



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Transport, Infrastructure and Communities

EVIDENCE

NUMBER 060

Tuesday, March 28, 2023

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 No. 60 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, February 3, 2022, the committee meets to discuss on its study of Large Port Infrastructure Expansion Projects in Canada.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of Thursday, June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

[*English*]

I wish to inform committee members that all witnesses have been tested for today's meeting for the benefit of our interpreters and have passed the sound test.

With us today, colleagues, from the Canadian Chamber of Commerce, is Mr. Robin Guy, vice-president and deputy leader of government relations. Welcome.

From the City of Prince Rupert, we have Mayor Herbert Pond, who is here by video conference. Welcome.

[*Translation*]

Jacques Paquin, who is the Executive Vice-President of the Port of Trois-Rivières, is appearing by videoconference.

[*English*]

From the Shipping Federation of Canada, and joining us by video conference, is Mr. Christopher Hall, president.

I would like to welcome all of you to our committee today. Thank you in advance for your testimony.

We will begin with opening remarks.

I turn the floor over to Mr. Guy. You have five minutes. The floor is yours.

Mr. Robin Guy (Vice-President and Deputy Leader, Government Relations, Canadian Chamber of Commerce): Good morning and thank you, Mr. Chair and honourable members. It's a pleasure to be appearing again before the standing committee. This is my first time, actually, in person.

On behalf of the Canadian Chamber of Commerce, I would like to thank you for the opportunity to provide comment on the committee's study on large port infrastructure expansion projects in Canada.

The Canadian Chamber of Commerce is the country's largest business association, with an active network of over 400 chambers of commerce and boards of trade, representing nearly 200,000 businesses of all sizes in all sectors and regions of our country.

As a trading nation, it's safe to say that trade infrastructure matters more to Canada than it does to many other countries around the world. In fact, two out of every three dollars that Canada makes rely on moving goods. This is significantly higher than the OECD average of just over 50%. Simply put, Canada needs to continue to invest in trade infrastructure, including large port infrastructure expansion projects. Without focusing on these projects, we will not be able to get goods such as food, fuel, fertilizer, and critical minerals to market. Without focusing on these projects, we risk becoming less competitive. Without focusing on these projects, we risk not being able to grow our economy.

Canada's supply chains are only as strong as their weakest link. While we are seeing improvements, supply chain issues remain a key obstacle to growth for business. According to the most recent Statistics Canada's Canadian survey on business conditions, one-quarter of businesses are still identifying supply chain challenges as a key concern and one they expect to persist further into 2023.

As we eagerly await budget 2023 to be tabled by the Deputy Prime Minister and Minister of Finance later today, the message the business community is looking to hear is related to economic growth. Enhancing our trade infrastructure is a key ingredient that will support growing our economy. In the time remaining, please allow me to dig into this a little further.

If Canada is looking to grow its economy, we need to see long-term investment in Canada's trade infrastructure, including not just our marine ports, as they are only a part of the chain, but also the railways, airports and road systems supporting it all. Businesses need to be able to get their goods to market efficiently and reliably. We can't simply look to address the needs of today. There are challenges and opportunities we see 20 and 30 years from now.

There is a need for funding projects to support redundancy in critical infrastructure to reduce risk of critical failures in supply chains—for example, building new pipelines, bridges, railroads, marine ports and airports. Some of these investments should include investing in projects that will expand rail in high-congested areas, which includes bridge capacity, industrial lands around airports and ports, to sustain trade growth.

While the government is not solely responsible for infrastructure investments, its leadership is critical. A federal commitment to major, strategic long-term investments is key to building Canada's trade infrastructure. The government's national trade corridors fund is a positive step forward. While it is supporting worthwhile projects in the key areas above, the government must work to increase the speed at which projects receive funding. Too often projects are stalled due to inefficiencies. It must work with business on ensuring transparency for projects and by continuing to demonstrate how funding is helping address supply chain challenges both today and tomorrow.

Another critical step forward is developing a vision for Canada's trade corridors. Trade corridors are key to this transportation of goods. The government must look to work with business to develop new gateway strategies, including those for western, St. Lawrence and Arctic gateways. Each corridor strategy would lay out how government would work with the provinces, the private sector, communities and indigenous peoples to identify capacity challenges facing our corridor transportation system and develop a pipeline of actionable solutions.

Lastly, we need government to commit to accelerating its regulatory modernization agenda. Regulatory effectiveness is integral to a competitive environment and requires regulating smarter to attract new economic opportunities to Canada. Regulatory uncertainty and changing expectations in the regulatory process are a poisoned pill to those looking to invest billions of dollars developing new pipelines, new mines and other large-scale, nation-building infrastructure projects. We need predictable timelines to encourage capital investment. It can't take a decade to approve infrastructure projects. In this sense, streamlining the regulatory process and adopting strict timelines for approving major infrastructure projects are essential and long overdue.

Thank you again for the opportunity to address the committee. I look forward to your questions.

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

Next we have Mayor Pond.

Mayor Pond, the floor is yours. You have five minutes for your opening remarks.

Mr. Herbert Pond (Mayor, City of Prince Rupert): Thank you, Mr. Chair and honourable members.

I'm Herb Pond, the mayor of Prince Rupert, Canada's northernmost west coast city and home to Canada's third-largest port.

The community and the port of Prince Rupert are inextricably linked. Each must be successful for the other to survive. The port has been wildly successful, generating thousands of jobs and billions in trade. The municipality, however, is struggling to catch up, battling aging infrastructure, near-zero vacancy rates and inadequate revenues.

Canada's number one and two ports, Vancouver and Montreal, are attached to populations of 2.7 million and 4.4 million people, respectively. Prince Rupert has 12,300 souls, one-third of whom, I'm proud to point out, are indigenous. We're remote. We're separated from the nearest larger community by 750 kilometres.

The trade corridor through Prince Rupert supports billions of dollars of economic activity across Canada and generates millions of dollars of revenue for the provincial and federal governments, yet it was all put at risk this past winter. The City of Prince Rupert declared a state of emergency when it battled 14 water main breaks in the space of two weeks. Much larger urban municipalities won't deal with that many in a year. Our little municipality needs help if we're to play our part in hosting this strategically necessary corridor. B.C.'s premier David Eby recognized the need and recently directed \$65 million towards Prince Rupert's aging water system. More than anything else, we need the federal government to join him.

In addition, I offer the following observations.

The antiquated property tax system that funds municipalities is broken in so many ways, including in its complete decoupling from the financial performance of the underlying enterprises. Empty or full, it's property that pays taxes to municipalities, not economic activity. As elsewhere, our retail sector has been hollowed out by the shift to online shopping and easy access to affordable air travel. Property taxes that were once paid in small centres like Prince Rupert are now benefiting large urban centres that host giant fulfillment centres.

Valuations of major industry—in British Columbia, anyway—are based on depreciated values. From the day a terminal opens, it pays less and less tax each year to the municipality. The B.C. government, in an incentivizing investment, actually made the problem worse for municipalities by capping municipal taxes on port terminals at about half of what they would otherwise be. When municipal costs rise, they can no longer be shared among all property classes, leaving homeowners and small businesses with an increasing burden. Port authorities aren't bound by municipal bylaws of any sort, including tax bylaws. Instead, they make payments in lieu of taxes, or PILT. The Prince Rupert Port Authority has appealed its assessments, and its payments in lieu of taxes have been drastically reduced.

On labour and housing shortages, attracting labourers and developers to small, remote communities is difficult. As port growth occurs, the costs for labour and housing escalate, squeezing out people on the margins, important people like our seniors and local small businesses.

Finally, while completed projects contribute taxes to the municipality, they're often preceded by years of disruptive construction, during which the municipality incurs significant costs with no accompanying revenue.

There are a few things that I suggest could be done, in addition to joining the premier with the \$65 million.

For small municipalities that host large ports, there should be consideration for expanding the ports' mandates to include housing in small communities. Large urban ports invest heavily in decongesting travel corridors in their host communities, to the great benefit of those host communities. Rupert doesn't need decongesting, but we desperately need housing to accommodate the next workers for the next project.

Another thing that might be considered for communities under a certain size is a return of the federal stipend that comes from port revenues, each year, which is returned to the federal government as a small profit. Those are probably fairly meaningless in the grand scheme of things to Ottawa, but they would be indispensable in a small community.

- (1110)

Finally, then, we encourage federal investment in the small communities that host these key pieces of Canada's infrastructure.

