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Chair: Mr. Peter Schiefke



Standing Committee on Transport, Infrastructure and Communities

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• (1105)

[Translation]

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

Welcome to meeting No. 13 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 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.

[English]

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

I'd like to take a moment to make a few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike and please mute yourself when you are not speaking. In interpretation for those on Zoom, you have the choice at the bottom of your screen of either the floor, English or French. For those in the room, you can use the earpiece and select the desired channel. As a reminder, all comments should be addressed through the chair.

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

Colleagues, appearing before committee today we have with us, from the Railway Association of Canada, Monsieur Marc Brazeau, president and chief executive officer; from the Canadian National Railway Company, Monsieur Sébastien Labbé, vice-president, bulk, rail centric supply chain; from Canadian Pacific Railway, Joan Hardy, vice-president, sales and marketing, grain and fertilizers; from the Montreal Port Authority, Monsieur Daniel Dagenais, vice-president, operations; from the Canadian International Freight Forwarders Association, Mr. Bruce Rodgers, executive director, and Julia Kuzeljevich, director, policy and communications; and, fi-

nally, from the Western Canadian Shippers' Coalition, Monsieur David Montpetit, president and chief executive officer.

We are now going to begin with the opening remarks of the Railway Association of Canada for five minutes.

The floor is now yours.

Mr. Marc Brazeau (President and Chief Executive Officer, Railway Association of Canada): Thank you, Mr. Chair.

Good morning, honourable members.

My name is Marc Brazeau, and I am the president and CEO of the Railway Association of Canada.

[Translation]

The Railway Association of Canada represents nearly 60 freight and passenger railways that transport tens of millions of people and approximately \$320 billion worth of goods across the country every year.

Furthermore, the rail industry is a major driver of the Canadian economy. Our members employ more than 33,000 Canadians in rail operations, technology, safety, security and management. Rail workers move almost 70% of the goods shipped by land and half of Canada's exports every year, allowing us to remain competitive in the global marketplace.

[English]

The number one priority for Canada's railway industry is safety. Over the past 10 years, rail operators have invested more than \$20 billion to ensure the safety and efficiency of their Canadian networks, and they remain fully committed to fostering a robust safety culture.

In addition to being reliably safe, rail is also a very efficient and green form of transportation for Canada. Thanks to their substantial and continuous investments in innovation and technology, Canada's railways are more than just economic engines—they are environmental stewards.

Railways are among the lowest greenhouse gas emitters in Canada's transportation sector. In 2020, rail accounted for just 3.8% of total transportation GHG emissions. Given the environmental benefits of rail, as well as the railway industry's robust safety record, the need for strategic federal infrastructure investments has never been clearer.

The RAC and its members share the belief that growth drives investment. Every year, the Canadian rail industry invests between 20% and 25% of its own revenues back into maintaining and enhancing its 43,000-kilometre network, which is in fact 12% larger than our 38,000-kilometre national highway system.

Rail is one of Canada's most capital-intensive, vertically integrated industries, owning the rolling stock, equipment, real estate, track and infrastructure on which they operate. Again, in the last decade alone, members have invested more than \$20 billion into the Canadian networks to improve the safety, the resiliency and the network fluidity, competing directly with a trucking sector that operates on public infrastructure.

A competitive business environment is critical to ensure that the rail sector can continue investing in its network and move more goods and more people in the safest and most cost-effective and environmentally sustainable way. Operating safely and creating safe working conditions can sometimes be challenged by extreme weather events, such as intense heat, frigid cold, wildfires, floods, storms and severe winds, to name just a few.

[Translation]

While Canada's railway companies have solid plans to deal with extreme weather conditions and help mitigate associated risks, the negative impact of climate change on critical transportation and communications infrastructure cannot be overstated.

When facing the consequences of catastrophic weather events, railway owners and operators are primarily responsible for protecting their assets and networks.

For some years now, the resilience of railways has been tested as never before, and this is largely due to the impact of climate change.

[English]

Last fall, for instance, rail resiliency shone through in the response to catastrophic flooding in B.C.'s Lower Mainland and interior. RAC members pulled off engineering miracles to get lines shored up, debris cleared, tracks replaced and trains running again all while facing incredible challenges and all within a matter of days.

Improving our country's trade reputation, growing our economy, protecting our national security interests cannot happen without substantial and sustained federal recapitalization of national trade gateways strategy and funding programs. This includes the creation of a federal capital funding program designed specifically to support short-line infrastructure investment similar to programs that exist in the province of Quebec as well as in the U.S.

Simply put, Canada requires a long-term plan for overcoming reliability issues in supply chains and trade corridors, along with proportional investments in infrastructure. This includes enhancing existing trade gateways and corridors, plus the long-term build-out of new marine and inland ports as well as road, rail and air transportation assets that would support the freight and passenger flows required for international trade.

Thank you, honourable members. I look forward to your questions.

• (1110)

[Translation]

Thank you.

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

Our next speaker will be Mr. Sébastien Labbé.

Mr. Labbé, I turn the floor over to you.

Mr. Sébastien Labbé: Good morning, everyone.

[English]

My name is Sébastien Labbé, and I am vice-president of bulk at CN. Thank you, Mr. Chair, for the opportunity to participate in this examination of Canada's supply chains. It's an important topic.

As you probably know, there is no more important player in our supply chains than CN Rail. CN enables trade here and abroad. It enables Canada's economy, and it does so safely and efficiently.

To an extent, the strength of our supply chains is a matter of confidence. Shippers and customers need assurance that the infrastructure required to stimulate and support economic growth is robust and protected. We all need to know that strategies are in place to cope with climate change, and we must see collaboration and knowledge transfer between government and industry. All of that is necessary if we are to create capacity and resiliency, and ensure our economy flows safely and efficiently.

Our supply chains have had moments of great stress in the past few years. One such was the so-called atmospheric river that appeared over British Columbia last December, and the severe flooding that followed. It was a catastrophic emergency, and CN had to respond quickly. During three weeks of widespread disruption, CN experienced 58 outages over a 150-mile stretch. The railroad mobilized more than 400 workers and over 110 pieces of heavy equipment, operating 24-7 to get the rail line back into service. We moved 282,000 cubic yards of rock, earth, and backfill materials to restore damaged locations. To put that into perspective, that's more than 25,000 truckloads.

We also helped evacuate hundreds of stranded residents, brought urgent medical care to areas cut off by floods, and delivered vital medical supplies. Further, CN was able to use its exclusive access to the Port of Prince Rupert to divert shipments bound in and out of Vancouver. It took extra staff and resources, but we ensured consumer goods from overseas kept flowing to communities across the North American network. We were able to respond as nimbly and effectively as we did because of the strategic investments we've made in our capacity over the past few years. And we're pretty proud of what we've accomplished.

Climate change is actually one of CN's most serious challenges. The floods in B.C. came after the province was scorched by the hottest weather on earth, followed by a winter that brought exceptionally brutal cold. CN's extreme weather readiness plans saw us through. Effective emergency response planning, constant risk and vulnerability assessments, and structural and physical engineering adaptations kept cargo moving, along with the deployment of our latest monitoring technology. This is our new reality.

We see the potential for government to work with industry, in particular to support, for example, the transition to greener technologies, including alternative fuels and battery-powered locomotives. One lever we would strongly encourage the government to continue using is the national trade corridors fund. The fund provides vital support across the supply chain. Increasing the funding, scope and efficiency of approvals can only strengthen supply chain fluidity. It will, quite simply, help move more Canadian goods to market.

We are looking forward. We expect to see a good grain crop this year, and we will stay focused on our customers. Given the current international climate, we know there will be a high demand for all commodities, particularly Canadian exports. As I said, CN may be one piece of the supply chain, but it is a crucial one. We and our partners will continue innovating and implementing solutions, and we welcome any help from our governments.

Finally, I want to thank you for the opportunity to appear before you.

[*Translation*]

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

• (1115)

[*English*]

Next we have Ms. Joan Hardy from Canadian Pacific Railway.

Ms. Hardy, the floor is now yours.

Ms. Joan Hardy (Vice-President, Sales and Marketing, Grain and Fertilizers, Canadian Pacific Railway): Thank you, Mr. Chair.

Good morning, I am Joan Hardy, vice-president of sales and marketing, grain and fertilizers at Canadian Pacific. I appreciate the opportunity to share CP's perspective.

The first point I would make is that there is no one single supply chain in Canada. Each commodity has its own unique, interdependent and complex supply chain that links the producer with the final end-user. In the grain context, this includes every distinct ele-

ment in the chain that connects the farmer to the grain company to the railway to the port terminal for export. Each of our customers has a unique supply chain, and CP is just one element in the overall system.

CP is undertaking historic levels of capital investment to improve safety, increase capacity and enhance the resiliency of our rail network. Safety is foundational to everything we do at CP. We have led the industry with the lowest train accident frequency in North America for the past 16 consecutive years. Over the past decade, CP has invested more than \$14.3 billion in our infrastructure, technology and rolling stock. This includes our \$500-million investment in new high-capacity grain hopper cars.

Our capital program complements investments made by our customers and governments, including projects funded through the national trade corridors fund. CP supports federal investments in projects that improve supply chain efficiency and resiliency. We applaud the government for committing an additional \$450 million to the NTCF in the recent budget. Unfortunately, it often takes years for projects to get approval under the NTCF. We encourage Transport Canada to move with more urgency to commit funding for projects that can provide immediate tangible improvements for Canada's supply chains.

Measuring the strength of Canada's supply chains is fundamentally a question of resiliency. To what extent can our supply chains endure extreme events or disruptions? Over the past year, CP's resiliency was tested several times. In B.C. alone, we had to overcome extreme wildfires, flooding and catastrophic infrastructure damage, all while managing high COVID absenteeism.

The tragedies of last year's wildfire season in B.C. are well known. CP went to extraordinary efforts to maintain safe operations through the B.C. interior during this time. We marshalled significant resources to protect our infrastructure and keep trains running. This included constructing four fire suppression trains and bringing in industrial firefighters from as far away as Texas.

Then in late November, an extraordinary atmospheric river slammed into B.C., causing catastrophic flooding along the Thompson and Fraser River canyons. The historic rains caused 32 separate track washouts on our main line and a eight-day service outage on the most critical part of our network that connects North America with the Port of Vancouver. CN was down for over two weeks during this period, which amplified the devastating impact to the rail supply chains servicing the port.

We worked closely with federal, provincial, local authorities and indigenous communities to restore service and deliver essential goods, such as water, food and medicines, to impacted communities in proximity to our network. Following the restoration of service, we took a balanced approach to the restart for all commodities, which allowed the rail system to recover in a few weeks.

