

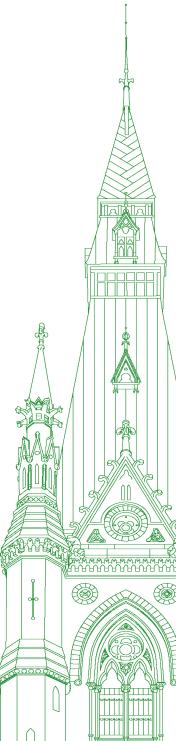
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Chair: Mr. Peter Schiefke

Standing Committee on Transport, Infrastructure and Communities

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• (1935)

[English]

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

Welcome to meeting number 82 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to the order of reference on Tuesday, September 26, 2023, the committee is meeting to discuss Bill C-33, an act to amend the Customs Act, the Railway Safety Act, the Transportation of Dangerous Goods Act, 1992, the Marine Transportation Security Act, the Canada Transportation Act and the Canada Marine Act and to make a consequential amendment to another act.

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

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

Colleagues, appearing before us this evening in person from the Association of Canadian Port Authorities, we have Daniel-Robert Gooch, president and chief executive officer. Welcome.

From the Hamilton-Oshawa Port Authority, we have by video conference Ian Hamilton, president and chief executive officer. Welcome.

From Oceans North, we have by video conference Amy Nugent, associate director, marine climate action. Welcome.

[Translation]

We also have with us today Mr. Jacques Paquin, executive vicepresident of the Trois-Rivières Port Authority. Welcome, Mr. Paquin.

[English]

I will now turn it over to Mr. Gooch for five minutes for opening remarks.

Mr. Daniel-Robert Gooch (President and Chief Executive Officer, Association of Canadian Port Authorities): Thank you, and good evening.

[Translation]

Committee members, port authority colleagues, good evening.

Thank you for this opportunity to share our views on Bill C-33. Canada's port authorities have long awaited modernization of the legislative framework they operate within, as it represents the single most important means of addressing Canada's impending and tremendous infrastructure gap. As announced last year in the final report of the National Supply Chain Task Force, this gap is expected to reach an estimated \$110 billion over the next 50 years.

[English]

From a supply chain resilience perspective, Canada's ports must maintain existing infrastructure, support trade growth and be leaders in decarbonization of marine—already the most energy efficient means of moving goods.

Bill C-33 includes measures to allow for the development of inland ports. It creates the opportunities for ports to play more active roles in traffic management, and it clarifies that terminals situated within a port are works for the general advantage of Canada. These are all positives.

Bill C-33 also sends clear signals that the federal government prioritizes better engagement with communities and indigenous groups, with users, and a more active role in decarbonization.

Canada's port authorities are fully aligned with these priorities, but it will require significant infrastructure investment. This is where we have some concerns not only with Bill C-33, but also with Bill C-52, but that's for another day.

The sum of \$110 billion in infrastructure at seaports over 50 years is a lot of money. Canada's port authorities have sought greater financial flexibility so that ports themselves would have the capacity to be nimbler in working with private investors and lenders in major infrastructure projects.

Ports are held back by strict borrowing limits, which is much lower than what private companies or even airport authorities of similar size can borrow, so projects are not funded at the needed level in a timely manner. Amending borrowing limits must be simpler, quicker and dynamic to changing conditions.

Unfortunately, it is not clear if the borrowing limit review process envisioned by Bill C-33 will be an improvement over the process in place today, which is time-consuming and lengthy. We're still seeking clarity on how this borrowing limit review will work and how it would be an improvement.

As members of the federal family, port authorities should be able to work much more closely with officials in Transport, Finance and Treasury Board, as appropriate, on things like this. It is our sincere hope that we will be brought into the room to help them develop this framework with the added insight of experienced port authority leaders. Literally billions of dollars are at stake, and we must get this right the first time.

We ask that this committee consider a motion as part of this review that port authority reps should be an integral part of the design of how borrowing limits would be reviewed if this bill passes.

Switching gears to governance, one area of grave concern to Canada's port authorities is the potential politicization of port authority boards through two clauses in the bill, both of which we would recommend that this committee remove. Comments from transport and from labour leaders on Monday reinforced our concerns on these proposed reforms.

Clause 104 of Bill C-33 changes the eligibility of port board directors to allow for active provincial or municipal employees to serve as directors. While the text does speak to barring those whose employment would result in a conflict of interest, we believe such a conflict would exist for virtually any active employee because of where their paycheques come from. While the risk could, in theory, be mitigated by strong guidelines on what constitutes a conflict, such guidelines would not have the force of law and could be changed or ignored by a future government. The only rationale we've been given for this amendment is that it would open eligibility for more candidates. That has never been a problem for our port authorities. Their biggest governance issue is having the qualified, user-recommended director candidates they put forward appointed in a timely manner.

Our biggest concern is with the ministerial designation of the port authority board chair in clause 105. We worked with the Institute on Governance to analyze the bill, and they found that this would be "significantly disempowering to the board given the strategic role of the chair as interlocutor with the CEO and the government".

It must be remembered that the federal government created the Canada Marine Act and the Canadian port authorities back in the late 1990s for very good reasons: to make ports nimbler, financially self-sufficient and more responsive to user and community. These were worthy goals that the federal government at the time recognized it could not achieve when it was running the airports. Why would we want to undo that now?

We understand from the Minister of Transport's office that the government is willing to make two changes to the bill that we had requested: softening the prescriptiveness of advisory committee language so that it no longer requires three specific committees, and extending the deadline for quarterly reporting from 60 days to 90 days.

We appreciate the minister's willingness to make those changes, but we also recommend that clauses 104 and 105 of the bill be removed. They risk politicizing port authorities and undoing the gains government and ports achieved together since the Canada Marine Act was first put in place in 1998.

• (1940)

Thank you very much.

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

Next, we will go to the Hamilton-Oshawa Port Authority, and we'll turn the floor over to Mr. Hamilton.

Mr. Hamilton, you have five minutes.

Mr. Ian Hamilton (President and Chief Executive Officer, Hamilton-Oshawa Port Authority): Thank you very much.

Good evening to the members of the committee.

I'm pleased to be here both as the president and CEO of the Hamilton-Oshawa Port Authority and as the incoming chair of the Association of Canadian Port Authorities. Many of my messages will be reconfirming the information you just heard from Daniel.

Canadian port authorities are unique entities within the federal family. Known as government business enterprises, we are self-sustaining for-profits with a mandate to reinvest our earnings and to operate in the public interest by enabling industry and trade.

On behalf of HOPA's team of 65 staff and on behalf of my colleagues across the country, we are very proud of the work the Canadian port authorities do and the positive impact we have on our communities, Canadian trade and the economy.

The ports modernization review was an effort to build on that success and to position ports for the future. We believe the policy intent was very well-intentioned, with goals that included optimizing supply chain and assets, fostering collaboration between supply chain actors, and enhancing governance and financial management.

We have Bill C-33 before us. Upon review, it does contain some improvements, but in many ways, Bill C-33 doesn't quite deliver on the laudable original intent.

First, here are the good things.

Bill C-33 includes measures to allow for the development of inland ports. This is important so that many ports whose supply chains are multimodal can extend into the industrial zones.

It also provides for ports to play a more active role in vessel traffic management. Our harbourmasters are experts at managing the safety, security and efficiency of harbour operations. These changes are very positive.

The bill does have some room for improvement.

We understand from our interactions with Transport Canada that there was an intent to enable ports to collaborate more closely in order to develop streamlined and efficient supply chains. This would be especially valuable in the Great Lakes context, where ports serve in a highly integrated economic region.

For example, HOPA is building an integrated port network on the Great Lakes. HOPA itself is only four years old, following the amalgamation of Hamilton and Oshawa, but we are already seeing the importance of an integrated approach as we can make smarter decisions about infrastructure investment within southern Ontario.

We don't believe that Bill C-33 actually offers any additional tools for collaborating with our port colleagues. That's a shame, because we think there are abundant reasons for us to do so.

We understand that there was a policy intent to ensure that ports were responsive to community and stakeholder interests, but the way that intent was interpreted in the bill was to establish a plethora of one-size-fits-all committees, diverting energy away from the myriad creative ways ports engage with their communities today.

We understand from Transport Canada that the government is looking at modifying the prescriptiveness of the advisory committees as well as quarterly financial reporting requirements, and we very much appreciate those initiatives.

However, our greatest concern is the bill's failure to modernize ports' financial framework. We understand that the intent of the ports modernization review was to ensure that the ports would have the optimal financial capacity to support the Canadian economy and facilitate trade.

Yet again, Bill C-33 does not actually address the fact that Canadian ports today are held back by strict borrowing limits, much lower than those of private companies or even airport authorities of a similar size. As a result, we are not able to realize the national critical infrastructure projects outlined in our business plans.

At this moment, HOPA itself has a proposal before Transport Canada to increase our borrowing limit to align with our capital plan. We are almost a year in, and at this point it is not clear when we'll ever get a reply or when the study will be completed.