With that, I'll wait to take questions. Thank you, Mr. Chair.

The Chair: Thank you very much, Mayor Pond.

I would also like to take this opportunity to thank you on behalf of all committee members for the warm welcome you showed us during our visit two weeks ago.

- (1115)

[*Translation*]

I will now turn the floor over to Jacques Paquin.

Mr. Paquin, you have five minutes for your opening remarks.

Mr. Jacques Paquin (Executive Vice-President, Port of Trois-Rivières): Good morning, everyone.

Thank you for giving me the opportunity to speak to you today.

My name is Jacques Paquin and I am the Executive Vice-President of the Port of Trois-Rivières.

The Port of Trois-Rivières is strategically located halfway between Montreal and Quebec City on the St. Lawrence River, and specializes in solid and liquid bulk commodities and general cargo. It handles over four million tonnes of goods and moves 55,000 trucks, 11,000 rail cars and 250 ships per year. It serves businesses located all over in Quebec, Ontario and western Canada and elsewhere in North America. The Port of Trois-Rivières meets the needs of numerous key sectors of the Canadian economy: the manufacturing, agri-food, mining and energy industries.

In 2008, the Port adopted an ambitious modernization plan called “On Course for 2020” that has resulted in \$132 million in investments of which 40 per cent is financed by Port users, 37 per cent by the Port itself, and 23 per cent by grants from the Canadian and Quebec governments. The plan was completed in 2017, three years ahead of schedule, and in addition to providing for better integration of the Port into the surrounding urban environment and increasing the productivity of port activities, it has increased the Port's capacity by 40 per cent. This additional capacity is in full use today, and the Port is having to turn away traffic from Canadian shippers that would like to use its services to reach global markets.

That is why, in 2018, the Port launched the On Course for 2030 plan, following on the previous plan. The vision of this plan is to make Trois-Rivières an innovative, sustainable urban port, generating growth, at the heart of a competitive supply chain. Each word in this vision has been carefully chosen and takes shape in precise policies and action plans.

One of the things the Port and its partners are working on is a portfolio of projects totalling over \$350 million. State of the art multimodal facilities and storage areas that are adapted to the goods handled comprise the main facilities needed by the Port to achieve its vision and fulfil its role in supply chains.

On this point, the St. Lawrence ports have to deal with circumstances that are unique to them. It is important to recall that the St. Lawrence and Great Lakes region represents the third largest economic space in the world and the highest traffic and most important multimodal corridor in Canada. Increasing the competitive capacity of the St. Lawrence calls for greater cooperation among the ports in order to optimize the use of port facilities, not just in a single port, but also across the system as a whole. That is the context in which collaboration among the St. Lawrence port authorities must be facilitated and expand. The Government of Canada has to create conditions that are favourable for this cooperation.

There are other challenges that ports are facing that will also call for the attention of the Government of Canada. These include reducing greenhouse gas, or GHG, emissions and addressing the labour shortage. The Port of Trois-Rivières subscribes to the government's objectives regarding GHG. One of the best ways for the Port to contribute to this would be to offer electrical hook-ups for ships in port, which would reduce the GHG emitted in the port lands by 50 per cent. However, that requires significant investments. For a port like Trois-Rivières, this is estimated at over \$100 million, in addition to the investments already planned. That presents a challenge not just in terms of funding, but also in terms of viability.

On the subject of labour, the ports of Quebec are facing a recruitment and retention challenge that is forcing them to look for innovative solutions. Automation and artificial intelligence are part of those solutions and will call for major investments, along with R&D efforts. To achieve this, the Port of Trois-Rivières, in collaboration with other St. Lawrence ports, has undertaken the creation of a port logistics centre of expertise. We are counting on the Government of Canada to support this initiative by encouraging collaboration among port authorities, but also by providing financial support for the centre's activities.

I can't conclude without mentioning the importance of the relationship between the City and the Port. Because ports are located in urban areas, they have a responsibility to integrate their activities into the surrounding environment. To that end, the Port and the City of Trois-Rivières are working on a redevelopment project for a portion of the port facilities located near the downtown and the historic quarter. The project enjoys a high degree of social acceptance and will be possible provided that the government allows the Port of Trois-Rivières greater agility and flexibility. That means allowing it to carry on activities that are a better fit with this location and will provide the revenue that is necessary for maintaining and optimizing the facilities in question.

Thank you for your attention.

• (1120)

The Chair: Thank you, Mr. Paquin.

[*English*]

Next, and finally, we have Mr. Hall from the Shipping Federation of Canada.

Mr. Hall, the floor is yours. You have five minutes for your opening remarks.

Mr. Christopher Hall (President, Shipping Federation of Canada): Thank you, Mr. Chair and honourable members. Good morning.

It's a pleasure to be here this morning on behalf of the Shipping Federation of Canada, which is the national association that represents the owners, operators and agents of ocean ships that carry Canada's imports and exports to and from global markets.

Our members' ships load and unload cargo at ports across Canada. They carry everything, including containerized consumer and manufacturer goods; dry bulk commodities such as grain and

iron ore; liquid bulks like crude oil and refined oil products; and project cargoes such as heavy machinery and industrial parts.

These ships, which are all ocean-going and foreign-flagged, carry virtually all of Canada's international seaborne trade. They therefore play an essential role in connecting Canada's importers and exporters to customers throughout the world.

If there is a single priority action that our members, and indeed most of Canada's supply chain stakeholders, would likely agree on, it is the need for a national supply chain strategy to guide Canada's future decisions regarding investment in trade-enabling infrastructure, which is also one of the key recommendations in the final report of the supply chain task force. Current investment decisions, including those that are part of the national trade corridors fund, are too often made in a highly piecemeal manner, with no mechanism for demonstrating how a project will contribute to the efficiency of the supply chain overall or the fluidity, and no systematic process for evaluating projects once they are operationalized.

A related issue, and one that needs to be addressed in a national strategy, is the lack of predictability, consistency and timeliness in the current process for assessing the environmental impact of specific port infrastructure projects. I would place these projects in two broad categories. The first is the replacement of aging infrastructure that may no longer be fit for purpose, and the second is the creation of new assets to meet current or future demand. Although the latter category may be more fashionable, both categories are equally important. It's essential that both types of projects receive timely review and approval when merited.

As crucial as investment in physical infrastructure is, equally important is the need to invest in digital tools and platforms that enhance the ability of stakeholders to better manage and extract value from the huge volumes of data that flow through the supply chain on a daily basis. We strongly support the supply chain task force's recommendation on the need to develop a national supply chain data and digitization strategy, which we view as the best option for making the system more efficient and competitive in a context where our ability to build physical infrastructure is increasingly constrained by a variety of factors, including lack of space, community push-back and environmental concerns.

In order to be fully effective, the primary focus of such a strategy must be on connecting existing digital platforms rather than building new ones, and ensuring that Canada's major ports play a leadership role from both a regional and a national perspective. Government departments and agencies must also be prepared to join the digitization effort, ideally by migrating to a "maritime single window" reporting model for collecting data from supply chain stakeholders.

Although this committee is focused on large port infrastructure projects, it's worth noting that the most advanced ports and terminals in the world won't generate full value for their operators or investors if supporting infrastructure like the navigational channels linked to the ports aren't appropriately dredged, if ships can't access the ports during the winter due to a lack of icebreaking resources or if there's insufficient anchorage capacity to accommodate ships awaiting their cargo. Nor will these terminals operate at full capacity if shippers hesitate to move cargo through the port due to inadequate rail or road connections, or concerns over the labour market.

As the supply chain challenges over the last few years have made all too clear, ports don't exist in isolation but are part of a larger trade and transportation ecosystem that's made up of many subsystems, all of which exist to serve the golden rule of shipping, which is that cargo is king. As king, cargo will always find the most efficient and affordable path to its destination. Once a better route becomes available, it is virtually impossible to bring that cargo back to its previous routing. This basic fact is always top of mind from an ocean shipping perspective, and something we hope will also serve as a guiding principle of this committee's deliberations.

Thank you for your time. I look forward to your questions.

• (1125)

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

We'll begin our line of questioning today with Mr. Strahl.

Mr. Strahl, the floor is yours for six minutes.

Mr. Mark Strahl (Chilliwack—Hope, CPC): Thank you very much.