Supply chain resiliency also requires the railway to be nimble to respond to shifting market dynamics and customer demand. A powerful example is CP's response this winter to surging demand for the transportation of U.S. corn and grain into the Canadian Prairies for cattle feed. CP responded to the unanticipated and unprecedented demand by working with our customers to create a whole new supply chain for the delivery of cattle feed into Canada, shipping over 26,000 cars of feed to date, more than 20 times the prior year's volume.

Recovering from natural disasters and moving swiftly in concert with our customers are examples of how CP has demonstrated its remarkable resiliency over the past year. CP and our railroaders have overcome incredible obstacles to keep the rail system functioning in the service of our customers and the broader Canadian economy, and we are not just sitting idly by and waiting for the next disruption.

We are continuously identifying locations on our network where infrastructure improvements can strengthen that resiliency.

In B.C., we are improving our storm runoff infrastructure by reinforcing and re-establishing slopes, installing new culverts, and constructing new rock and debris fences. We are also investing in track and signalling at Cisco Bridge to enhance connectivity with the CN, which will improve our ability to keep trains running if there is an outage in the directional running zone between Hope and Kamloops.

In 2023, we plan to construct three new bridges to improve resiliency on our B.C. network. We will also be working with Transport Canada to advance projects under the NTCF that can strengthen the resiliency of Canada's supply chains.

I would be pleased to answer any questions.

Thank you.

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

Next, from the Canadian International Freight Forwarders Association, we have Mr. Rodgers, as well as Ms. Kuzeljevich.

The floor is now yours, you have five minutes.

• (1120)

Ms. Julia Kuzeljevich (Director, Policy and Communications, Canadian International Freight Forwarders Association):

Thank you very much, Mr. Chairman, for inviting Bruce and me to speak on this critical issue.

[*Translation*]

Mr. Chair, ladies and gentlemen of the committee, on behalf of the Canadian International Freight Forwarders Association, thank you for giving me the opportunity to address you today.

[*English*]

It is very much to the credit of this committee that you're investing time on this critical subject. Our membership appreciates the committee's inquiry, and we look forward to the recommendations you might have.

If you're an importer, such as a retailer, or an exporter such as a Canadian-based manufacturer, transportation and border efficiency are critical. You likely don't want to spend time on all of the complex details of transportation and border regulations as you do business in many countries. Instead, you hire one of Canada's freight forwarding companies making up our membership, allowing their 20,000-plus employees to take control of your products and move them by the best mode of transport at the best price.

A significant percentage of Canada's freight is transported by forwarders, which means that our membership is, by far, the largest shipper in the country. Our members track the supply chains in and out of the country with a very intense real-time scrutiny.

From the witnesses you've already met, it's clear the committee understands that supply chain is still in a lot of trouble today.

Consider this. It takes about 22 days for a ship to travel the 10,000 kilometres from Hong Kong to Vancouver, but as recently as last Friday, the shipping company Maersk reported that the average wait time for a berth in the Port of Vancouver is still around four weeks, and yard congestion is at 120%. Consider that a port's optimal operational level is closer to around 80%, and the picture becomes clearer.

Two key factors determine how competitive we are as a supply chain: regulatory process and infrastructure.

Mr. Bruce Rodgers (Executive Director, Canadian International Freight Forwarders Association): Through the pandemic, the Canada Border Services Agency made efforts to reduce inspection delays, and these measures were very welcome, but our members are still facing a nightmarish situation.

Not long ago, we got a message from one of our members illustrating the situation. A specific container was identified for CBSA inspection. That was on October 23. The container did not get to the inspection location until November 24. CBSA did the inspection on December 2, which took less than one day to complete. The next day it was picked up, and returned to the port. Customs released it for delivery on January 4, so the process took 73 days to complete a one day CBSA inspection.

This example illustrates that even if the CBSA moves as quickly as it can, the system is still terribly blocked. This type of delay results in significant demurrage and detention costs to the importer and, ultimately, to the Canadian consumer. In this particular situation, the ocean carrier charged the importer \$8,730 U.S. for demurrage.

One of the most important developments in the pandemic were measures that the regulatory authorities implemented to reduce delays. These were very welcome and demonstrated exactly the flexibility and scalability in our supply chain that so many of your witnesses have called for.

I urge the committee to call witnesses from the Canada Border Services Agency to first outline what it did, and what the implications were of the shortcuts in executing its mandates; and, second, to indicate whether we can keep these accelerated processes, or whether it plans to reverse the steps it took. Third, what other measures, such as better interdepartmental data sharing, is it implementing? The power of IT systems to facilitate trade is considerable, and we need aggressive action in this area. Finally, what measures exist and are warranted for more co-operation with American border authorities, especially in times of crisis?

Ultimately, the ability of the system to respond to increased volumes and maintain competitiveness relies on more modern infrastructure. The recent announcements by the government are encouraging if they are implemented efficiently.

Unfortunately, we have seen examples of promises not kept, or of seemingly endless reviews. The studies about the Roberts Bank terminal 2 project in Vancouver began in 2011. We still have no assurance that this project will proceed.

There is one particularly egregious example. In 2015, the federal budget promised the purchase of a large-scale imaging system for rapid inspections at the new Tsawwassen container examination facility in B.C. Not only has the system not been installed, we have spent years trying to get an answer from the department about its status. I hope the committee will use its authority to get some kind of explanation for the delay.

You have had witnesses urging a change to our competitive law to prevent ocean shipping firms from organizing cartels. We would endorse that action. The Shipping Conferences Exemption Act is long overdue for amendment. Across the world, many countries have announced that they will no longer permit these monopolistic practices, and it's time Canada made the same decision.

Let me just wrap-up our opening statement by saying this: Effective supply chains are a benefit to everyone, in every region, and every walk of life. I hope this committee is able to make a big contribution to the effort to improve ours.

We look forward to your questions. Thank you very much.

• (1125)

The Chair: Thank you very much, Ms. Kuzeljevich and Mr. Rodgers.

Next we have, from the Western Canadian Shippers' Coalition, Monsieur Montpetit.

[*Translation*]

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

[*English*]

Mr. David Montpetit (President and Chief Executive Officer, Western Canadian Shippers' Coalition): Thank you very much.

Good morning, Mr. Chair and members of the standing committee.

On behalf of the Western Canadian Shippers' Coalition, WCSC, I would like to thank you for the invitation to participate in this session. My name is Dave. I am the president and CEO.

WCSC is based in western Canada and represents shippers from multiple resource commodity sectors, many of whom are completely dependent on one railway. Our membership includes some of the largest Canadian and North American shippers in these sectors. Collectively, members provide tens of thousands of direct and indirect jobs in communities across Canada, ship billions of dollars' worth of product annually, and spend over \$3.5 billion on total transportation. The point of commonality for our members is a reliance on market-dominant providers of rail freight, truck and port transportation.

Shippers have faced significant supply chain disruptions since the fall of 2019, following CN Rail's strike and service issues related to unusual weather conditions. While shippers were in recovery mode in 2020, blockades disrupted railway lines across Canada; Transport Canada issued a slow order in response to a train derailment in Saskatchewan; and supply chains and operations began experiencing additional stress due to the COVID-19 pandemic. The downward spiral continued in 2021 with extreme heat, the B.C. wildfires and flooding, bringing the supply chain in some areas of western Canada to a standstill or a crawl. CP's labour disruption in March of this year and the effect of the war in Ukraine are further testing the resilience of an already strained supply chain. As a result, WCSC members are operating in a very challenging business environment.

Supply chain shortages in all modes—rail, trucking and containers at port—increased costs, scheduling issues and shipping delays have taken a toll. The driver shortage in the trucking industry is not a new phenomenon. Class I railways drastically reduced head counts and active equipment in 2020 and 2021, and they have been slow to bring people and equipment back. In many areas they are, again, stretched too thin to meet demand and they lack the resiliency to manage normal operating procedures. In fact, given the system-wide rail service issues resulting from a combination of weather-related crises, which are no fault of the railway at all—and I must commend them for a great job of bringing everything back—and a personnel and equipment deficit, some of our members have been forced to take temporary plant shutdowns and operate at reduced capacity for prolonged periods of time. In addition to the impact on the member companies, these pressures are damaging confidence in the reliability of Canada as a supplier of goods and resources. Canada's competitiveness and reputation as a trading nation depend on our ability to get products to market.

We need to look ahead. WCSC believes that a comprehensive supply chain review is necessary to determine precisely what Canada's major trade corridors will require in terms of maximizing performance of our roads, rails and ports. This includes determining current and future capacity, first- and last-mile efficiencies and bottlenecks in congested areas, such as the Vancouver Lower Mainland and northern Alberta.

Another area we suggest focusing on is contingency planning. The supply chain must be better prepared in 2022 to move forward through potential things such as climate events—like the ones we have already seen—and other disruptions, such as strikes, blockades, pandemics and now a war. WCSC recommends that regional, federal and provincial task forces be organized similar to those successfully put in place in 2021 during the B.C. flood.

Another area is resiliency. Trade corridors are under much strain and, in some regions, have begun to break down. A comprehensive review of all modes to fully identify these challenges is necessary, including looking at bottlenecks and underutilized corridors, and identifying opportunities to move national trade corridor funding and infrastructure focus accordingly.

There is also seasonal versus winter planning. The narrative and direction for planning need to shift, as what we currently rely on is not working. WCSC suggests that a combination of climate event planning, other trade corridor disruptions, as I described earlier on, and seasonal fluctuations in commodities and manufactured goods in the supply chain need to be considered. What we need is basically a road map.

Finally, we also suggest focusing on data and metrics. More regionally detailed real-time information is required. Capacity data is needed to provide a benchmark so that we can understand what the trade corridors can handle. Shippers are responsible for internally building chain visibility dashboards and need regionally detailed metrics to compare their performance and supply chain against.

● (1130)

We will also be looking at and prioritizing some future legislation moving forward, including reviewing what was put forward in Bill C-49 and looking at areas and recommendations that were not

previously considered. We're also looking at the ports modernization review and things we can do, including mechanisms similar to what we have in place for rail, looking at excessive fees and charges, and perhaps looking at some changes to the act to include some mechanisms for shippers to respond to that.

Finally, we are looking at the Canada Transportation Act review and are wondering when the next review will be. We're going to be approaching 10 years since it was last launched. In fact, it's already been more than eight years since it was last launched, and it's something we should consider.

I want to thank everybody for their time, and I look forward to some questions coming up here in the future.