Bill C-33 proposes to change the process, to initiate borrowing limit reviews on a three-year cycle, but there's no prescriptiveness around how long that process will take or what criteria it will use to determine those borrowing limits.

It should be easier as well to establish joint ventures and to enter into public-private partnerships and equity partnerships with investors, indigenous groups and others.

Following on Mr. Gooch's remarks, we disagree with the proposal in clause 105 to allow the minister to designate an authority's board chair. We believe there is no benefit to politicizing the chair

selection process. Currently, the board chair is elected by the board members themselves, consistent with good governance practices.

Members of the committee, I've outlined some of the reactions to the bill, and you have received detailed submissions from ACPA and others about specific sections, so I'll close with some final, general comments.

As you are reviewing the bill, I would encourage you to remember that as self-funded government business enterprises and the stewards of working waterfronts in the communities where we live and work, port authorities are delivering great outcomes.

• (1945)

I would ask you to consider, for each of the bill's provisions, whether this helps port authorities do what they do best, facilitate trade and support Canadian industry while protecting the environment and the public good, or are we attempting to micromanage these highly diverse, locally grounded organizations?

If you want to help port authorities do more of what matters, I recommend focusing on the following: consider financial flexibility so port authorities can enter into new business relationships and make the necessary investments in national critical infrastructure; enable a market-driven borrowing framework; maintain our flexibility to operate with a business mindset and be responsive to our stakeholders—and please don't politicize our boards.

These are the things that will enable port authorities to continue delivering great results for Canada and Canadians.

Thank you.

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

Next we'll turn it over to Ms. Nugent.

Ms. Nugent, the floor is yours. You have five minutes for your opening remarks.

Ms. Amy Nugent (Associate Director, Marine Climate Action, Oceans North): Thank you.

Good evening, members, and thanks for this opportunity.

My name is Amy Nugent. I'm the associate director for marine climate action with Oceans North.

Oceans North is a Canadian charitable organization and world-leading ENGO that supports marine conservation and climate action in partnership with indigenous communities and coastal communities.

I want to focus my comments today on those sections of Bill C-33 that amend the Canada Marine Act.

We would urge members to pass Bill C-33 this year. We recognize and agree with other comments that the amendments are not perfect but that they are important. With respect to climate change, we can't afford to delay.

We urge three further steps to support Bill C-33 during the course of this presentation.

One is to include the Canadian Net-Zero Emissions Accountability Act explicitly in subsection 43(1) of the Canada Marine Act.

The second is that the Government of Canada should enable ports to play a role up and and down the supply chain by including decarbonization as a key criterion of land use and capital planning.

Three is that the Government of Canada should develop competitiveness incentives for the maritime sector, those that are competitive with the Inflation Reduction Act in the United States and competitive with other Canadian sectors like the automotive sector and oil and gas.

This past summer, while many Canadian cities were blanketed in smoke, the International Maritime Organization, IMO, set new targets: a 10% clean-fuel standard and a 30% GHG reduction target by 2030. These are important signals that our industry will need to fully decarbonize by 2050. Canada's formal submission to the IMO in fact advocated for even more ambitious targets, but we do not see, and we need to see, this ambition reflected in domestic policies and supports.

We echo the comments this evening and otherwise made that ports cannot be expected to be policy or greenhouse gas emissions experts, but they do have a critical role to play. Ports across the country support some of the communities most exposed to climate risk, of course, and as a linchpin in our energy and economic supply chains, ports can also support the uptake of zero-emission fuels and new technologies.

In the "Green Shipping Corridors" report that Oceans North completed with several partners, including the Vancouver Maritime Centre for Climate, we found that each port—and this is no news to people here—has a very distinct energy context and market demands. It is not only worthwhile but it is a requirement of a zero-emission future that we provide flexible pathways on how ports get there.

In terms of Bill C-33's specific requirements for climate plans, both mitigation and adaptation, we are, as I have said, supportive. GHG reduction targets, climate adaptation plans and progress reporting on actions are all necessary. Under Bill C-33, these are stronger than existing green marine voluntary measures, but it is impractical and unnecessary to ask each of Canada's 17 port authorities to establish unique GHG targets and complementary actions. Targets are already established under Canadian law. We need to use these targets.

Transport Canada should create guidance materials and what it has committed to in terms of a marine climate action plan and do so quickly. Ports can both be required and supported to comply.

We also recommend that, under subsection 28(2) of the act, a third section be added to enable ports to engage in energy planning. Our previous two speakers have talked about the role of ports in decarbonization. Let's enable that energy planning with municipalities to ensure that these ports can meet the energy demand of and at ports as a priority.

In terms of capital investment, we also, like we've heard tonight, heard from port authorities that access to capital is a barrier to decarbonizing, and we support increased financial flexibility as well as other borrowing measures that port authorities like Hamilton-Oshawa have suggested here tonight.

(1950)

Bill C-33 recognizes a role for the Canada Infrastructure Bank in terms of public financing and equity, but that could be, in practice, strengthened. Oceans North recommends, analogous to other sectors, that the Canada Infrastructure Bank establish a decarbonizing ports investment and infrastructure advisory group within the bank, which would have a mandate to assist with commercial contracts for major clean energy and infrastructure projects. As you know, the Canada Infrastructure Bank also leverages private capital.

Oceans North also recommends that the Government of Canada act aggressively—

The Chair: Ms. Nugent, I apologize for cutting you off. I'm going to have to end it there to ensure we're able to get through all lines of questioning this evening. I believe we have a copy of your opening remarks on record. We'll make sure they're provided to all members.

Ms. Amy Nugent: Thank you.

The Chair: Thank you.

[Translation]

Finally this evening, we have Mr. Jacques Paquin, who has five minutes for his opening remarks.

Mr. Jacques Paquin (Executive Vice-President, Trois-Rivières Port Authority): Good evening everyone, and thank you for this opportunity to speak to you on behalf of the Trois-Rivières Port Authority.

The Port of Trois-Rivières specializes in solid and liquid bulk and general cargo. Strategically located midway between Montreal and Quebec City on the St. Lawrence River, it serves the needs of many key sectors of the Canadian economy, including manufacturing, agri-food, mining and energy.

We were eager to learn about Bill C-33 when it was tabled. Although the Canada Marine Act, 1998, has created a solid network of Canadian port authorities, improvements are needed to ensure that they can keep pace with new economic, social and environmental realities. In this sense, we applaud this step taken by the government.

However, we must respectfully draw your attention to the fact that the proposed overhaul would not make it possible to achieve this objective. It would also not create the conditions necessary to better equip the Port of Trois-Rivières for current and future challenges. On the contrary, Bill C-33 and its extension, Bill C-52, restrict the Trois-Rivières Port Authority's ability to fulfill the mission entrusted to it by the Canada Marine Act.

These bills increase the burden of accountability, resulting in substantial costs, particularly for medium-sized ports. Bill C-33 imposes a model for consultation, but each port must have the latitude to adopt consultation mechanisms adapted to its unique environment and organization. The bill introduces changes to the appointment of board members that will weaken the governance of the Port of Trois-Rivières. The Canada Marine Act is based on the user pay principle, yet these bills will erode our ability to apply this principle. The presentations by my colleagues Ian Hamilton and Daniel-Robert Gooch speak volumes about the shortcomings of these bills.

For my part, I will be focusing on how important it is for the ports to work more closely together. Although this is a clearly stated government objective, there are absolutely no measures in Bill C-33 to encourage these closer ties. And yet, increasing Canada's competitiveness does require greater co-operation between ports, particularly for the St. Lawrence ports that depend on the river to reach overseas markets. None of the St. Lawrence ports alone can ensure the competitiveness of this crucial transportation axis for the Canadian economy. They are interdependent.

For Canada, the adoption of a new governance model based on collaboration would make it possible to improve administrative and operational efficiency for the benefit of all port customers. Concerted strategic planning would enhance what the port network could offer, optimize infrastructure, and expand the range of services, resulting in better positioning in both markets and supply chains. It would also make investment projects more attractive and less risky for lenders. This co-operation could even extend to infrastructure operation and joint business development. Such an approach is fully aligned with the federal concept of trade corridors. The Government of Canada must create the right conditions for such a rapprochement, by providing clear mechanisms in the law.

Dear committee members, the Port of Trois-Rivières has been firmly rooted in its community for 141 years. The port authority's mission is to ensure that the objectives of the Canada Marine Act are met through sound management of the public infrastructure under its responsibility, while promoting commercial activity and regional and national development. If there's one thing we agree on,

it's that the Canada Marine Act is in need of significant updating. Unfortunately, we feel that the proposed changes do not provide the leverage we need to accomplish our mission in line with the new reality in which we are evolving.

In creating the Canadian port authorities, the government gave itself autonomous management structures to administer its strategic ports. The Canadian port authorities are expected to operate these facilities for the benefit of the Canadian economy, to the highest environmental standards, and to be financially self-sufficient. This is what the board and management of the Port of Trois-Rivières strive to achieve every day. The last thing we need is a framework that will hinder our efforts rather than support them.