I will stick with Mr. Hall to start with. You talked about the need for a national strategy. I think I've heard that from other stakeholders I've met with, such as freight forwarders, who believe in the national trade corridors initiative and the funds that come out of that program but feel that those funds should be driven by an overarching strategy. As you said, it's not only about evaluating what the impact is. After the funds are delivered, there should be a report on how it went. Can you expand a bit on that?

I was very interested in your testimony that this is done in a highly piecemeal manner and that there's no systemic evaluation. Can you talk about what you see as a way for the government to overcome that piecemeal manner and to have that systemic evaluation?

Mr. Christopher Hall: Thank you for the question. It's not an easy one, indeed.

Like many things in organizations, it all starts with a strategy. Without a strategy, you can't have any plans. Things end up being a little more piecemeal and ad hoc without them. I certainly don't have a recommendation here today on what the components of that strategy should be. It's probably beyond the scope of this discussion, but a strategy needs to be developed.

There are experts in this field, both in government and in industry, who need to come together to start building a strategy. Once the strategy is in place, projects can be evaluated in concurrence with that strategy. If it aligns, that's great. If it doesn't align, additional work might need to be done to evaluate the legitimacy of a project.

A strategy is definitely needed. That was borne out during the supply chain challenges of the last couple of years.

Mr. Mark Strahl: Thank you.

The next question is for Mr. Guy.

We heard in our first meeting on this study about red tape and project delays. We heard about when a project does not require government approval as it's on a brownfield site or is a redevelopment, perhaps. At the Port of Vancouver, they were able to build new terminals in nine months or 18 months, but the project that the port was advocating for was in its 10th year of evaluation and not a single shovel was in the ground.

Can you talk about the impact not only on infrastructure but on the Canadian economy when we have these inefficiencies in our project approval processes? What do you see as solutions and recommendations for this committee? As we're talking about large port infrastructure, what can be done to ensure that ports are able to operate at the speed of business, not at the speed of "in a decade from now, we might talk about your project"?

Mr. Robin Guy: Thank you very much for that question. It's an important conversation to have.

As I mentioned in my opening statement today, Canada's economic growth depends on trade. When we are talking about the need for investment and the need for strategies, at the end of the day, these are what help pay for a lot of the items we'll be talking about later on today. It's the ability to get Canadian goods to market.

What we're looking for is not a matter of economics or the environment, one or the other. I think those definitely go hand in hand. You gave the example of one project that everybody has heard of. At the end of the day, we need to figure out how to build it more quickly. Simply put, if we're not able to get goods to market, business will go elsewhere. It becomes important for us to have the capacity within the country to get goods to market, like food, fuel and fertilizer, etc.

• (1130)

Mr. Mark Strahl: Thanks.

My next question is for Mr. Paquin. You said that to proceed with a project you were working on with the city, you needed the government to grant the port more agility and flexibility. I think that's what you said.

Can you expand on what that would look like? What could the government do to give you the tools you need to go ahead on that project you were talking about?

[Translation]

Mr. Jacques Paquin: I am going to kind of reiterate what Mr. Pond said. I think he is having to manage a similar situation to what we have in Trois-Rivières.

Some of our facilities should be adapted or given a new role, to enable the community to benefit more from them, given their proximity to the downtown and an historic quarter. I would also remind you that Trois-Rivières is one of the oldest cities in Canada. In fact, I believe it is the second oldest, after Quebec City. We even have an historic quarter that goes back to the colonial era, which is actually quite exceptional. Some of our facilities are located near that sector.

In collaboration with the City, we have developed a project for redeploying that sector. However, in order to participate in it as the Port, it assumes that we would be able to associate ourselves with activities or projects that go beyond the basic responsibilities of a port authority. One of the things this involves is working on facilities that are intended to be used for recreational and tourist activities or commercial activities.

The Chair: Thank you, Mr. Paquin. Unfortunately, time is short.

[English]

Next we have Mr. Rogers.

Mr. Rogers, the floor is yours. You have six minutes.

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

Welcome to all of our guests today.

Mr. Guy, I will start with you for a question. You made reference to the fact that your supply chain issues are still a concern for many of your members, one-quarter of which are still facing challenges.

You made reference to the national trade corridors fund, if you want to comment on that, but I'm interested in what you propose government should be doing. Just elaborate on providing more leadership for your group.

Mr. Robin Guy: Again, from where we sit, I think the national trade corridors fund is very successful. I think it's supporting a lot of good programs. It's helping to alleviate concerns.

I think where we would like to see government leadership is on a corridor strategy. That becomes the one overarching piece if you're asking what the leadership piece means. That corridor strategy will bring everybody together. It will bring together provincial governments, municipal governments and communities and will push those things forward so that everybody knows what everybody does. It would outline certain projects that we believe—or that a strategy believes—are critical to, again, getting those goods to market.

Mr. Churence Rogers: Thank you very much.

Mr. Hall, over the last few months or so at this committee, we've heard from many witnesses, of course, about labour shortages in many different sectors. In terms of the grain sector, what are your thoughts on labour shortages? How concerned are you about these and what are your members doing to address them?

Mr. Christopher Hall: We're very concerned about labour in general, not just shortages but the overall efficiency of how labour is organized in Canada's major ports. There are perhaps other models, other ways, that could make the system more efficient in how labour is deployed, but that is an issue the terminal operators and those who employ the labour have had a hard time overcoming over the years. It's an issue that a lot of folks don't want to talk about.

There was a general recommendation in the supply chain task force report about visiting labour as general theme. There was quite a bit of negative commentary the day after that report was released from certain government departments about bringing up labour at all.

It's a very sensitive topic and understandably so, but it is a very important one for all of our members. This is in a global context, not just a Canadian context. Maritime labour is crucial. It's absolutely necessary, but it is one of the gatekeepers, if you will, to efficiency. If you're operating through antiquated labour models and labour rules and the way that labour is organized and set up doesn't match with the way the industry operates today, then you have inherent inefficiencies in that alone.

• (1135)

Mr. Churence Rogers: From your perspective, then, we need to find a balance between labour, automation and digitalization, some kind of balance that works for everybody.

Mr. Christopher Hall: Absolutely, yes, and my comments didn't even factor in the automation piece. It's a fact that automation is coming to many parts of our lives. There is a role automation can play in terminal operations. It's been proven, and it doesn't necessarily mean a loss of jobs. It doesn't have to mean, if you bring an automated system in, that it equates to a direct loss of employment. There are ways this can work, but technology does have to be part of the solution. We're only utilizing our terminals in Canada for a fraction of the day, and that's because of the way we currently operate and the types of technologies that are used.

Mr. Churence Rogers: I'm happy to hear you make that comment, because we do have some obviously conflicting views from different witnesses about whether or not we need more automation and digitalization to achieve efficiency. Then, of course, there's the labour side and the concerns we've heard. I'm happy to hear that.

Mr. Chair, how are we doing here?

The Chair: You have one minute and 20 seconds left, Mr. Rogers.

Mr. Churence Rogers: During the COVID period, it appeared that the Canadian supply chain worked relatively well compared to that of the U.S., for example, as the economy restarted after the lockdowns. Would you agree with this assessment? If so, what role did our marine ports and marine shipping play in this?

This is for Mr. Hall and Mr. Guy.

Mr. Christopher Hall: I will be brief to allow for Mr. Guy to weigh in.

From our perspective and an ocean carrier perspective, things went relatively well. Yes, there were bottlenecks at times, no question about it, but from our view, the issues that caused the bottlenecks were not new. They were not pandemic systemic; they were systemic issues. The pandemic simply exacerbated the appearance of them and made them more public.

The root causes of the problems during that time were totally systemic. They've been around for years. It's rail capacity not matching port capacity. It's a lack of trucking capacity and equipment availability on the land side and a lack of warehousing space on the intermodal side. Those issues have existed for years, but the system has functioned. When you reach a critical point like a natural disaster or a pandemic, there's no flex. There's no additional flex in the system.

The Chair: Thank you very much, Mr. Hall and Mr. Rogers.

[*Translation*]

I will now turn the floor over to Mr. Barsalou-Duval for six minutes.

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

I would like to thank all of the witnesses for responding to our invitation and being with us for the study we are currently engaged in.

I am going to begin with Mr. Paquin from the Port of Trois-Rivières.

I was impressed when I heard you say just now that you had increased your capacity by 40 per cent thanks to your On Course for 2020 project and that you had already used 100 per cent of the new capacity that was added to the Port of Trois-Rivières.