[*Translation*]

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

I will now give the floor to Mr. Dagenais from the Montreal Port Authority.

Mr. Dagenais, you have five minutes.

Mr. Daniel Dagenais (Vice-President, Port Performance and Sustainable Development, Montreal Port Authority): Thank you very much.

Thank you for giving us the opportunity to speak as part of the committee's work.

Before I begin, I would like to acknowledge the government's strong commitment, as well as that of its parliamentarians, to improving the resilience of Canadian supply chains.

I am Daniel Dagenais, vice-president of port performance and sustainable development at the Montreal Port Authority. I represent a major public utility. As it is the only container port on the St. Lawrence River, it serves the markets in both Quebec and Ontario. With nearly one in three Canadian containers passing through our facilities, we are an essential and strategic link in a supply chain that serves thousands of businesses and contributes to Canada's economic vitality and the well-being of families.

Prior to the pandemic and the two labour disruptions that affected our operations, we experienced significant growth in container volumes while maintaining a steady trade balance. Today, we are a diversified platform supported by a logistics ecosystem of over 6,300 companies. More than 100 billion pieces of cargo pass through our facilities each year.

Despite the global disruption of supply chains, Montreal's customers do not experience the congestion seen at competing ports, particularly in the United States. As a port of destination, our business model allows us to offer a versatile, reliable and efficient solution. The reason is simple: ships are loaded and unloaded entirely in Montreal.

With several docks available, there are no ships waiting at anchor. As a result, the Port of Montreal's model avoids the greenhouse gas emissions associated with waiting ships. It also allows importers and exporters to benefit from a port that runs smoothly, whether by ship, by train or by truck.

Our performance is particularly due to investments made by our private partners and financial assistance from the government. Collaborations between the port's ecosystem and the Scale AI artificial intelligence supercluster have allowed us to innovate, be it with a predictive smart trucking portal or the development of an algorithm that focuses on the timely processing of cargo required to fight COVID-19.

As we prepare for the largest expansion in our history with the opening of a new terminal of over one million containers in Contrecoeur, today, the Port of Montreal is a greener, smarter and certainly more versatile port. We intend to remain so despite the magnitude of the labour, infrastructure, greening and innovation challenges that remain.

• (1135)

The Chair: Excuse me, Mr. Dagenais, but I would ask you to slow your pace. The interpreters are having difficulty translating your speech.

Thank you.

Mr. Daniel Dagenais: All right.

Jobs in the logistics and transportation sector are good jobs filled by competent people. As these jobs are changing, the workforce will need more training to meet the technological challenges of tomorrow. Over the past two years, the Canadian port system has demonstrated flexibility. However, there is no doubt that we need to develop capacity and show resilience, particularly in the face of climate change.

It is not enough to develop additional infrastructure. What we need is customized infrastructure to enable ports to optimize their operations, including the acquisition of land for cargo handling and storage. In the era of "just in case", the administration is concerned about costs of maintenance and inventory management that increase the price of imported and exported goods. We must therefore be a strong ally to business. The establishment of strategic corridors could make joint investments possible and facilitate collaboration between governments. This is to everyone's advantage.

Low carbon supply chains are essential for the future, whether through electrification or the use of bioenergy, we can reduce the greenhouse gas emissions from our platforms with modern equipment. Ports must play a key role in the energy transition. Moreover, the Canadian government can accelerate the energy transition by reducing the risks for future private investment.

A chain is only as strong as its weakest link, and optimizing the supply chain cannot be done without a common framework between the key players: access to data, digitization and collaboration are essential. We must build a framework that promotes visibility and optimizes supply chains. Improved data governance and sharing regimes are low hanging fruit that only the Canadian government can pick. To make better decisions, we need better information.

In conclusion, I firmly believe that ports have a critical role to play in the resilience of Canadian supply chains. Working together, under the leadership of the Canadian government, we can address the challenges of labour, infrastructure, greening and innovation to provide Canadians with more resilient supply chains.

Thank you.

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

[*English*]

To begin our questioning today, we have Ms. Marilyn Gladu.

Ms. Gladu, you have six minutes. The floor is yours.

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

Thank you to all of our witnesses. I'm very excited to talk to every one of you. I have huge list of questions.

We'll start with Mr. Brazeau. You spoke about short-line infrastructure—I know it's not in super shape in Canada—and you mentioned that the U.S. has a program.

Could you expand on that and what the Canadian government ought to do to help that short-line infrastructure?

Mr. Marc Brazeau: Thank you for that question, because the differences between the U.S. and Canada when it comes to support for short lines has been an ongoing issue for some time.

Today, we have CN and CP, which are the two class I's in Canada with us. They have the capacity and the ability to reinvest in our infrastructure at a fairly high rate. As I mentioned, 20% to 25% of the revenues on an annual basis go back into supporting their infrastructure renewal. Unfortunately, the short lines don't have the room to make that kind of investment; they don't have that capability.

What we have been advocating for, Ms. Gladu, is a dedicated program similar to the one that exists in the United States. These are state and federal programs aimed at providing support specifically to short-line railways to ensure that they continue to reinvest in infrastructure and their rolling stock in order to keep up with the demands they see in that first and last mile connection back to the class I's in the U.S. We believe these types of programs have proven to be very beneficial to short lines in the U.S., and we've been advocating for similar programs in Canada.

I will give a shout out to the—

Ms. Marilyn Gladu: Were they tax incentives or capital incentives?

Mr. Marc Brazeau: They're a combination of several incentives. There are tax incentives and capital project incentives, but there is direct funding as well.

It's no different than if a short-line were to apply to the national trade corridors fund. They would be entitled to have funds, or projects funded by the federal government with some matching contributions from the short lines. Unfortunately, the short lines are not getting a lot of support through the national trade corridors fund. That's why we believe there should be a dedicated fund for short lines similar to the one in the U.S. It's similar to what we see in Quebec, as well, because Quebec has a couple of programs that benefit our short-line members of that province.

• (1140)

Ms. Marilyn Gladu: Excellent.

Now, I'll turn to Ms. Hardy. I want to talk about the fertilizer situation in Canada, because we know that with the Russian aggression, we're seeing a real problem. Canadians ordered their fertilizer, the Russians got their money for it. Now, Canadians are being hit with a tariff, even though the Russians already have their money. There are a number of other things that are related to supply chains.

Can you comment on what you think the federal government ought to be doing, other than exempting the tariffs for product ordered before March 2?

Ms. Joan Hardy: Certainly the movement of fertilizer is very important for our Canadian producers and for U.S. producers as well for the potash that's moving out of Canada. It's important for the world because so much of the potash that the world needs is going to come from Canada.

Any steps the government can take to ensure that Canadian potash and fertilizers remain viable and can move in and out of the country easily are very important. We're certainly supporting some of the most important fertilizer producers worldwide moving the product out with Canpotex, Mosaic and Nutrien, so your support for those industries is very important.

Thank you.

Ms. Marilyn Gladu: Now we'll go to Mr. Rodgers.

I'm looking at the capacity limitations in the system and the pinch points. You talked about waiting for a berth and issues with the regulatory processes and infrastructure.

What specifically could the federal government do to help with this wait time for berths, and the regulatory burden we're seeing?

Mr. Bruce Rodgers: As I mentioned in my opening remarks, the Roberts Bank terminal expansion project out of Vancouver has been on the books since 2011. Even if that gets approved now, it won't happen until some time in the beginning to middle part of 2030. It's just taking too long—20 years—to put in. We identified a potentially critical situation with the volume and congestion occurring. From a supply chain perspective, we can't wait 20 years for these projects to get approved and be implemented. I would say that's most critical. That just allows for berthing; it allows for the off-loading of the containers.

The other issue we have, as we've just experienced out in western Canada into Vancouver, is that we've been landlocked out there since probably the end of August of last year. The government has assisted with funding so that we can get additional land in Vancouver to park some of the containers. That's been welcome relief just to relieve some of the congestion from what's happening out on the west coast.

Ms. Marilyn Gladu: With respect to the CBSA that you mentioned, what is the issue? Is it that there are not enough CBSA officers to do the inspections? What is it that we need to do? Do we need a more streamlined process overall?

Mr. Bruce Rodgers: In 2015 the government approved the new examination facility out of Vancouver. It was originally only one. They approved the second one at Tsawwassen. That went in, with the premise that it would have large-scale imaging and that it could X-ray the containers to facilitate the examination process. That has been tied up as well. We have put in a request for access to information to try to determine the reason for the delay. Again, it's been two years now, and we don't have a response from our initial inquiry on that one either.

That would facilitate a quicker examination process through that facility. Right now it's very labour intensive and, because of that, it's adding delays and additional costs to have the examinations performed.

Additional technology would be welcome.

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

Thank you, Ms. Gladu.

Next we have Mr. Chahal.

Mr. Chahal, you have six minutes. The floor is yours.

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

Thank you to all of our witnesses today for providing testimony on this important study.

I want to get a little bit into how the most recent lockdowns we've seen in China have affected our supply chain. I'd like Ms. Kuzeljevich to provide any insights on that and the impact on the shippers.

• (1145)

Ms. Julia Kuzeljevich: What we have seen coming across our desk at the association over the past two years of COVID is that, with the COVID-zero policy in China, what they require is quarantining and locking down entire ports, for example, even with a few cases, so you have several things creating a domino effect in the supply chain.

You have a port shutdown and a lack of employees to service the outgoing ships, so the ocean carriers have to re-create a schedule and, as a result, they will take capacity out of the system. They will start avoiding certain ports or, depending on where they consider a priority, they will stop calling at various ports. “Cancelling sailings” is the term.

Then you end up with situations where you have chartered ghost ships that are appearing with no berth available at ports, or you have delays in the transit adding more time to the transit time and the expected arrival of the ship. It creates a domino effect down the chain with regard to the inland delivery of the goods and the availability of staff to off-load the ships.

Mr. George Chahal: What can be done to mitigate these impacts? You've talked about so many. How we can source from other countries better?

You also mentioned a supply chain still in trouble today. Could you just elaborate more on that?

Ms. Julia Kuzeljevich: Well, we've witnessed a compounding effect. Even before COVID, we were in trouble. For example, weather-related delays occur every year and we expect those. Low temperatures in the winter require slower trains across the Prairies.

To a large degree, a lot of those things are expected. We deal with them and there are workarounds. However, it was just a compounding effect, starting with blockades, then COVID, and then all of the resulting domino effects from the lack of staff and capacity taken out of the system on the air side as an example. As well, you were dealing with the phenomenon of consumers purchasing online, because they couldn't travel, and you had an influx of volumes. Although those are probably temporary issues, it really strains the supply chain. When you have a blockade, when you have a strike, when you have a weather delay, it does not take long for whatever resilience we have to be beaten out of the supply chain. Those became acute issues that we were able to observe over the last two years.