In closing, I want you to know that we share the government's objectives for modernizing the Canada Marine Act, and remain openly willing to collaborate on improving Bill C-33.

Thank you for your attention.

• (1955)

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

[English]

We will begin tonight's line of questioning with Mr. Strahl.

Mr. Strahl, I'll turn the floor over to you. You have six minutes.

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

Thank you to the witnesses, many of whom are finding out about our late committee slot here. It's good to see you participating late into the evening. We appreciate it.

Certainly, my takeaway from the testimony that we've heard so far this evening is that the government actually did a pretty poor job of consulting with the most affected individuals and organizations when they were developing this legislation. It was billed as a great panacea to supply chain problems. It was going to revolutionize the way the ports operated. What we're hearing, and what we've heard from every witness so far, is that this misses the mark. We heard that, in fact, this will make things more difficult and more politicized instead of streamlining and making our ports more effective and efficient.

I want to start with Mr. Gooch.

I was interested to hear both you and Mr. Hamilton indicate that the Minister of Transport and his office have already indicated to you.... He has yet to appear to talk to parliamentarians about Bill C-33, but we are hearing from witness testimony here today that they're already willing to make amendments to the bill. I assume they're responding to port authority concerns about the prescriptive nature of.... I think you mentioned it. Can you go a little further into that?

This is the first I'm hearing about it, that the Minister of Transport and his officials.... We had officials. They didn't make this known to our committee at the last meeting either.

Could you further enlighten us on what these changes are that the minister's office has indicated they're willing to make? Quite frankly, it's news to me and members of this committee.

(2000)

Mr. Daniel-Robert Gooch: I hope I didn't get anybody in trouble. I actually think that I heard Serge Bijimine allude to one of the changes the other day.

There were some issues that we had identified. We drafted a letter to Minister Alghabra back in the fall and followed up with a memo in June with some additional info.

On the requirement that there be three specific advisory committees, we indicated that we're in agreement with the spirit of what you're trying to accomplish there, but in some communities there may be one indigenous group, for example. Does it make sense to have a committee of one person, when maybe a blended committee might make sense in that community? We understand that the intent was never to be that prescriptive. There is a willingness to ensure that the language fits with the spirit of what was intended.

The other one was on the quarterly financial reporting requirements. It was originally saying 60 days after the end of the quarter. We provided a timeline that showed how ports would have to go about publishing quarterly financial reports if they were to be made public, as this bill contemplates. It would be unrealistic within 60 days. There was a willingness expressed to put that at 90 days instead of 60 days.

Mr. Mark Strahl: Thank you.

I note there are 17 CPAs across the country. It appears to me that this legislation was designed with the port of Vancouver in mind, for instance. It's for large ports with perhaps a large amount of capital and resources and huge staffs.

Can you talk about the feedback you received from your member port authorities? Was there a concern that this was a one-size-fitsall approach, as opposed to taking into account the individual characteristics and nature of the different port authorities, the different sizes and capacities?

Mr. Daniel-Robert Gooch: Certainly, that was one of the things we definitely heard from different ports, particularly the smaller ports, when it came to some of the reporting requirements. There is a concern there that it is a heavy burden.

I have to add on that official language requirements, which have also been tightened, add to everything. All of the reporting that has to be done now will have to be done in both official languages, which can be time consuming and expensive.

We do understand that, for example, the reporting requirements are meant to inform a streamlined borrowing process. That's what we've been told. We don't really understand exactly how that will work. That's why we want to understand that a bit better, to see if it might help in terms of the streamlined financial reporting. One thing we've said, for example, is a lot of data is already being reported by a lot of ports. We want to make sure that if something's already being provided, then we're not having to do things twice.

I think those are things that we're really looking to be able to work out with Transport behind closed doors in a collaborative session, when we actually get to design how the borrowing process will work, the financial reporting requirements, etc.

Mr. Mark Strahl: I thought it was interesting, regarding clause 105, when you mentioned that the report you had done said that the minister appointing the chair would be "significantly disempowering to the board". That's certainly what we've heard and what we've been raising the alarm on.

Are you aware of a single case where the chair of the board of any of the port authorities has impeded the strategic capability or direction of the government?

We've been told that this is a requirement because the board must be in line with the strategic direction of the government. Are you aware of any cases when a chair has been intransigent and should be, essentially, replaced by the minister?

Why is the minister looking for this power? Is this a solution in search of a problem?

● (2005)

The Chair: Unfortunately, Mr. Strahl, we will have to wait for a response in the next round that you or one of your colleagues has.

Next, I'll turn the floor over to Mr. Iacono.

[Translation]

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

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

Mr. Gooch, from the standpoint of supply chain optimization, do you think the measures included in Bill C-33 promote greater efficiency?

[English]

Mr. Daniel-Robert Gooch: Serge Bijimine used an expression the other day that this is a bit of a "down payment" on future measures. I'd say the answer to that is that depends.

From a ports perspective, one of the biggest priorities, because it's infrastructure, is whether or not ports have the means to make the investments needed on the infrastructure side going forward to be able to play that role in the efficient transport of goods.

There's a lot in there, as we mentioned earlier, that is positive. The vessel traffic management is something that several of our ports are really looking to get so they can make the movement of vessels in their region a little more efficient.

I'd say there's some good stuff in there, but in terms of the financial flexibility for ports to make the investments they need, that's the one where we have major question marks.

Then, of course, with the governance changes that are proposed, when we take a look at the collective impact, we do wonder how that will effect the actual efficiency of board discussions and what the dynamic of the board and management would be in a future scenario.

[Translation]

Mr. Angelo Iacono: You noted that smaller ports need flexibility in the legislation. What flexibility do you think these ports could benefit from most?

[English]

Mr. Daniel-Robert Gooch: The concern for the smaller ports really was in the heavy reporting that's associated with the bill. It'll be a question mark on whether this will be a lot of new work that's required or if it's a repackaging of material that's already being provided.

One of our larger ports actually said they'd have to hire a couple of full-time people. This was going to cost them a couple hundred thousand dollars a year. It's not necessarily a big deal for this particular port, but some of our ports have five, six or seven employees. They are that small. Others have maybe 10 or 15. That's the level of concern they have in terms of the unknown around workload.

Again, that's why we want to be part of that discussion when Transport Canada works with other officials within government, in Finance, Treasury Board and elsewhere, to finalize this through regulation, policies and guidelines. Ports are part of the federal family, but we often find our members are down at the kids' table down the hall when some of the more important discussions that they should be at are being held.

Mr. Angelo Iacono: What are the current issues with the borrowing limit process? How long does it typically take for a port to access a borrowing limit?

Mr. Daniel-Robert Gooch: I'll make a general comment, and then I would like our members to weigh in on this, because they have more practical experience.

My understanding is that in some cases it takes years. It's a process that's informed by an accounting firm that is doing an analysis of what the borrowing limits should be, yet it still goes through Transport Canada. It's a very cumbersome approach. The case is looked at in terms of existing revenues and not necessarily revenues that might be provided by the project.

The way it works now is quite a cumbersome process. My understanding is that they sometimes lose private partners because it takes months or years for the limit to be reviewed and there are other opportunities in other parts of the world where investors can go.

Mr. Angelo Iacono: We've heard in the past about the importance of labour representation at ports.

What do you think of this? Do you think this is something we should explore further? Why or why not?

Mr. Daniel-Robert Gooch: As I said in my notes, our colleagues in labour who appeared the other day really heightened our concerns about the governance aspects of Bill C-33. In response to questions on Monday, Mr. Ashton made it clear that he's not looking for labour expertise and input on the boards or the view of individuals with experience in labour, because that's already built in the process today. Indeed, it happens, and if the minister wants that type of perspective on boards, all he has to do is go out and say that he wants this perspective on boards. He appoints the majority of the directors.

What Mr. Ashton said is that he's looking for active union representatives to be appointed to the board. I think that suggests there's a lot of confusion about what the role of directors is on boards. It's not to run the port. It's not to interfere with the running of the port. It's not to serve a personal or professional agenda. They owe a fiduciary responsibility to the corporation itself.

It's clear there's confusion around the role of a director on a board, which is the other reason we have a real concern about active provincial or municipal employees being appointed to boards as well. We're concerned that they would also have that confusion around what their role is.

• (2010)

[Translation]

The Chair: Thank you, Mr. Iacono.

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

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

I'd like to thank the witnesses for joining us today. I am very glad to hear from them. It's good to know how the bill is perceived by the people on the ground who run the ports on a daily basis.

Mr. Paquin, on Monday, witnesses told us that they were very concerned about the minister's desire to claim the power to appoint the chairs of the ports' boards of directors. For our part, we fear that this could lead to political appointments that would not necessarily be in the best interests of the ports.

In what I heard today, both from Mr. Gooch and from you during your presentation, I sensed that you weren't hiding what you had to say and that you felt free to speak. So I was wondering what you thought about this aspect, among others. I was also wondering what effect it might have on the discussion we're having today. Would this discussion and the circumstances be the same if a chair felt directly accountable to the government, or if their appointment had been political in nature?