Obviously, I don't have specific knowledge of the entire situation in the Port of Trois-Rivières, but I am generally familiar with the economic difficulties the Mauricie region has had to deal with. I think how your port has managed to survive and experienced such significant growth is truly impressive. It is very much to your credit.

One of our visits to various ports all across Canada was to the Port of Montreal, two weeks ago. The Port of Montreal representatives also mentioned that the Port had achieved its maximum capacity.

Do you think this situation is widespread in all the ports in Quebec?

• (1140)

Mr. Jacques Paquin: Unfortunately, I can't speak for all the ports in Quebec, because I am not familiar with the exact situation in all the ports. The only one I can really talk to you about is the Port of Trois-Rivières.

In the case of the Port of Trois-Rivières, we have actually experienced this situation. To give you an example, last year, in 2022, we

turned away almost three quarters of a million tonnes of goods because we did not have space to handle it.

One of the things proposed in our expansion projects, which I mentioned just now in my presentation, is adding a new terminal. If the new terminal had already been in place, it would probably already be full.

I think the explanation is related to a set of factors. We know that we are one link in a chain. A number of actors have a role to play. Our community has mobilized to make the Port of Trois-Rivières a more efficient port for the benefit of Canadian shippers, and that has resulted in a much higher level of activity.

On that point, I must mention the contribution of the Port workers. The people who work at the Port of Trois-Rivières were very active in carrying out our plan and in the improved productivity we see at the Port. Today, we have a definitely more efficient and more productive port, and this results in more competitive shipping for Canadian businesses.

Mr. Xavier Barsalou-Duval: Thank you.

You said you have increased your capacity and your productivity. You also have expansion plans.

Are there obstacles that you have to overcome at present for increasing your capacity? If so, what are they?

Mr. Jacques Paquin: Wait times were mentioned earlier. Getting authorizations is certainly a challenge for everyone. It has become increasingly difficult to launch major new port projects in Canada. One of the results is the need to make sure that existing facilities are optimized, because it is increasingly difficult to put new ones in place. To optimize them, we have to work together. This is particularly important for the St. Lawrence ports. The St. Lawrence itself is a system. We have a very particular situation.

Take the case of the west coast. There are two dominant ports, but I will take the example of the Port of Vancouver. Maritime traffic at that port is virtually equivalent to traffic in the entire St. Lawrence, where the traffic is scattered and spread around the facilities in 20 or so ports in Canada. Those ports have to work together to make the system more efficient.

As I said earlier, we have to get the maximum out of each facility, and that calls for greater collaboration.

Mr. Xavier Barsalou-Duval: Thank you.

You spoke earlier about electrical hook-ups for ships in port, which would require major investments, on the order of \$100 million.

Are there any government financial incentives or subsidies at present for providing electrical hook-ups for ships in port?

In our visits to ports all across Canada, we got the impression that this approach was a strong trend in the industry.

What is the situation where you are?

Mr. Jacques Paquin: It would certainly be necessary to use the same programs as the ones mentioned earlier, such as the national trade corridors fund, the NTCF. It allows for a substantial contribution to these projects. However, I would say that even the unsubsidized part is a significant burden. We are talking about contributions on the order of 50 per cent in these programs, but the remaining 50 per cent is still onerous since this is not creating an activity that will generate more traffic. Rather, it is to fund facilities with the goal of reducing greenhouse gases.

Obviously, that investment is more difficult to make profitable. We have to find solutions, the business model, in other words, that will mean that it is able to function. So it is necessary to get help, and specifically funding from programs like the NTCF programs and maybe other sources.

The Chair: There are 30 seconds left.

Mr. Xavier Barsalou-Duval: Right.

In that case, I am going to stop here.

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

[English]

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair, and thank you to all of our witnesses for being here today.

This study is about large port infrastructure expansion. I'm very compelled by Mayor Pond's assertion that we should expand our thinking of port infrastructure to include the municipal infrastructure that is inextricably linked with our ports, especially in the context of smaller communities.

I'll start with some questions for Mayor Pond.

Allow me, Mayor Pond, to echo the chair's gratitude at the beginning for the warm welcome you showed the committee during our time in Prince Rupert. The city council, you and the port authority really rolled out the red carpet, and we're very appreciative.

You spoke a bit about the payments in lieu of taxes system. I wonder if you could expand on some of the reforms to that system that you feel would better support municipalities in their infrastructure aspirations.

• (1145)

Mr. Herbert Pond: Thank you.

I appreciate that in my comments there's a crossover between the provincial mandate and the federal mandate, but I thought it important to deliver the whole message of the challenges that a small municipality sees in the face of a large port. I really need to preface this by saying that we're very thankful for that large part. We embrace the development and we encourage more. One of the advantages of Prince Rupert is that we're not congested and there's opportunity to grow. I want to come out strongly on that side.

The PILT system, or payments in lieu of taxes system, is one of those friction points wherein the port of Prince Rupert and the City

of Prince Rupert are locked in an adversarial system. The port is arguing it's their fiduciary responsibility to pay as little tax as possible and that to fail to argue those taxes down would be a breach of their duty, and the city is saying it just needs predictable long-term cash flow so that it can borrow to do the work it needs to do within the municipality. I think both parties suffer in that relationship. It's unfortunate, and what happens is that as you go back and forth through the process, there's a whipsawing effect. It gets argued way up and it gets argued way down, and neither party can predict where it's going.

I don't know what's required on the inside of the port and its mandate. It would be nice to have a system that's far more collegial and negotiated to say, "This is what we can afford to contribute and this is what the city needs to move forward." It's one in which both parties come together rather than being adversaries in a court system that is costing both parties a lot of money. It's a friction point that really shouldn't be there.

Mr. Taylor Bachrach: Mayor Pond, similarly, you talked about the federal stipend that ports pay to the federal government, which is a percentage of their operating revenue each year. Could you expand on your recommendation regarding how the federal government could alter the way it deals with the federal stipend to better support small-port municipalities?

Mr. Herbert Pond: I don't know what the overall stipend is in larger cities, larger ports and all of those things, but in a small community that's so outsized by its port.... A study showed that 66% of the households earning over \$100,000 a year in Prince Rupert had port wages. In Vancouver it's like 2%. That shows the difference in scale.

The federal government could, for ports under a certain size with host communities under a certain size, pick a number—\$50,000, \$30,000 or whatever it is. Rather than having that returned to Ottawa, where I don't think it would be missed.... If that stipend were reinvested in the community, it would have a meaningful impact and would go a long way to improving the friction point that exists in what should otherwise be an incredibly positive relationship.

Mr. Taylor Bachrach: Finally, Mayor Pond, if you were able to secure these reforms—if the committee made a strong recommendation and the government of course listened to the wisdom of the committee and made these changes—how would you invest those additional revenues to support community infrastructure?

• (1150)

Mr. Herbert Pond: We would move towards becoming a modern port city capable of supporting one of Canada's most important trade corridors. That looks at basic stuff; I'm talking water. We estimate that right now our infrastructure backlog is in the \$650-million range. With local taxpayers paying \$12,300, that's just not possible for us to address. We're talking basic infrastructure—roads, sewers, sidewalks and all of the things we need to do to support the workers who work in those terminals. That's desperately needed for us to do what we need to do to ensure that you can keep doing what you need to do.

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

Next we have Dr. Lewis.

Dr. Lewis, the floor is yours. You have five minutes.

Ms. Leslyn Lewis (Haldimand—Norfolk, CPC): Thank you, Chair.

My first question is for Mr. Guy.

Can you comment on the national trade corridors fund and its effectiveness at making the most strategic investments for Canada when Canada does not have a long-term infrastructure strategy? Specifically, I was very curious about the comments you made in relation to the vision of the trade corridor strategy. You referenced a collaborative approach between businesses, the private sector and indigenous communities. Could you elaborate on that?

Mr. Robin Guy: Absolutely.

Really, Canada has an infrastructure deficit. That's probably been said to this committee once or twice. At the end of the day, the national trade corridors fund is supporting good projects that are able to support increasing our supply chains and their reliability. As we look forward, that vision provides the support for a good funding program that, again, will allow everybody, including businesses, to understand some of the challenges and how we can work together to address them.

The government is not the sole player in this game. Private business does have a role to play. We're saying let's all come to the table. Let's come forward with a strategy and work together to truly address the infrastructure deficit.