Mr. George Chahal: Thank you.

I'm going to move over to the Western Canadian Shippers' Coalition and Mr. Montpetit.

In your opening remarks you talked specifically about a “comprehensive supply chain review”. Could you provide some insights on what you'd like to see within that review and where that review would be focused?

Mr. David Montpetit: Absolutely. Thanks. That's a good question, because we've been pushing for this for several years now.

As we had suggested and continue to suggest, the focus would be looking at all modes, specifically rail and port trucking, and taking a whole holistic view of the supply chain itself, looking for oppor-

tunities, looking for inefficiencies and looking for bottlenecks. Most likely you would have to bring in third parties to do that, in combination with information that would probably be provided by the railways, shippers and provinces, be it road, short-lines, and so on. It would basically be a holistic review of the supply chain, because I don't believe we've ever done one. If we have done one, it has been years, maybe 40 years ago. I don't remember exactly, but it has been a long time.

To all the points here, a combination of them, even the comments that Mr. Brazeau made, and so on, the supply chain has been beaten up. The railways have been beaten up. Shippers have been beaten up. We've been just hammered with weather events, blockades, and so on. I've never seen anything like it in all the time I've been doing this.

My question for government is: What can you do, and what visibility and what funding can we transfer into an overall review? Before we spend infrastructure dollars, we need to know where we spend them. There have been some good dollars spent already. I believe Ms. Hardy made a comment—correct me if I'm wrong—about how long infrastructure projects take to actually have legs. This is going to take a long time, but in order to spend the money and spend it wisely, we need to understand first where we're spending the money and why.

Thank you for the question.

• (1150)

Mr. George Chahal: Thank you.

You mentioned bottlenecks specifically in the Lower Mainland and northern Alberta. What were you referring to in northern Alberta?

Mr. David Montpetit: It's just the infrastructure that's actually up there. There are speed limits coming out of the Fort McMurray area and there's a lot of congestion and traffic there. My members are continually struggling out there for service. They're also struggling to get additional warehouse space when required. It has been, and continues to be, one of the major bottlenecks that my members face.

Mr. George Chahal: So the highway—

Mr. David Montpetit: That's a separate conversation.

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

[Translation]

Thank you very much, Mr. Montpetit.

Mr. Barsalou-Duval, you have six minutes.

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

Mr. Labbé, given what we've seen recently in the news about French at CN, you won't be surprised by me asking some questions about that.

Your company chose not to include a single francophone on the board of directors. Do you think that this choice is normal?

Don't you agree with me that this is a bit of a slap in the face for all Quebecers?

Mr. Sébastien Labbé: At CN, we are aware of the situation.

Mr. Sean Finn, our executive vice-president, has said that the situation will be resolved over the next year, after the departure of two directors in the coming months.

This situation occurred after Mr. Charest left the board of directors.

Mr. Xavier Barsalou-Duval: You say that the situation will be resolved, but according to the briefing note, there were three vacant positions and it was proposed that they be filled by three people who do not speak French. Therefore, your company made a deliberate choice, in spite of the warning from the government of Quebec, which asked that the next CEO understand French and Quebec. It seems that this went unheeded.

Do you think that, in the entire company's executive level, having a single person who knows Quebec and speaks French is enough?

Mr. Sébastien Labbé: In fact, there is more than one in senior management.

Mr. Xavier Barsalou-Duval: I am talking about the board of directors.

Mr. Sébastien Labbé: As Mr. Finn said, the situation will be resolved in the coming months.

Mr. Xavier Barsalou-Duval: I noticed that you spoke entirely in English during your opening remarks.

Recently, we read a letter from the Teamsters union, which mentioned a certain climate of fear among those who work in French in the company and are unilingual. They fear reprisals and being left on the sidelines if they do not speak English. There are managers who do not speak French in the company, which makes it impossible for unilingual French speakers to work with them.

Would you say that, at CN, the corporate culture is hostile to French?

Mr. Sébastien Labbé: I've been working at CN for 24 years and I'm from Beauce, Quebec. I have always been able to communicate in French or English at CN. Since I currently work in Alberta, I speak English more often.

Mr. Xavier Barsalou-Duval: Do you think that, at CN, a person who is a unilingual francophone would have the same opportunities to climb the ladder or get a position as a person who is a unilingual anglophone?

Mr. Sébastien Labbé: I have no way of knowing. It always depends on the person's skills. We are in a competitive global market and must take into account communications with clients, for example those in the United States.

Mr. Xavier Barsalou-Duval: Since you've been in this position, have you noticed an improvement or deterioration in the presence of French in the company?

Mr. Sébastien Labbé: Personally, I haven't noticed any change since I started working 24 years ago. There are communications in

English and in French. There are also meetings held in French, depending on who participates in them.

Mr. Xavier Barsalou-Duval: As vice-president, I imagine that you are aware of most of the important decisions that are made in the company. Have you ever heard about the complaints from the Teamsters union? Have you ever had internal discussions about improvements that should be made regarding the use of French in the company?

• (1155)

Mr. Sébastien Labbé: No, not on my end. I deal more with the trade aspect. That means I am a little less involved in human resources or relations with the various unions.

Mr. Xavier Barsalou-Duval: So, this is not a subject that is discussed by CN's vice-presidents.

Mr. Sébastien Labbé: No, not on my end.

Mr. Xavier Barsalou-Duval: On your end, you don't think that CN needs to improve when it comes to using French.

Mr. Sébastien Labbé: That's not what I'm saying. It is always possible to improve the processes of every company, whether in the area of communications or the languages used. There is always room for improvement, no doubt about it.

Mr. Xavier Barsalou-Duval: When the CN control centre in Montreal was closed and moved to Edmonton, many employees were concerned that there would be problems with service in French, specifically in security matters. Do you share these concerns? Have you been able to easily find bilingual people to fill those positions?

Mr. Sébastien Labbé: To my knowledge, no such situation has been reported by employees or clients. I see what is written in the media, but nothing has been reported to me about it and I work with clients every day.

Mr. Xavier Barsalou-Duval: Do you think that security and the supply chain could be at risk if there are not enough staff able to work in French?

Mr. Sébastien Labbé: I think we will always have enough staff who can work in French.

Mr. Xavier Barsalou-Duval: That's not what the union people are saying. In fact, they're saying that the people who should be working in French are not able to do so. You're telling me that that this is not what you're seeing. So you think the union is wrong.

Mr. Sébastien Labbé: I can't comment on what the union people think. I don't have all the information they have access to.

Mr. Xavier Barsalou-Duval: Okay.

In other words, you don't know what more will be done to improve the situation when it comes to French at CN. Personally, I get the feeling we're not on the same planet; you don't have any issues yourself and don't see anything wrong, whereas on our end, we're seeing red flags.

I wonder if measures will be implemented and if the situation is being taken seriously.

Mr. Sébastien Labbé: I'm confident that the situation is being taken seriously.

I'm not directly involved in the next steps and measures to be implemented, aside from having presented the facts to the board of directors, including Mr. Finn's comments.

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

[*English*]

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

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

Thank you to all of our witnesses today.

Mr. Labbé, I'd like to pick up where Mr. Barsalou-Duval left off. Am I to understand, if I followed the discussion properly, that currently there are no francophones on CN's board?

Mr. Sébastien Labbé: Currently, that is the case. Yes.

Mr. Taylor Bachrach: What message do you think that sends to the francophones who work for your company here in Canada?

Mr. Sébastien Labbé: Well, as I said, it was recognized with the departure of Mr. Charest. Mr. Finn acknowledged that this will be corrected within the year.

Mr. Taylor Bachrach: By the end of the year?

Mr. Sébastien Labbé: No. It will be in the current year, a few months following a couple of departures from the board.

Mr. Taylor Bachrach: Okay.

What does "corrected" look like to CN?

Mr. Sébastien Labbé: Oh, I cannot answer that [*Inaudible—Editor*].

Mr. Taylor Bachrach: What's your personal opinion on the number of francophones that would be appropriate on the board to reflect the place of the French language in Canadian society?

Mr. Sébastien Labbé: I think we would have to look at the various factors for representation on the board. French would be one of them. But you could look at all the types of diversity that we'd be considering, whether it's a geographic or thought or language.

Mr. Taylor Bachrach: Okay.

Finally, do you feel that CN has adequately reflected the importance of the French language in Canada in the makeup of its board and its corporate leadership in the past?

Mr. Sébastien Labbé: Well, we're just coming out of corporate leadership being heavily French and bilingual, I guess, so I think it's always a mix of the total picture of leadership.

Mr. Taylor Bachrach: Okay.

Mr. Brazeau, I'll switch over to you with some questions. I was struggling with which person I should ask this question to. We've heard several of our witnesses today talk about extreme weather events caused by climate change and the impacts on the supply chain. You represent a number of big rail companies that work in Canada. I'm curious to hear about the conversation around extreme weather events and global climate change within your industry.

Has your industry seen increasing costs due to extreme weather events? What work is being done to understand this trend? What

costs do you anticipate will be borne by your industry moving forward—let's say in the coming decade?

• (1200)

Mr. Marc Brazeau: The short answer is that there has been an increased cost as a result of extreme climate change and extreme conditions. That is something that all of the railways are planning for in their contingency plans. One thing that I think the railways have been doing more and more of is reaching out to other subject matter experts in meteorological changes or extreme weather patterns. Analytics are being used. Short-term and long-term forecasting is now in place. Contingency plans are done on a regional basis as well. I think it's something that the railways are all taking seriously. It's all part of their future planning.

Yes, there has been a significant amount of investment and there has been a significant allocation of time and people's resources to make sure that we can plan as best as we can and anticipate as quickly as possible when those events occur.

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

You mentioned the use of subject matter experts. Does the rail sector follow the work of the IPCC and some of the modelling and projections that are being done globally of the implications of global climate change? Can you provide any sense of the magnitude of the costs that global climate change and extreme weather could pose for the rail sector in Canada?

Mr. Marc Brazeau: First of all, the railways are taking advantage of all of the information that's available out there. We also work closely with Canadian universities. The University of Alberta, for example, has a very good rail-focused research group. There is a lot of interaction between the University of Alberta's rail research people there and our network. We also work closely with our U.S. counterparts. There's a dedicated R and D and training facility in Boulder, Colorado, that allows all of our railways to test equipment, and to test equipment under different conditions. I am certainly very confident that no stone is being left unturned here by the railways.