Mr. Jacques Paquin: That's an interesting, if speculative, question.

Certainly my colleagues and I have already expressed that concern, as have others. Mr. Gooch touched on that when he talked about confusion around roles. Obviously the board chair plays a key role in ensuring proper operation of the board, but also in fulfilling its mission, which is to ensure good governance of the organization. The chair also sets the tone for trust among board members, and of course board members need to trust the chair implicitly.

Even if an individual is not ill-intentioned, people may sometimes question their intentions. They may wonder if that person is really serving the interests of the board and the organization or if they are more concerned about keeping their job and staying in the minister's good graces. That may not be the case at all, but you know what perceptions can do. Sometimes perceptions can poison the atmosphere, and then you have a dysfunctional board.

I can't really offer a fulsome answer to your question, which I think is a bit speculative, but I think it's risky enough to be avoided. Plus, let's not forget that the minister appoints almost all of the board members anyway. The minister also reappoints them. I think the least we can do is let them choose their own chair so we have functional boards.

Mr. Xavier Barsalou-Duval: Do you agree that, in theory, the priority of the chair of a port authority's board of directors should be to do what is good for the port, not what is politically expedient for the government? Could that kind of appointment cause confusion about roles?

• (2015)

Mr. Jacques Paquin: Yes, that opens things up to confusion about roles. I completely agree with the first part of what you said. The first priority of the board as a whole and each board member individually should be the good of the organization they work for. That's what we should expect from the chair and all the other members.

Mr. Xavier Barsalou-Duval: Another reason I wanted today's panel to include a representative from the Port of Trois-Rivières is that it's not the Port of Montreal or the Port of Vancouver even though it does have significant growth potential. It's not the biggest port in the country.

We've talked a lot about the new administrative pieces ports have to set up: community advisory committees, indigenous advisory committees, municipal advisory committees and quarterly financial reports. I myself am an accountant by trade. When I saw the words "quarterly financial report", that raised a red flag. I know that kind of report takes a lot of work. That means paying people. I think it's a big responsibility.

Would you please comment on that? I think there should be different rules for little ports as opposed to big ports. That way, little ports can continue to function without being severely handicapped by these new rules.

Mr. Jacques Paquin: I'll answer your question in two parts, if that's okay.

First, we already send information about our financial situation to Transport Canada every quarter. We can see how that might not be enough, and we're ready to offer more. We produce our own quarterly financial statements. We are certainly ready to send the department information based on those internal financial statements because it wouldn't mean any extra work for us. However, we do have a problem with having our financial statements audited. For a port like ours, that's not a good use of funds.

Second, the bill is asking us for a lot of accountability. In a way, we don't think we're being asked for the right things because—

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

[English]

Next we will go to Mr. Bachrach.

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

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

Thank you to all of our witnesses for joining us this evening.

I have lots of interesting material to dig into.

Perhaps I will start by asking our witness from Oceans North if she would like to complete her statement. I know she had one more paragraph to go.

Ms. Amy Nugent: Thank you so much, Member.

I think I left off on agreeing with other witnesses on the importance of large-scale investment. I was going to say that the Inflation Reduction Act in the United States has invested \$3 billion over four years to support their clean ports program.

We understand that Transport Canada has a \$165-million program in development over seven years. That's a good start, and the scale needs to be much larger, in addition to the flexibility spoken to by the port authorities. The quantum of the investment by the Government of Canada at this time in terms of decarbonization simply needs to be much larger.

I wanted to say very much on what witnesses were talking about with members in these latter questions. We see the administrative burden also in the numerous reporting mechanisms and agree that those can and should be simplified. When we say that decarbonization needs to be a criterion, that's not a layer on; that's to say that all these plans such as financial reporting, business planning, borrowing plans, and climate mitigation and adaptation plans should be part of the same planning cycle, which in good business planning they are.

Finally, in terms of the investments, we know what's needed at ports. Port authorities are telling us, and other ports internationally are leading the way with shore power, electrification of ports—and of vessels themselves—near shore, alternative fuel for ocean-going vessels, and renewables. I've spoken a little bit about energy needs and needing to get into the queue.

We're seeing leadership internationally, and we're seeing ports in Canada making those efforts, including in the closed basin of the Great Lakes. We would like to support that. Bill C-33 is a good start. Of course, we think it could go much further, and that responsibility is on the shoulders of Transport Canada in the very immediate future.

Thanks very much for letting me complete those thoughts.

• (2020)

Mr. Taylor Bachrach: Thank you, Ms. Nugent.

Following that, I'm interested in your observation that Bill C-33 should include explicit reference to the Canadian Net-Zero Emissions Accountability Act and the targets and milestone years contained within. One of the interesting things, thinking about ports, is that this act, I believe, relies on the 2005 base year as a way of defining targets.

Could you provide your thoughts on how targets should be set for port authorities and what order of magnitude reductions we should look for from port authorities over the planning duration of the Canadian Net-Zero Emissions Accountability Act?

Ms. Amy Nugent: What Bill C-33 proposes now is that port authorities individually go away to develop GHG targets. That doesn't make a lot of sense when every other economic sector or certainly the vast majority of economic industrial sectors in Canada are subject to the Canadian Net-Zero Emissions Accountability Act that you reference. That act requires 40% to 45% reductions by 2030 of all industrial sectors, yet we're asking ports to go away to think about and develop within a year their own GHG targets. It doesn't make sense in terms of the capacity, and I think someone referenced that, maybe Mr. Gooch, in terms of the role of consultancies.

Let's use the targets that are backed by science, by a need to hold warming to below 1.5°C, and then embed those targets for ports, albeit it's not easy, and there's a need for very significant energy and infrastructure supports to get there.

Mr. Taylor Bachrach: Thank you very much, Ms. Nugent.

I will turn now to you, Mr. Gooch, and these thoughts around governance of port boards—and I think this is a really important aspect of the bill—and your earlier comments about labour representation on port boards. We've had some discussion about this and

how to avoid the pitfalls of conflict of interest and how to ensure the workers, who allow the ports to operate, have some voice in the process.

I was noting that Willie Adams is the international president of the ILWU and is also the vice-president of the Port of San Francisco. I'm wondering whether some similar sort of representation could be possible in Canada; whether the United States has experienced challenges, in your view, because of the fact that obviously their system allows for that kind of representation, and how we deal with this challenge of ensuring representation, while avoiding conflicts of interest.

I would add that another question related to that is around how conflict of interest is currently managed by port authority boards. For instance, and this will show my lack of knowledge—

Okay, I'll finish my sentence, Mr. Chair.

When I look at the witness, I don't have to look at the clock. It will be perfect.

The Chair: It's a great question, Mr. Bachrach.

Mr. Taylor Bachrach: I'll leave it for the 2.5 minute round.

Whether directors or employees of shippers or terminals are currently permitted to serve as directors is a question I have.

Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Bachrach. That will have to wait for the next round of two and a half minutes.

We will turn the floor over to Mr. Muys.

The floor is yours. You have five minutes, sir.

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

Let me start where my colleague Mark Strahl was cut off in the question, Mr. Gooch. Give a quick answer, please, because I do have a number of questions I want to ask.

It was with regard to it being a solution in search of a problem, with the minister appointing a board chair. You've talked about board governance, but do you have any further thoughts on that?

• (2025)

Mr. Daniel-Robert Gooch: Well, there are a few concerns. I don't really remember all of Mr. Strahl's questions, but if we're talking about the appointment of the chair, we're really concerned that it creates confusion around the role of the chair.

Serge Bijimine appeared on Monday, and he spoke about the role of ports for running the day-to-day operations, the strategic plan, but it's the minister who sets the strategic vision. He made comments to the effect that if the minister has the strategic part, we want to make sure the chair is there to ensure it's being properly implemented. Certainly, we have been calling for a national transportation supply chain strategy for several years, and we do look forward to seeing the government release that in the coming months.

In terms of how the port feeds into that and what happens in Saguenay, what happens in Prince Rupert, what happens in Nanaimo with those ports in terms of how they build their strategy for the long term, we believe those are decisions that should be made locally and not in Ottawa.

Mr. Dan Muys: Thank you. Yes, it's certainly a muddied answer from the Transport Canada officials and the intent is unclear.

Switching gears, let me ask you this, Mr. Hamilton, because I'm a Hamilton MP and you're doing fantastic work. While we do claim ownership of the Hamilton port, of course we recognize it's in Oshawa and Niagara. Frankly, it's an economic driver for all of southern Ontario.

One of the questions I asked Transport Canada officials on Monday was whether they had done a cost analysis on all these different regulatory burdens, committees and changes that are being proposed in Bill C-33, and the answer was that no cost analysis had been done. Mr. Gooch mentioned that perhaps a larger port estimated that at \$200,000 per year.

Do you find it surprising, or is it concerning? Have you done any analysis as to what the cost impact of this would be on HOPA?