Ms. Leslyn Lewis: You spoke about the implementation challenges. Can you elaborate on the Impact Assessment Agency of Canada? Has it been clear in its timelines and scope? What are the most important sources of delays in obtaining impact assessments? How does that affect the implementation stage?

Mr. Robin Guy: I've had conversations with regard to putting an economic lens to federal regulators, and I would see that as a suggestion to alleviate issues.

We have issues now and we're looking to solve them. Obviously we can't solve these things overnight, but how do we work together? How do we look at the economic benefit of what we're looking at in addition to other pieces, like the environment, sustainability, etc.?

Ms. Leslyn Lewis: My next question is for Mr. Paquin. You spoke about AI and the need for the government to expand and assist in the expansion of AI for solutions. Can you elaborate on how this will impact employment and whether government can promote collaboration between the various port authorities? Something we heard about while we were visiting the ports was the lack of interconnectivity and the lack of collaboration among the various ports.

[*Translation*]

Mr. Jacques Paquin: Thank you.

First, artificial intelligence and automation are solutions that make up for the labour shortage. You have to understand that in recent years, the Port of Trois-Rivières has already more than doubled the number of jobs needed to support the growth of its activities.

As we speak, about 70 new positions are open to workers in the ports. Obviously, we have to meet the recruitment challenge, which is not unique to ports, I understand. So it means that we are having to envisage all sorts of solutions, including automation and artificial intelligence.

However, we know these solutions are complex, they are going to call for major efforts, and it will be hard for us to envisage them applying to a single port. I would also remind you, in passing, that 90 per cent of the maritime shipping via the St. Lawrence Seaway is comprised of solid and liquid bulk commodities. It isn't the container shipping market, although the automation efforts we are seeing much of in the world to date have been focused on this type of transportation, which is already extensively automated.

The rest of maritime shipping needs to have sustained efforts made, to find solutions to automation and make use of these new technologies, including artificial intelligence. The proportions I have given for the St. Lawrence are very similar worldwide.

• (1155)

The Chair: Thank you, Mr. Paquin. Unfortunately, once again, time is up.

Ms. Koutrakis, the floor is yours. You have five minutes.

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

[*English*]

Thank you to all the witnesses here with us today.

My first question will be for Mayor Pond.

It seems like I missed a really great visit, Mayor, and I'm really sorry that I wasn't able to come out your way, but I commit to coming out and visiting you. I hope it will be sooner rather than later.

I'd like to hear your view on whether you would like to see governance changes in how ports operate. I'd like to hear your view as a smaller community with a large port. Do you have any thoughts about changes in Bill C-33 that would require consultative bodies to be set up by port authorities for neighbouring communities, indigenous groups, etc.?

Mr. Herbert Pond: Thank you very much. You're welcome any time. We'll roll out the red carpet just for you.

I'm supportive of the changes I've seen, at least most recently. Adding a second appointment from the local communities is worthwhile. We appreciate that once they're appointed they become full members of the board, and they're not reporting back to those municipalities. At least they come with a community perspective, and that can be very helpful.

The consultative bodies you mentioned are also very worthwhile. I question whether, in a small municipality like Prince Rupert, some of them might be combined. I don't know. I would have to check with my counterparts in the indigenous communities and first nations, for example, to see whether local municipalities and surrounding first nations might be better off being in one consultative group. We work very closely on all kinds of other things, but the notion that there should be more of that consultation work is very positive.

Ms. Annie Koutrakis: Thank you for that.

[*Translation*]

Mr. Paquin, it is really a pleasure to see you again today. If I recall correctly, we met in Montreal when you visited there. I want to say hello again and welcome you here today.

How do you think we can reconcile the desire for growth and greater profitability with the need to be fiscally responsible?

Mr. Jacques Paquin: They are certainly not incompatible.

We want to have sustainable facilities. However, being sustainable also means being responsible from the social, environmental and economic perspectives. So we have to make sure the facilities we put in place do a good job of meeting the needs of the economy and can be made profitable.

Obviously, that sometimes requires government assistance, since the facilities have a very long lifespan and the resources for meeting their needs may be beyond the reach of the local port authority.

In any event, there is certainly no conflict between being fiscally responsible and developing port facilities.

• (1200)

[*English*]

Ms. Annie Koutrakis: My next question could be for Mr. Hall or any witness who would like to chime in.

In your view, what are the most pressing infrastructure needs at Canada's marine ports? Perhaps you could see that through the lens of how well Canadian ports are competing with American ones. What do you see as opportunities and challenges in this regard?

Mr. Christopher Hall: I'll kick it off. Thank you for the question. It's a great one.

I'll tackle the competitiveness with the U.S. first. That is an important point. We can't forget about our neighbours to the south. As I mentioned in my opening remarks about cargo being king, once cargo finds another routing it won't come back, no matter what you do and no matter what incentives you apply. The switching costs in shipping are so high that once an alternative route is found, a port won't get it back. There may be some small exceptions. There's always the worry of the thin edge of the wedge. If the door is open a bit and cargo finds its way into Canada via a U.S. port, that would probably expand and continue.

U.S. ports are at capacity, or many of them are, so there could be some constraints there that may not make this practical. Something that we as Canadians have to be very aware of is keeping the whole system competitive. That's in trucking, rail, ports and labour. It all works together.

The Chair: Thank you very much, Mr. Hall and Ms. Koutrakis.

[*Translation*]

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

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

Mr. Paquin, you said earlier that you were working on a project involving recreational and tourist activities in collaboration with the municipality of Trois-Rivières, since you are located near an historic crossroads.

People often complain when there is insufficient collaboration between ports and municipalities. I think it's interesting to see that here you have given us an example of a port that, on the other hand, has a joint project with a municipality and wants to put it into effect.

What is this project, in concrete terms, and what are the reasons why it has not yet been carried out?

Mr. Jacques Paquin: I would first like to point out that the growth and the successes we have experienced in recent years are largely due to the relationship we have developed with our city and our community. Without that, I can assure you that we would never have managed to achieve what we have accomplished to date. That relationship continues to grow stronger with all sorts of initiatives that we take and through projects that we are able to carry out together, within the limits of our powers.

The project we mentioned today is in an area, as I was saying earlier, that cannot really be used for handling goods in the long term. We are still doing that today because, since we are operating at full capacity, every space we have is useful, despite the constraints it imposes. However, for several years now, we have still been thinking about a change of use for this area.

In collaboration with the City, we have come up with a redevelopment project for this area. To carry it out, we would have to be able to join with other projects of a more recreational and tourist character and that are more commercial, given the nature of the environment in which the area is located.

The City is obviously entirely prepared to have us go ahead. We have retained urban planning firms to come up with the concept, but unfortunately, we do not have the power to carry out projects of this nature. It falls outside the powers we are given as a port authority.

That is simply what has prevented us from going forward, to date.

The Chair: Thank you, Mr. Paquin and Mr. Barsalou-Duval.

[English]

Next we'll have 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 also ask a couple of questions of Mr. Paquin, particularly regarding the relationship between the port in Trois-Rivières and the municipality. I'm curious if there are vacant port lands on which the port pays a payment in lieu of taxes to the municipality. If so, how is the value of those vacant lands established and how has that value changed over time?

• (1205)

[Translation]

Mr. Jacques Paquin: Thank you for the question.

Unfortunately, we don't have a lot of vacant spaces, precisely because the spaces we have been able to add are occupied. To give you an idea of the scope of the relationship we have built with our city in recent years, for example, we have been able to add almost 80,000 square metres to the Port of Trois-Rivières by acquiring spaces within the city. The City has even transferred what is actually an important road, rue Notre-Dame, to the Port, and this has completely changed the Port's productivity. It means we can manage the lines of trucks and road traffic entering and leaving the port much more efficiently. So there has already been a gain for the Port in terms of productivity. It also eliminates lines of trucks that used to unload in the streets alongside the port.

I would also point out that when traffic enters and leaves the port to make its way to national transportation networks, whether road or rail, it has to go through the city. So we have to make sure that the city's road networks are capable of supporting the traffic generated by the port.

Once again, we worked very closely with our city to direct traffic to the city's roads that are capable of supporting it. That approach allows us to continue our growth without it creating additional nuisances for our community.

On the issue of municipal taxation of the spaces available for our use, we have created a committee with the City. The committee meets once a year and its members agree on the amount that will be granted. I would say that it corresponds very closely to the tax rates applied generally in the city.