In terms of the costs, I can't give you a specific number, but I can tell you that those costs are becoming increasingly significant. That's also part of ensuring that the railways are reinvesting back into those areas where we will have the best impact and the best ability to respond to those challenges.

Mr. Taylor Bachrach: Thanks, Mr. Brazeau.

I also noted an article from 2020 that indicated that CN has supported the recommendations of the task force on climate-related financial disclosure.

Are you familiar with these recommendations? Are those recommendations supported by the Railway Association of Canada?

Mr. Marc Brazeau: I can tell you, as I mentioned in my opening remarks, that rail represents only 3.5% of GHG emissions in the transportation network in Canada. However, we have specific targets in place with Transport Canada for locomotive emissions. Those targets are in place on an annual basis and all of our members are—

Mr. Taylor Bachrach: Mr. Brazeau, I don't think this deals specifically with emissions from the sector, but with two other sources of financial risk.

One is that your industry ships a huge volume of fossil fuel products at a time when Canada and the rest of the world are working to transition off of those. That represents an area of financial risk.

The second area of financial risk, in my mind, is the financial risk related to the costs that are going to be borne by continued extreme weather events along the various rail corridors in Canada.

Are those areas of risk communicated to investors in rail companies? Are you familiar...?

Mr. Marc Brazeau: First of all, railways have a common carrier obligation. We have an obligation to carry all resources and all goods. That's in the Canada Transportation Act. We don't pick and choose what we carry. We fulfill that common carrier obligation every day.

In terms of the actual costs, again, I can't speak to—

Mr. Taylor Bachrach: The question wasn't on cost. The question was on risk.

The Chair: Thank you, Mr. Brazeau and Mr. Bachrach. Unfortunately, the time is up.

Next we have Mr. Jeneroux.

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

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

Thank you, witnesses, for being with us today.

I have five minutes. I'm going to try to get through one question quickly with a few of the witnesses.

Maybe I will start with you, Mr. Brazeau. Judging from your opening comments, the biggest reason for supply chain disruption was catastrophic flooding in B.C.

Am I correct?

• (1205)

Mr. Marc Brazeau: It was extreme weather events, for sure. There was extreme heat throughout the prairies in the summer.

Mr. Matt Jeneroux: I will come back to you, but I'm going to try to do it quickly, if we can.

Ms. Hardy, it's the same question for you. Judging by your opening comments, the biggest reason for supply chain disruption was B.C. flooding.

Is that correct?

Ms. Joan Hardy: It was flooding and fires. Yes.

Mr. Matt Jeneroux: Mr. Labbé I have the same question for you.

The biggest reason for supply chain disruption, judging by your comments, was B.C. flooding.

Mr. Sébastien Labbé: There were fires and also extreme cold for a couple of months.

Mr. Matt Jeneroux: Great.

Mr. Montpetit, judging by your opening comments, the biggest reason for supply chain disruption has been the war in Ukraine.

Mr. David Montpetit: No, I didn't say that. I said floods, fires, extreme heat, cold and also blockades. That really impacted things back in 2020.

Mr. Matt Jeneroux: Okay. I'm sorry for putting words in your mouth. That's helpful.

Lastly, Mr. Dagenais, the biggest reason for supply chain disruption, according to your opening comments, was work stoppages.

Mr. Daniel Dagenais: It was work stoppages and the pandemic, indeed.

Mr. Matt Jeneroux: Okay, that's interesting.

Of all those witnesses, Mr. Dagenais was the only one who indicated the pandemic.

I only bring this up, Mr. Chair, because at the summit the minister held, he said that COVID-19 was solely the biggest disruption to the supply chain. I think it's important for this committee, particularly the analysts, to hear that as we go into the final report.

Now I want to turn some questions over to Ms. Kuzeljevich.

You indicated in your opening comments that the Port of Vancouver was backlogged by four weeks and is at 120% capacity.

Did I get those numbers correct?

Mr. Bruce Rodgers: I think Ms. Kuzeljevich is having some technical difficulty. I will address that concern.

That was reported by one of the carriers. The carrier was Maersk. They put out a weekly report of port status in North America. They have indicated that, from their perspective, they are having a dwell of about four weeks to get into the port and the port is 120% congested.

Mr. Matt Jeneroux: We heard from the Port of Vancouver, I'd guess about three weeks ago now. They indicated that in about nine weeks the port would be back to business as usual. They were confident in those numbers. I was a bit surprised when I heard that, noting the number of barges out in English Bay, for example.

I see Ms. Kuzeljevich has jointed us again. I'm curious if either of you have comments on that statement from the port.

Mr. Bruce Rodgers: That would surprise us equally.

Again, there are issues in China now where you have the shut-down, so that's affecting vessel departures. As was mentioned earlier, some of the vessels have cancelled sailings or blank sailings; they're not moving anymore.

I read a report this morning that exports are down by 40%, so if those exports are down coming into Canada, that will allow Canada an opportunity to clean out the backlog that they have today, but I would say that is very short term. Once that port opens again and traffic resumes, I would anticipate that we're going to be back to further congestion throughout the summer.

Mr. Matt Jeneroux: I guess some of the solutions that were pitched were advanced technology and artificial intelligence, which are obviously longer term investments. I'm curious whether there's anything that you can give us, in the last 20 seconds I have, as an indication of what could be done urgently to get some of that backlog addressed.

Mr. Bruce Rodgers: What we need is more berthing so that we can handle more ships through the Port of Vancouver. We need infrastructure and infrastructure projects. We are landlocked in Vancouver. We need better roads and better access points to allow cargo to flow.

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

Next, we have Mr. Badawey.

Mr. Badawey, the floor is yours, and you have five minutes.

• (1210)

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

I'm going to try to get through this in five minutes. I do want to offer the witnesses the opportunity to send in testimony following this meeting. We have an ability to pass on a lot of what you would otherwise say here, but also following this meeting, please submit to us anything you want to add so that it gets captured within the analysts' report.

With that, I'll preface my comments by saying this—and this goes to Mr. Montpetit's comments with respect to strategy, and of course, attached to strategy are plans of action.

We have already drafted an interim report on establishing a Canadian transportation and logistics strategy, with about 31 recommendations attached to that report. We are doing the supply chain study right now, within this committee, presently. We have the ports modernization review that we're also doing. With all of that said, and with respect to maximizing multi-modal ports, it's incumbent upon us to take all of those strategies to ensure that all of the recommendations, including the one that we're doing now, are all brought together to do exactly what Mr. Montpetit is saying. We need to have that strategy established—and, of course, attached to the recommendations that we receive from you and others, we need action plans.

Budget 2022 has signalled, in this case through Minister Alghabra, that the NTCF is going to be directed more to supply chains—so much so that the budget also identifies that he might

change the name of the NTCF to reflect the priority of investment towards supply chains.

Once again, when we look at the national and strategic direction that you're taking in particular, that need to make it more robust is critical. When we look at capacity and at integrating distribution logistics, once again, it's critical that we receive recommendations from you folks, not only in five minutes or at this meeting, but obviously a lot more that I'm hoping will follow this meeting.

I know that in the Niagara region, for instance, right on the Great Lakes, we've established the Niagara Ports trade corridor in partnership with the Hamilton Oshawa Port Authority as well as through the municipalities. It's a multi-modal hub that takes advantage of the Welland Canal, main and short-line rail, air, road and, of course, ultimately, the location of the Niagara region. The Hamilton Oshawa Port Authority has now been delegated management of certain lands within the Welland Canal corridor, some in partnership with the private sector, as well as other modes of transportation.

I guess there are two questions that I would like answered here, if time permits. Following this meeting, you can send to us your responses in correspondence. This goes to Mr. Labbé's comments, with respect to capacity and resilience. To establish the capacity and resilience as well as the fluidity, do CN and others entertain opportunities to partner with the public and private sectors? How do you do that, and when do you do that?

To Mr. Brazeau, I ask the same question, and to Mr. Montpetit, the same question, especially as it relates on Mr. Labbé's side to shunting, expanding those operations and then having the ability not only to expand operations for CN but also, in relation to the multi-modal aspect of it, to promote further economic development.

Mr. Brazeau, to your comments with respect to that multi-modal network, and to Mr. Montpetit's comments, especially in relation to the infrastructure investments, what recommendations do you have with regard to the former NTCF, now the supply chain fund? How do you see that rolling out?

We'll start off with Mr. Labbé.

Mr. Sébastien Labbé: Good morning. Thank you for the comments and questions.

We're always open to working with all of the customers, stakeholders and agencies in government to improve the supply chain. As Joan Hardy was saying earlier, it is not one supply chain, but multiple supply chains that have to coexist. We're working a lot right now to make sure that we have fluidity in all of the lanes with all of the commodities. We're always open to work.

As for the NTCF, it's a great initiative. An increased amount of money and faster approval would help tremendously with the supply chain.

Mr. Vance Badawey: Go ahead, Mr. Brazeau.

Mr. Marc Brazeau: I'll be quick.

I'll just say that the NTCF has proven over the years to be very beneficial to the supply chain and to the railways. If there's a possibility or opportunity to dedicate more of the view to the entire supply chain network, we would be supportive of that. We're only as strong as our weakest link in the supply chain, and the supply chain needs to be robust.

I would also add to Mr. Rodgers' comment that it is about infrastructure. It's about investing in infrastructure. It's also about making sure that we have the right regulatory environment. Combined with that, we're hopeful that the money being put towards NTCF or the supply chain fund will be put to good use and rolled out quickly in project approval.

• (1215)

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

Go ahead, Mr. Montpetit.

Mr. David Montpetit: Thank you, Mr. Badawey.

To respond to the NTC funding, obviously we have a lot of projects that are already on the go. Some are complete and many are on the books. Spending the money wisely and understanding where it's needed are key for this to begin with. There's a lot of good discussion around that this morning.

As far as moving forward is concerned, we need to start thinking about things a little differently. We've talked about transportation parks. One of the things that you mentioned, regarding looking at what you're doing at the Niagara Peninsula.... I think looking at and exploring other options and thinking differently from what we have are key.

Lastly—I can't emphasize this more—data metrics and information are also key to the supply chain. Visibility and getting visibility through information—I cannot stress this any more—are probably the most important factors that we could be working toward in spending and moving funding.

Thanks.

Mr. Vance Badawey: Thank you.

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

[*Translation*]

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

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

My question is for Mr. Dagenais, from the Montreal Port Authority.