Mr. Ian Hamilton: Yes, we've looked at it, not exactly from a cost perspective but on how many man-hours it would take, and we believe it would take probably two individuals—

The Chair: I'm sorry, Mr. Hamilton, but unfortunately, we have an issue with the audio. Could you put your microphone—

Mr. Ian Hamilton: Is that better?

The Chair: There you go.

We'll ask you to restart the response, sir.

Mr. Ian Hamilton: I'm sorry. I moved it up to my head.

What we really looked at was how much the additional burden on our staff would be, and we believe that for the Hamilton-Oshawa Port Authority to fulfill all of the obligations, we would have to add probably two additional employees.

Mr. Dan Muys: That's significant.

When you had your annual meeting and community meeting back on May 10, unfortunately I was here in Ottawa, but I sent three members of our team.

You have great plans for the future. As part of this committee we toured the Hamilton port back in March.

I want to drill down on your comments in the opening. I recognize you had a short period of time, so you might want to elaborate on that.

You're doing great work. You've clearly explained how the current process for borrowing limits and financial flexibility and the proposed changes in Bill C-33 are insufficient. You've been waiting a year. What would be better—or nothing at all? I mean, why don't we unleash your potential?

Mr. Ian Hamilton: The ports across the country would probably prefer nothing at all. However, I think there's probably a good way to address it and still have some oversight.

One of the challenging areas is that as you're entering into projects and you're working with customers, stakeholders and port users, the uncertainty of when you're actually going to be able to commit to a project really makes it difficult to provide the best service possible to Canadians and users and to create supply chains.

As I mentioned and you reiterated, when we submitted our application to increase our borrowing powers, we were told that it was going to be completely straightforward. They thought they could have it done within three months. Now we're up to a year and there's still no finish line in sight.

Not only is it the uncertainty, but there's a cost to doing it as well. We have external auditors come in and give their recommendation for borrowing limits. That's then screened by Transport Canada. Then it's sent on to Treasury Board to be screened again.

You have the timeline. You have the uncertainty. Customers are saying, "Can you make this capital investment," but you don't know whether you're going to be able to or you're not going to be able to

The other thing that Mr. Gooch—

● (2030)

The Chair: I'm sorry, Mr. Hamilton. The five minutes are up for that line of questioning, but I'm sure Mr. Muys will continue along those lines in subsequent rounds.

We'll now turn it over to Ms. Murray.

Ms. Murray, the floor is yours. You have five minutes for your line of questioning.

Hon. Joyce Murray (Vancouver Quadra, Lib.): Thank you very much.

I do understand the perspective of ports being critical economic engines, but many of them are also located right in the middle of richly populated urban areas. From my perspective, we can do a better job through the advisory committee structure that's being set up, and potentially through the chair, who would be a liaison in a way, making sure that the community's needs are being met as well as the port's needs.

One question I have is, where are there ports? Cape Town, for example, has a big economy around tourism and tourism facilities. Marseille, I understand, is very positive in terms of engagement. Have the port executives—you, Mr. Gooch and others—looked at models where that respect for the community's interests being included is successfully incorporated without compromising the economy of the port's activities?

Mr. Daniel-Robert Gooch: I'd say my impression, in meeting with our ports, is that this is top of mind for our ports in Canada today. I did a tour of the port of Montreal when I first came into the organization. The work they have done to protect the neighbouring residential areas from the port activities, that kind of work is being done around the country—

Hon. Joyce Murray: Thank you.

I'm sorry to be rude here, but I recognize that I have a primary area, which is environment, and I need to get to that. I'm glad to hear there is some of that happening. I can tell that in metro Vancouver there are lots of conflicts and there is disgruntlement that the port seems to trump the community's environmental or other priorities. I think we can do better.

With respect to the environment, I do get that a seamless supply chain in ports, a reliable supply chain, can lower environmental impacts.

Ms. Nugent, I heard you really focus in on climate and reduction, and that is of critical importance, but from my perspective it's important to think of the conservation issues around ports and the vessels that ports are the key hub for.

Are there thoughts you have around what could be the port's role not just in greening its own operations but in being a driver of more environmentally responsible shipping? Management of noise that can affect the marine ecosystems, as well as pollution and the dumping issues on the coast of British Columbia, are a real concern to people.

Ms. Amy Nugent: Yes. Thank you.

The port of Vancouver, as many of you know, is the busiest port in Canada. There are three or four that are of the scale of those ports, but people have their eyes on the development of traffic going into future ports, and you're right, inasmuch as ports are a linchpin up and down the supply chain.

There's an opportunity to send a virtuous signal right at the port if you leverage the opportunity that ports provide to bunker zeroemission fuels. That's both for ocean-going vessels as well as for domestic shipping traffic.

First of all, there is that immediate emissions reduction in terms of shipping. If you look globally at the proportion of shipping GHGs, it's about 3%, which doesn't seem like a lot, but it still would be about the sixth-largest country in terms of proportion of emissions. You can do that right at ports. That's why we're talking about a mandate to look at alternative energy supply and get shipping in the queue for that energy supply so that there is a chance to send that virtuous signal.

You talk about noise. You could electrify vessels. There's technology available today, especially for nearshore vessels and activi-

ty, whereby you can electrify vessels. We see some partnerships with first nations leading the way on electric vessels. Oceans North has a partnership with the Membertou First Nation on an electric lobster vessel. We see that Haisla Nation just put an electric tugboat, equivalent to 70 Tesla batteries, on the water over the summer. You can do this now. That reduces noise and air pollutants for those communities and, of course, for the sea mammals and sea life.

(2035)

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

Thank you, Ms. Murray.

[Translation]

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

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

Mr. Paquin, during our earlier exchange, you said you already prepare internal quarterly financial statements and share that information with the government.

Can you explain why having those financial statements audited each quarter would add value for the government? Also, what's the difference between an internal financial statement and an audited financial statement in terms of the costs and resources involved?

Mr. Jacques Paquin: There's no additional work for us. If we're okay with using internal financial statements and we can adapt to the required format, we don't really have to do any extra work. We're certainly prepared to share more information. We're already providing what we've been asked for, but if the information we're sharing is incomplete or insufficient, if Transport Canada wants more information, we're certainly open to providing that as long as it doesn't mean any extra work for us.

If I may, I also want to point out that we don't think the bill is focusing on the right information. We want to improve supply chains, and we need to share a lot more data among ourselves and with Transport Canada, as well as with other supply chain stakeholders, especially data about the flow of goods. One of the goals is to make that more efficient and effective. Improved supply chain fluidity produces immediate environmental benefits. To achieve that, we need a better understanding of the data about the flow of goods.

Over the past few years, we've worked with Transport Canada on two projects, one on road transportation and the other on rail transportation, the idea being to document real-time movement and get a clear and complete picture of those how those supply chains work so we can try to optimize them. That's the direction we think we should be going in with Transport Canada.

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

[English]

Next, we have Mr. Bachrach.

Mr. Bachrach, you have two and half minutes.

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

I've asked my questions. I'll summarize them briefly.

One, how do the Americans deal with conflict of interest when it comes to union representation on port boards?

Two, how is conflict of interest managed more generally on Canadian port authority boards?

Mr. Daniel-Robert Gooch: I've been in this role for just under two years. I'm not super familiar with the U.S. system or how it's structured or what the role of the board there is relative to the operation of the port and whether that's the same as in Canada. We would have to dig a little further on that.

In terms of the port authority boards here in Canada, I believe you asked earlier if an active employee of a company that's at the port would be able to be on the board. The answer is absolutely not, because that individual has a fiduciary responsibility to the board they are on and not to the individual or corporation that nominated them. That would be a pure conflict of interest that just would not generally be approved. It would be individuals who may have had that job 10 years ago or five years ago. They're retired and now they are no longer beholden to the employer with whom they acquired that experience.

Mr. Taylor Bachrach: Okay.

I'll turn to the advisory committees, and I think some good thoughts have been shared on these.

I'm somewhat skeptical about the effectiveness of community advisory committees to provide good input, especially in the cases such as my colleague Ms. Murray mentioned, where the port authority is essentially in conflict with the community for some reason or another. This happens all over Canada. It certainly happens in the region I represent. I know it happens in Vancouver.

How do we ensure a certain level of independence so that those advisory committees are able to really provide the board with the view of the community and avoid a situation in which it simply becomes sort of a PR exercise and it's heavily managed by the authority and, in that case, creates a whole bunch of work that isn't necessary?

● (2040)

Mr. Daniel-Robert Gooch: It's an interesting question. It's not going to be a veto. I guess as it's intended it is a forum for the port to talk about what they want to do and what's important and what they are planning to do in the coming years and to provide an opportunity for the participants on the various committees to weigh in on how that would affect them.

Where I've seen this done in the past, the information is taken in, and sometimes, but not always, changes are made. Not every recommendation is going to be accepted. The transparency makes for better outcomes. My understanding is that most if not all of our ports are doing this already, particularly the larger ports. It may be

different from community to community. Maybe some need to do things a little bit better. A lot of this work is already under way.

