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Chair: Mr. Peter Schiefke



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• (1105)

[*Translation*]

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

Welcome to meeting number 15 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 of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application.

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.

[*English*]

I will take a moment to make a few comments for the benefit of our members and our witnesses.

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 not speaking.

For interpretation, those of you who are on Zoom have the choice at the bottom of your screen of either “floor”, “English” or “French”. Those of you who are in the room 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, and we appreciate your patience and understanding in this regard.

Members, appearing before the committee today we have, from the Canadian Vehicle Manufacturers' Association, Mr. Brian Kingston, president and chief executive officer; from General Motors of Canada Limited, Mr. David W. Paterson, vice-president, corporate and environmental affairs; from Global Automakers of Canada, Mr. David Adams, president and chief executive officer; from Lion Electric, Mr. Patrick Gervais, vice-president, marketing and communications; from the Prince Rupert Port Authority, Mr. Ken Veldman, vice-president, public affairs and sustainability; and from Sysco Canada, Mr. Randy White, president.

Welcome back, Mr. White.

As well, from the Vancouver Fraser Port Authority, we have Mr. Greg Rogge, director of land operations, and Mr. David Miller, who is appearing in person today and is senior advisor to the executive director.

We wish now to begin the opening remarks with the Canadian Vehicle Manufacturers' Association for five minutes. The floor is now yours.

Mr. Brian Kingston (President and Chief Executive Officer, Canadian Vehicle Manufacturers' Association): Good morning.

Mr. Chair and honourable members, thank you for the invitation to appear here today as part of the committee's important study about the state of Canada's supply chain.

The Canadian Vehicle Manufacturers' Association is the industry association representing Canada's leading manufacturers of light- and heavy-duty motor vehicles. Our membership includes Ford Motor Company of Canada, General Motors of Canada Company and Stellantis FCA Canada.

Canada's automotive industry was responsible for over \$13 billion in annual economic activity, 117,000 direct jobs and an additional 371,000 jobs in aftermarket services and dealership networks in 2020. The industry is Canada's second-largest export sector, with \$36.5 billion in exports in 2021.

CVMA members are leading a new wave of automotive investment in Canada. Over the past two years, Ford, General Motors and Stellantis have announced \$11.5 billion in investment, which will create over 6,000 direct jobs and tens of thousands throughout the auto supply chain. Most of this new investment is dedicated to electric vehicle assembly and the battery supply chain.

Canada's domestic auto industry is competitive as part of the highly integrated North American market. Every day, vehicles, parts and components are shipped across the continent as part of the assembly process. To make this happen, companies invest millions in complex logistical plans that rely on scheduled, uninterrupted delivery to and from the plants. Any delay can impact production and potentially shut down a line, which costs millions of dollars and puts jobs at risk.

Supply chain challenges continue to be a major headwind facing the industry, slowing the return to pre-COVID North American production and sales levels. First-quarter vehicle sales are down 12.7% from last year. North American auto production is expected to reach 15.2 million units in 2022, which is one million units short of pre-COVID production.

These supply chain challenges are driven by semiconductor shortages, COVID outbreaks, the Russian invasion of Ukraine and the recent blockade of the Ambassador Bridge, to name a few. While some of these challenges are outside of Canada's control, the blockade at the Ambassador Bridge exposed weaknesses in our trade infrastructure that should be addressed to make the supply chain more resilient.

The Ambassador Bridge blockade closed a critical commercial border crossing that is responsible for approximately one-third of all Canada-U.S. trade. Almost 7,000 trucks cross each day, and a significant portion of these are tied to the auto industry.

Due to the blockades, automotive companies on both sides of the border undertook extraordinary measures and cost burdens to deal with the sudden trade diversion. Some plants were forced to cease production. Company contingency planning efforts were impacted by a lack of communication and coordination among local, provincial and federal levels of government. Companies were challenged to find an appropriate point of contact that could provide oversight and direction to support decision-making. In the absence of a clear response plan, CVMA had to take the extraordinary step of supporting an injunction against the protesters. The injunction was successful and ultimately led to enforcement action to clear the blockade.

Canada needs to do more to support a safe and reliable trade infrastructure to make the supply chain more resilient as part of the integrated North American auto market. Failing to act now could impact our competitiveness for existing and future investment.

With that, we recommend five things for your consideration today.

First, identify a clear federal lead to provide guidance and direction when there is any threat to cross-border movement of commercial goods. This person or entity should have the authority to coordinate with other levels of government and counterparts in the U.S. to ensure decisions are made quickly and disruptions are dealt with swiftly.

Second, reinforce efforts to complete the Gordie Howe International Bridge and access to it via the construction of direct access from Ontario's Highway 401 to prevent future disturbances.

Third, increase border service agent staffing to ensure all lanes are consistently open at high-volume ports of entry. This should be accompanied by investments in training opportunities for border staff to support improved consistency and interpretation of bulletins or regulatory changes.

Fourth, enhance marine port infrastructure to facilitate vehicle loading and unloading, support the supply chain and ensure our domestic industry can reap the benefits from Canada's trade agreements.

Fifth, ensure that any new customs administrative processes that are introduced take into consideration the lead times necessary to make complex customs system updates and mitigate any undue cost increases or administrative burden that would impact the competitiveness of businesses.

Thank you so much for your time today. I would be pleased to answer any questions.

• (1110)

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

Next, from General Motors of Canada Limited, we have Mr. Paterson.

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

Mr. David Paterson (Vice-President, Corporate and Environmental Affairs, General Motors of Canada Limited): Thank you, Mr. Chair.

Thank you for the invitation to speak with the committee and for your interest in our story at General Motors Canada.

As you may be aware, GM Canada is making large investments in Canada with the reopening of our Oshawa plant and the transformation of our plant in Ingersoll, Ontario, to be Canada's first full-scale electric vehicle manufacturing operation, starting later this year.

We have grown to more than 1,000 engineers doing R and D, software and technology testing in Canada, and significantly we recently announced a half-billion-dollar investment in Quebec with a joint venture partner. We will build a factory to process cathode active materials from critical minerals needed for our General Motors Ultium EV battery supply chain in North America.

At GM we not only depend on well-functioning supply chains; we are often the purchasing customer at the top of the chain. As you study supply chains, it is often useful to follow the money.

At GM, our supply chains are much more than containers moving parts to our factories on boats, trains and trucks. In the auto sector, supply chains are global. Our supply chains have not only been disrupted by COVID pandemics, wars, the effects of climate change, sanctions and disruptions at the Canadian border, as Brian has mentioned; they have also been impacted by the new CUSMA agreement, or USMCA; by other regulatory changes; and by changing technology. The wider shift from a goods-based economy to a digital or intangibles economy also has impacts that policy-makers need to understand.

I would like to offer a few initial thoughts.

First, it may be human nature to focus on the problems in supply chains. I think, however, that the disruptions that we faced in the past few years are actually far less remarkable than the supply chain solutions that have been found to keep things moving. Supply chains are about infrastructure, logistics and technology, but mostly they are about people solving problems.

For example, when the pandemic hit, General Motors was able to quickly leverage our expertise and our supply chain partners to quickly make ventilators at scale to save lives, and here in Canada, we quickly secured a medical manufacturing licence at the Oshawa auto plant and made 10 million medical masks for first responders across Canada. When semiconductor chips were scarce or when bridges were blocked at the border in Windsor, the solutions to keep our factories working were, frankly, remarkable.

My point is that there is amazing capability and resilience in our supply chains and the people who run them. If we work together with the private sector to learn, prepare and adjust, we can remain competitive.

A second thing I encourage you to consider is that supply chains are changing as our products and services change. General Motors is rapidly shifting to electric vehicles and self-driving vehicles. This has led us to re-examine our traditional supply chain approaches to now take a more integrated hands-on approach, including new partnerships and investments.

Part of our electric vehicle strategy has been to own our own battery technology, branded Ultium, as we innovate to reduce costs and benefit our customers. As we ramp up to make millions of electric vehicle batteries, we want to be purposeful in building a sustainable EV supply chain in North America, including critical minerals, processing and battery systems development.

This presents a generational opportunity for Canada with its distinct abundance of key minerals and our very good fortune, since the 1960s, to have our auto sector fully integrated into the North American market. As the new EV market grows, we in Canada have the opportunity to not only mine and move critical minerals; we should also process them, recycle them, and purposefully develop the technology and intellectual property all around them so that we're no longer Harold Innis' hewers of wood and drawers of water.

As I noted, we are very excited to be back manufacturing in Quebec, where we plan to begin processing materials for EV batteries by the start of 2025.

In this regard, we welcome the budget's \$3.8-billion critical minerals plan. Now the challenge will be to think carefully not just about how to best to spend that money; we must also follow the money and the market. If Canada and the United States are to be the best of integrated EV supply chain partners, we will need to align our approaches to regulation and supply chain resilience.

Supply chains, therefore, are not just a challenge. They are a generational economic and environmental opportunity, but we will need to get the policy framework right.

• (1115)

Thank you.

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

Next, from Global Automakers of Canada, we have Mr. Adams.

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

Mr. David Adams (President and Chief Executive Officer, Global Automakers of Canada): Thank you very much. On behalf of the 15 members of the Global Automakers of Canada, I appreciate the opportunity to appear before you today.

Our members include Canada's largest automaker, Toyota, which last year produced more vehicles than Ford, GM and Stellantis combined, and Honda, Canada's second-largest automaker, in addition to 13 exclusive Canadian distributors of their brands in our country.

