



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Transport, Infrastructure and Communities

EVIDENCE

NUMBER 083

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Monday, October 23, 2023



Chair: Mr. Peter Schiefke

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• (1540)

[English]

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

Welcome to meeting number 83 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to the order of reference of Tuesday, September 26, 2023, the committee is meeting to discuss its study on 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 Standing Orders. Therefore, members are attending in person in the room and are able to join us remotely using the Zoom application. Before we begin, I wish to inform all members of the committee that the witnesses appearing virtually have been sound-tested for today's meeting for the benefit of our interpreters and have passed the test.

Colleagues, appearing before us today by video conference are the BMI Group, Justus Veldman, managing partner; the Chamber of Shipping, Bonnie Gee, president; and GCT Global Container Terminals Inc., Marko Dekovic, vice-president, public affairs. From South Coast Ship Watch Alliance, we have Mr. Bruce McConchie, who is joining us in person.

Welcome, everyone.

We'll begin our opening remarks with you, Mr. Veldman. I'll turn the floor over to you. You have five minutes, please.

Mr. Justus Veldman (Managing Partner, BMI Group): Thank you, dear Chair Schiefke and members of the committee.

My name is Justus Veldman. I am a managing partner with the BMI Group, a property development company specializing in the repurposing of industrial infrastructure. As the largest developer of end-of-use paper mills in Ontario, with significant rail and water infrastructure in place, it is an honour to be invited to address amendments to this bill.

In our Niagara ports properties alone, we have facilitated over \$430 million of investment capital and have created well over 250 full-time permanent jobs. With our latest acquisition of 400 acres in Port Colborne, we own and operate in excess of 900 acres in total of port lands adjacent to the Welland Canal. With our exist-

ing partnership with the Hamilton-Oshawa Port Authority, the Niagara ports trade corridor is among the top five in Canada.

Our development in northern Ontario, in the town of Red Rock, which is another former paper mill town and the northernmost port on Lake Superior, is inclusive of a full first nations partnership and is in the process of signing an MOU with a significant lithium producer, which is contingent on its development.

The modernization of port operations, their security and their efficiency is very much in our interest. We are heavily investing in the success of our projects and advocating for the modernization of the St. Lawrence Seaway, particularly the Welland Canal section, to unlock its full potential as an economic driver.

The legacy structure we're working with makes it difficult to realize the full development potential of the regions we work in and the new traffic it will generate. Our continued challenging experience with the ongoing issues with the seaway reinforces the need and the urgency of updating and upgrading the structure of the Welland Canal corridor and its management. This corridor is important, and it needs to be modernized to fully optimize this Transport Canada asset. Make no mistake: Bringing attention to the corridor will, in fact, strengthen supply chain fluidity and resilience.

The effort to strengthen relationships and reconciliation with indigenous peoples is recognized as a very positive step forward.

We also recognize the efficiencies in inspection, including remote and automated systems, but they could present their own unique challenges, which we are open to working through to enable the secure, efficient and free flow of goods.

We acknowledge the bill's request to extend ministerial powers, and the subsequent potential for challenges to the Charter of Rights. However, given the justice minister's review, we trust that these powers will benefit all Canadians, will not be used in excess and will enhance the security of the supply chain sector.

While the sector is largely east-west focused, we see and would stimulate you to think about the significant opportunity for connecting the remote north to the south, and the necessity of connecting isolated, remote communities and of developing regional potential in these. Economic development and infrastructure mandates to this effect will significantly contribute to the prosperity and the security of the northern country.

On behalf of the BMI Group, thank you, Mr. Chair and members of the committee, for your time and attention, and for the opportunity to contribute.

• (1545)

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

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

Ms. Bonnie Gee (President, Chamber of Shipping): Thank you, Mr. Chair, for the opportunity to appear before the committee once again.

The Chamber of Shipping represents ocean carriers, shippers and service providers that move Canada's trade to and from international markets.

