

GOVERNMENT RESPONSE TO RECOMMENDATIONS

Committee Recommendation 1:

That the Government of Canada ensure that Canada’s national transportation strategy satisfactorily addresses identified needs in two areas: resilient supply chains; and the ability to transport goods in rail containers in a cost-effective and timely manner. In determining the strategy’s priorities in these two areas, the Government should consult relevant stakeholders during the development of measures and policies designed to achieve the following goals:

- **maintain and enhance trade-related transportation infrastructure, regarding which consideration should be given to the availability and sufficiency of federal financing, as well as the requirements and timelines of federal regulatory approval processes for projects; and**
- **facilitate the reporting and collection of rail container—related information and data, and their timely sharing with relevant stakeholders in an accessible manner.**

Government Response

The Government acknowledges this recommendation and action is ongoing.

This recommendation references a “national transportation strategy;” and while the Government of Canada has committed to an approach that recognizes the complex, multi-jurisdictional nature of the management of Canada’s supply chains, it has announced the creation of a National Supply Chain Strategy (Strategy), as mentioned in Budget 2023. This Strategy will support and complement existing federally-articulated trade plans, as well as Provincials/Territorials (PTs) trade policies and will be informed by and respond to recommendations from the National Supply Chain Task Force (Task Force), which also recommended the Government “develop, implement and regularly renew a long-term, future-proof (30- to 50- year) transportation supply chain strategy.”

Working in collaboration with partners across our transportation supply chains, the Government remains committed to releasing a Strategy, which will build on actions announced to date that are helping to strengthen the resiliency and efficiency of our transportation supply chains.

Strong collaboration will be critical to delivering on a Strategy. As our overall economic prosperity and the quality of life for Canadians relies heavily on the performance of our transportation system and supply chains, the Government is committed to enhancing collaboration with industry, Indigenous Peoples, PTs, and other supply chain partners to improve data and information sharing, planning, and decision making, including through the establishment of a Transportation Supply Chain Office (TSCO).

The Task Force was composed of industry leaders to develop independent advice based on broad consultations with industry, associations, and experts. The Task Force examined the key pressures and made recommendations regarding short and long-term actions to strengthen the efficiency, fluidity and resiliency of transportation infrastructure and reliability of Canada's supply chain. On October 6, 2022, the Task Force released its final report, which contained a total of 21 immediate and long-term recommendations. As outlined in the 2022 Fall Economic Statement, the Government has taken immediate actions that align with the Task Force's findings, including:

- Moving forward with Budget 2022 commitments to invest in critical transportation infrastructure, support industry-driven digitization of supply chains, and make supply chains more competitive by continuing to cut unnecessary red tape;
- Launching a Supply Chains Regulatory Review to consider further regulatory changes that could improve the efficiency and resiliency of Canada's supply chains;
- Modernizing cargo and clearance inspection practices;
- Streamlining operating policies and regulatory practices that impact the flow of goods through our international gateways;
- Exploring ways to bolster protection and remedies for shippers and service providers due to service disruptions; and
- Improving data reporting and monitoring.

Furthermore, the Government has introduced proposed legislative amendments to help ease congestion and strengthen our strategic trade gateways by updating the way that Canada's ports are managed and operated through Bill C-33: *Strengthening the Port System and Railway Safety in Canada Act* (short title), which was introduced on November 17, 2022. This Act will, among other initiatives, seek to improve the throughput at Canada's ports by expanding Canada Port Authorities' mandate over traffic management in support of gateway efficiency and resilience. This would include establishing a regulatory authority for traffic management to enable port authorities to institute practices and systems, including in respect of anchorages and vessel management, and data sharing in support of their role as enablers of supply chain fluidity. This Act will also enable the development of inland terminals that would enhance gateway throughput and alleviate congestion; and improve the Government's ability to have insight into ports and their activities to support supply chain fluidity through informed decision-making.

The Government continues to take targeted actions to strengthen Canada's transportation supply chains and help bolster our economic capacity and opportunities for our businesses to expand into global markets. This includes the following measures announced in Budget 2023:

- \$27.2 million (M) to establish a TSCO to work with industry and other orders of government to respond to disruptions and better coordinate actions to increase the capacity, efficiency, and reliability of Canada's transportation supply chain infrastructure;

- Collaborate with industry, provinces, territories, and Indigenous Peoples to develop a long-term roadmap for Canada's transportation infrastructure to better plan and coordinate investments required to support future trade growth;
- \$25M for Transport Canada (TC) and Statistics Canada to work together and develop transportation supply chain data that will help reduce congestion, make our supply chains more efficient, and inform future infrastructure planning;
- Amendments to the *Canada Transportation Act* to provide the Minister of Transport with the authority to compel data sharing by shippers accessing federally regulated transportation services, and for a temporary extension, on a pilot basis, of the interswitching limit in the prairie provinces to strengthen rail competition; and
- The launch of a review of the *Shipping Conferences Exemption Act* to improve marine shipping competition.