Last year our members represented 62% of all vehicle sales in Canada and 65% of all light-duty vehicle production in Canada. While our members have traditionally been characterized as importers, approximately 56% of the vehicles that are sold by our members in Canada are produced in the traditional CUSMA-USM-CA region.

As a result of the composition of our membership and where they produce vehicles and ship from, they have significant experience with supply chain infrastructure by truck and rail, running both north and south in the NAFTA region, east and west across Canada and with the port authorities on the east coast and the west coast, as well as the Port of Montreal.

Suffice it to say that there have always been long-standing infrastructure issues within Canada that need to be continually monitored, addressed and modernized if we, as a trading nation, wish to continue to create a hospitable environment for foreign direct investment in our country. Substantive efforts at federal and provincial levels to attract investments to Canada can be undermined by infrastructure that is congested and at times lacks the reliability and predictability that investors seek to ensure they can secure the necessary production inputs into their facilities as well as get finished goods to market.

I think it is important for the committee to note that, perhaps like other industries, Canada's supply chain infrastructure issues may be somewhat masked by the impact of the pandemic over the course of the past couple of years.

For instance, automobile production in Canada fell 28% in 2020 from 2019 levels, and 2021 production was down fully 33.5% from 2019 levels. Likewise, vehicle sales in Canada fell 20% in 2020 from 2019 levels and were still down 14% last year from 2019 levels. The automotive manufacturers in Canada export roughly 85% of what is built here and, conversely, Canada imports about 85% of what is sold here.

These substantially lower shipping volumes over the past two years suggest that existing challenges will be amplified as both production and sales volumes return to more traditional levels. The return to more traditional levels of both production and sales is expected to happen at a very modest pace, however, owing to the ongoing shortage of semiconductor chips, which has resulted in lost vehicle production globally of about 12 million units.

This lack of vehicle production has resulted in low inventories of new vehicles for the past two years, which has had the secondary impact of higher prices for new vehicles and subsequently for used vehicles as well.

Increasingly, our supply chain challenges are not related simply to things like port congestion or rail strikes, but can also be tied to the challenges around our changing climate, where fires and flooding compromise or destroy key pieces of rail, road and port infrastructure that are not often quickly or easily rebuilt.

Our members have also been working with their supply chain partners to ensure higher throughput of electric vehicles at port facilities through the installation of charging stations and other modifications, as well as railcars equipped to transport these vehicles.

In this regard, as our industry transitions to zero-emission vehicles, we were pleased to see the announcement of the clean growth fund in last month's federal budget, with a commitment to restructuring critical supply chains, as well as \$1.5 billion allocated under the critical minerals strategy for infrastructure to support the development of a critical mineral supply chain that will be essential to maximizing Canada's resources and opportunities to become a critical component globally of materials and minerals necessary for the development of electrified vehicles.

I wish to thank the committee again for the opportunity to appear before you today. I would be pleased to answer any questions you have.

Thank you.

• (1120)

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

[Translation]

Our next speaker is Patrick Gervais from Lion Electric.

Mr. Gervais, you have the floor.

[English]

You have five minutes.

Mr. Patrick Gervais (Vice-President, Marketing and Communications, Lion Electric): Thank you, Mr. Chair and committee.

As you may know, Lion Electric is the leader in electrification of transportation. We're an OEM and we build medium- and heavy-duty all-electric trucks and buses. Every day, we help make Canada one of the cleanest economies in the world and help the country reduce its greenhouse gas emissions.

Of course, financial incentives and strong policies are essential when we want to develop a new sector, such as the electrification of transportation, just as it is necessary to be ambitious to achieve our objectives. However, none of this will have a real local economic impact if our businesses are disadvantaged compared to our American, Asian and European neighbours. There is no need to tell you that the competition is fierce for the Canadian flagships.

We believe it is essential to advocate the creation of a strong Canadian supply chain not only in the electrification of transport but for all other manufacturing activity, a complete ecosystem from natural resources to the production of finished product and all the way to recycling. All of this needs to include local purchases.

We as Canadians have always distinguished ourselves with innovation. A strong Canadian supply chain will continue developing our cutting-edge expertise to serve generations to come and create really well-paid jobs.

We're asking to develop regulations that require assembly in Canada in RFPs, and financial assistance programs. This is currently what every country in the world is doing in developing policies to encourage the local economy. It is quite normal for governments to encourage their domestic businesses and the creation of jobs in their territory, especially when it comes to the development of a whole new economy like the electrification of transportation. We need to abolish the lowest-bidder policy. The lowest bidder is an innovation killer.

Without a strong signal from the Government of Canada on assembly in Canada, local companies will find themselves at a competitive disadvantage compared to foreign companies. We have also seen the impact of the pandemic. It is important that as a country, we become more independent and more vertically integrated.

The electrification of transportation alone can have a major effect on the creation of a new, growing green economy. Through innovative public policies, the Canadian market for zero-emission vehicles could grow from a value of \$1 billion in GDP and the creation of 10,000 jobs in 2015 to a value of more than \$150 billion in GDP and the creation of millions of jobs by 2040.

These changes will improve our energy security and positively impact the return on investments that electric fleets will experience through less maintenance, a longer life cycle and lower maintenance costs.

Building our supply chain is also a solution to fighting climate change. Transportation is one of the biggest GHG emitters, and working with local companies means less transportation and net GHG emissions.

Let's put the odds on our side and start building a strong Canadian supply chain, because we are already behind.

Thank you. I will be happy to answer any of your questions.

• (1125)

[Translation]

The Chair: Thank you very much.

[English]

Next, from the Prince Rupert Port Authority, we have Mr. Ken Veldman.

The floor is yours. You have five minutes.

Mr. Ken Veldman (Vice-President, Public Affairs & Sustainability, Prince Rupert Port Authority): Good morning from the traditional territory of the Tsimshian people on the north coast of British Columbia.

As many of you will know, the Prince Rupert Port Authority is responsible for the overall planning, development, marketing and management of commercial port facilities within the Port of Prince Rupert. We're proudly Canada's third-largest port, and growing. We currently have over \$2 billion in our advance project portfolio, either under construction or nearing the end of environmental assessments and final investment decisions.

The Prince Rupert gateway is a strategic trade corridor for Canada, and it continues to facilitate critical international market access for western Canadian exports and ensure the direct connection for consumer imports destined throughout Canada and the United States. Currently, the port facilitates these exports and imports through six primary terminals that provide intermodal, dry bulk and liquid bulk capacities and handle diverse commodities, including consumer goods, manufacturing inputs, biorenewable and transitional energy, forestry, and petrochemical and agricultural goods, to name just a few.

Building upon the natural advantages of Prince Rupert, including being the closest west coast port to Indo-Pacific markets, the port has continued to grow and diversify our cargo volumes, unlock private sector investments in new infrastructure capacity and add value to Canadian trade. The port has handled approximately \$60 billion in trade value annually and supports over 6,000 gateway operation jobs throughout northern B.C., resulting in over \$500 million

in annual wages and \$145 million in annual government revenue contributions.

Our growth and success have been thanks to our strong relationships and collaboration with local community and indigenous partners. Local indigenous residents, indigenous governments and indigenous-owned businesses have participated significantly in the economic opportunities presented by growth and expansion of the Prince Rupert gateway. Our long-term sustainable growth is directly correlated to the continued collaboration and participation of our indigenous partners.

We've witnessed major climate change events impacting communities and domestic supply chains in southern B.C., the ongoing impacts of COVID, supply chain and market disruptions and global conflict. As disruptions will continue to occur, we need to ensure that Canada has reliable and resilient supply chains to ensure the free movement of Canadian exports so that communities across the country can better manage economic and social challenges that flow from those disruptions.

To build greater resiliency, we must work to have greater redundancy in our west coast supply chains, ensuring that both major gateways, Prince Rupert and Vancouver, can provide Canada with enhanced trade capacity and logistics capabilities as disruptions occur.

The recent global conflict in Ukraine has highlighted Canada's need to support global partners. As Indo-Pacific and western European nations are looking globally for new sources of energy, Canada needs to expand energy export capacity to provide our global partners with access to clean, responsible Canadian energy. Prince Rupert's connectivity to western Canadian energy production centres and ongoing support for low-carbon energy trade to those markets make Prince Rupert a logical focus for growth of critical energy export infrastructure.

As the committee undertakes this important work on ensuring the strengthening of our supply chain capacity and resiliency, I leave you with these recommendations:

One, we need to ensure we are developing not just new terminal capacity, but just as importantly, logistics and transloading capabilities that provide more value, competitiveness and flexibility for Canadian trade. In Prince Rupert, this is a strategic focus for us, and we have been working to finalize major export and import transloading services through the Ridley Island export logistics project.

Two, to support and achieve the international market transition to renewable energy and provide global partners with access to Canadian energy, a focus on enhancing export capacity is necessary. Prince Rupert has become a leader in energy transition, thanks to the development of Canada's only west coast LPG export terminals, and we're looking to expand on this success with the development of the Vopak Pacific Canada terminal.

Three, to meet Canada's current and future supply chain demands, we need to have more transparent and efficient regulatory processes that ensure appropriate and timely decisions are made on vital trade infrastructure. Delays in regulatory processes have hindered the development of port projects that would have provided much-needed supply chain relief.

To be clear, we're not advocating less robust review, but more timely, more certain and more transparent processes.

Thank you once again for the invitation to appear today to discuss the important role that the Port of Prince Rupert continues to have in Canada's supply chain and trade agenda. I look forward to answering your questions.