Since the introduction of Bill C-33 in November 2022, there have been some developments that should be taken into consideration with respect to the initial intent of the bill. These include the passage of Bill C-47, the budget implementation act, the introduction of Bill C-52, and the establishment of the supply chain office that will facilitate the development of a national supply chain strategy as recommended by the national supply chain task force.

Bill C-47 amends the Canada Transportation Act, which enables the collection of information from any users of the national transportation system to ensure the efficiency and proper functioning of the national transportation system. Bill C-52, introduced in June this year, seeks to further amend the Canada Transportation Act, as well as the Canada Marine Act, to enhance transparency and accountability in the setting of port fees. These bills, together with the national supply chain office, should take precedence and are foundational to strengthening ports in Canada by supporting a cohesive and transparent data strategy that will improve supply chain responsiveness and agility.

While we recognize the intent of Bill C-33 is to improve how the Government of Canada manages disruptions, we would caution that taking a piecemeal approach to legislative amendments, without a national supply chain strategy, may result in some unintended consequences and create even more of an administrative burden for our members.

My comments will focus on the proposed amendments to the Customs Act, Marine Transportation Security Act and the Canada Marine Act.

The Chamber of Shipping supports the proposed amendments to the Customs Act, as we understand the need to expedite the movement of containers identified for secondary exams to immediately address potential health, safety and security risks. We strongly urge the Canada Border Services Agency to move forward with the adoption of less intrusive technologies to expedite the examination

process and reduce the costs of the exams. CBSA, as the lead agency for public safety, must be adequately resourced to support the expansion of container facilities across Canada in a timely manner.

A report recently released by the City of Delta last month associates increased container traffic to the proliferation of drugs and elements of crime in communities. The report highlights concerns with the Marine Transportation Security Act, MTSA, and the fragmented approach to port security responsibilities. Amendments to the MTSA in Bill C-33 fail to strengthen the security framework and rather focus on expanding the mandate of the act to include direct and indirect risks to the health of persons involved in the marine transportation system and provide additional authorities to direct vessels.

Expanding the MTSA to regulate health risks that are already regulated under the maritime occupational health and safety regulations appears unnecessary. Furthermore, if there is a need to issue an emergency direction to a vessel of concern for health safety reasons, authorities exist within the Public Health Agency of Canada under the Quarantine Act. The intention and desired outcome of the expanded mandate of the MTSA require further explanation and clarification on how a health risk would be assessed and determined under the act.

We continue to raise concerns about the overlapping and duplicative regulations and authorities, particularly in the marine transportation sector. Canada takes a multi-agency approach that involves a network of departments, which often, from an industry perspective, results in confusion and inefficiencies in decision-making and direction. A country surrounded by three oceans requires a clear maritime authority that can eliminate gaps and confusion in marine safety, security and environmental protection, and strengthen Canada's global position as a trading nation.

The expanded purpose of the Canada Marine Act in the proposed amendments is supported. It will enable port authorities to maintain security and enhance the resiliency of supply chains in a manner that safeguards national security and promotes healthy competition dynamics.

With reference to the added purpose that enables port authorities to "manage traffic, including mooring and anchorage, in order to promote the efficiency of supply chains", this is only relevant to vessels with import cargoes. It should be clear that vessels typically seen at an anchorage are waiting for Canadian export cargoes to arrive and are a symptom of an inefficient supply chain. The direct management of export vessels has no direct influence on improving the efficiency of the supply chain, but they are often used to improve the fluidity of supply chains by taking partial loads.

Other amendments to the Canada Marine Act appear to address governance concerns that are only specific to Canada's largest port, and, therefore, proposed amendments in Bill C-33 may be rather onerous for smaller ports. The bill does not address the variability in the size, operations and resource capacity of port authorities, nor does it assess each authority's capability to meet their legislated mandate. These recommendations, together with the suggestion to consider the complementarities of regional ports, were also documented in the "what we heard" report during the ports modernization review and were not captured in Bill C-33.

• (1550)

In western Canada, the 2022 revenues for the four port authorities range from \$4.8 million to \$305 million. The status of the existing 17 port authorities and possible new port authorities should be reviewed.

Thank you. That concludes my remarks. I look forward to the questions.