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

Thank you, Mr. Bachrach.

Next, we have Ms. Gladu.

Ms. Gladu, it's good to have you joining us at transport and infrastructure. The floor is yours. You have five minutes.

Ms. Marilyn Gladu (Sarnia—Lambton, CPC): Thank you, Chair. It's great to be back here.

Thanks to the witnesses for joining.

It's been not quite a year since I was on transport. However, the last time I was here we talked about the state of the nation with respect to ports.

The port of Vancouver was ranked 368 out of 370 in the world. The port of Montreal was ranked 311 out of 348 in the world. It was clear that the ports needed assistance from the federal government. There were concerns about supply chain disruptions and labour disputes. Bill C-33 was supposed to be addressing the gaps the ports were facing.

Let's talk about some of those things. Clearly money is going to be key in order to modernize the ports. I've heard discussion about the borrowing limit.

Why do we even need a borrowing limit? If private investors and banks are willing to invest in the projects, do we even need one?

I'll start with Mr. Gooch.

Mr. Daniel-Robert Gooch: It's a very good question. I suspect not, but I'd actually like to invite our chair to weigh in on this one. He's operating a port.

[Translation]

I would invite Mr. Paquin to comment as well.

[English]

It's better for the ports to weigh in on this one as they see it in their own circumstances.

Mr. Ian Hamilton: Thank you.

Yes, I think it is a very fair question. I think that in a perfect world we would certainly not have prescribed borrowing limits and it would be driven by what the markets would be willing to loan against the assets. I think we're in an interesting situation, in that if we ever went into an insolvency situation, I suppose there might be blowback to Transport Canada. There is that consideration, but no, properly managed with the right boards, I think any vehicle for these investments should be open to us, and we should be able to if we can build a justifiable business case.

I didn't quite finish with Dan Muys' question when I had it before, so I'm going to jump in there.

One of the challenges is that the borrowing limits are set not based on future revenue streams but only based on historic revenue streams, which is something that Mr. Gooch talked about earlier. When you're looking at a market investment, they quite often are looking at what is the earning potential rather than what happened in the past, which again limits our freedom to take advantage of companies that truly want to invest in critical Canadian infrastructure.

[Translation]

Ms. Marilyn Gladu: Mr. Paquin, do you have an opinion on that?

Mr. Jacques Paquin: I think my colleague, Mr. Hamilton, did a great job of summing up our position on that. We have the same question for the same reasons.

We have big plans, all kinds of exciting plans that would cost much more than our borrowing limit. We've been turning traffic away for years now. We know this has a lot to do with the borrowing limit, but it also has to do with the fact that we don't factor in the possibilities and anticipated revenue. We only use historic revenue.

Obviously that is a big impediment to our ability to bring those plans to fruition and support Canada's economic growth.

(2045)

Ms. Marilyn Gladu: Thank you.

[English]

My second question, then, is about my concerns with respect to the government wanting to have the minister appoint the chair of the board and have that kind of influence. It seems to me that it is Ottawa telling the ports what is best.

Would you agree with that, Mr. Gooch?

Mr. Daniel-Robert Gooch: Well, what I would say is that one of the comments that was made by Michel Murray from the Syndicat canadien de la fonction publique on Monday was the concern that that union has with the appointment of the chair. He said that the individual who appoints the chair, that chair is going to be beholden to the minister. Whether that's actually true or not, that's clearly the perception that gentleman had.

When we take that and we compare it to—or we add, I guess I should say—the notion of having active municipal and provincial employees and the risks that they will see themselves as representatives and not bringing the view of the perspective of that community, that distinction we've seen is confusing. Then you have to take a look at the existing process. We haven't even really talked about what's not working now. The minister appoints the majority of directors. In theory, it's in consultation with the user groups.

We did a survey of our members, and nearly half said—

Ms. Marilyn Gladu: I'm sorry to cut you off. I have one final question.

Does Bill C-33 do anything to address the supply chain issues and the labour dispute issues that were of concern?

Mr. Daniel-Robert Gooch: I can't speak to the labour dispute issues. That's not an area that we would get into.

There are parts of the bill that will help. I believe the system.... There's a strategy that's coming out. I think there's stuff that's in the bill that's meant to feed into the strategy. There's a lot that we still need to see, and so we probably can't really comment on that until we see what the federal government's approach is on that strategy.

The Chair: Thank you, Mr. Gooch.

Thank you, Ms. Gladu.

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

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

I want to drill down a bit deeper and get a bit more granular on the business of ports.

Mr. Hamilton, I'm going to ask you to speak about port competitiveness as outlined in the bill and about managing assets, your financial management plans as per your submitted business plan, and the whole-of-government approach, especially as it relates to public safety and the capacities or lack thereof of CBSA.

I'm going to concentrate on section 39 as amended by clause 114, as well as section 30.1 as amended by clause 109. Section 30.1 does identify that directors of a port authority "must submit its borrowing plan to the Minister". I can only assume that the borrowing plan would be capital as well as operating in nature and that it would include asset management and returns on the investments that both would make.

Section 39 says that a "port authority must, within three months after the end of each fiscal year, submit to the Minister, in respect of itself and each of its wholly-owned subsidiaries, a five-year business plan".

With all that said and identified within the bill, I have two questions for Mr. Hamilton.

As part of the business plan you submit, there's this financial plan, somewhat of a secondary plan, that's going to add the infrastructure capacities to support that business plan and capital needs—future investments to satisfy the future direction that the port might take or will take. As well, there is the existing asset management plan that would support the existing infrastructure.

Mr. Hamilton, do you feel that modernizing the port's financial flexibility as outlined earlier will be an enabler for the ports to reach the capacities contained within your business plan, but more importantly that it would actually give you the ability to put in a proper financial plan to satisfy what you're actually identifying within your business plan?

Mr. Ian Hamilton: Thanks, Mr. Badawey.

We certainly believe that the exercise of putting together the financial plans is worthwhile. In most cases, we get positive feedback on what those financial plans look like and how we want to allocate capital in the future.

Where I think the limitation comes in is that the financial plan is submitted, but then there's no response to that financial plan to say, "Okay, how can we enable you in terms of having the right capital to execute on that plan?" That's where our biggest challenge comes.

Based on the Transport Canada comments, we believe they did hear our concerns on that issue and they said they were going to build more financial flexibility into the bill. Our biggest concern is that the flexibility wasn't actually built into the bill. It was an additional reporting requirement and they said that we would now report every three years, and they would review every three years, but in reality there's no prescription setting out what the criteria are going to be to create that flexibility, what the matrix is going to be for setting the borrowing limits and how quickly we are going to be able to respond to those requirements.

Hamilton is one example, but there are some other examples, in Montreal and on the west coast, of how the borrowing limit requests have carried on for two to three years. You have to put projects on hold. You can't respond. You can't do your job while you're waiting.

I really think what we would love to see would be, as was suggested, that we could go into the market and if people and companies were willing to make investments to support future projects, we would be allowed to take advantage of that. Today we can't. That's limiting our ability to really service Canadians.

● (2050)

Mr. Vance Badawey: It's also limiting your ability to satisfy the business plan that you're setting forward to give you the ability to not only regain that capital for existing infrastructure to manage your assets but also to grow the company. Is that correct?

Mr. Ian Hamilton: That's correct.

I think that growing the company is valuable for us, but the most important thing is making sure we can deliver additional capacity and sustainable supply chains. When we can't access capital to be able to do that, that hurts all Canadians and it results in inflation or shutdown of supply chains. We have seen how vulnerable we have been to those things in the last few years.

Mr. Vance Badawey: Can you speak a bit about CBSA and the need for CBSA to expand the services to areas that might provide new business for your port as well as to other ports across the supply chains?

Mr. Ian Hamilton: Yes.

Right now, we can't bring an uncleared container into any port in the Great Lakes, which prevents our ability to actually use marine transportation instead of ground transportation. The advantage of marine is that, as was discussed, it's probably the greenest form of transportation. It also can alleviate the pressure on the road network and the rail network.

CBSA's position is that there's a capital investment to equip the port facilities with the ability to handle uncleared containers com-

ing in, and they don't believe there is a proven return on that investment. We think it's blatantly wrong, in that cargo is going to continue to grow. Our supply chains are already cracking at the seams. Although we're out of the acute problem we experienced during COVID, we still have the underlying legislative and infrastructure problems with the existing supply chains, and we need to take advantage of the marine capacity.

The Chair: Thank you so much, Mr. Hamilton.

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

The Chair: Thank you, Mr. Badawey.

Mr. Strahl, I'll turn the floor over to you. You have five minutes.

Mr. Mark Strahl: Thank you, Mr. Chair.

I want to talk a bit with Mr. Gooch.

I noted Ms. Murray indicated some concerns with the Port of Vancouver. I'm sure that when they appear—I hope they're coming—they might have a different perspective.

A lot of what has happened in this bill.... There are two new board positions. One goes to local government and one goes to provincial government. These ports are located in communities, obviously, but the port of Vancouver is the most important port for Alberta, Saskatchewan and Manitoba. It serves the national interest.