• (1130)

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

Next, from the Vancouver Fraser Port Authority, we have Mr. Greg Rogge and Mr. David Miller.

Gentlemen, you have the floor. You have five minutes.

Mr. David Miller (Senior Advisor to the Executive, Vancouver Fraser Port Authority): Thank you, Mr. Chair.

My name is David Miller. I'm senior adviser to the executive at the Vancouver Fraser Port Authority. I'm joined from Vancouver by my colleague Greg Rogge, director of land operations.

It's our pleasure to be here today to provide the port authority's perspective to your review of issues facing Canada's supply chains.

As a Canada port authority, we're federally mandated to enable trade through the Port of Vancouver while protecting the environment and considering local communities.

The Port of Vancouver is Canada's largest and most diversified port. We're about equal in size to the next five largest ports combined. The port handles the most diversified mix of cargo of all North American ports.

In 2021, despite the ongoing pandemic and global supply chain challenges as well as the extreme weather events in B.C., cargo volumes through the port increased by one per cent over the previous year. Also, 2021 saw record container volume for the fifth consecutive year, and despite the severe drought on the Prairies, record vol-

umes in the first half of the year meant we still had the second-highest volume of grain exports in history.

While we continue to deal with challenges and unpredictability across the supply chain, the port is operating efficiently, and we've been able to weather the storm better than many ports around the world. We were also very pleased that in April we were able to welcome cruise ships back to the port after a two-year absence.

Our port has been a major beneficiary of the national trade corridors fund and its predecessor programs. By working together with our customers, the terminal operators, railways, trucking companies, municipalities and indigenous groups, we've been able to set priorities and access significant funding to address bottlenecks, thereby improving the capacity, efficiency and safety of our supply chains. The government funds have unlocked billions more in private sector investment in new and existing terminals and rail and highway corridors.

The past two years have highlighted a number of supply chain vulnerabilities that require action.

First, we've seen how the acute industrial land shortage in Vancouver and the Lower Mainland is constraining Canada's core supply chains. That's been brought into focus as Canadian exporters of containerized goods have faced challenges in accessing the empty containers that they needed in order to export goods. The container issues are globally based but have been exacerbated by our region's land challenges.

A second point I would emphasize is the importance of data sharing among all the supply chain players. We're leading the data-sharing and analysis project in the gateway program and need the co-operation of all port users to ensure its success.

The most consequential vulnerability we're facing is that Canada's west coast is on track to run out of container terminal capacity as early as the mid-2020s. If that happens, as a country we're staring at a future of prolonged supply chain congestion. It also means a loss of trade sovereignty, with greater reliance on U.S. ports for Canada's market access. Effectively, we'll see a repeat of the supply chain challenges Canadians are experiencing today due to global factors, except those challenges will return as a made-in-Canada problem.

There are currently four container terminals at the Port of Vancouver: two in the inner harbour, one in the Fraser River and one at Roberts Bank. Roberts Bank is of particular importance. With container ships continuing to grow in size, the largest ships cannot pass under the Lions Gate Bridge to reach the inner harbour and are able to access only Roberts Bank Terminal.

For more than 10 years, the Port of Vancouver has been focused on the solution to this capacity challenge, with strong support from our indigenous partners. The port authority is leading the Roberts Bank Terminal 2 project, which we've designed under our public interest mandate, leveraging our deep experience in building sustainable infrastructure to meet Canada's needs and ensure capacity and competition for Canadian importers and exporters. This project will be built on the same basis as previous major projects at the port, including the existing terminal at Roberts Bank. The port authority will build the terminal and lease it to a terminal operator, with the lease covering the cost of construction.

In anticipation of this project, significant gateway and private sector funding has already gone into a number of road and rail projects specifically focused on building grade separations and new roads to mitigate the impact of increased traffic on the communities along the rail corridor to Roberts Bank.

This is a critical project for Canada and Canadians, and we're hopeful for a positive decision this year.

Thank you for the opportunity to appear today. We look forward to your questions.

• (1135)

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

To kick off our round of questioning today, we have Ms. Lantsman.

Ms. Lantsman, the floor is yours. You have six minutes.

Ms. Melissa Lantsman (Thornhill, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses for joining, and some for re-joining, given our that our committee was cut short last time. I appreciate it.

On that note, Mr. White, I want to give you the opportunity. We finished last with your comments in the last committee. You talked about some of the operations you have in the U.S., which basically help run food supply for emergency disaster relief in many states. You essentially have warehouses of trucks ready in case of a hurricane.

I want you to remark a little bit not just on getting food or key supplies across that border, but also on some of the bottlenecks you faced, such as the border regulations and the red tape.

Could you expand on that and perhaps provide a suggestion to the committee about how we can alleviate some of that?

Mr. Randy White (President, Sysco Canada): Thank you. I'll be brief.

I appreciate the opportunity to come back today after Friday's abrupt closure of the meeting.

On the topic and the question asked, across the U.S., Canada and parts of Europe we represent the food service distribution logistics business, supplying food products to the food-away-from-home industries that we all enjoy, whether it's restaurants or hotels, as well as health care locations and whatnot.

In particular to this question, we faced challenges a few times recently due to extreme wildfires and flooding in Alberta and British Columbia. The challenges we faced and suggestions related to access into and out of the U.S. of North American food products in order to serve British Columbia more effectively in a crisis were highlighted.

As we think about the challenges and the recent appointment of a minister of crisis management, the recommendation is to look at ways to work in co-operation with the U.S. border and the U.S. government to expedite decisions on opening and allowing the free movement of food and emergency goods into and out of our countries in a crisis. This is the topic we bring to the table as being important.

We don't have suggestions on how to build second and third rail lines and highways into and out of British Columbia. That's the real problem that exists. That's why we have this challenge today. It comes back to allowing a swift and efficient opening and closure of border access.

We found that during the most recent challenges—the floods in British Columbia—the Canadian government was very supportive of conversations for working through border access into and out of Canada to allow support for B.C., but the pandemic challenges at the same time created the red tape that prevented us from moving into and out of the province swiftly.

Food needs to move by the hour, not by the month. Especially in a crisis, in getting food to hospitals and locations in dire situations in British Columbia, we were hindered by these challenges. That's—

• (1140)

Ms. Melissa Lantsman: I actually have a follow-up, Mr. White, if you will allow it. I think you meant the Minister of Emergency Preparedness—

Mr. Randy White: Yes, that's the one.

Ms. Melissa Lantsman: —although I suspect that someone has called him the “Minister of Emergencies” in crises.

In terms of your discussions, were they had with the Minister of Public Safety, the Minister of Emergency Preparedness or CBSA? More broadly, were you talking to a number of different people and not getting anywhere? I'm trying to understand what the bottleneck was in getting the decision you needed in order to move food quickly across the border.

Mr. Randy White: It was all of the above. There was no concerted, co-operative, organized discussion, we'll call it—no central control point to help us and many other industries work through this.

Ms. Melissa Lantsman: Thank you very much, and thanks for coming back to committee.

Since we have Mr. Miller here from the Vancouver Fraser Port Authority, what would be the single biggest bottleneck the port faces? I know you went through some of them in terms of COVID and unavailable containers and rail lines. If you could pinpoint one or two issues that we can look into further, what would they be?

Mr. David Miller: Frankly, right now the biggest challenge is inconsistency and unpredictability. That's particularly problematic in terms of container shipping. That's normally the most predictable. Those are ships that normally run on a schedule. You know when they are arriving and you know where they going. The challenge now, particularly with some of the lockdowns that have taken place in China and the things that have happened previously, is that you're just not sure when things are going to arrive, and that leads to a level of congestion that is problematic. That causes ripple effects right through the whole supply chain.

At the moment, or over the months since our progressive recovery from the natural disasters, that has really been the biggest single challenge.

Ms. Melissa Lantsman: It seems that disasters and COVID are not once-in-a-lifetime events anymore. They are becoming consistent events.

Is there now any planning or resiliency from the port authority's perspective to see these more as regular events rather than as events to plan for? Is there any planning within your risk management planning that encompasses seeing these events as regular events?

The Chair: Unfortunately, we're going to have to wait for the next round to hear the response to that question. Thank you very much, Ms. Lantsman.

Next we have Ms. Koutrakis. Ms. Koutrakis, the floor is yours. You have six minutes.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

Thank you to all our witnesses for appearing here today and for your excellent testimony.

I would like to go back to something that Mr. Kingston said in his testimony with regard to the Ambassador Bridge.

Some are saying that the Ambassador Bridge blockade was not significant since overall trade did not seem to go down compared to last year. Can you comment on this from your members' perspective?

Mr. Brian Kingston: I'm absolutely happy to, and thank you for the question.

I have seen commentary to that effect, but the facts are clear when you look at the automotive industry. Significant costs were incurred by companies to come up with solutions to work around the Ambassador Bridge. We saw shipments being routed to the Blue Water Bridge, for example. Ultimately, we did see production shutdowns on both sides of the border, which had an immediate impact on jobs. Volumes did go down in the auto industry with respect to shipping. There was a job impact and there was a cost impact.

I also note that comparing the data this year to the data last year really isn't an adequate comparison. We're in a unique environment right now because of all of the supply chain challenges related to COVID. Overall trade volumes are down quite significantly from pre-COVID levels.

I don't think those comparisons are adequate. I can assure you the impact was serious and significant.

• (1145)

Ms. Annie Koutrakis: Thank you.

I will remain with the automakers, and anyone can answer. Please jump in.