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

Next, we have Mr. Dekovic.

The floor is yours. You have five minutes for your opening remarks, sir.

Mr. Marko Dekovic (Vice-President, Public Affairs, GCT Global Container Terminals Inc.): Thank you, Mr. Chair.

Thank you to the committee for inviting me to appear before you.

I'm the vice-president of public affairs at GCT Global Container Terminals, headquartered in Vancouver. We are the largest majority-Canadian owned container terminal in the country, and we are a tenant of the Vancouver Fraser Port Authority.

Bill C-33 was born from a chorus of voices from the private sector, labour unions and indigenous communities, all calling on the government to address the functioning of our supply chain and, specifically, the network of Canada port authorities. Since then, Bill C-52 has also been introduced. In some ways, it better addresses some of the shortcomings of Bill C-33.

Today, my comments will focus exclusively on the proposed changes to the Canada Marine Act within Bill C-33.

It is of utmost importance for all members of the committee to understand the current workings of our port system. Private sector companies operate port terminals handling various goods, including bulk, breakbulk, containers and autos, to name some. They assume all of the risks associated with investing in terminal infrastructure, acquiring and retaining customers, and navigating economic fluctuations. These private companies are tenants of port authorities, and port authorities impose rents—and collect rents—escalating fees and regulations upon those private sector operators, all while assuming little to no risk themselves.

As you review and potentially shape Bill C-33, I implore the committee to consider a fundamental question. Do you wish for port authorities to function as governance and regulatory bodies overseeing the supply chain with transparency, or would you prefer for them to remain as they are now, operating opaquely as monopo-

listic quasi-market players generating revenue for themselves without any real accountability?

This decision is crucial, as it will shape how you approach every aspect of Bill C-33.

For instance, consider the recommendation to modify the borrowing limits for port authorities. Increasing the borrowing limits for port authorities does not necessarily stimulate private investment; rather, it can deter it. This happens because port authorities must repay what they borrow with interest, and this cost ultimately falls on the shoulders of terminal operators, which in turn pass it to their customers, leading to potential inflation.

Port authorities should rarely need to borrow if they're fulfilling their mandate correctly, which is to facilitate trade and grow their private sector tenants. When the private sector is assured of its growth potential, it will invest. Port authorities can also use their lease agreements with tenants to encourage them to take on greater investment risk, thereby reducing the need for port authorities to borrow.

Consider the Vancouver Fraser Port Authority as an example. Over the past 20 years, its borrowing limit has increased three times faster than the volume growth, growing by 385% while volumes grew by 98%. Given this incredible borrowing, one would assume that the port functions incredibly well, but as many of us will have seen, recent global rankings have shown that's not the case. Therefore, it is evident that increasing borrowing by port authorities is unlikely to improve supply chain outcomes. Instead, we should focus on facilitating the private sector's desire to grow and expand. Port authorities should be asking, "How can we assist growth?", rather than dictating what must be done and, at times, directly competing with private money.

Along the entire west coast of Canada, private sector terminal investment projects are waiting to proceed. The primary obstacle is most often government regulation and often port authorities' individual interests.

I commend the recent announcement by the port of Prince Rupert, which seems to have found a balanced approach. It's unlocked over \$750 million in investment by collaborating with private terminals and rail operators and listening to customers.

Not to use a cliché, but the customer's always right. This is because, ultimately, the customer ends up paying. If we take that approach with our supply chain at a national level, we will succeed and potentially save a lot of taxpayer dollars.

In summary, it is crucial to get Bill C-33 right. To achieve this, you must decide whether you want port authorities to determine what is best for Canada or you want the government to have more input and provide guardrails. You must choose whether to unleash private investment or send a message that it will become more expensive to be a customer or a tenant of a Canada port authority due to increased regulatory burdens.

You must decide whether you want to potentially risk more taxpayer dollars by giving port authorities more borrowing powers, or you want to push increased collaboration and the identification of the right investment opportunities with the private sector.

Thank you again for the opportunity to address you today.

• (1555)

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

Finally, with opening remarks, we have Mr. McConchie.