The Government is also making significant investments through the National Trade Corridors Fund (NTCF) to help improve the fluidity and efficiency of Canada's transportation supply chains. Since 2017, the Government has announced up to \$4.7 billion (B) for more than 120 projects to increase Canada's trade corridor capacity under the NTCF, with investments being made towards transportation supply chain projects across the country, including; bridges, roads, airports, railways, and ports. These investments demonstrate the Government's commitment to working with supply chain stakeholders on strategic infrastructure projects to address transportation bottlenecks, vulnerabilities, and congestion along Canada's trade corridors.

With respect to the need to facilitate the reporting and collection of rail container-related information and data, and their timely sharing with relevant stakeholders in an accessible manner, investments made in Budget 2022 will provide TC with the capacity to improve supply chain performance by enhancing information availability. This funding will allow the Government to draw on new partnerships with leading academic researchers to develop Canadian expertise on supply chain logistics and analytics to generate insight and the harnessing of new and timely data to develop predictive analytics, while leveraging machine learning and artificial intelligence tools, dynamic mapping and geospatial capabilities. These tools will be tapped to improve decision-making around emerging challenges and provide ongoing advice on Canada's transportation logistics challenges, key activities, and options to reduce vulnerabilities and improve overall resiliency of the network.

Furthermore, TC has recently completed construction of a national network of over 120 a hundred twenty sites which collects near-real-time train and train characteristics information along major rail corridors using state-of-the-art camera and artificial intelligence technology. Under a five-year \$1.8M contract awarded to the firm RailState LLC in November 2021, TC has built an external digital data platform that provides daily access to the following information:

- Number and type of unique trains passing each site in each direction;
- Number and size of shipping containers in the train consist;
- Number and type of bulk railcars in the train consist;

- Incidence of dangerous goods-placarded cars in the consist; and
- Train speed (both at the site and between sites).

Moreover, as this new commercial platform falls outside the data collected under the department's *Transportation Information Regulations*, greater scope now exists for the publication of system-wide performance measures and enables greater access to detailed supply chain performance information for all supply chain participants under a subscription model. The RailState camera platform should become a critical piece of digital infrastructure for measuring rail-based supply chain performance for years to come.

Committee Recommendation 2:

That the Government of Canada give timely consideration to the recommendations contained in the final report of the National Supply Chain Task Force, particularly those pertaining to labour, and to other proposals designed to address labour shortages in the freight rail sector.

Government Response

The Government acknowledges this recommendation and action is ongoing.

As highlighted in Budget 2023, the Government is committed to releasing Canada's National Supply Chain Strategy (Strategy) in the coming months, which will be informed by the recommendations in the National Supply Chain Task Force (the Task Force)'s final report. The Strategy will build on the series of measures that have been announced by the Government that comprise targeted actions to help strengthen Canada's transportation systems and supply chain infrastructure.

The Government will continue to address labour and skills shortages across Canada, including through elements such as dedicated immigration streams to fill labour gaps in the transportation sector. While the Government cannot support all recommendations of the Task Force pertaining to labour, there is ongoing recognition of the need to address the ongoing labour and skills shortages in the transportation sector. Specifically, the Task Force's recommendation that the Minister of Labour "*convene a council of experts to develop a new collaborative labour relations paradigm that would reduce the likelihood of strikes, threat of strikes, or lockouts that risk the operation or fluidity of the national transportation supply chain*" runs counter to the government's strong commitment to collective bargaining and respect for Canadians' right to strike as protected by the *Canadian Charter of Rights and Freedoms*.

The transportation sector is facing a shortage of labor due to various factors, including an aging workforce and an inadequate domestic replacement workforce. Railways, in particular, are facing higher-than-historical average job vacancy rates, post-training retention challenges, and difficulties recruiting to remote and rural communities, especially for certain skilled professions. Addressing labour shortages and building a future-ready workforce is a shared responsibility among industry, all levels of government, and training/education institutes. The Government of

Canada works across departments and with industry partners to align training programs and efforts to address labour market challenges.