Can you describe what actions you or your member companies have taken to make your supply chains more resilient? We've heard what you would like to see from the government, but what have your members done to make the supply chains more resilient?

Mr. Brian Kingston: Sure. I'm happy to start on that.

Automakers are investing hundreds of millions of dollars into, first of all, building an electric vehicle supply chain as part of the integrated North American automotive market, and with that, more resiliency is being put into the auto supply chain.

One simple example is the semiconductor shortage I mentioned. Automakers have been making announcements with respect to joint ventures and partnerships with semiconductor manufacturers to have a more direct line of sight into that manufacturing process. In addition to that, in the United States the CHIPS act is going forward with \$52 billion to enhance U.S. domestic chip manufacturing, which will have a very, very positive impact on the North American industry. A lot is happening to make automakers' supply chains more resilient.

Ms. Annie Koutrakis: Is there anyone else who would like to chime in?

Mr. David Paterson: I'll chime in.

I'll build a bit on something Dave Miller said. We are facing waves of inconsistency, so you get what you plan for. In terms of resiliency, we work very closely with incredible partners in the rail industry and others to be able to very quickly respond when things take place.

To your earlier question, the impact was hundreds of millions of dollars because of the Ambassador Bridge. It's not just the Ambassador Bridge. We face rail strike threats and blockades, and we have to be able to respond to these things quickly. The more that you can plan in advance for these things, the better.

One other aspect, building on what Brian said, is that with a technology change to electric vehicles, for example, the supply chain will change as well. While we have sourced engines and transmissions for 100 years, we're going to now source batteries. The batteries will need to source minerals. Some companies have different strategies for how to approach that, but in our case it will involve more ownership or investment in some of the aspects of that supply chain.

As we would describe it, we have these enormous tiers of suppliers—often three or four—but we'll be more engaged and even take equity positions, as we're doing in Quebec, where we're building cathode active material processing.

Ms. Annie Koutrakis: Thank you for that.

My next question is to the Vancouver Fraser Port Authority and Prince Rupert Port Authority. I'm in the process of hosting various supply chain summits, regionally and thematically. In these supply chain round tables, we often hear from other port authorities that we need to give more attention to automation.

What would need to happen in order to achieve greater automation? Are you aware of other ports in the world where this has already happened? If so, how has this affected their respective supply chains?

Mr. David Miller: My colleague Mr. Rogge may want to add to this as well.

We have what we think is a pretty good mix. We have terminals that are partially automated. We think it's worked out quite well. We have a good relationship with our unions and we have a model that we think is quite successful, so we're not particularly looking for or pushing for greater automation. It varies from terminal to terminal, but it seems to have worked well.

Greg, I don't know if you have anything you want to add.

Mr. Greg Rogge (Director, Land Operations, Vancouver Fraser Port Authority): Yes. Thank you, David. I think you're right on.

I would say that one example would be the Centerm terminal project that's ongoing right now. It's been in process for about a year and a half now. That particular project is aiming to increase the footprint of the terminal by 15% but improve its throughput by 60%. A lot of that is through optimization.

That's the kind of activity we need to see more of. You're seeing significant improvement in throughput and optimization through relatively modest increases in size, and—

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

• (1150)

[*Translation*]

Next, we go to Xavier Barsalou-Duval.

Mr. Barsalou-Duval, you have the floor for six minutes.

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

My first questions are for Mr. Gervais, from Lion Electric.

You mentioned earlier that, during the pandemic, you used strategies like stocking more of some products needed to put together your orders and getting more suppliers.

First, do you feel these hardships will continue over the long term, or is it a short-term situation?

Second, in your opinion, to what extent do you feel the government could introduce policies to help you deal with these types of situations?

Mr. Patrick Gervais: With respect to the entire supply chain, Lion Electric sourced large numbers of essential products like motors, suspensions and batteries. However, we didn't anticipate the shortage of certain items, like glue and all sorts of electronics.

I will give you an example. We developed a partnership with Promark, which became ProEV. ProEV did some new product development to make electric harnesses. It's a Quebec-based company and it received tens of millions of dollars in foreign investment so that it could sell the products it developed all over North America.

Whenever we run into a problem in our supply chain, we try to work with people nearby to resolve it.

Mr. Xavier Barsalou-Duval: I see that Lion Electric prefers shorter supply chains.

For the company and the industry, what are the benefits of having a shorter supply chain?

Also, what kinds of government policies, if any, should be introduced to support shorter supply chains?

Mr. Patrick Gervais: To accelerate the electrification of transportation, we truly believe there are several factors involved: legislation, incentives, the supply chain and speed.

Regarding the third factor, the supply chain, if you develop more local expertise, you're going to increase volume and reduce costs. We aim to do that.

We want to create ecosystems. We already have a lot of expertise and knowledge in this area. In Canada, we're very innovative.

Policies that promote local business development would help expand our local expertise and supply chain. I'm not necessarily talking about Canadian companies. I believe we also need to attract foreign investment if we want foreign businesses to set up shop here.

I'm talking about the chain from ore and critical mineral development to recycling. We feel it's very important to attract investors, to get people to set up shop here and increase production volume. That will lead to reduced costs. The sooner we do that, the more competitive we'll be in the local and international markets.

Mr. Xavier Barsalou-Duval: If I understood correctly, you feel it would make sense for the government to introduce local procurement policies. I want you to elaborate on that, but before you do, I'd like to circle back to one other point.

Other witnesses before the committee have said that it would be appropriate to adopt carbon pricing on imports, since the manufacturing conditions aren't necessarily consistent from one country to another. This would take into account the legislative framework and current realities, while helping to address climate change and support industry.

I'd like to hear your thoughts on those two recommendations.

Mr. Patrick Gervais: In our opinion, it makes sense to bring in legislation that will foster product development and manufacturing in Canada. As we've always said, you have to build where you sell. That's really important to us.

We will certainly support policies that help foster green development.

Mr. Xavier Barsalou-Duval: My next question is for the General Motors representative. However, should Mr. Gervais wish to chime in, I will let him, because this also concerns him.

Mr. Paterson, you stated that General Motors was going to move toward vertical integration, and even offer financial interests to suppliers.

What does that really change for you? To what extent would local sourcing, or at least short supply chains, be an issue or a vision you develop?

• (1155)

Mr. David Paterson: I will answer your question in English.

[English]

The investments we're making are being made with our suppliers and in joint venture. These are new supply chains in many ways.

In the electric battery world, much of the supply of what has gone into electric batteries has been sourced traditionally from Asia, in places ranging of Indonesia to China, etc., so we have a really historic opportunity to localize the electric vehicle battery industry in North America. That has all kinds of geopolitical benefits. It has business benefits and the like, but they have to be predictable. They have to be competitive..

The good news is that Quebec is extremely competitive for the processing of minerals because of our abundance of affordable, low-GHG power and excellent infrastructure, etc. We've been incredibly impressed with Quebec and the work that is being done there. We will develop our supply chains in partnership there.

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

[Translation]

Thank you very much, Mr. Barsalou-Duval.

[English]

Next up, we have Mr. Bachrach.

The floor is yours. You have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Mr. Chair, I'd like to begin my questions with Mr. Veldman from the Prince Rupert Port Authority.

Obviously the port of Prince Rupert is a very important player in the northwest, which is the beautiful part of the world that I get to represent. I really appreciate the time that Mr. Veldman has spent over the past several years sharing with me some of the port's plans and the impact that it has on our region.

Mr. Veldman, going back to the challenges in British Columbia around the flooding, I understand that the port of Prince Rupert was able to play a role in ensuring that the west coast supply chain was kept as intact as possible. Could you speak a little bit about the role the port played?

Mr. Ken Veldman: I can. Thank you, Taylor.

Obviously there was a very unexpected event there. Especially with our partners at CN, we were able to divert several shipments that otherwise would have been bound into and out of Vancouver for a number of products, including agri and coal containers. Certainly a lot of additional resources were dedicated to that, not just from a port perspective but from a railway perspective, to ensure that we were able to be part of that solution in terms of keeping that commerce moving and responding as effectively as possible during that time.

In a larger sense, what it really spoke to was the value to Canada of developing that redundancy, if you will, on the west coast. The value of ensuring that we have the capacity and capabilities to manage those situations as nimbly and as effectively as possible was really brought home.

Certainly that isn't just in case of emergency. The reality is that capacity competitiveness and having flexibility and options for shippers—not just in terms of a geographic supply chain that's being used, but different modes—adds value at the end of the day to our exporters and our importers. On an ongoing basis, that's going to be really key for Canada's future, especially when you start to look at the development of the Indo-Pacific region.

Mr. Taylor Bachrach: Thanks, Mr. Veldman.

Just following up on that, I know the port of Prince Rupert has some bold plans for expansion. As we see more and more challenges around extreme weather, around potential risks like future pandemics, could you speak and share with the committee how the expansion plans that the port of Prince Rupert has increase the resilience of the supply chain on Canada's west coast?

Mr. Ken Veldman: I absolutely can.

As I said in my opening remarks, we've seen remarkable growth over the last 10 to 15 years, really to the benefit of Canada, and we expect that our next decade will be just as dynamic. Certainly on the intermodal side of things, we're seeing already significant expansion again. Our partner, DP World, will be completing a container terminal expansion in July of this year that will add significant capacity, and we are entering another phase of expansion at Fairview container terminal. As well, we have entered into a feasibility assessment agreement with DP World to look at an additional terminal in the future that would bring another 2 million TEUs of capacity to the Prince Rupert gateway.