Mr. McConchie, the floor is yours. You have five minutes, sir.

Mr. Bruce McConchie (Spokesperson, South Coast Ship Watch Alliance): Mr. Chair and members of the committee, good day. Thank you for the opportunity to speak with you about the Canada Marine Act.

I am representing the South Coast Ship Watch Alliance, which is the collective voice of eight coastal communities within the southern Gulf Islands and adjacent Vancouver Island coastlines.

This is important work you are doing. Your dedication to the goal of preserving our environment, despite being from different political parties, is very much appreciated. I am here to encourage you on behalf of my fellow islanders, our children and grandchildren, and the indigenous peoples of the west coast to further your work and preserve a very special part of Canada with over 300 species at risk.

The narrow waterways surrounding our islands are being used as an unnecessary overflow parking lot for the port of Vancouver. Currently, there are 33 anchorages for large cargo ships designated for vessels waiting for a berth in the port of Vancouver. Almost all ships using these anchorages are bulk carriers arriving empty to load coal and grain. They often arrive too early for their berthing times in the port, staying for weeks and occasionally months at a time. The increase in use has been staggering—from only 19 ships in 2009 to 476 ships last year, staying for 5,900 anchoring days.

The negative environmental impacts of this anchoring are significant and increasing.

Our air is being polluted by the constant spewing of diesel exhaust from large on-board generators—up to 10 tonnes of greenhouse gas per ship per day. This is in a region declared by our provincial government as a high smoke sensitivity zone.

Excessive noise both above and under the water is created by these cargo ships at anchor and during transit to these anchorages. Underwater noise disrupts the feeding, breeding, navigation and communication of marine species, especially the threatened southern resident killer whales. Above water, the very health of coastal residents is being affected.

The seabed ecosystems of our Salish Sea are constantly being scoured by large anchor chains. We are living with the constant fear of a major incident as a result of ships dragging their anchors during winter storms. The resulting oil spill would be catastrophic.

We are concerned that the consequence of the word “anchorage” in proposed paragraph (f.2) of Bill C-33 would be to allow the Vancouver Fraser Port Authority, an industrial entity, to implement its plan to expand its jurisdictional boundaries to include cargo ship anchorages within the southern Gulf Islands and the adjacent Vancouver Island waters. This should not happen.

These anchorages are unnecessary. If the port of Vancouver implemented a modern vessel arrival system and restricted early arrivals, as is done in ports elsewhere; if the Minister of Transport would demand the port require all-weather grain loading—currently, grain cannot be loaded in the rain in Vancouver; if the federal government would suspend shipping of thermal coal, a major contributor to climate change; and if the supply chain to the port was optimized and the many inefficiencies addressed, we would see an end to this attack on the fragile ecosystems of our Salish Sea.

For years now, the indigenous peoples and coastal residents of the Salish Sea have been sounding the alarm about the ever-increasing attack on our marine environment, air and health. Bill C-33 has raised our hopes that our government will finally strengthen that important clause of the act under “Purpose”, paragraph 4(d): “provide for a high level of safety and environmental protection”. We support the marine transportation industry and its contribution to the Canadian economy as stated in the purpose of the act, but no economic gains can buy back our environment.

It was five years ago this month when my fellow coastal resident Chris Straw passionately addressed this committee on this same topic. Unfortunately, he passed away without realizing the dream of eliminating these anchorages. On his behalf and that of all islanders in the southern Gulf Islands and the adjacent Vancouver Island, we need your help now to protect the Salish Sea.

• (1600)

Thank you for your time.

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

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

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

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

Thank you to the witnesses for your testimony and your passion for the industry and for the environment. It's been interesting to hear all these perspectives on this bill.

I want to start with the Chamber of Shipping. Initially, this bill was marketed as being a response to the national supply chain task force. One of the specific, more controversial issues about that was what we do to ensure that we are able to maintain the supply chain when there are labour disruptions, and it was identified as a major concern.