Can you talk about perhaps the tension there and whether you see Bill C-33 actually watering down the importance of recognizing that federal ports are supposed to operate in the national interests? They do serve more than just the community in which the port facility is located.

Mr. Daniel-Robert Gooch: Well, certainly we see that reflected in the structure of some of the ports versus others in terms of additional seats on the board. I think what I'm struck with is that our ports definitely see themselves as part of corridors and systems so, yes, there is a balance between, and yes, the community impact...but they also understand their role and how it fits into the rail networks and the road networks in other parts of the country.

I believe that Vancouver is going to present to you, so I'm not going to speak on their behalf, but I was impressed and surprised to learn that they do board meetings in the western provinces, because they understand that's an important stakeholder for them. Definitely, ports see themselves.... They're definitely in the heart of the community and, in many cases, literally in the heart of the community downtown, but they also have a great sense of their role in the broader Canadian economy.

• (2055)

Mr. Mark Strahl: I want to talk to Mr. Hamilton and Mr. Paquin.

You both mentioned that the bill doesn't actually do enough to encourage or facilitate integration or co-operation between port authorities. Did the bill just fail to add sections that would allow that, or does the bill actually actively prevent that from happening?

Is it an error of omission or addition? What is stopping you from integrating as much as you would like to? Are there specific changes to Bill C-33 that could be made to address those concerns?

Mr. Jacques Paquin: Ian?

Mr. Ian Hamilton: Thanks. I'll start.

Yes, it's an error of omission. It's very interesting, of course, that when the bill was described to us, it talked about an encouragement for further collaboration amongst ports, but there was nothing inside of the bill that actually supported that claim or that encouragement.

The reason it's important is.... Particularly on smaller ports, but certainly on all ports, there are ways in which we can share and collaborate, but the way the legislation currently reads is that we're designed to be competitive against each other. I think we really have to—this ties into another piece of work that's going on—create a Canadian transportation strategy that talks about how we tie together all of our transportation assets. That requires much closer collaboration.

Jacques might have some really good examples of what they're doing with the Quebec ports, but in Ontario, what we've seen is how much more positive it is to have HOPA, Hamilton and Oshawa amalgamated together. That has resulted in Oshawa handling more cargo and about \$35 million in investment over the last couple of years. This is something that could never have happened with Oshawa acting independently, unfortunately, with their small revenue stream and three staff members.

[Translation]

Mr. Jacques Paquin: I can add to that.

Mr. Hamilton's example is interesting. It shows what can be done within the existing legislative provisions. Essentially, the provisions allow for two extreme scenarios. One, we each work on our own things separately and compete with one another; or, two, we amalgamate.

The fact is, we need to be able to work together more without necessarily ending up in one of those two extreme situations. The current legislative provisions are an impediment to that.

Based on our experience on the St. Lawrence, I think the facilities we have there are interdependent and complementary. It's very hard to build new ones, so if we want to be able to do more, we have to make the best possible use of what we already have. That means we need to work together more and see each facility as part of an integrated network.

[English]

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

[Translation]

Thank you, Mr. Paquin.

Ms. Koutrakis, you have the floor for five minutes.

[English]

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

[Translation]

Thank you to the witnesses for joining us even though it's so late.

[English]

We've heard quite a bit about a borrowing limit process. I'm wondering if I can ask the port authorities.... I'd like to learn more about the approach that is being used to balance between borrowing money for growth and financial responsibility. Do you think there are any measures in Bill C-33 that can help support that balance?

Mr. Daniel-Robert Gooch: Perhaps I'll suggest that our chair and Jacques speak to that.

Mr. Ian Hamilton: Thanks.

We don't believe there's anything inside Bill C-33 that improves our access to capital. There's a commitment around additional reporting, which suggests that there should be.... That additional reporting should make the process of changing borrowing limits and accessing that capital more streamlined and easier. However, the bill doesn't actually go that far. It gets to the reporting side of it.

As we talked about earlier, some of it is a financial burden or, I guess, a red-tape burden. The reality of it is that we're being asked in the bill to report as if we're a publicly traded company, but at the same time, we're not able to take advantage of any of those investment vehicles made available to publicly traded companies. I think that's the contradiction of the crossed threads.

I'll pass it over to Jacques. He has some real examples of where.... Nothing is going to help him get his projects completed.

• (2100)

[Translation]

Mr. Jacques Paquin: I can add to Mr. Hamilton's answer.

Bill C-33 introduces greater uncertainty about our borrowing capacity. In dealings with financial institutions and business partners, the last thing anyone wants is uncertainty, so this bill does not create conditions conducive to getting projects done.

Ms. Annie Koutrakis: Thank you very much.

[English]

This question is for Mr. Hamilton.

Do you feel that strategic sections of the St. Lawrence Seaway shores should be structured like a port authority, and if yes, why?

Mr. Ian Hamilton: I certainly believe that, under the management of the St. Lawrence Seaway, there are parcels of property that would benefit from being managed as a port authority. Port authorities have a different mandate. They're mandated to be economic drivers. We have the ability to invest in those assets and be self-sustaining. I think that we are much better equipped and that a port authority structure is much better equipped to allow these parcels of land owned by Transport Canada to be developed and used to create supply chain capacity...and as economic drivers. So, to answer your question, yes.

Ms. Annie Koutrakis: Mr. Chair, do I still have some time? The Chair: You do. You have two minutes, Ms. Koutrakis. Ms. Annie Koutrakis: I had better start reading slower.

Voices: Oh, oh!

Ms. Annie Koutrakis: We know that the bill would allow for the development of inland terminals, and I know that some of the testimony here today touched a little bit on inland terminals. Why would this be valuable for our ports, and do you see this potentially reducing frictions with communities located near port lands?

Mr. Ian Hamilton: I'll jump on that quickly.

I think the inland terminal idea, which we really do applaud and support, would allow ports to grow their capacity. As Canada grows, we need to increase that capacity. Quite often, ports become surrounded by residential and commercial developments. By being able to hold cargo and facilitate trade at inland destinations.... Really, that's the driver. It's going to build more capacity in supply chains.

[Translation]

Mr. Jacques Paquin: I would like to comment on that.

Like most ports, the Port of Trois-Rivières is an urban port that's sandwiched between the city and the river. Opportunities for growth on our properties and in the vicinity are very limited. We're doing it, but it's very hard, and we have to be able to go further. We're already working on it, actually. We have a sector about 1.5 km from the port that we've been using very successfully for a few years now. I didn't know that wasn't actually allowed under the act, but Transport Canada authorized it. This proves that it is very doable to create satellite locations that can handle more activity and traffic to support businesses' needs.

The Chair: Thank you, Ms. Koutrakis and Mr. Paquin.

Now we'll go to Mr. Barsalou-Duval for two and a half minutes.

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

Ms. Nugent, you really emphasized the importance of climate change and how ports can contribute to the work we need to do to hit the target in the great Canadian Net-Zero Emissions Accountability Act. I am happy to hear that even though I think ports, like all businesses, have concerns about it.

Can you explain how adding this obligation to comply with the strategy in the net-zero act would get things moving faster than if there's just a plan? As I see it, just having a plan doesn't necessarily guarantee results.

• (2105)

[English]

Ms. Amy Nugent: I think having a plan is a beginning. I think the fact is, though, that asking port authorities to develop a plan from scratch, when they have the major preoccupations of secure trade and supply networks as well as just efficient operations, is a little too much. Also, those examples exist and those policy approaches as well as the law and the targets exist.

Let's move beyond the development and go immediately to the targets that exist under law and translate them to the shipping and the maritime sectors, including ports. The Government of Canada has advocated for very ambitious targets to apply to the shipping sector and to the maritime sector internationally, but it has not reflected that yet in domestic law and domestic tools like regulations, like major incentives, which is the approach we would favour, and/or pricing, which—

[Translation]

Mr. Xavier Barsalou-Duval: I don't have much time, and there's something I'd like to focus on. You said it would be good to go beyond what's in the bill and enforce net-zero standards not only for ports but for the entire maritime sector. How can we get to that point for the entire maritime sector and not just for ports?

[English]

The Chair: Please give a 15-second response if you're able to do that, Ms. Nugent.

Ms. Amy Nugent: Sure. The IMO is starting with a 10% clean fuel standard by 2030, so we know we can move quickly there. Like I said, on domestic vessels and nearshore harbour craft, we can move to electric day over night. It takes about a four-month building season depending on the size of the vessel. We can do that and reduce 25% of Canada's domestic shipping emissions, but that fuel happens at ports, so ports have that critical role to play.

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

Thank you, Monsieur Barsalou-Duval.

Next, we have Mr. Bachrach.

Mr. Bachrach, you have two and half minutes. The floor is yours.

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

I have another question for Ms. Nugent.

In my view, there are two ways of defining emissions targets: either as absolute reductions or as intensity-based reductions. Which one of those do you feel is more important in the case of port authorities? Perhaps you could offer your thoughts on why.