But it's not just all an intermodal story. It's also very much a bulk story, and in particular as we see Canada transition to being a leader in lower-emission or zero-emission energies, the export supply chains for that are going to be absolutely critical. Prince Rupert has been playing a leading role already, particularly in terms of LPG exports and propane. We've had two terminals developed by both AltaGas and Pembina within the port of Prince Rupert in the last two years.

As we start to look at future fuels, whether that be other LPGs, whether that be methanol, etc., we're very well placed to be able to do that. One of the things that makes us really well placed is our very sustainable approach to development, both environmentally and with our partnerships with indigenous communities, but there's also the fact that we've got room to grow. That room to grow, as you've heard from my colleagues in Vancouver, is a challenge in Canada, and certainly the north coast of B.C. does offer some really unique opportunities to be able to do that and do it within a master infrastructure plan that we continue to execute here to ensure that it's done sustainably and safely.

• (1200)

Mr. Taylor Bachrach: Thanks, Mr. Veldman, and thank you, Mr. Chair. I've got a couple of seconds, but probably not enough time for a question.

The Chair: Thank you, Mr. Bachrach. I appreciate that.

Next we have Mr. Muys.

The floor is yours, you have five minutes.

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Thank you, and thank you to all the witnesses for your perspective today. I appreciate that.

Just driving around in Ontario, I've now heard radio ads twice for car dealerships, and I know we're talking to the manufacturers in different parts of the province that actually referenced supply chain issues. It struck me that the heightened awareness of supply chain issues in the public consciousness has come down to the fact that it's now in radio ads on local radio stations.

I'm just curious, because these were from car dealerships. They are obviously an important part of your distribution network and they have important roles in communities in terms of fleets for businesses and tradespeople and people who are building critical infrastructure. What are you hearing from your dealers? What are you saying to them, and what are some overall thoughts on the fact that it's come to that?

Mr. David Adams: Maybe I could start.

Yes, the supply chain issue has become a common verbiage, from Home Depot to car dealerships to everything else these days. What it's indicative of is the fact that manufacturers have obviously conveyed to their dealers the challenges around securing product. This is owing to comments that Mr. Paterson and Mr. Kingston and I myself made concerning the issues relating to the pandemic. The most obvious challenge has been chip shortages, but the industry has really been fraught with all sorts of different challenges.

Mr. Gervais mentioned glue, for instance. There have been a myriad of different supply chain challenges. This is obviously causing production delays for vehicles of all sorts, whether they be EVs or ICE, which is resulting obviously in lower inventories at dealer lots, which is probably the reason dealers are notifying their consumers that they will be challenged to supply vehicles for the foreseeable future.

Mr. Dan Muys: To Mr. Veldman of the Prince Rupert Port Authority, you referenced in your recommendations the need for more timing and more certain regulatory processes. I'm wondering if you could be a bit more specific and elaborate on whether there are some specific pain points, areas of red tape or barriers that could be removed. You indicated that obviously these are resulting in some delays.

Perhaps the Vancouver port authority has a perspective on that as well, given their size as a port in Canada.

• (1205)

Mr. Ken Veldman: Thank you. I'd be happy to.

I mentioned the size of our investment portfolio earlier. We have private sector investment ready to be deployed. The reality is that we have projects, whether export logistics transload or Vopak Pacific Canada and their proposal to move more transitional fuels on an export basis. These are absolutely critical in terms of time.

To be clear, the suggestion is not to remove red tape but to make these processes become more efficient and transparent. These are small projects that don't meet the threshold for a full, designated project under the Impact Assessment Agency, yet it continues to take years to complete an environmental effects evaluation. We just need it to be faster.

These global supply chains are critical to Canada's competitiveness. We often think about it on an export basis, but what we're hearing today is that it's also on an import basis. In order to be able to develop these kinds of competitive capacities within Canada, we need to have a fully integrated, leading-edge supply chain. As we look to bring in these critical pieces of trade infrastructure, lagging behind our competitors in being able to put these capacities and capabilities in place is to our own detriment. The rest of the world is moving very fast. We have to find ways to be competitive on a timely basis as well.

Mr. Dan Muys: It sounds like Canada is falling behind.

Is there anything further from the Vancouver port authority?

Mr. David Miller: There's no question that it's been a real challenge.

I spoke about the new terminal we're hoping to build. We've been in the environmental review process for nine years. Even if we get approval this year, we'll require several more permits, and then it's a six-year construction period. That's a long period from beginning to end. There's no question of that. We certainly believe that a faster, more efficient process would be in everybody's best interest.

We have the power to approve certain projects within the port ourselves. Our terminals and other partners sometimes feel we take too long to approve them, but for us to take two years is pretty rare.

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

Next we have Mr. Chahal. The floor is yours. You have five minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Mr. Chair, and thank you to all the witnesses for presenting today.

I'm going to start off with Mr. Paterson from GM.

Our recent budget 2022 proposed providing \$1.5 billion in targeted support towards critical minerals projects. You highlighted that this is a "generational opportunity" in the EV market. You also mentioned mining, moving, processing and recycling, and that you welcomed the critical minerals plan in the budget.

You mentioned that we have to get this policy framework right. Could you elaborate on what you would like to see in order to get this policy framework right?

Mr. David Paterson: We were first among the auto companies to make a significant processing announcement, but we're certainly not the only one. There are a number that are moving quickly. We see that different provinces are moving in this area, but they're doing so because of their constitutional responsibilities. Quebec perhaps moved the most quickly and impressively in this regard. Ontario is taking some steps as well. We need to align our federal processes.

Some of these issues are going to be not dissimilar to what we just talked about with regard to the port of Vancouver, and that's going to be the timing of being able to accelerate current reserves that are in place. For example, in the electric battery area, one of the areas that Canada has a distinct advantage in is nickel. It's one of the most essential of the processed materials, particularly for cathode active materials. We don't have huge resources in the United States or Mexico in that area. There are some, but that's just one example of where we're blessed with some competitive advantage.

Being able to move or accelerate those reserves and being able to then coordinate the processing of them means integration between federal and provincial governments. It's about resources and regulatory timing to be able to move forward.

I have to say that I am impressed with Quebec being on the front foot to try to just solve problems day in and day out. I'm doing this half of my day every day to move those things forward. When you look at the opportunity, it's huge. We'll probably see a significant uptick from what we're doing already.

• (1210)

Mr. George Chahal: Thank you for that.

My next question is to the port authorities, maybe to Mr. Miller or Mr. Rogge, who I guess is the land person in charge at the Vancouver port authority.

We talked about the potential challenges to ports and the congestion there. What are the opportunities that are available at our inland ports? Calgary, in my riding, has the airport. We have CP headquartered here in Calgary, with a connection to Vancouver, but we also have the CN spur line. What are the opportunities from the port's perspective here in Calgary or in Edmonton, given the shortage of land in Vancouver?

Mr. David Miller: Greg, do you want to take that?

Mr. Greg Rogge: I would certainly say that there are definitely opportunities to leverage inland capacity. We have the Ashcroft facility, and we've certainly seen a number of large BCOs, beneficial cargo owners, move into the Calgary area, but it also requires the infrastructure within the port, and the container capacity is still critical. Timely, transparent approval of large infrastructure projects is still essential, and they're precursors to private investment as well.

We heard the Prince Rupert Port Authority talk about a lot of private investment being ready to go, and we have the same thing. They are precursors to those kinds of things. There are definitely opportunities for inland facilities. We would like to see that leveraged, but we still need to solve the problem that we have with capacity issues within the terminal area itself.

Mr. George Chahal: What can you off-load to our inland ports while you deal with challenges and capacity? With the shortage of land in Vancouver, what can you off-load to centres like Calgary, Edmonton and Regina to help support your space requirements?

Mr. Greg Rogge: There's a lot of transloading that occurs, particularly with the container rates that are occurring today. Containers are coming into the west coast ports, and then they're being transloaded from marine containers into intermodal containers to be moved east. The warehousing capacity in the Lower Mainland is past capacity. Moving those kinds of intermodal or rail containers farther east into some of the inland capacity and allowing the transloading to occur in those locations is definitely an opportunity that can occur outside of the Lower Mainland of Vancouver.

The Chair: Thank you very much, Mr. Chahal and Mr. Rogge.

Can I just ask you to select your microphone? The interpreters have just informed us that they're having difficulty with interpretation because your microphone isn't selected properly. You have to select it at the bottom left of your screen.

Mr. Greg Rogge: I will attempt to do so.

The Chair: Okay.

Let us know if you're having any difficulties, and we'll work with you to get that done.

[*Translation*]

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

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

My question is for Mr. Kingston from the Canadian Vehicle Manufacturers' Association.

Over the past few months, I've noticed that your association has been critical, to say the least, of steps the government has taken to electrify transportation. In particular, you have been critical of the targets.

In your opinion, why doesn't the industry have the resources to electrify transportation? Do you think the government has a strategy for reaching those targets?

I'd like to hear your comments on that. Then I will ask you some more questions.

• (1215)

[*English*]

Mr. Brian Kingston: Thank you.

As I've outlined in my remarks, the industry and CVMA members are investing billions into electrification. You're going to see more and more vehicles coming to market, and many of these vehicles are going to be built right here in Canada.

The challenge we're seeing with the government strategy is on the demand side of the equation. We're being very successful in building an EV supply chain here in Canada, but in order to achieve the targets that the government has set out, we have to help consumers make the switch to electric.