In your speech, you stressed how important the Contrecoeur project is to the Port of Montreal. This new Port of Montreal terminal is planned for my riding.

It has been said that it's important the project be environmentally sound. Environment Canada set certain conditions for approving the Contrecoeur project. We know that dredging can have a major impact and can greatly disturb fish habitat.

I will read you subsection 3(2) of the Decision Statement issued under section 54 of the Canadian Environmental Assessment

Act, 2012. This is the subsection that deals with fish and fish habitat:

3.2 The Proponent shall perform the dredging required for the construction by using a dredging method or methods with the least impact to reduce emissions of suspended solids in the water column and reduce potential sediment depositions in the aquatic grass beds located downstream from the Designated Project.

We know there are various dredging methods available. There is traditional heavy mechanical dredging that leaves behind high concentrations of suspended solids, but there's also a system that suctions up the soil, and therefore the sediment, instead. This method generates less suspended sediment, and it's used by a Contrecoeur local business that could do the work.

Given its obligations, will the Port of Montreal prioritize this dredging method above others?

Mr. Daniel Dagenais: Thank you, Mr. Barsalou-Duval.

You're absolutely right, there are several dredging methods available to us as we build our wharf structure. When the time comes, alongside our private partners, we will naturally have to go with the technology and methods providing the best environmental performance. You referred to sediment resuspension and turbidity. You're quite right that this is one of the factors being assessed. It's also a condition we will have to meet for project approval in the final stages before completion and construction.

Mr. Xavier Barsalou-Duval: I have another question for you.

Some environmental groups have expressed their dissatisfaction with the Port of Montreal's mitigation plan.

The plan seems to suit those assessing the project, but if ever you needed to do more along the way, would you be willing to do that?

The Chair: Unfortunately, there's not enough time left for a response, Mr. Barsalou-Duval.

Thank you very much, Mr. Dagenais.

[*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.

We've heard from several witnesses today about the rail blockades that occurred in 2020 and the impact those had on the supply chain. Where I live in northwestern B.C., CN is the primary rail provider, so I'm going to direct my questions to Mr. Labbé.

When the rail corridor or line was built through much of Canada, it did not obtain any sort of consent from first nations. In many areas, there were no treaties. Today, when I travel to indigenous communities in Skeena—Bulkley Valley that have the rail line running through their territory, I hear so many stories about the impact the construction of the railroad had, and stories about the impact that rail transport continues to have on their communities.

My question is for CN specifically. I see your operating profit in 2021 was \$5.6 billion. How many resources does CN invest in the project of reconciliation?

• (1220)

Mr. Sébastien Labbé: I don't have the exact amount or details, but we're constantly, at many levels of the organization, engaging with stakeholders and communities—and first nations, for sure. Whether from specific departments, policies or daily operations, we have employees in all those communities working and living there. It's an ongoing effort to be a good corporate citizen.

Mr. Taylor Bachrach: Working with indigenous communities is unique compared to working with other kinds of stakeholders. Could you tell me how many individuals in your corporation are dedicated to working with indigenous communities?

Mr. Sébastien Labbé: I don't have the exact number, but we do indeed have employees dedicated to working with those communities.

Mr. Taylor Bachrach: Would you be willing to table that information with the committee—both the financial amount dedicated to the project of reconciliation and the number of individuals in the company whose jobs are dedicated to working with indigenous communities?

Mr. Sébastien Labbé: I will bring it up internally for a follow-up.

Mr. Taylor Bachrach: Thank you very much.

I'll stay with Mr. Labbé. Moving to....

I see my timer is going off. Does that indicate my time has run to an end, Mr. Chair?

The Chair: You have seven seconds, Mr. Bachrach, if you're capable of doing something with that.

Mr. Taylor Bachrach: You know what I'll do? I'll cede that time to the next round. How about that? I'm trying to get better at keeping it concise.

Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Bachrach. I think Mr. Dowdall will very much appreciate that.

Mr. Dowdall, the floor is now yours. You have five minutes and seven seconds.

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

I also want to thank all the presenters today. It's been fantastic to hear their statements about what's happening with Canada's supply chain.

I want to go back to a question asked by one of my colleagues about the effect of the pandemic on our supply chain. Certainly, from what I'm hearing, it wouldn't be the number one issue. A lot of it seems to be about climate change. All of those items are things we need to look at, but what I've heard consistently through this presentation from pretty much every individual.... As Julia said, regulatory processes and infrastructure.... It's infrastructure, infrastructure, infrastructure. I heard that from many other presentations, as well—that we need to do something, so these products can move in our country a lot faster than they are.

My question is about the amount of red tape required to get a process moving because, in the last seven years, I have heard about it consistently, whether the government is federal, provincial or municipal. These other issues, as I said, are often aside. They're going to happen, but I think the key is the infrastructure. The question I have for pretty much everyone is, do you think it's still too difficult to move projects ahead in a timely fashion? Has it gotten any better?

Each time, we say we're looking forward to federal partnerships and funding and things of that nature. That's all fantastic, but if we can't get those shovels in the ground because of that many roadblocks, are we moving ahead, or is that the main reason why we have a sore supply chain? Is it the fact that, no matter what the other issues are, we just don't have the infrastructure there?

As a follow-up, I will quickly ask, what are the easy things we could do in a fast way to hopefully get products moving a lot quicker?

Mr. Marc Brazeau: I'll jump right in. My answer to that would be that the sense of urgency to get shovels into the ground is only going to increase. So if there are delays, we have to address those delays. If there's regulatory holdback on certain projects, we need to be better, because extreme weather conditions will continue to be a major challenge and we have to respond more quickly.

One of the things we saw through COVID-19 was that the private sector and the government were able to work very closely to reduce the regulatory burden to make sure things got done a lot quicker. I think a lesson to be learned coming out of the pandemic is that we can make things happen faster if there's a sense of urgency.

• (1225)

Mr. Terry Dowdall: Are you optimistic that will happen? I can tell you, from my perspective of the frustration levels I see, we are years behind already. We have to act like we did with the pandemic on the issue of infrastructure.

Mr. Marc Brazeau: I agree with your statement. We have to act with a sense of urgency.

Mr. Terry Dowdall: Perfect.

Does anybody else want to comment on the timelines? Are they improving? I personally think they're the biggest crutch of what we're seeing here.

Ms. Joan Hardy: I would add, if I may, that certainly CP supports any infrastructure projects that improve supply chain capacity, efficiency and resiliency, and many of the projects that are being applied for under the NTCF are exactly around these areas.

I can't really comment on whether things have improved or degraded, but I would say that our perspective is that there does need to be a greater sense of urgency.

Here's an example. The Port of Saint John applied almost a year and a half ago for funding under the NTCF to support its urgently needed capacity expansion project. It will be a significant improvement in supply chain resiliency and capacity. A year and a half later, that application is still waiting. There's an example of a long time frame that hopefully can be addressed.

Mr. Terry Dowdall: I have one quick question again. I know the Liberal government is going to increase the carbon tax—the latest such increase. Are you expecting that to have an impact on Canada's supply chain? Does anyone want to jump in? I guess that's a no. Crickets.

Thank you very much. I think I'm out of time, actually. That's just five minutes on my watch.

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

Next we have Mr. Iacono.

[*Translation*]

We'll go to Mr. Iacono for five minutes.

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

I'd also like to thank the witnesses for being here this morning.

Mr. Dagenais, can you explain the impact the COVID-19 pandemic and supply chain issues have had on the Port of Montreal?

How have you tried to mitigate that impact? Can you tell us what worked and what didn't?

Mr. Daniel Dagenais: Thank you, Mr. Iacono.

Yes, the COVID-19 pandemic initially had an impact on workforce availability and operations, due to the health restrictions brought in in the early months.

Of course, afterwards, most of the issues were related to managing import and export timing. As I'm sure you've heard, cargo and vessels must arrive within a specific time frame, according to a schedule often determined weeks, if not months, in advance. In the continental supply chain, ships may well be set to arrive on specific dates, but if they dock five or six days late due to issues in ports elsewhere on the planet—

The Chair: Excuse me, Mr. Dagenais. Can you please select your microphone at the bottom of your screen on the left-hand side?

Mr. Daniel Dagenais: Is it better now? I just selected the right microphone.

The Chair: I'm getting the nod. Thank you very much, Mr. Dagenais.

Please continue. I'm going to add time to the stopwatch due to technical issues.

Mr. Daniel Dagenais: I was saying, basically, that first there were the pandemic-related health restrictions and issues with labour availability. Then we had to deal with ship delays, as did our

clients. In addition, the fact that export cargo was not arriving at the same time as import ships also caused disruptions for our rail partners, who work on a very tight schedule and with clockwork precision.

• (1230)

Mr. Angelo Iacono: Thank you very much.

Mr. Dagenais, is there anything unique about the challenges facing the Port of Montreal compared to other Canadian ports? If so, can you elaborate on that?

Mr. Daniel Dagenais: Does your question relate to current supply chains?

Mr. Angelo Iacono: Yes.

What differentiates the Port of Montreal from all other ports in Canada?

Mr. Daniel Dagenais: I would say that it's not really a problem, it's more like a great opportunity.

As I said a little earlier in my remarks, the proposed business model for coming to Montreal makes most of our clients behave a little differently than when they go to coastal ports. We have a destination port business model. So the ships unload and fully reload, which helps our shipowners make better use of their marine assets.

In turn, it also means our rail partners and truckers can have as many import containers as they do export containers. So we have fewer empty container movements at our facilities; trade movements generate freight revenue in both directions. So that's a real opportunity for us.

Mr. Angelo Iacono: You mentioned in your opening remarks that you're not facing the same crises as the ports in the United States. Is that why you aren't?

Mr. Daniel Dagenais: Yes, it is.

Mr. Angelo Iacono: Okay.

Do you know of any regulatory changes that would improve the flow of your operations and the supply chain?

Mr. Daniel Dagenais: Absolutely. No amount of regulation would protect us from a future pandemic with global implications.

At the same time, the Montreal Port Authority has come through a period where we had two work stoppages during a conflict with the longshoremen. So I think we need to take steps to ensure that our maritime borders remain open, in the same way that our land borders are considered essential trade links. I believe we need to take a stand on that.

The second thing we're very interested in is everything related to supply chain innovation and visibility. Earlier, I talked about access to data, the overall level of cooperation and data sharing. The goal would be to foster better visibility at the place of origin and the destination.

Mr. Angelo Iacono: All right.

How do you deal with—

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

[English]

Next we go to Mr. Muys.

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

Ms. Marilyn Gladu: I think that instead it is actually I.

The Chair: Oh.

