects of existing or future vessel movements.

Under the OPP-Marine Environmental Quality Initiative, DFO is conducting research to better understand the impact of underwater noise on marine mammals, specifically the North Atlantic Right Whale, the Southern Resident Killer Whale, and the St. Lawrence Estuary Beluga. DFO is also leading the Whale Collision and Avoidance Initiative, where DFO researchers work with stakeholders to develop and test various technologies capable of detecting the presence of whales in near-real time, which could help alert mariners of the presence of whales in a particular area and reduce the risk of vessel collisions with whales.

The Government supports **Recommendation 22**, which recommends that the Government study the environmental impact of increased coastal maritime commerce and take steps to

protect the coastline while promoting economic growth and industries that are pivotal to Canada's economy.

Through the OPP, the Government is demonstrating its commitment to a safe, clean, and efficient marine transportation system that improves marine safety and responsible shipping, while supporting economic growth. The OPP aims to further protect Canada's coasts and coastal communities from the potential impacts of shipping. The objective of the OPP pillar entitled "Preservation and Restoration of Marine Ecosystems and Habitats" is to preserve and restore marine ecosystems vulnerable to increased marine shipping and development.

As referenced in the response to Recommendation 14, TC is also working to preserve coastal marine ecosystems that are vulnerable to increases in marine shipping while reducing the impact of day-to-day vessel traffic through the Cumulative Effects of Marine Shipping initiative.

The Government supports **Recommendation 23**, which recommends that TC consider making the interim protocol on British Columbia anchorages both permanent and mandatory, noting that the issue of anchorages is currently under study.

The Government is engaging with the marine industry, technical experts, Indigenous peoples, community organizations, and stakeholders to inform the work on the examination of anchorages under the OPP. As this work moves forward and to address concerns of Canadians in the short term, an "Interim Protocol for the Use of Southern British Columbia Anchorages" was recently introduced as part of the OPP. The Protocol includes temporary and voluntary interim procedures in the Pacific Region to balance the use of anchorage locations outside of ports and to mitigate the impact of ships when at anchor. Under this Protocol, stakeholders have established mechanisms to monitor anchorage activities, gather related data as well as respond to community concerns. The results of the Protocol will inform the Government's work under the national Anchorages Initiative.

Theme 7 – The St. Lawrence Seaway

Recommendations 1, 20 and 21 seek to address concerns heard in the Niagara Region regarding increased use of the St. Lawrence Seaway (the Seaway) as well as opportunities to further develop lands along the Welland Canal. The Government supports these recommendations.

Of relevance to all of these recommendations, TC is conducting the St. Lawrence Seaway Review to examine further opportunities for increased economic and commercial development, the waterway's competitiveness and sustainability, and governance structure. As part of this Review, TC has carried out consultations with marine transportation stakeholders, including Seaway administrators, users and service providers, industry associations, and communities who have provided input on the future of the Seaway.

The Government supports **Recommendation 1**, which recommends exploring ways to increase the year-round use of the Seaway, and the consideration of issues such as icebreaking capabilities, piloting fees, handling fees at terminals, and docking fees.

Since its commercialization in 1998, the Seaway navigation season has been lengthened by 10 days, reaching an average of 281 to 283 days of navigation per year. A number of considerations determine the length of the navigation season, such as maintenance scheduling, weather conditions, demand from industry, and de-icing capabilities. More specifically, due to ice buildup in the locks and on the lock walls, the Canadian Coast Guard does not operate inside the Seaway after the locks have been closed for the season. TC has carefully considered the issue of optimizing the use of the Seaway, including approaches to lengthen the navigation season. Studies have concluded that a 12-month navigation season is currently not achievable, taking into account technological, operational, and cost/benefit considerations. The St. Lawrence Seaway Management Corporation (SLSMC) evaluates, on an annual basis, whether the season can be extended, based on a number of factors including climate conditions, user interest, maintenance requirements and icebreaker availability.

Pilotage fees are set by Pilotage Authorities, pursuant to the *Pilotage Act* (1995). An extensive *Pilotage Act* Review was completed in Spring 2018. The Government has introduced amendments to the *Pilotage Act* that would support the OPP by strengthening the governance of Canada's pilotage authorities, strengthening enforcement provisions, streamlining fee-setting, and increasing transparency.

Handling fees and docking fees are set independently by Canada Port Authorities pursuant to the *Canada Marine Act* (section 49).

The Government supports **Recommendation 20**, which recommends a review of the mandate and budget of the SLSMC to ensure that the Corporation is able to achieve the goal of increased economic development of the land along the banks of the Welland Canal.

As part of the St. Lawrence Seaway Review, TC is examining the SLSMC's governance structure. This includes input on the mandate and budget of the SLSMC and its management of land assets. The Review's findings will serve to guide the Government's relationship with the SLSMC as well as potential policy responses.

The Government supports **Recommendation 21**, which recommends widening the scope of the St. Lawrence Seaway Review as it pertains to the Welland Canal, notably with respect to economic development and the lands managed by the SLSMC in the area.

The ongoing St. Lawrence Seaway Review is considering a number of these factors already. Specifically, TC's St. Lawrence Seaway Review is examining further opportunities for increased economic and commercial development, the waterway's competitiveness and sustainability, and the Seaway's governance structure. This includes a review of the mandate of the SLSMC, as well as the issue of the development of lands near the Seaway.