We know what those barriers are. They've been very well documented by government surveys and by industry surveys. It is the cost of electric vehicles. They are more expensive than gas-powered vehicles. As we've outlined, due to some of the supply chain challenges, you are actually seeing the prices increasing. On top of that is charging infrastructure. No one will buy an electric vehicle if they don't think they can charge it at home or access convenient public charging infrastructure.

While we're completely aligned with the government on the ambition to get more Canadians into electric vehicles, the government's approach is to introduce a regulated sales mandate to regulate the vehicles that Canadians buy. That is not the right approach. Leading jurisdictions around the world, the top four countries that are leading in ZEV adoption, don't use the regulatory sales tool to do that. What they've done is build comprehensive charging infrastructure and a range of incentives to help every Canadian purchase and make that switch to electric. We'd like to see more done on that. We have plenty of ideas on how to achieve that and ultimately work with the government to get to the sales targets that they have laid out.

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

[*Translation*]

Thank you very much, Mr. Barsalou-Duval.

[*English*]

Next is Mr. Bachrach.

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

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

I'd like to pick up right where Mr. Barsalou-Duval left off with some questions to Mr. Paterson from GM, for no other reason than that I drive a GM electric vehicle, and it's been doing really well for my family and me. I'm keen to ask some questions about these electric vehicle mandates.

Canada's climate plan leans heavily on the adoption of electric vehicles to meet the emissions targets. They want 20% of light-duty vehicles sold by 2026 to be zero-emission vehicles. Right now we're at 5%, so we're not going to hit 20% with the current policies that are in place and with the current patterns of adoption.

Around the world we see jurisdictions that have these mandates in place, and I think, a little bit contrary to what Mr. Kingston said, we tend to see these jurisdictions have higher adoption, and they have more supply of vehicles for a consumer. Certainly in Canada, most of the electric vehicles sold are in Quebec and B.C., the two provinces that have supply mandates.

My questions are for Mr. Paterson from GM. First, what is GM's position on a national ZEV supply mandate? Second, putting yourself in the shoes of the federal government, given the goals that we have and given what we see around the world, why wouldn't you put in place one of these supply mandates to make sure consumers have access to the vehicles they want to buy?

Mr. David Paterson: First of all, I completely agree with what Mr. Kingston just said. Being able to move Canadians to electric vehicle purchases is not simply a function of pushing demand. My company is all in on electrification. We're going to have all of our light-duty vehicles electrified by 2035, and we have a slew of them coming into the market right now. We're making a \$35-billion bet on this, and it will be a complete disaster if we cannot sell those vehicles.

What's different in the electric vehicle area is consumers. Consumers have to make this decision. As Brian just said, if the consumers are not able, in the transition period while EV batteries and vehicles are more expensive, to have some assistance to move EVs, or if there is no sufficient charging—you can't charge in your apartment or you can't charge on your street—people are going to make decisions with their wallets and with their sensibility.

We have to join the dots between these policies. Countries like Norway are famously talked about as having the highest EV adoption level. They don't have sales mandates and they are oil-producing countries. What they do is have very smart incentives for consumers to get them attracted to electric vehicles. We need that to take place or else our electrification strategy will fail, and we need to make sure the electric grid is going to be ready to go for those things.

You have to join the dots. The comparison to this adoption of EVs was famously made to asking all Canadians to lose weight because we need to cure obesity.

• (1220)

Mr. Taylor Bachrach: I think the challenge—and I have just a couple of seconds left—is that in many provinces in Canada, we have unmet demand. There's more consumer demand than there are vehicles, and we're trying to figure out how to get more of your vehicles into the hands of consumers who are on wait-lists for them.

It doesn't seem like the problem is enough charging infrastructure—certainly not in British Columbia—

Mr. David Paterson: It is.

Mr. Taylor Bachrach: —the issue is not enough electric vehicles on the lots.

Mr. David Paterson: No.

Mr. Taylor Bachrach: How do we convince these companies like yours to supply more electric vehicles for consumers who clearly want them?

Mr. David Paterson: You don't have to convince my company. We have them pouring toward us. If there are people who have orders, the only reasons people are getting slow orders are the other things we were talking about, like supply chain issues with semiconductor chips and the like.

You have a shortage problem outside of the Lower Mainland in British Columbia. I beg to differ. You have a direct correlation between Quebec and British Columbia, because those are the only two provinces that have sales assistants in those provinces. It really doesn't have to do with your sales mandate. I can tell you, as a company that operates in both of those jurisdictions, that our sales of EVs in British Columbia and Quebec are not because of sales mandates; they are because there are more aggressive sales targets.

There is also a better charging network, but it's insufficient.

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

Thank you very much, Mr. Bachrach.

Next we have 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 witnesses for their testimony. I wish it was broken up into two sections because there's a lot to ask of both, whether it's about the port or the automobile business.

I want to ask a question of Brian and perhaps the fellow from General Motors.

I have Honda manufacturing in my riding. I'm very proud. They got some funding lately.

What I've heard from some of the people in the industry—and I've heard it before—is that it should be industry-driven and perhaps government-driven. Are we looking enough into hybrid vehicles as a better way to move forward, to get that out there and to get to the spot to where we want to be? We're putting in so much effort. That's what I'm hearing. I'm hearing that this is what we want.

I think it's the right way; don't get me wrong. However, as an example, I have people in my riding who buy four- or five-year-old cars all the time, just because they can't afford anything else. We know inflation is up. There are costs and there's a huge segment of society that is going to have to buy used vehicles down the road, which will certainly be difficult.

Do you think from the manufacturing side that they're discounting the hybrid section?

Mr. Brian Kingston: On that question, I'll pass it over to Dave Adams. He represents Honda specifically.

Mr. David Adams: Thank you, Brian.

Thank you very much for your question, Mr. Dowdall. I appreciate it.

You're right that when we look at the challenge that's before us—and it speaks to the previous question as well—what we need to look at is a wide range of options to get to where the government wants to go. I think the whole industry is of the view that our focus should be on the reduction of greenhouse gas emissions from transportation, and not on a particular technology that gets put on the road.

This is going to take, as you say, the wide spectrum of electrification, from conventional hybrid electric vehicles to plug-in hybrid electric vehicles to pure BEVs and fuel cell electric vehicles. We need all of that, and then we also need, frankly, renewable fuels and low-carbon fuels for the existing vehicles on the road.

Thank you very much for that question. I appreciate it.

Mr. Terry Dowdall: David, do you have your hand up to speak or was your hand just left up?

Mr. David Paterson: I don't think Honda would mind my pointing out that we have a partnership for electric vehicle development and batteries in North America.

At General Motors, we decided to go to pure battery electric and not skip steps with gasoline vehicles that also have a little bit of battery support in them. We do believe we can get to the point where we can sell full-battery electric vehicles at a very cost-competitive rate and that we should put our heads down and get there because, frankly, it cuts more greenhouse gas.

Every company is going to have a different pathway and strategy, and investments that go with it. We should support them all in that movement. I don't think there is a silver bullet in this; there's silver buckshot.

• (1225)

Mr. Terry Dowdall: As a follow-up to that, I don't know if we're putting the cart before the horse particularly, and I'm more speaking about here in Ontario, but do we have the infrastructure if everyone starts buying these vehicles? What date are we looking at?

That's my concern as well, because the system will fail if we start selling all kinds of vehicles and we don't really have the infrastructure. We'll have one of two things. Perhaps there will be brownouts or people will just be frustrated with their purchase.

Mr. Brian Kingston: Yes, I can answer part of that.

There are two components to it.

First of all, no, we don't have the infrastructure. We're not even close. The federal government committed to 50,000 public chargers in the most recent budget. According to our estimates, a fully electrified fleet will require upwards of four million publicly accessible chargers, so we're not even remotely close to what will be required.

Second, from an electricity generation perspective, it's very important that the federal government is coordinating with utilities, provincial governments and grid operators. If we do achieve the levels of ZEV adoption that the current targets are putting us on track for, there will be a spike in energy demand. We have to make sure that it's managed appropriately, because the last thing you want to do is have someone make a shift to an EV and then be frustrated by energy prices or by a lack of charging and then go back to a gas-powered vehicle. We must avoid that outcome.

Mr. Terry Dowdall: Thank you.

Mr. David Adams: Mr. Dowdall, I think the important thing too is that this infrastructure needs to be built out now. It needs to precede the vehicles coming to the road to give consumers the confidence to actually purchase them.

Mr. Terry Dowdall: Thank you.

Do I have time for more one quick question?

The Chair: I'm sorry, Mr. Dowdall. That was your five minutes on the nose, so that's very well done.

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

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chairman.

I'd like to drill down a bit on some of the comments that Mr. Kingston had made with respect to mandates.

Mr. Kingston, you argue that a ZEV mandate will take us out of regulatory alignment with the United States, yet is it not the case that multiple American states have committed to ZEV mandates of their own?

Can you comment on that, please?

Mr. Brian Kingston: Yes, thank you.

This industry exists because we have a long history, since the 1960's, of regulatory alignment with the U.S. We build cars for a North American market. Not only has the government chosen to put in place the ZEV sales mandate, but it is out of line with the federal U.S. That's the key.

You are right that some states have this, but at the federal U.S. level, there is no ZEV sales mandate, so we are now coming out of long-standing regulatory alignment with the U.S., which is very serious and should be avoided. That is a significant change.

Not only that, but the government has now misaligned its sales targets for the United States. We were currently on track, previous to the emissions reduction plan, to target a 50% ZEV sales rate in 2030. The federal government has changed that to 60%.