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

[English]

Thank you, Mr. Bachrach.

Next we have Mr. Muys.

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

Mr. Dan Muys (Flamborough—Glanbrook, CPC): Thank you.

I just want to pick up on one of the previous questions. There's been a discussion about the idea that once cargo goes, you can't bring it back and it will go elsewhere.

I know you were cut off on your answer, Mr. Hall. Maybe you can continue. What are the most important things we can do to really pre-empt this from happening?

Mr. Christopher Hall: I believe the most important thing we can do right now is create the strategy that many people have been talking about at this committee. That strategy is so important.

I've spent the last 35-plus years visiting ports in Canada and around the world, from both a seagoing perspective and a shore management perspective, and I've spent seven-plus years in a Canadian port authority. We have a saying, and Mr. Paquin will probably know it: If you've seen one port, you've seen one port. That couldn't be more true. Every port is unique, and that is a fundamental element.

If we start looking at infrastructure projects with that uniqueness in mind, yes, they have to be looked at through that lens, because everything needs to be considered in that uniqueness context. However, if we're only looking at them that way and not from a broader national strategy perspective, we get to the scenario where maybe we've over-invested in one area and underinvested in another, or certain corridors are heavily weighted on one commodity versus another.

That goes back to Mr. Guy's point about corridor strategies. From our perspective at the Shipping Federation, the development of a national strategy would be mission number one. Once you have that, you can start looking at individual projects with the uniqueness of the ports in mind and then start allocating funds in alignment with the national strategy.

Mr. Dan Muys: Certainly there's been lots of discussion on the lack of a national strategy for ports and supply chains. The task force report was cited, and there are a lot of recommendations in it, none of which have been acted upon thus far. How do we get that unstuck?

• (1210)

Mr. Christopher Hall: I'm hoping the budget at four o'clock this afternoon might unlock some of that, but we'll see. We're hopeful that there will be some attention paid to those points in the upcoming budget.

There's no question that they take funding. These things don't get done without financial resources, so work needs to start happening. You know the old saying that you eat the elephant one bite at a time. There are a lot of things in that report, as we all acknowledge, but there are some items in there that are very important that won't take—

Mr. Dan Muys: I'm sorry to interrupt you, but my time is winding down. What would be the most pressing item? We've heard a lot of things, like rail capacity, trucking and labour shortages, so there's a multiplicity of issues. What's really at the top of the list for you?

Mr. Christopher Hall: Let's get the strategy under way, and let's get some alignment among government agencies involved in the supply chain piece. We need some greater visibility across departments so that we have less siloing of actors within the supply chain on the federal side.

Mr. Dan Muys: I have a minute, so I'll ask something of Mr. Hall and Mr. Guy.

There was a comment at the beginning—I think it was yours, Mr. Guy—about red tape and the bureaucratic nightmare when getting things done. Do you want to say a bit more about that in the 45 seconds I have left? It's useful, I think, for the report.

Mr. Robin Guy: Absolutely. Again, done right, regulation can be our competitive advantage. Tying that into the last question, if we are to take a look at and figure out how we can regulate smarter, that can be a competitive advantage for us in Canada versus anybody else.

Mr. Dan Muys: Is that tied into talking about competitiveness? Is that a concern from your perspective?

Mr. Robin Guy: Yes. At the end of the day, when regulation is not serving the public interest, we start asking questions. Unfortunately, there are a few issues with that right now.

The Chair: Your time is up, Mr. Muys. Thank you very much.

Next up is Mr. Badawey.

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

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

We've heard about long-term infrastructure investments from Mr. Guy, we've heard about components of the strategy from Mr. Hall and we've heard from Mr. Paquin that investments need to be optimized. I'll preface my comments by saying that the analysts need your testimony to draft this report, so today I would like to get granular on the long-term investment components of the strategy and the optimization of investments. All of you feel free to follow up with correspondence to the committee to elaborate on this.

In his remarks to the House of Commons, President Biden, who just visited Ottawa, emphasized the need for partnerships, working

together and further integration of the supply chains between the world's closest trading partners. The supply chain task force returned with the recommendation that we “[e]ngage the U.S. and the provinces/territories to achieve reciprocal recognition of regulations, policies and processes to enhance transportation supply chain competitiveness and productivity.” This is for water—for example, the Great Lakes and the St. Lawrence—mainline and short-line rail, major roadways, airports, servicing lands, integrating distribution and logistics and strengthening fluidity at our borders.

One, do you feel that to execute action plans contained within our collectively established trade corridor and supply chain strategies, it is absolutely imperative to ensure we move forward by working together, in a whole-of-governments—and I said “governments”—approach at all levels, on a binational, leveraged, public-private and integrated multimodal capital strategy that recognizes integrated supply chains and takes into consideration a binational integration of distribution and logistics? Two, what are some of the components that come to mind?

First off is Mr. Guy.

Mr. Robin Guy: There's a lot in that statement.

Voices: Oh, oh!

Mr. Robin Guy: Definitely, what we saw in terms of the commitment to regulatory alignment was not new. The Canadian Chamber of Commerce and our members talk about accelerating the regulatory modernization process, and I think there's already a commitment from government to move on this agenda. What we're saying is, how do we figure out how to move this faster?

There are certain pieces we will never compete on with the U.S. How do we figure out how we make our Canadian supply chains competitive? How do we make sure they're reliable and efficient? It's a massive piece that we can get done.

In terms of the supply chain task force, I think there's a massive amount of information in that report. I think there was a lot of good stuff, but again, where do we start? I think we need to start figuring that out very quickly.

• (1215)

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

Go ahead, Mr. Hall.

Mr. Christopher Hall: I might have some different views.

A binational strategy does sound interesting and is probably worth pursuing to a certain degree, but we have to be careful that we don't.... In trying to change our regulations, we should focus on streamlining regulations to make business more achievable here in Canada and not on alignment with other jurisdictions just for the sake of alignment. There are some things, frankly, on the regulatory side in the U.S., that we would not want to see here in Canada at all, like some of the new rules that were put in place by the Federal Maritime Commission in the U.S. within the last 12 months. Those types of practices here in Canada would create a lot of restriction and a lot of stress in the shipping sector. We would have to approach that very carefully.

I think there are certainly good things that could probably be taken from the American model. The way in which they fund ports and port infrastructure might be one area to look at. Funding in that sector has a different model than the one we have here in Canada, as you know, so it's definitely worth looking at that. However, as to mirroring regulations for the sake of alignment in itself, we would not be in support of that.

Mr. Vance Badawey: Thank you.

Mr. Paquin, go ahead.

[*Translation*]

Mr. Jacques Paquin: Thank you for the time you are giving me.

I agree with those who spoke before me.

It would be interesting to work more closely together across the country and to integrate ports and transportation modes. We certainly need that in Canada. Doing that across North America might be ambitious though.

[*English*]

Mr. Vance Badawey: What I was looking for in terms of the response was really an integrated effort toward our capital investments. We talked a lot about infrastructure investments, whether it be road, rail, air or water, especially as we share some of these resources such as the Great Lakes. How do you feel we can actually integrate a lot of those capital investments, whether it be through the St. Lawrence Seaway system, the Asia-Pacific, our rail with CN and CP, air and/or, again, our roadways? The border doesn't act as a wall. It should act to strengthen fluidity.

I'm going back to Mr. Guy again to talk about how we can, in fact—and should we—integrate and discuss with our American partners those capital investments so that we create more fluidity within our supply chains.

Mr. Robin Guy: Granted, I'll point to the government's Indo-Pacific strategy as a prime example of why we need to be focusing on some of these issues. At the end of the day in order for us to re-engage with the region and in order for us to increase trade with the region, without building general infrastructure here in Canada, we won't be able to do that.

I would say other programs as to how to make sure we are facilitating trade between the two countries become very important. We need to ensure that things like the FAST program, which is in essence the NEXUS version for commercial trucks—a critical issue—is there and strong.

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

Thank you, Mr. Guy.

Next we have Mr. Lewis.

The floor is yours, Mr. Lewis. You have five minutes.

Mr. Chris Lewis (Essex, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses for your testimony.

I'm going to start with Mayor Pond.

I thought I heard last week or perhaps the week before when I met with the unions, the longshoremen, that in Prince Rupert about one-third of your population works at the port. Is that true?