In 2012, a review of the land holdings that the SLSMC manages on behalf of TC was completed to determine which properties were no longer required for operational needs. The disposition of these properties has been underway since 2013, in accordance with the Treasury Board *Directive on the Sale or Transfer of Surplus Real Property*. In the Niagara Region, properties are

being divested via a two-pronged process, in which certain properties are being sold directly to existing tenant-farmers, and the remaining properties form part of a strategic disposition portfolio.

With respect to environmental assessments and remediation of sites, the SLSMC implements and oversees such activities on behalf of TC. TC reviews the general portfolio of federally contaminated sites on an ongoing basis. Operational, surplus, and vacant lands are assessed via a schedule, while leased lands are assessed at the start and end of the lease term. Once an environmental assessment is completed, TC and the SLSMC agree upon the next steps. Environmental remediation is performed according to a specified timeline, taking into account such factors as potential operational impact, location, impact on adjacent properties, and other impacts, such as on the community.

Theme 8 – Niagara Region

Recommendations 16 and 31 highlight the importance of the Niagara Region to Canada's trade with the U.S. The Government agrees in principle with these two recommendations.

The Government agrees in principle with **Recommendation 16**, which recommends that the Government acknowledge the importance of the Niagara Region and City of Hamilton by designating the Region and City as a "national trade corridor".

The Government recognizes the economic importance of transportation infrastructure in the region. Under the NTCF, the Government has approved funding for projects that will contribute to improving freight fluidity to, from, and within the region, including \$2.4 million to the Buffalo and Fort Erie Bridge Authority for three projects that will improve fluidity and ease capacity constraints at the Peace Bridge between Fort Erie, Ontario, and Buffalo, New York, which is Canada's third busiest land crossing. NTCF funding of \$17.7 million has also been provided to the Hamilton Port Authority to upgrade and modernize the port's marine, rail, and road infrastructure to accommodate growth at the Great Lakes port.

While the Government recognizes the economic importance of the Niagara Region and City of Hamilton's strategic location, the Government has no mechanism to designate or label any specific region or trade corridor as distinct from other corridors in Canada.

The Government agrees in principle with **Recommendation 31**, which recommends that the Government cooperate with provincial and municipal stakeholders to establish redundancy in relation to the current Queen Elizabeth Way highway, and consider the creation of a "Mid-Peninsula Transportation Corridor".

As noted above (Recommendation 16), the Government supports a number of initiatives to improve the speed and reliability of access to U.S. markets via the Niagara Region and other parts of Canada, including through funding from the NTCF.

The Government provides financial support through federal infrastructure funding programs, but provincial, territorial, and municipal governments are responsible for the planning, design, construction, operation, maintenance, and financing of most roads and highways within their jurisdictions. The Queen Elizabeth Way highway connecting the Toronto, Hamilton, and Niagara Regions and U.S. markets via the Peace Bridge is a provincial highway, under the jurisdiction of the Ontario Ministry of Transportation. Thus, decisions regarding the development and prioritization of new highways under provincial jurisdiction – such as the Mid-Peninsula Highway that would run parallel to the Queen Elizabeth Way highway, as proposed in this Recommendation – also rest with the provincial government.

Theme 9 – Labour Shortage

Recommendation 7 calls on the Government to prepare a nationwide policy to alleviate the labour shortage in the transport industry. The Government supports the intent of this recommendation, but notes that a single policy is not a feasible approach given that transport subsectors and regions are very different from one another, with each operating under its own set of rules and challenges.

There are numerous initiatives currently in place at the federal, provincial, and territorial levels that aim to address labour shortages in the transportation and other sectors. These programs often reflect the distinct regional requirements and skills needs of the transportation sector.

The Government supports regional initiatives, such as the Atlantic Growth Strategy, where investments can be directed to local workforce and industry needs. The Government works in collaboration with industry stakeholders to support a diverse range of initiatives to attract new sources of labour to the transportation industry, including underrepresented groups such as women, Indigenous peoples, youth, and immigrants. Some of these initiatives include:

- A \$426,410 grant from the Department for Women and Gender Equality to Elevate Aviation in support of women’s labour force integration into the aviation sector;
- Provision of \$100,000 by the Canadian Northern Economic Development Agency (CanNor) to Alkan Air Flight Academy in Whitehorse, Yukon, to purchase a new flight training simulator and support pilot training in the North;
- Consideration by TC of options to use current legislative flexibilities in the *Canada Shipping Act, 2001* to enable ship officers that hold foreign certificates to be employed on Canadian vessels; and
- Providing temporary and permanent pathways for skilled workers needed in the transportation industry through Canada’s economic immigration programs (federal and provincial/territorial).

The Standing Committee on Transport, Infrastructure and Communities recently released its report on “Supporting Canada’s Flight Schools”. TC will provide a response tailored to the

aviation industry.

Conclusion

The Government extends its gratitude to the members of the Committee, and the witnesses that appeared before it, for their work to identify ways to address challenges and opportunities facing Canadian trade and transportation infrastructure. Investing in Canada's transportation infrastructure is a priority of the Government Canada.

The Report and the federal initiatives detailed in this response align with and complement the long-term vision and work plan of Transportation 2030, the Government's strategic plan and vision for the future of transportation in Canada. Moving forward, the Government will continue to build toward this vision, which is a safe, secure, innovative and integrated transportation system that promotes trade, economic growth, a cleaner environment, and greater consideration to gender and diversity outcomes.