What underpins all of this is that we have aligned emissions regulations with the federal EPA. We cannot move out of alignment. It would make investment in Canada a challenge, and there is no reason to do so. The Americans are on the same track as us. We have to work with them and keep our alignment in place.

Mr. Vance Badawey: With that said, Mr. Kingston, is it not the case that 14 American states, which account for nearly 40% of new U.S. car sales—namely California, Connecticut, Maine, Maryland, Massachusetts, New York, New Jersey, Oregon, Rhode Island, Vermont, Colorado, Washington, Virginia and Minnesota—have adopted ZEV standards?

Mr. Brian Kingston: That's correct. California is the most significant of those markets.

Mr. Vance Badawey: In fact, the U.S. is quickly adopting the ZEV mandate at the state level, and the risk to Canada of regulatory misalignment is actually more in going too slow in doing the same.

Mr. Brian Kingston: I disagree, because we align with the federal EPA, not with individual states. We can't start aligning our regulations with individual U.S. states.

Mr. Vance Badawey: Is it not the case that other countries as well are also committing to ZEV mandates—for instance, China and South Korea? Won't countries that have ZEV mandates be prioritized when it comes to securing ZEV vehicles from manufacturers? After all, the ones you represent are still going to want to sell vehicles in these markets as well, no?

Mr. Brian Kingston: No, because if you look at the four leading ZEV jurisdictions in the world, you see that none of them has a ZEV mandate and none of them has had issues accessing the vehicles that their consumers demand.

Mr. Vance Badawey: I'll go in a different direction with respect to the commissioning of a study by Transport Canada. Is it not the case that a February 2020 study commissioned by Transport Canada found that nearly 70% of dealerships in Canada do not have a single EV available to purchase or test drive, and that wait times of three to six months were common?

• (1230)

Mr. Brian Kingston: Yes, I'm familiar with that study. It actually found a significant increase in ZEV inventories across Canada. ZEV inventories are prioritized where there is ZEV demand, so a dealership that sells one ZEV every year will not carry 10 ZEVs on its lot, because there's no one there to purchase them. Dealerships where there's a lot of demand and a lot of interest will stock those vehicles.

Looking at country-wide inventory levels and dealerships in rural areas, for example, where you see no demand, that's not an issue until the demand increases for those goods.

I would also note, given everything we've outlined here, that there are real supply chain challenges with respect to all vehicles. Regulating sales in a supply-constrained world doesn't solve that challenge.

Mr. Vance Badawey: While the overall availability of ZEVs has improved compared to previous reports, is it not the case that currently the majority of dealerships in Canada still have zero ZEVs in inventory?

Mr. Brian Kingston: The current situation is that most dealerships have very little inventory of all vehicles.

Mr. Vance Badawey: Well, I wouldn't go that far. I actually passed a few on the way into Ottawa yesterday, and I was seeing them all filled back up, but when it comes to the other vehicles, it's not the case.

I also understand, Mr. Kingston, that fewer than a quarter of dealerships nationwide have three or more ZEVs in stock, and that outside of Quebec, B.C. and Ontario, only 18% of dealerships have any ZEVs available at all. Only 4% have five or more. Are those stats accurate, more or less?

Mr. Brian Kingston: I would have to see them, but they sound to be consistent. Again, just to note what Mr. Paterson said, Quebec and B.C. have significant provincial incentives. When you have a strong incentive in the market, you will see greater demand for ZEVs and therefore bigger inventories at dealerships. It has nothing to do with a sales mandate.

Mr. Vance Badawey: If supply is so limited, does that not suggest the need for stronger and more urgent regulatory action, such as ZEV mandates, as I mentioned earlier in my first question?

Mr. Brian Kingston: No, it does not, because mandating ZEV sales does not address a global semiconductor shortage. That will make no difference whatsoever.

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

How much time do I have left?

The Chair: That's it, Mr. Badawey. Thank you very much.

Mr. Vance Badawey: Oh, that's it?

The Chair: That's it.

Thank you, Mr. Kingston.

Next we have Ms. Lantsman. The floor is yours. You have five minutes.

Ms. Melissa Lantsman: Thank you.

I'm going to stay on this topic because I appreciate the conversation we're having, and I think it will inform the study on the supply chain crunch.

Mr. Kingston, you agree that we are infusing the electric vehicle market with incentives at the manufacturer's level, at the consumer level and at the infrastructure level. Can you talk a little bit about what the companies that you represent are actually doing to push adoption and sales on their own? That's not to mention that in most provinces, particularly the one that we happen to be sitting in, incentivizes or frankly pumps money into electricity to the tune of \$7 billion. At every point there is tax money infused into this.

Can you talk a little bit about what you think the industry should do, without government help, to get people to adopt this?

Mr. Brian Kingston: The single most important thing that industry and my members in particular are doing right now is bringing larger vehicles to market that are electrified. Canadians and North Americans love SUVs and pickup trucks. You're seeing Ford, General Motors and Stellantis investing over \$100 billion U.S. into electrification, with a huge amount of that dedicated to bringing vehicles like the Silverado, the Ford F-150 and the Dodge Ram into the market in electrified versions.

In Canada, 80% of sales are of SUVs and pickup trucks, so that to me is a game-changer. A whole new segment of the Canadian consumer population wants to have a pickup truck and currently can't buy an electrified version right now. I think that is extremely important. I'd also note that some manufacturers are also building out their own charging infrastructure, General Motors in particular.

Ms. Melissa Lantsman: Mr. Kingston, can you talk about whether you've asked the government for any additional incentives for the manufacturers, the consumers or the infrastructure? Can you talk about what those are?

Mr. Brian Kingston: When it comes to consumer incentives, we've asked for a larger federal incentive. Currently \$5,000 is provided, but the challenge with the larger vehicles that are coming to market, like pickup trucks, is that they have a large battery inside them. What that means is that the cost is higher right now. We expect battery technology to advance and the price to come down, but giving a consumer a pickup truck with the range that they demand—300, 400 or 500 kilometres—means a bigger battery and a bigger expense.

A \$5,000 incentive, when you think that the median household income in this country is about \$60,000, is not going to be enough to help all Canadian households make the switch to electric. We've asked for a much bigger consumer incentive if the government wishes to achieve its sales targets.

• (1235)

Ms. Melissa Lantsman: Is there anything on the infrastructure incentive? I shouldn't say "incentive", but the cash that goes toward building additional infrastructure.

You mentioned in your comments that we are not even close. That's how you put it.

Mr. Brian Kingston: We've asked for a couple of things. First of all, we'd like the federal government to have a stronger coordinating role with provinces and utilities to figure out where we need infrastructure and how to prioritize the spend. We saw the \$50,000 commitment, but we don't have a detailed plan. Other jurisdictions that are doing this put out annual reports with detail right down to a

postal code level of what infrastructure is going to be required, what the energy generation demands will be and what grid capacity is needed. We're not doing that in Canada. That's the first ask.

Second, we need a more ambitious target. As I said previously, 50,000 chargers are not going to cut it. They're going to have to invest more and build more charging infrastructure.

I want to make one final note. We do not expect that this is all going to be on the public sector. Of course, as more ZEVs become available on the road, the overall market will grow and there will be a strong private sector imperative to build charging infrastructure. However, right now, of the total vehicle market and the total fleet on the road, only 0.2% of those vehicles are electrified. That's why you need the government to play a role to make this investment happen now and, as Dave Adams said, to overbuild now. Eventually, as the ZEV fleet increases, you'll see a lot of private sector capital flowing into that space.

Ms. Melissa Lantsman: I hear where you are on the sales mandate and the fact that it's not something that necessarily works. Can you speak to any of the conversations that you've already had with the government on my colleague Mr. Badaway's point earlier about getting these things into dealerships and into lots, and having the supply for those who want to adopt EVs ready so that they are able to purchase them?

The Chair: Give a 15-second response, please.

Mr. Brian Kingston: Automakers are moving extremely quickly right now with the investments that I've outlined to increase the number of EVs coming into the market. That is happening immediately. We have to resolve these supply chain challenges, and the semiconductor issue in particular. Regulation is not going to do it. We have to resolve those issues and support automakers as they go on this journey to electrification.

Ms. Melissa Lantsman: Thank you.

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

Next we have Mr. Angelo Iacono.

[*Translation*]

Mr. Iacono, you have the floor for five minutes.

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

I thank the witnesses for being with us this morning.

My first question is for Mr. Kingston.

Some automakers have argued that mandating autonomous zero-emission vehicle sales will put Canada out of alignment with regulations in the United States, among others, and that could have consequences for our country in terms of investment, jobs and the supply chain for that type of vehicle.

However, we know that most automakers have already indicated that they intend to shift their entire production to zero-emission vehicles in the coming years. The federal government has partnered with the industry to make significant investments in batteries and electric vehicle manufacturing in this country.

Is there no zero-emission vehicle, or ZEV, standard to support this green transition? Can you give us more details on that?

[English]

Mr. Brian Kingston: You're absolutely right. The government has been very aggressive in working to attract more investment into Canada. In fact, I'm speaking to you today from Windsor, where in 20 minutes we're about to hear another exciting EV investment. A lot of work has been done with the government at the federal and provincial levels to help build an EV supply chain here in Canada.

When it comes to regulation, that's not going to change the journey that we're on. Automakers, as we've outlined—at least from my CVMA perspective—are all in on electrification. We have very aggressive EV production targets—eight million units of production by 2025 by my members alone—so we need to help the industry in this transition. Regulating sales and taking us out of alignment with the U.S. won't do anything. That doesn't help that transition.