• (1220)

Mr. Herbert Pond: It would be in that neighbourhood, if not greater. One of the pieces that drives my slightly different view on all of these issues is that the port is so huge relative to the size of the local community. Certainly a third would be conservative.

Mr. Chris Lewis: I have a follow-up, then, to your request with regard to long-term sustainable funding, specifically for infrastructure. On water, sewers and the number of houses, can you put your finger at all on how much money, year over year, that looks like to begin this funding project to allow for an expansion of more jobs in Prince Rupert?

Mr. Herbert Pond: Thank you.

I'll give a multiple piece answer. We have a backlog that is going to require significant investment. For us to participate—a lot of programs require one-third, one-third, one-third—the municipality needs to come up with a third. For example, should we receive matching funds from the federal government on the \$65 million the province has put forward, we've committed to coming up with another \$65 million, so we need to borrow to do that. We'll need a significant revenue stream to be able to borrow against that.

Once we get past that, now we're talking about how to maintain it and what level of funding is needed to maintain it. I would suggest, in the short term, we need a lift in the \$5-million-, \$6-million- or \$7-million-a-year range, and then to allow ongoing maintenance it would be somewhat similar. We're in the process of coming up with those hard numbers now.

Mr. Chris Lewis: Thank you, Mayor Pond. I appreciate that.

Mr. Hall, I'd only ever heard “cash is king”, but you mentioned “cargo is king”. That's a new one for me, and I like it.

We spoke a lot about strategy this morning. You were talking about automation. With regard to labour, without putting words in your mouth, it's somewhat of an elephant in the room, but I think it's an elephant that needs to be addressed.

I was in Taiwan, last fall, and I visited the port of Taipei. Basically, it's completely automated. They went from 44 workers on the port per shift to 22 workers on the port per shift. That would raise flags, you would think. However, they actually doubled their workforce at the port, because they were moving so many goods that they had to get the goods off the port.

It's something that definitely needs to be talked about, because I truly do not believe we're going to lose jobs. As a matter of fact, I met with some folks from the Embassy of Japan on Thursday night of last week. They said, "How do we get access to your ports? We need access to the ports." I know a lot of the conversation is about getting the goods—our grains and commerce—to the ports, but I think we need to be looking larger and realizing that we are walking past opportunities. As opposed to losing cargo capacity, we should be gaining it.

All of that said, on the strategy you talked about this morning, knowing where we've come from and knowing our shortfalls, if you had to give direction to the government for a new strategy today, what would the top three things in that strategy look like, sir?

Mr. Christopher Hall: To address that elephant in the room, or the sacred cow of labour, as much as we—us included—don't like to talk about it that much, we find ourselves speaking about it now in somewhat muted terms. That needs to be part of the discussion, for all the points you mentioned. Labour is having a difficult time recruiting, like all sectors. From a sustainability standpoint, how are we going to maintain the volumes, or grow the volumes, at our ports if we don't include technology as part of the solution?

As I mentioned earlier, we're only utilizing a portion of our terminals, because they only operate a certain number of hours a day. They don't operate 24-7, because we don't have the will to go to that kind of model or employ the processes that would be needed to ratchet up to that level of productivity.

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

Thank you, Mr. Lewis.

Next, we have Mr. Chahal.

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

• (1225)

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

Thank you to all the witnesses for providing testimony today.

I also want to thank you, Mayor Pond, for your warm welcome in Prince Rupert. It was a great trip. I learned a lot about your community and the opportunities your community and port provide for the rest of our country. Thank you for providing the great hospitality.

I have a question for you, Your Worship.

In regard to the consultation work done between the port and your community, how well does the port consult your community? Do you support moving forward with the port expansion projects that are being contemplated?

Mr. Herbert Pond: Thank you very much.

It was great to host you. You're welcome back anytime. I enjoyed our conversations so much.

First of all, I absolutely support port expansion. As I say that, I'm increasingly pinched every time they expand. We want the growth, but the challenge is.... As I described earlier, we eventually get taxes from that finished project, but we endure three, four or sometimes five years of construction activity in which no extra taxes flow to the community, yet we're required to make all kinds of moves, whether it be in our landfill or on our roads and streets. Certainly, housing gets pinched, pinched and pinched.

We embrace it. We want more. I think the Prince Rupert advantage is that we have a lot of undeveloped land in the port complex, and congestion is very low. There's a massive strategic advantage for Canada in developing this port. We want to be part of that.

Mr. George Chahal: Do you have a good consultation process?

Mr. Herbert Pond: The consultation is not, I think, what it could be. Sometimes the issues get in the way. We talked, earlier, about the challenges around arriving at a number on the payment in lieu of taxes. That becomes an adversarial relationship, and it spills over into other things.

There's room to improve. I'm looking forward to it. I'm very hopeful, but there's definitely a need to improve that consultation in the shorter term.

Mr. George Chahal: Thank you.

I want to go to the Port of Trois-Rivières and ask the same question, but from a port perspective.

How do you consult with the local communities and municipalities in your region, and are they supportive of the projects that you're contemplating or bringing forward?

[Translation]

Mr. Jacques Paquin: Without the city's assistance, we would certainly never have been able to complete our development projects.

The relationship we have built with the City of Trois-Rivières is almost symbiotic, even though we have not created a standing committee or anything like that. The members at all levels of our organization have created ties with their counterparts at the city, in urban planning, public works and the mayor's office. Each sector of our respective organizations has forged ties with a resource person. So we work closely together to complete the projects we have developed together.

The City of Trois-Rivières even amended its urban plan to accommodate the development plan presented by the Port of Trois-Rivières. For our part, our development plan also takes account of the city's development ambitions so we can set the schedule and work plan together. This then trickles down within our organizations. People work closely together. Further, people from one of our services meet almost daily.

[English]

Mr. George Chahal: Thank you.

Mr. Guy, I have a question for you and not a lot of time.

I'm in Calgary, and we have an inland port. Very critical to the work being done in Vancouver and Prince Rupert are the impacts of Edmonton and Calgary. What else do you think we can do to enhance the capabilities of those inland ports?

We have a tax-point structure in certain jurisdictions. What other recommendations do you have for inland ports so that we can help them grow and create opportunities in our municipalities?

• (1230)

Mr. Robin Guy: I think you have another example in the neighbouring province in terms of another inland port that has actually done a very good job at being able to help facilitate trade within Canada. In terms of the inland port piece, again, I think the faster we get goods onto rail or onto trucks and moving away from the ports, the better. I will leave it at that.

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

Thank you, Mr. Guy.

[Translation]

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

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

Mr. Paquin, in your opening remarks, you said you would like to increase cooperation with other ports, specifically the ports of Montreal, Quebec City and Trois-Rivières. It seems like you have already discussed this among yourselves and want to work together.

Today and during our visits, some of my colleagues got the impression that the ports do not cooperate or work together enough. If I understand correctly, you want to change that.

How would you go about doing that?

How could the committee help you work more effectively together so you can fulfill your ambitions?

Mr. Jacques Paquin: Thank you for the question.

The port authorities of Montreal, Quebec City and Trois-Rivières did in fact conclude an agreement in June. That agreement was further to another one we had signed a few years earlier with the Montreal port authority only. Last year, we broadened the partnership to include Quebec City.

This agreement allows us to make progress. That progress might not be as noticeable to people from the outside, but I can tell you that our teams are working hard in the three port authorities. We

have created working groups that focus specifically on matters of interest to the three organizations, such as the environment, in order to adopt exemplary environmental management practices and so each port shares as much expertise as possible with the other ports.

We also created a working group focusing on marine traffic to facilitate the work of marine carriers. We would like the three ports to follow the same steps so that activities are conducted more smoothly.

So there are four working groups looking at different aspects of our three organizations, but we have reached the limit of what the law allows us to do. We would like to do even more with respect to trade and infrastructure development.

We might even want to be able to invest in neighbouring port facilities, once again to optimize the operations of the St. Lawrence port network as a system. That would require us to collaborate on our development plans and strategic plans in order to get an overview.

Ultimately, we will get a lot more done than each port would be able to do on its own. That is why...

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

[English]

Next we have Mr. Bachrach.

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

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

Mayor Pond, you mentioned that one of the key needs when it comes to accommodating expanded port infrastructure is housing.

What currently prevents the port of Prince Rupert from investing directly in housing supply?