Ms. Gladu, the floor is yours.

Ms. Marilyn Gladu: I'm going to start with Monsieur Labbé. We've heard that the various rail companies are reinvesting a huge percentage into infrastructure, but if I look to even small communities like mine in Sarnia—Lambton, we're even having difficulty maintaining the existing infrastructure.

The federal government has provided millions—but not billions—in terms of studying and everything, but it looks to me like we need some kind of major investment and co-operation and leveraging of money in order to grow, to do the Quebec-Windsor corridor and to address resiliency in our supply chain.

Can you comment on what we really need from a capital priority point of view and how much you think that will be?

Mr. Sébastien Labbé: As you said, the railroads invest a lot of money in the infrastructure to maintain fluidity and resiliency and increase capacity. As Mr. Brazeau said at the start, it's to the tune of 20% to 25% of the revenues that are put back into capex, which is quite significant, and it is always based on, like I said, ensuring we stay ahead of the demand. We try to always be before the capacity crunch comes in....

As it relates to the amount of money required in that specific area, I can't speak to it. I cannot speak to that, but we're always open to working with our customers and supply chain partners to create synergies and projects that will benefit the transportation of goods.

Ms. Marilyn Gladu: Yes, I think these are nation-building projects and, really, to get to the next level of competitiveness, we absolutely have to partner between the federal government and all of our rail partners.

Monsieur Montpetit, you have spoken about the problems with the trucker shortage. I know that this was made worse by the vaccine mandates that were put in place in Canada. President Biden actually exempted truckers who were alone in their trucks, or companies that had less than a hundred employees. I wonder if you think it would have been good, considering that Canada had negotiated as part of the road map that Prime Minister Trudeau would match what was happening in the States, and that he should have negotiat-

ed that reciprocity to at least help the situation with the trucker shortage.

• (1235)

Mr. David Montpetit: I think the trucker shortage is a much bigger picture than that. If you look across the country right now, you will see that a lot of provinces are impacted by that shortage, but more specifically Ontario, B.C. and Alberta. You have truckers retiring, you have truckers leaving the workforce after all of what we've experienced, including what you've outlined, and you have people not entering the workforce.

One of the studies I saw when we had the B.C. Trucking Association present at one of my meetings here back in February was...we have probably a shortage of 25,000 drivers across the country—if not more at this point. So, it's a much bigger picture than just a COVID-specific problem. It has been an ongoing issue, and it continues to grow. We don't seem to have any solutions right now for it.

I think there's a focus on it, and from what I understand the government and the feds have taken some initiative around it in conjunction with the provinces, but it is an overall workforce problem that we have. It's no different from some of the other ones like maybe the railways and some of my members are facing also, but the percentages seem to be much higher within the trucking industry.

Ms. Marilyn Gladu: Absolutely. Certainly this is not the time to have 10% to 20% of people unable to work when everyone who has had vaccines, or not, and can get and transmit COVID, so I think there is an opportunity there.

Mr. Dagenais, with regard to the Montreal ports, we had heard that with all the growth in export markets that it would be a good idea for us to expand the number of international ports that we would have. Do you agree with that? Do you think that the experience from the Montreal port could be used to help do that?

Mr. Daniel Dagenais: I think the ports play a role, sometimes even a complementary role to each other. Definitely, having a network of ports to service our Canadian exporters is absolutely necessary. I am unclear whether we actually need more ports per se. We already have 17 port authorities all across Canada, as you probably already heard from other testimony, so we already have a large number.

We certainly need, in certain aspects and in certain regions, more infrastructure; hence, our answer in our expansion project in Contrecoeur, in order to meet that demand in due time. As Monsieur Montpetit mentioned earlier, I believe, infrastructure is a long lead-time process, whether it's to get financing, approvals, authorization, and then eventually building it out and commissioning it. So, those are long-view issues and certainly long-view projects.

Ms. Marilyn Gladu: What specific infrastructure would you build?

Mr. Daniel Dagenais: Here in Montreal?

Ms. Marilyn Gladu: Yes.

Mr. Daniel Dagenais: For us, we're building an additional container terminal, because we believe that we're going to be running out of vacancy in the next few years. As I mentioned in my testimony, aside from building additional infrastructure, we're not building what we used to build 20 or 30 years ago. We are building the 21st century type of infrastructure; hence, shore power-equipped terminals that can handle trucks that require to be connected to our power grid.

We recently signed an agreement to create a green corridor; hence, having LNG as a source of power for ships, but also ammonia or methanol. So greening our equipment and making sure that it's more resilient to climate change is absolutely necessary for the next generation of equipment.

Ms. Marilyn Gladu: Excellent. Thank you so much.

I think that's my time.

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

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

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

Thank you to all of our panellists today. It's been very interesting to hear you identify, I guess, the major causes of supply chain issues across the country.

When we talk about all the issues identified with fires in B.C. and western Canada, floods and extreme cold, and the national and international picture, we hear people talk about supply chain issues caused by COVID.

I guess this is a very simple, basic question for any of you who would like to speak on this. Assuming we were living in a world where COVID had not existed for the past two years, would we have the same supply chain issues?

Maybe Mr. Brazeau and Mr. Montpetit or others can comment on that.

• (1240)

Mr. Marc Brazeau: You have the microphone, David. I'll follow you with pleasure.

Mr. David Montpetit: All right. That sounds good.

That's a good question. I do believe if you took COVID out of the picture, we would still be in a situation very similar to the one we are in now. There may be a supply chain imbalance. We would maybe have less of an imbalance than we're seeing right now as well as some of the effects of that. But if you look at the climate piece, if you look at a lot of the disruptions we have already experienced here in the last two and a half years between blockades, climate, labour disruptions, etc., those are most likely all going to happen whether or not there is COVID. Hence, as I outlined before, the issues we have seen started well before COVID, and they're going to be here well after COVID. That's my perspective.

Mr. Marc Brazeau: Thank you, Mr. Rogers, for the question. I would agree with David. In fact, the rail blockades occurred prior

to COVID, and we saw the resulting effects of the blockades for weeks on end.

We have learned some great lessons from COVID, and there can be lessons that will help improve the supply chain going forward. I mentioned the relaxing of some of the regulatory issues. The regulatory release we had was very helpful and was very important, because in the case of railways, we were considered essential services. We continued to run from day one of COVID, but we had to make some adjustments. All the railway companies made some adjustments, but the federal government also stepped up and provided some regulatory relief. So I would say that it goes well beyond COVID, but there are some lessons to be learned from COVID that could carry us forward and maybe improve the supply chain going forward as well.

Mr. Churence Rogers: Thanks so much. I appreciate those comments.

Mr. Montpetit, you talked about a supply chain review. What's been done in the last five to ten years, particularly in your jurisdiction, to resolve supply chain issues, and have these attempted solutions improved the situation at all?

Mr. David Montpetit: In the west and specifically out of Vancouver, some work has been done in the last, I'd say, five to seven years. Some of it has been successful. I think anything we do to contribute financially, with national trade corridor funding and so on, will definitely help. Every little bit helps. The question is where we're spending the money and whether we are getting the best bang for the buck, for lack of a better word.

Just to circle back to the earlier comments, I think managing a scorecard, as far as how we're doing with the funding, would be important to see. I saw an update a while back. I think it was back in December actually, on where we are for approved projects versus completed projects and the timelines for those. Some of them are much quicker—we could call those low-hanging fruit—and a lot of them are major infrastructure changes that need to happen.

I think we've made some good steps out here, but I do believe there is still a lot of work to be done. On top of it all, we had the fire and flood situation, which just made things more challenging but also opened our eyes to what we need to do not now but in the next 50 years to actually manage something like this again.

Mr. Churence Rogers: Mr. Chair, I have another quick question. Maybe Ms. Hardy or Mr. Labbé could comment on this.

Has the rising price of oil and gas affected the supply chain for you, and, if so, how?

Ms. Joan Hardy: Thank you for that question, Mr. Rogers. Fuel obviously represents a significant cost for us at the railway, so it does have an impact on our business and on our customers' shipments for sure. We're watching it very closely and doing our best to protect ourselves and our customers from the rising costs that are associated with fuel.

• (1245)

Mr. Sébastien Labbé: I'd make the same comment as Joan.

Mr. Churence Rogers: Thanks so much.

Mr. Chair, how are we with time?

The Chair: Thank you very much, Mr. Rogers. You have six seconds left, so you were perfect on time there, and I very much appreciate that.

[*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. Dagenais.

At the Bloc Québécois, we advocate a great deal for the electrification of transportation, including trucks and all port infrastructure. That is especially true for my colleague Mario Beaulieu, whose riding La Pointe-de-l'Île is very close to the Montreal facilities. First, we find it less noisy and more environmentally friendly; secondly, it builds social license for these types of initiatives.

I'd like to know what's in the works for Contrecoeur when it comes to electrification, but also how the Montreal Port Authority is doing in that respect, generally speaking. Do you have any electrification initiatives planned?

Mr. Daniel Dagenais: Thank you for your question.

With respect to Contrecoeur, initially, when we first contacted all the partners to obtain authorizations, we committed right away to proceeding with electrification where it was technically possible. Therefore, measures to electrify handling equipment and ships in port will be implemented right off the bat. We've already committed to that.

On the Island of Montreal, which already has a framework built, the Port Authority and its private partners, the port's tenants, have made major investments.

We've invested heavily in the electrification of equipment, such as the gantry cranes in the yards for container delivery and the converted generators for refrigerated containers. In tandem with Hydro-Québec, we've modified electrical connections to the grid.

We've also put forward a pretty ambitious strategy. We've created a dock power supply network with over 25 connections, which has helped us prevent thousands of tons of greenhouse gas emissions per year while ships are docked at the Port of Montreal.

Mr. Xavier Barsalou-Duval: Pardon me for interrupting, Mr. Dagenais, but I want to be able to ask one last question.

Mr. Labbé, I was really taken aback by your answers. If your level of commitment to French is any indication of the commitment of

the rest of CN's representatives, I feel we have every reason to be concerned. I didn't sense that you were concerned at all. If anything, I sensed indifference.

I'd like to give you the opportunity to prove me wrong.

Mr. Sébastien Labbé: Thank you for your comment and your question.

I do not see why you perceive indifference on my part. I care about CN's commitment and it will be taken into consideration.

So if you perceived indifference on my part, please know that was not my intention.

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

Thank you, Mr. Barsalou-Duval.

[*English*]

Next, we have Mr. Bachrach, for two and a half minutes.