What we have to do is focus on the infrastructure; build out that EV supply chain, including support for critical minerals; and help make this shift possible for every Canadian. It has to be affordable for every Canadian, and we're just simply not there yet.

• (1240)

[Translation]

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

Mr. Paterson, what lessons have you learned over the past three years with respect to the supply chain in your industry?

I'm thinking of such things as weather emergencies on the West Coast and disruptions at ports, if that was the case.

[English]

Mr. David Paterson: I would say that over time we have constantly faced disruptions in the supply chain. Famously, the automotive supply chain is a just-in-time supply chain, and there's no inventory on the floor of our vehicle plants. We count on everything arriving just in time.

That has been challenged because of climate change effects, as we saw in British Columbia, and impacts on ports. We saw the border challenged at the Windsor bridge. Over time we've had these challenges quite frequently, and we've built resilience into our people management of supply chains. The answer from the automotive perspective, in my view, is just to keep doubling down on the planning to get ahead so that we're ready to respond to things as quickly as we can.

With the Ambassador Bridge, our companies lost hundreds of millions of dollars because of that pinch point being too narrow. We need to double it up and fix that infrastructure, and there's work being done to do that.

The blessing that we have in North America is that the auto sector, our second-biggest industry in Canada, is integrated with North America. We can sell to a market 10 times the size of ours. That integration is critical, so alignment and doing it together with the United States is what gives us that enormous economic advantage for all of Canada.

[Translation]

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

Mr. Adams and Mr. Kingston, witnesses often point out to us that supply chain disruptions damage Canada's reputation as a reliable trading partner.

As key players, have you felt that within your industry? Do you have direct evidence of such damage?

The Chair: Excuse me, Mr. Iacono.

[English]

Colleagues, I see that the vote has been called. If there are no objections, we can continue questions for the next five minutes, or perhaps 10 minutes. Are there any objections?

I see none. Please continue, Mr. Iacono.

[Translation]

Mr. Angelo Iacono: I asked my question.

Mr. Adams, did you understand me?

[English]

Mr. David Adams: Yes, I did.

I think I would reiterate some of the comments that have already been made by Mr. Paterson and Mr. Kingston around the Ambassador Bridge in particular. Obviously that caused a great degree of disruption in terms of having all of the five manufacturers in the Ontario region being shut down for a period of time, as well as vehicle manufacturers in the United States. This closure came to the radar screen of the President of the United States as well, so it was an issue that was front and centre for a period of time. I think both provincial and federal officials had to spend a great deal of time to reassure officials in the United States that this was a very infrequent incident and that we're taking measures now to ensure it doesn't happen again, but it is a concern for sure.

[Translation]

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

Mr. Kingston, would you like to add anything?

• (1245)

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

[*English*]

Thank you very much, Mr. Adams.

[*Translation*]

We will now go to Mr. Barsalou-Duval.

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

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

My question is for Mr. Kingston.

I asked you earlier what could be done to get more electric vehicles to dealerships and accelerate electrification. You told me there needed to be greater demand.

I have something to say to you about that. I recently contacted two different businesses because I wanted to buy an electric vehicle. I wanted one. I was ready to test-drive one and buy it. I got the same answer from two different businesses, that they were no longer taking orders and that they were sold out. They said vehicles whose price has yet to be announced are already sold out. I have a hard time believing that.

When you turn on the TV, all you see are electric vehicle commercials. However, when you want to acquire one and you make a call to do that, you're told there are none. If there are no electric vehicles, people will buy something else and demand will shift.

Isn't that the root of the problem? Do I have it all wrong?

I will ask you again: What can be done to get more electric vehicles out to dealerships?

[*English*]

Mr. Brian Kingston: Thank you for the question.

There are couple of things to note. First of all, when you look at the overall fleet, you see that only 0.2% of all vehicles are electric. Sales last year were 5.6%, so yes, we are seeing an increased interest because of all of the new vehicles that automakers are bringing to the market, but we are far off from widespread adoption and acceptance.

The average transaction price of electric vehicles is significantly higher than a gas-powered vehicle, so we need to do more to make this transition work for everybody. We're very far from being... Even a 20% adoption level is going to be a big climb without incentives that work for all Canadians, as well as more charging infrastructure.

[*Translation*]

Mr. Xavier Barsalou-Duval: I'd like to ask you one last question.

You're asking us to increase subsidies for electric vehicles, but you aren't meeting the demand. One would expect that more subsidies would bring up demand.

Why are you asking us for more subsidies if you're already not meeting demand?

[*English*]

Mr. Brian Kingston: We are currently in a temporary interim supply challenge driven by global forces that are not in Canada's control—namely, a semiconductor shortage.

Regulating sales in an environment where we have not achieved pre-COVID production levels will not resolve inventory issues. That has to work through. It is temporary and it's transitory, and you will see an increase in vehicle inventories once production returns to pre-COVID levels. That's the key, and at that point we have to—

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

[*Translation*]

Thank you very much, Mr. Barsalou-Duval.

[*English*]

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

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

Suffice it to say that it's frustrating to hear the reluctance on the part of the auto manufacturers. I sincerely hope that this federal government follows through on its promise to bring in mandates for production to get those vehicles onto lots so people can buy them.

I wanted to direct my next questions to Mr. Miller, who's been sitting here patiently listening to all this testimony about electric vehicles, which is probably not super-relevant to the port of Vancouver, although I know it is a major gateway for both imported and exported vehicles.

My question is around the Roberts Bank T2 expansion. This is a very controversial expansion in the estuary of British Columbia's most significant wild salmon river. There was a proposal for industrial development in the estuary of the Skeena River, the second-biggest wild salmon river in B.C., and it also saw widespread opposition. In the case of the Fraser, we've already seen 70% of the estuary impacted by industrialization. We have major problems when it comes to killer whales, wild salmon and all of these things. I understand that scientists have come out with very serious concerns about this expansion.

The port has promised to offset the impact on habitat by building new habitat elsewhere, but we know that this approach is very problematic. In fact, a 2016 study said that of other initiatives to offset habitat loss in the Fraser estuary, only 30% of them functioned ecologically over time. Even in those examples, the number of native species had declined significantly.

In light of this, how are we to trust that the plan that the port has put forward for this expansion will not result in serious impacts on things like migratory birds, shore birds, killer whales, chinook salmon and the other species that have been highlighted, given the situation we're in with that vital ecosystem?

• (1250)

Mr. David Miller: The panel that reviewed the project and reviewed the science was quite positive that with the proper conditions, this project could in fact go ahead without causing that sort of damage. The most recent intervention by the Department of Fisheries and Oceans indicated that they were now comfortable that in terms of killer whales and in terms of salmon, the approach we're taking and the conditions that are there are sufficient to enable us to proceed with the project without the sort of risk you're talking about.

We have quite a long history as well in terms of building new habitat. We have quite a long history of it, and generally speaking, we have been quite successful at it.

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

Next we have Mr. Jeneroux, who's been waiting patiently.

Before I pass the floor over to Mr. Jeneroux, I would just like to say, Mr. Kingston, that I know you have a hard stop. We appreciate your presence here today. On behalf of the committee, we thank you very much.

Mr. Jeneroux, the floor is now yours. You have five minutes.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Thank you, Mr. Chair.

Shoot—all my questions were for Mr. Kingston. I guess I'll change it on the fly here.

Mr. Paterson, you talked a little bit about what I was going to ask Mr. Kingston. He spoke a bit about a federal lead on what the supply chain would look like. I'm curious to know if you perhaps have any insight on that, being one of his members.

You also made some comments about impacts at the border. I'm hoping you can share what you know or what those real stories are, and not necessarily from the shipping perspective. He was looking for increased border staff. What's the situation now?

Mr. Adams can probably chime in on some of that too.

Mr. David Paterson: Very quickly, I think Brian is correct that we need to anticipate and that we need to have clear leadership in

different areas. These issues are complex. It comes down to issues of drivers maxing out their time when they do get into a holdup situation. We need infrastructure like the Gordie Howe bridge.

We need to make sure that we support our amazing border crossing people. I'll tell you, when it comes to the solutions they helped us put together to get vehicles across the border when it was blocked, they're my heroes. They're incredible. They just need our support. We need to really make sure that we continue to align some of the world's best customs planning processes for high-volume industries like the automotive sector.

We have the tool kit. We have very smart people. I think we just need to keep aligned between jurisdictions and make sure, as the junior partner in the auto sector, as one-tenth of it, that we take the initiative to be on the front foot in ensuring that we don't have holdups.

Mr. Matt Jeneroux: Mr. Adams, maybe I'll throw it over to you for comment as well. What does that look like, then? Is that just more CBSA officers at the border? Is it a better streamlining of what's happening now? Some examples would be helpful for the committee.

Mr. David Adams: I think part of it is that pre-clearance activities are always good. Ensuring that we know what is coming to the border before it actually gets there helps it move through the border more quickly. That's one activity that deserves maybe more focus than it has had to date. As well, you're right that increased personnel at the border is essential.

You were talking about the supply chain generally as well, Mr. Jeneroux. I think part of that does come down to a freight transportation effort. It comes down to, as David suggested, the shortage of drivers right now. Everybody is struggling to find drivers to move product, whatever that product might be. We're in a constant battle to ensure that we have the drivers to move the goods across from the ports into the interior of the country.

Mr. Matt Jeneroux: Thank you.

Mr. Chair, I'm good. I'll cede the rest of my time.

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

On behalf of the entire committee, I would like to thank our witnesses for their testimony today.

With that, this meeting is adjourned.

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