This recommendation is currently being addressed through existing policies and programs across many federal departments that include the following:

- The Government, through the Federal Mediation and Conciliation Service (FMCS), provides dispute resolution and relationship development assistance to trade unions and employers under the jurisdiction of the *Canada Labour Code* (Code), including rail and marine transportation sectors. The services and support provided by FMCS has a strong track record of success (e.g., 96 percent of all cases referred to FMCS were settled without a work stoppage in Fiscal Year 2022-2023).

A number of important policies and programs are advanced by Employment and Social Development Canada (ESDC):

- Canada's largest investment in training is through ESDC's bilateral Labour Market Transfer Agreements with Provinces/Territories (PTs). Each year, the federal government provides approximately \$3B for individuals and employers to obtain skills training and employment supports through the Labour Market Development Agreements and Workforce Development Agreements, with more than a million training and employment supports each year. While the federal government provides funding and sets parameters under these agreements, decisions regarding the design and delivery of labour market programs and services are the responsibility of the PTs. Budget 2023 proposes to invest an additional \$625 M in 2023-24 in these agreements to ensure Canadians continue to have access to the support they need to get their next job.
- ESDC also has a robust suite of programs that helps all Canadians participate and thrive in a rapidly evolving labour market, including; the Student Work Placement Program, Skills for Success Program, Indigenous Skills and Employment Training Program, Skills and Partnership Fund, and the two-year Women's Employment Readiness Pilot Program. These programs, among others, may also help alleviate shortages in the transportation sector by supporting training for groups under-represented in the workforce.
- In addition, ESDC's Sectoral Workforce Solutions Program funds projects to support employers and workers in key economic sectors, including transportation, by developing and implementing workforce solutions (e.g., training, attraction and retention, inclusive hiring, etc.) to address current and emerging workforce needs. ESDC's Sectoral Workforce Solutions Program awarded two transportation-related projects (up to \$46M in funding to Trucking HR Canada, and up to \$39M to the Canadian Council for Aviation and Aerospace), to help employers recruit and retain workers in key occupations in those transportation sectors.
- Complementing these efforts, the Future Skills Centre, an independent innovation and applied research centre funded by ESDC, continues to support organizations across

Canada in addressing both current and future labour market challenges (for example (e.g.), labour shortages and the widening skills-to-jobs mismatch respectively). The Centre has funded projects dedicated to retraining and upskilling jobseekers to meet evolving workplace demands in a number of key sectors. This has enabled new diverse entrants to the labour market, particularly those in disadvantaged groups.

- ESDC's Foreign Credential Recognition Program (FCRP) supports the labour market integration of skilled newcomers by funding PTs, regulatory authorities and organizations to improve foreign credential recognition processes. This is done by funding projects that make the credential recognition system faster and more efficient. The FCRP also supports skilled newcomers through foreign credential recognition loans and employment supports (e.g., work placements, wage subsidies, mentoring).

Immigration, Refugees and Citizenship Canada (IRCC) also plays an important role in supporting the transportation workforce in Canada. Some essential work being advanced through IRCC includes:

- The Express Entry Program, an application management system for those seeking to immigrate permanently through the Federal Skilled Worker Program, the Federal Skilled Trades Program, the Canadian Experience Class and a portion of the Provincial Nominee Program;
- Through the Settlement Program, IRCC funds third-party organizations to provide a broad range of employment-related services to newcomers to Canada. These services provide newcomers with information and supports to access the labour market, including in priority sectors such as the transportation sector.

And finally, TC's Transportation Job and Career Pathway, which was launched in April 2022, helps raise awareness of employment opportunities and encourages individuals to choose a career in the sector.

These projects will promote a diverse and inclusive workforce, supporting participants and under-represented groups by providing wrap-around supports such as transportation, accommodations, and/or childcare costs directly to individuals, to reduce barriers that would otherwise prevent them from participating in the projects and in the sector.

Addressing labour shortages and building a future-ready workforce is a shared responsibility among industry, all levels of government and training/education institutes. Many of the policy levers in this area are held across multiple federal departments (including ESDC, IRCC, Natural Resources Canada (NRCan), and Innovation, Science and Economic Development Canada (ISED), etc.), as well as PTs. Industry also plays an important role in terms of providing competitive wages and benefits, working conditions, as well as promoting jobs in their industries.

This is why an ongoing effort under the Strategy will be required to drive for meaningful results on labour and skills shortages in the transportation sector – and additional actions will be developed accordingly to address gaps in programming, engage the numerous stakeholders and create targeted solutions.