Mr. Herbert Pond: Thank you. My understanding is that it's not possible under their mandate. There's a fairly strict set of rules in terms of what they can and cannot invest in. As I said earlier, in large urban centres, ports, or the Government of Canada with ports, will invest in decongesting, because that's the most immediate need to grow the port.

In Prince Rupert, decongesting the community's not where the money needs to be spent, but our next project may not get off the ground because of a lack of housing. Particularly with the current interest rates, inflation, etc., it's very difficult to attract developers to small, remote communities to basically be pioneers in building new housing.

I have so much in common with Monsieur Paquin, when I'm listening to him. I think there needs to be some flexibility built into that mandate—that ability to move in a slightly different way where the needs are a little bit different. I don't understand the mandate. Even when we're looking at these large infrastructure programs, we need to recognize that what's blocking development, or the choke point for development in the large urban ports, could be a completely different animal in smaller communities hosting these large projects.

• (1235)

Mr. Taylor Bachrach: Thank you very much, Mayor Pond.

Mr. Hall, I'd like to sneak in a question for you. You spoke in your presentation about the importance of labour in ensuring the smooth functioning of the supply chain, including ports. At a previous meeting, the committee heard a proposal from Mr. Ashton, from the ILWU, that working people should be brought into the conversation about the expansion of our ports by creating a space for them on the boards of port authorities.

What do you think of this proposal?

Mr. Christopher Hall: I didn't catch that part of the testimony the other day. I think that's an interesting concept. It's certainly worth exploring. My earlier comments notwithstanding, labour is a crucial element of the overall system, and if they're not part of the solutions, then we're missing a very important piece.

To Monsieur Paquin's point earlier, labour is also instrumental in achieving efficiencies. They know how to do their work better than anyone else, so they have great ideas. Having them as part of the development of large projects, I think, would only benefit everyone.

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

Thank you, Mr. Bachrach.

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

Mr. Dan Muys: Thank you.

If I can, I'll direct a question to Mr. Paquin of the Port of Trois-Rivières.

We heard from other ports—and we saw this on our tour of ports the week before last—about the issue of limitations on borrowing capacity, which may constrain your future development plans. You talked in your opening statement about multimodal infrastructure and developing a centre of excellence.

They're all great, forward-looking plans, but are you constrained by the current borrowing capacity and the ability to increase that through the current processes of the federal government?

[*Translation*]

Mr. Jacques Paquin: Thank you.

It is indeed a challenge for all port authorities in Canada, including the Port of Trois-Rivières.

Our borrowing limit is \$42 million. As I said earlier in my presentation, we are currently working on a portfolio of projects with a

value of \$350 million. Under its previous plan, the Port of Trois-Rivières had already made substantial investments. Those amounts have been mostly recouped thanks to the growth we have seen, but it is a challenge nonetheless.

We have not mentioned this thus far because we were a bit short on time for our presentation. The fact is that we need to work to increase our borrowing limit. The port projects we are working on do not have any profitability challenges in general. Rather, the challenges relate to funding, owing primarily to our borrowing limit.

It is unfortunate that port authorities' borrowing limits cannot be adjusted quickly in keeping with the profitability of the projects presented. In other words, ports are essentially judged on their past financial achievements to establish borrowing limits for the future.

We would like greater weight to be given to the projects presented and the profits they will generate, and for the borrowing limits to be adjusted in accordance with the quality of those undertakings.

[*English*]

Mr. Dan Muys: Thank you.

That is helpful, because what I'm hearing, and what I've heard from others, is about the ability to access capital to expand. If you have a good business case whereby there's going to be a good return on investment, you're handcuffed at the moment. You've indicated some of your projects have that ability and the frustration that you haven't been able to pursue those.

Thank you for that.

I'll ask Mr. Guy this, because we ran out of time in the last iteration. Among your members.... Obviously, at the Chamber of Commerce, you're talking about lots of issues—labour shortages, taxes and a whole host of things—and you are mindful of what's going to happen at four o'clock today, of course.

Where do supply chain constraints fit within that conversation? Where do they rank and what is the tenor of the conversation you are hearing from your members about that?

• (1240)

Mr. Robin Guy: I cited a StatsCan report. For those who haven't had the chance to take a look at it, I would suggest it is a worthwhile read. There is a significant number of businesses that still identify supply chains as a crisis. It was along the lines of nearly a quarter of Canadian businesses surveyed that said supply chains are still an issue. It's not only that they're still an issue, but that they foresee their continuing to be an issue looking forward.

In terms of the members, it's difficult to give you a percentage on that, but I can tell you that I deal with supply chains on a regular basis.

Mr. Dan Muys: It's still in the top few issues, without a doubt.

Mr. Robin Guy: That's correct.

Mr. Dan Muys: You foresee that to continue for some time.

Mr. Robin Guy: Yes. As I mentioned, we're seeing, from where things were at the height of the pandemic to now, that there has definitely been an improvement, but it still remains a challenge for the current and foreseeable future.

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

Thank you, Mr. Guy.

Finally for today, we have Mr. Iacono.

[*Translation*]

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

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

I want to thank the witnesses for being with us this morning.

My questions are for Mr. Paquin, from the Port of Trois-Rivières.

Mr. Paquin, you are the star today.

Can you tell us more about the project announced in June 2022 to create closer cooperation between your port and the ports of Montreal and Quebec City?

Mr. Jacques Paquin: That agreement has already produced a structure, that is, we have established working groups. First, we created a steering committee, which oversees all measures resulting from this agreement. Made up of members of senior management from the three port authorities, this steering committee then created working groups to ensure that the three entities develop ties relating to the very structure of the three organization so they can work together more easily. This also involves setting priorities and identifying methods to help them achieve more together than what they could individually.

So that is our objective. It is not easy of course, and we are still three separate organizations. We do need to find ways to develop ties amongst ourselves. Things are improving steadily, and people are working more and more closely together. The groups have already produced results. For example, we are currently working on standardized procedures for receiving ships at the three ports, which will allow the ships to circulate more easily. We are even implementing a shared communications tool for the three ports so that shipping agencies and marine carriers can use the same tool when registering at a port. Once again, we are trying to simplify matters for owners and carriers.

The purpose of all of this is really to make traffic flow more smoothly and improve the supply chains through the three ports. To do that, we have to share our best practices and be as effective as possible together. That is the objective we have set for ourselves. There are four very specific groups working on ways of achieving that.

Mr. Angelo Iacono: I am pleased to hear about your objectives, which are positive.

Are there currently any legislative or regulatory impediments to that type of cooperation?

If so, what are they?

Mr. Jacques Paquin: The Canada Marine Act does not pose any obstacles to what we are doing currently, because we are cooperating on a very functional level.

That would not be the case however if we wanted to go further and look at trade issues. For instance, if we wanted to look at optimizing our infrastructures and sharing our strategic plans and development plans, and try to establish a strategic plan that reflects the strengths and weaknesses of each of the three facilities to make the network more effective as a whole, we could not do that. That is prohibited.

If we had a collective wish, it would be to be allowed to go further. I would say simply that the Canada Marine Act was enacted initially to force competition rather than cooperation among port authorities. That is why it is so limiting in that regard.

Right now, we could do better. The only option currently available under the act is merger. We are not at that point. We would like to continue working together. Asto a merger, we can talk about that later on. Right now, we are very limited by the act. We are doing whatever we can within the confines of the act. We are getting results already, but we would have to move forward on a strategic vision for the development of the network.

• (1245)

Mr. Angelo Iacono: Thank you.

Mr. Chair, do I have any time left?

The Chair: You have 30 seconds, Mr. Iacono.

Mr. Angelo Iacono: Thank you very much.

I will stop here.

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

[*English*]

I would like to take this opportunity to thank all of our witnesses for appearing before committee today, either in person or by video conference, and contributing their testimony to this very important study on the future of ports in Canada.

Before I adjourn, I have one quick motion I would like to present to members. Unfortunately, PSA Halifax could not appear before the committee due to sound technical issues.

I would like to propose that the speaking notes presented to the committee by PSA Halifax be appended to today's evidence.

[*Translation*]

Are there any objections?

Seeing none, it is adopted unanimously. Thank you very much.

This meeting is adjourned.

[See appendix—Remarks by PSA Halifax]

PSAHalifax-2023-03-28-e

PSAHalifax-2023-03-28-e

/Content/HOC/Committee/441/TRAN/Evidence/EV12318015/
TRAN60/Eng/PSAHalifax-2023-03-28-e.pdf

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