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

I'll pick up with Mr. Labbé. I want to talk a bit about dangerous goods. As you're aware, this is a big concern for communities in our region. Certainly, it impacts the economy of northwest B.C. these days. We've seen two liquid propane terminals developed on the west coast, and the B.C. government just greenlit a proposal for a third terminal. At a very high level, so I can understand this, would you say that the risk to communities along the rail corridor increases with increased volumes of dangerous goods being shipped through their communities?

Mr. Sébastien Labbé: I cannot answer this. I'm not sure. I think there are many mitigating factors to manage the risk.

Mr. Taylor Bachrach: Are you at all familiar with the transportation of dangerous goods by CN in northwest British Columbia?

• (1250)

Mr. Sébastien Labbé: I am, in general, yes.

Mr. Taylor Bachrach: Are you familiar with the specific trains and the specific route assessment that was done?

Mr. Sébastien Labbé: I'm not familiar with the assessment itself, but I'm aware that we're doing many of those assessments. I'm familiar with the route. I'm pretty confident this is the one to Prince Rupert, right?

Mr. Taylor Bachrach: That's right. There's been a dramatic increase in the transportation of dangerous goods along that rail corridor. Has there been any kind of regional risk assessment in response to concerns that communities have brought forward?

Mr. Sébastien Labbé: I cannot speak to specific concerns that were brought, or specific assessments that were done, but we do risk assessments multiple times on an ongoing basis, depending on the trade corridor or the commodity we're looking to move, which includes the lane itself, the train handling, and the railcar design.

Mr. Taylor Bachrach: I don't feel like I'm getting too far with that line of questioning, so I'm going to shift back to climate disclosure. I did note earlier the 2020 commitment by CN to the recommendations from the task force on financial disclosure of climate risk. The federal government is moving toward mandated disclosure of financial risks due to climate change. The task force recommendations are for voluntary disclosure.

Does CN support the federal government's direction on mandatory disclosure of climate risk?

Mr. Sébastien Labbé: I cannot comment on this specific topic. I would have to follow up internally.

Mr. Taylor Bachrach: Okay, could you come back to the committee—

The Chair: Thank you, Mr. Bachrach and Monsieur Labbé.

Next, once again, we have Ms. Gladu.

Ms. Gladu, you have five minutes. The floor is yours once again.

Ms. Marilyn Gladu: Thank you, Chair, for the hat trick.

We'll go back to Monsieur Labbé. All the provinces have lifted all of their vaccine mandates pretty much, so we have 3.5 million unvaccinated Canadians intermingling with vaccinated Canadians everywhere, except on planes and trains. Would you support the lifting of the vaccine mandate for trains?

Mr. Sébastien Labbé: We're following the government mandate right now that is there so—

Ms. Marilyn Gladu: Of course you are, but if they decided to drop it, would that help your business?

Mr. Sébastien Labbé: I don't believe there would be a dramatic change. There was indeed an impact of the vaccine mandate, but this is not the biggest impact on the supply chain right now.

Ms. Marilyn Gladu: Very good.

I want to talk a little bit about the labour impact in supply chain resiliency, because we did hear that there was a shortage of workers in many places, with mariners and perhaps with trained employees.

If I could start with Mr. Dagenais, at the port what are the labour things you are concerned about and what should the federal government do, if anything?

Mr. Daniel Dagenais: During COVID we obviously had issues filling all of our positions because of the sanitary and hygiene issues related to COVID and the isolation in some cases, but going forward we are definitely concerned about the availability of labour for the port authority itself, because we are in an environment that offers good working conditions but with very atypical schedules. Working weekends, nights and shifts is less and less attractive, so we're trying to make sure that we are also creating an environment that meets the expectation of new labourers and new workers who are requiring a more stable work/life balance. We are keeping time with that, yes.

Ms. Marilyn Gladu: Good.

Mr. Rodgers, can you comment on any of the labour concerns that you would have?

Mr. Bruce Rodgers: Our members are struggling to get personnel, good trained personnel. People seem to be departing the industry overall. It's a significant challenge to bring people into the workforce. We talked about the trucking shortage that is occurring, and it's not just in that area. Again, the supply chain is not necessarily a very attractive place to work at this point in time. There are significant challenges. We have talked about the supply chain being broken really for the past two years. It's just not an enjoyable place to be anymore.

We continue to find struggles really in all areas of the supply chain overall.

Ms. Marilyn Gladu: Monsieur Brazeau, do you have some comment to add?

Mr. Marc Brazeau: I will just echo what Mr. Dagenais said. The railway sector is finding it more and more difficult to attract people to come into the railway sector because it is a 24-7 environment. It can be a very harsh environment, but it can also be very rewarding. The railways provide a very rewarding career opportunity, so I think what we need to do as an industry, which we have started doing, is to explain and promote the benefits of working in the railway sector so that people understand what it really means and the opportunities they would have to build a successful career.

We're doubling our efforts on career awareness, career promotion because we need to. We need to attract more people into our industry as well.

• (1255)

Ms. Marilyn Gladu: Mr. Monpetit, I have the same question for you.

Mr. David Montpetit: Our members are struggling just like everybody else, depending on location or where they are. If they're in smaller communities, and that is one of the primary sources, it's perhaps a bit easier, but when you look at some of the other areas, you are competing with several other industries out there and I think everybody already touched upon it. Some of it is what I would call 9 to 5 work where you have a normal work/life balance, and yet a lot of it is going to be on shifts. If you are doing shift work, it's much more difficult, especially if you are away from home, the whole bit. Everybody right now is experiencing it.

The question is how do we move forward and what do we do to move forward? Do we look at other policies that we have in place as far as immigration goes and all that sort of thing to help bring more people into Canada to help backfill the vacancies that we currently have?

Ms. Marilyn Gladu: All right.

Ms. Hardy, do you have any comment on this?

Ms. Joan Hardy: Yes. Thank you for the question.

It's definitely a very hot employment market right now. We have managed to maintain our staffing levels at essentially the same level as we did a year ago. We have a very aggressive hiring plan this year.

Some of the issues are that we are hiring in a lot of small communities. Because the cost of living can be very high in some of those small communities, we're taking steps like building accommodations in some small communities to house crews that we would be hiring in the area. We're taking pretty significant steps to make sure that we are able to hire into the vacancies that we have.

Ms. Marilyn Gladu: To all of you—

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

Thank you very much, Ms. Hardy, for that response.

Our final round of questioning goes to Ms. Koutrakis.

The floor is yours. You have five minutes.

[*Translation*]

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

I thank all the witnesses for their fine contribution to our discussion this afternoon.

I will address Mr. Rodgers or Ms. Kuzeljevich first.

What countries are most successful in terms of freight transportation? What are the keys to their success that Canada could learn from?

[*English*]

Mr. Bruce Rodgers: That's a very interesting question. Thanks for raising that.

Countries around the world are all struggling to a significant extent. North America and Europe are struggling in many different areas.

I would say that Asia has the best supply chains overall. It's due to the fact that they move much more quickly on infrastructure requirements and needs overall. They have significant efficiency in their port operations. For the most part, they control most of the world's exports. They are in control, whereas the rest of the world is relying on them to get the product to them.

That would be my answer to that question.

Ms. Annie Koutrakis: Do you think that regulations may impede our efficiency, compared to China's regulations, or does it not have anything to do with that?

Mr. Bruce Rodgers: Absolutely. We talked about that in really getting down to the infrastructure.

I'm going to back up on that a bit. In infrastructure, we have the national trade corridors fund, but what is the national trade strategy in order to spend that money? We need a long-term strategy for where that money will be invested. We shouldn't be going through people bidding for new projects. We should know what they are.

Our infrastructure has been discussed on this panel by many different individuals. I'd say it's fragile at best, and it's broken when anything disrupts it. We've had significant disruption over the past two years.

Ms. Annie Koutrakis: Thank you.

[*Translation*]

My final question is for Mr. Dagenais.

I'm happy to see you again, this time on Zoom.

What changes could be made to the governance of Canada's ports to foster better performance and better relations with the surrounding communities?

• (1300)

Mr. Daniel Dagenais: Thank you for your question.

If you take a moment to look at the market and what works well for others internationally, you notice something right away. Just as the Internet works using networks, ports that work using networks are better organized in countries where it's allowed and in countries where strategic alliances can be forged based on complementarity, and especially on synergy.

If you were looking to make improvements, I feel that greater flexibility in this regard could certainly help loosen things up and make the Canadian port system more resilient.

Ms. Annie Koutrakis: How can we better compete with U.S. ports? Could we be a little more competitive?

Mr. Daniel Dagenais: Absolutely.

Naturally, the U.S. federal government is investing heavily in its port facilities, particularly to increase their capacity. This past weekend, we learned that \$1.5 billion would be made available for rail service. Our country was built on a rail network, so we already have infrastructure in place. We already have the levers at our disposal to get the job done and meet the needs of Canadian importers' and exporters' supply chains.

I'm going to rewind a little to tell you that it seems to me that making the entire supply chain visible and accessible could be an avenue worth exploring. It would probably put us ahead of our competitors, including the U.S. ports.

Ms. Annie Koutrakis: Mr. Chair, do I have any time left?

The Chair: You have 40 seconds left, Ms. Koutrakis.

Ms. Annie Koutrakis: Okay. Thank you very much.

[*English*]

This is a question for anyone.

What, in your view, are the biggest bottlenecks that impede the efficient movement of freight?

Mr. Daniel Dagenais: I'd say, to bounce back on what I just commented on, disjointed supply chains, folks who are working for their own little piece of the pie. If they don't see a whole, if they don't see it in its entirety from origin to destination, I think we're losing some of that on efficiency.

Mr. David Montpetit: I think that, in looking around, if we have a potential problem like we did last year in B.C., not having other options available at your fingertips is a huge problem right now.

You have a few major port destinations that dominate, and not having other contingencies in place, we found, can really hamstring the Canadian economy. Those are things we need to look at in the future.

[*Translation*]

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

[*English*]

Thank you very much, Monsieur Montpetit.

Colleagues, thanks for your great questions today.

I'd like to take this opportunity on behalf of this committee to thank our witnesses for your testimony and your time today. It's been very helpful.

I'd like to ask all of our witnesses one last thing. If you have any additional information you'd like to share with us or follow-ups to the responses you've provided, by all means do send those our way. We're going to make sure that our analysts include them in the information they review while putting together the final report.

I also had a request by Ms. Gladu to ask and encourage all of you to hire any Ukrainian visitors. We're not formally calling them "refugees" at this point, but visitors. They are coming to Canada and they are looking for employment.

With that, I want to thank you all once again and adjourn the meeting.

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