Ms. Amy Nugent: In a sense, I don't want to actually dwell on intensity-based targets and absolute emissions targets. Arguably, reducing GHG intensity is just a way to get to absolute reductions.

The fact of the matter is that we have to hold global warming below 1.5°C. In order to do that, we've translated our emissions into targets at an international level. In Canada, that's 40% to 45% below 2005 levels. Those are absolute reductions from 2005 levels, and they need to apply to the maritime sector.

If you have a vessel or a port whose operations are more efficient, yet they continue nonetheless not to be zero emitting and to emit more but have more economic output, then you're not solving the problem of emissions. Therefore, we continue to live globally with the impacts of rising emissions and rising temperatures, which is not acceptable. We can't live with it.

Mr. Taylor Bachrach: Maybe to put that a little differently, Ms. Nugent, there are companies out there that claim to have reduced emissions because they've become more efficient, but at the same time, their increases in output have outstripped that efficiency, resulting in an overall increase in emissions.

I guess the question is, when it comes to defining the targets, should it be tonnes of reduction per unit of output or should it be tonnes of reduction, period?

Ms. Amy Nugent: It has to be tonnes of reduction, period, so it's absolute reductions.

Like I was saying, intensity can be one step on the way, but we have to go to absolute. We have to get to zero emissions, and there are technologies out there that major companies.... The port of Antwerp-Bruges, for example, is a multi-fuel bunkering facility with zero emitting fuel, so it can be done, and we need to get there.

• (2110)

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

Thank you, Mr. Bachrach.

Next we have Ms. Gladu once again.

The floor is yours. You have five minutes.

Ms. Marilyn Gladu: Thank you, Chair.

One of the other challenges facing ports and their infrastructure is the fact that international import-export is growing, so there is a need to grow the smaller ports because the larger ones are not going to be able to handle the growth capacity.

Places like Sarnia—Lambton, which is my riding, have a port. We have now an oversized load corridor to import and export large fabricated vessels, etc., and we have capacity to grow.

Is there anything in Bill C-33 that you feel would hurt or help the growth of smaller ports?

Mr. Daniel-Robert Gooch: We represent the 17 Canada port authorities and the parts of the bill we're most familiar with are really

the parts that are actually directly affecting the CPAs, so I'm not sure that I can really weigh in on that.

Ms. Marilyn Gladu: Mr. Paquin, do you have any thoughts, knowing that your port is smaller but growing?

[Translation]

Mr. Jacques Paquin: Thank you.

That's right, there really isn't anything in the act that supports our efforts to ensure growth. As we've heard repeatedly, there's a burden there, and many impediments in the act. People might talk about the idea of inland ports and the fact that it's possible to go out, but, as I said, that's an experiment we can already do.

If I compare that benefit to all the drawbacks, the bad vastly outweighs the good, so it's clearly not something that will help us ensure growth.

[English]

Ms. Marilyn Gladu: Thank you very much.

I'm going to pass this on now to my colleague Mr. Muys.

Mr. Dan Muys: Thank you, Ms. Gladu.

I have a question for Mr. Gooch.

When you were here at committee on March 23, you indicated you had prepared a letter to the then minister of transport with a number of questions on Bill C-33 and you were awaiting answers. It was three or four months prior that you had sent the letter. You've articulated some lingering questions today, and you still had some outstanding questions as recently as a month ago.

On March 23, you said that depending on the answers to those questions, it would inform your opinion as to whether Bill C-33 was "a modest improvement" or "actually...quite negative". Where do we land now? Where are things at?

Mr. Daniel-Robert Gooch: Thank you.

It's a great question. I do remember that.

Everything I will say is prefaced by.... We have real concerns with the governance, so that has to change. Those recommendations we made are hinging on this. I don't know that we can say yet that it will be an improvement. My sense is that maybe we were looking for answers to questions that have not yet been answered by the government themselves, which is why we've moved to how if this still has to be designed in terms of how the borrowing process will work, we need to be in the room while that's happening, and also our CFOs and our CEOs and those who do this professionally on a day-to-day basis, because we don't. I don't know that the officials at Transport Canada who we've been dealing with necessarily do either. It needs to be designed together.

It's possible that it will be something that's more dynamic that provides some room for ports to manoeuvre within, but that's just wishful thinking on my part. I don't have any concrete information on how this will work to understand whether that is indeed the case or not.

Mr. Dan Muys: All right, so that's wishful thinking, trending on negative.

In particular, can you elaborate with regard to the financial flexibility? We've heard from the port authorities themselves represented here that it is really important. Board governances we've talked about, but that really has to be the thing that's fixed.

Mr. Daniel-Robert Gooch: It's key. Ports needs to be nimbler.

Financial flexibility is not just about borrowing limits. We haven't really talked about this, but the activities that ports can engage in—Ms. Gladu spoke to your small port.... There are impediments on what CPAs can do.

One of the ways to be flexible is that perhaps there's an office building you can build, but you can generate revenue if you develop the property above that and use that somewhere else in the facility. Airport authorities have the ability to do that, to leverage their assets to do other things. I know some of our ports have been interested in doing things like that, but they've run up against limits on their activities.

I don't know if my colleagues in Trois-Rivières or Hamilton want to speak to that.

● (2115)

The Chair: Unfortunately, we have no time left for that round of questioning, but perhaps they can submit a response to that electronically to our clerk and we'll share it with the analysts.

Bringing us home this evening, we have Mr. Rogers.

Mr. Rogers, I'll turn the floor over to you. You have five minutes, sir.

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

First of all, let me say welcome to the witnesses this evening. It's great to hear from people like you with your experience, expertise and knowledge. That can, hopefully, inform us as a committee to make some great recommendations that will lead to a better and more efficient supply chain system for the country.

We heard from many witnesses during previous sessions about supply chain issues. There were many different perspectives on why we were experiencing problems with the supply chain. Some people suggested that we need to have better data, do more digitalization, invest in technology and so on.

I'll start with Mr. Gooch.

How do you see data sharing helping ports become more efficient and more effective, from the perspective of data collection, digitalization and so on?

Mr. Daniel-Robert Gooch: Well, this is a new area for me, but from what I've seen there are provisions in our bill, and it seems like the Government of Canada has intentions to put data-sharing provisions into different parts of the supply chain.

It's all about visibility, understanding what's coming and what's going, and making all of the parts flow more efficiently and more effectively together. I think, from what I've seen, from what I've heard, from what we know, it's a positive development to see the Government of Canada moving on that in terms of the flow of goods. It's also good for CBSA, so they understand what's coming.

If we can do it properly—obviously, with governance of the data ensuring that confidentiality and commercial sensitivity are all protected—this can be a positive development.

Mr. Churence Rogers: Thank you.

I'll ask the port authorities if they want to chime in on that particular issue.

[Translation]

Mr. Jacques Paquin: If I can comment on that, I'd say that's a very interesting question.

More data sharing is crucial to painting a comprehensive picture of the supply chain. We know a lot of work has already been done on containers. Container standardization lends itself to data sharing, but it's important to remember that containers account for just 20% of all goods transported by ship. The rest, 80%, is made up of all sorts of other products.

Creating databases and information systems and strengthening collaboration among various stakeholders to reorganize supply chains will take a huge amount of work. That's certainly one direction we should head in. The Port of Trois-Rivières is already tackling that.

[English]

Mr. Churence Rogers: I appreciate that, and I agree.

Mr. Hamilton, would you like to comment from your perspective?

Mr. Ian Hamilton: I'm going to the root of your question. The supply chain vulnerability is really around capacity, and we certainly believe that the right transparency around data would help us to build capacity and re-engineer supply chains.

One of the areas we looked at in partnership with McMaster University was the volume of truck traffic between the Midwest of the United States and southern Ontario, and how much of that could be converted to marine. That has a positive sustainability story in terms of both reducing greenhouse gas emissions but also the reduction in truck traffic and road traffic, creating more capacity on our highways.

There's no good way of collecting data in Canada and transparency around data. It has to be looked at holistically with all of the modes rather than just in the silos, which, quite often, is done today.

Mr. Churence Rogers: Do you think what we're trying to do here with Bill C-33 will get us to that stage?

• (2120)

Mr. Ian Hamilton: I don't now how much is addressed specifically inside the bill, but I believe there is an intent to try to create

this transparency. I still think we're miles behind other countries. When you look at what the United States does in terms of transparency around supply chains, the movement of cargo and things like that, their companies can respond and be much more nimble in understanding where pinch points are and how to create a new product to deal with that pinch point.

There's no silver bullet, but it has to be a very holistic view on data. Again, I think that Transport Canada recognizes this. We just probably haven't created all the tools yet to be able to take full advantage of it.

The Chair: Thank you, Mr. Rogers. Unfortunately, that concludes the five-minute slot for questions.

Thank you to all our witnesses for appearing either in person or joining us virtually this evening, particularly those of you who are joining us very late.

I also want to take a moment to thank our interpreters, who I think did a fantastic job once again this evening.

This meeting is adjourned.

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