I'm wondering if you can speak to whether you believe the bill should have addressed that issue and maybe specifically address the issue of the impact that the closure of the St. Lawrence Seaway will have on your member companies and your membership in the immediate and medium-term future.

Ms. Bonnie Gee: Unfortunately, I think my camera is frozen. I'll try to reset it while somebody else is speaking.

With regard to managing disruptions, I don't expect that Bill C-33 would address labour disruptions. It was really meant, I think, to address some of the recent discussions we had with respect to blockades, wildfires and atmospheric rivers. I don't think we would expect Bill C-33 to prevent labour disruptions from happening, because we don't want to affect our labour force and their ability to properly negotiate and strike if needed.

I'm sorry. I forgot your other question. It was with regard to the St. Lawrence Seaway....

Mr. Mark Strahl: It was about the impact of that closure on your membership.

Ms. Bonnie Gee: Unfortunately, we primarily represent carriers on the west coast, so we may see diversion of trade through the west coast as a result of that seaway closure. Fortunately, we have the capacity here to manage additional movements of grain products, for instance.

Mr. Mark Strahl: On the west coast, we've obviously heard some testimony about the anchorages that were just mentioned. Is there an alternative location for those? Obviously, we're seeing an increased use of all of the anchorages that are available to the Vancouver Fraser Port Authority. I guess the question is where else they could go, and what happens to ships that arrive when the anchorages are full? Do they simply idle offshore in a holding pattern? In your opinion, is it better or worse for the environment to have ships continuing to move around in the ocean while they wait for their turn at the port?

• (1605)

Ms. Bonnie Gee: We have worked with the pilotage authority and the B.C. Coast Pilots in identifying some alternative anchorage locations. When we worked with the community stakeholders in looking at the existing anchorages, we realized that some of the anchorages that are currently in place won't meet the demands for the future growth of the industry. We had identified a number of anchorages in other locations, but we were told that there really is no process in place for establishing new anchorages at this time.

Unfortunately, when vessels cannot obtain an anchorage, yes, they spend time drifting offshore waiting to be called in. We estimate that the GHG impact of those vessels offshore is three times more than what it would be if a vessel was sitting in an anchorage.

Mr. Mark Strahl: Mr. Dekovic, I appreciated your perspective on the role of the private sector and your explanation on how ports

operate. Obviously, Bill C-52 does allow for a little more transparency on how rates are set.

We've heard in previous testimony that the additional cost and administrative burden of some of the changes that are proposed in Bill C-33 could range up to \$200,000 a year, for instance, for additional reporting and additional staff to oversee that. When the Vancouver Fraser Port Authority takes on a \$200,000 additional bill, who pays for that in the end? Does that get passed down to you as a terminal operator? What is your understanding of how additional costs incurred by the port authority are paid for?

Mr. Marko Dekovic: Thank you for that question.

Port authorities are supposed to be financially self-sufficient, meaning they generate revenue from assessing fees and rents onto the users, the tenants. Any additional cost that's assigned to port authorities ultimately is collected from tenants and the vessels and the people using the port. It can be tenants, and it can be vessels through wharfage and berthage, but ultimately it's the customer, the end customer, that pays, which of course can eventually provide increased inflationary pressures.

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

Thank you, Mr. Strahl.

Mr. Rogers, I'll turn the floor over to you for six minutes, sir.

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

Welcome to all of our witnesses today. It's great that you're here to give us the benefit of your experience and expertise as we're trying to tackle this study and get it right for Bill C-33.

First off, Mr. Dekovic, we've heard that measures like those in Bill C-33 will improve supply chain efficiency. At least, that's our hope. Do you agree that is the case? What measures in particular do you think would be most effective in optimizing supply chain outcomes?

Mr. Marko Dekovic: Thank you for the question.

To me, it is not clear which parts of Bill C-33 will ultimately improve efficiency. If we want to create a more efficient and resilient system, we ultimately need to invest in some spare infrastructure leading to and from our ports. I don't see how Bill C-33 does that.

I'm sorry. The second part of your question was...?

Mr. Churence Rogers: I'm just asking what measures you think would be most effective in optimizing supply chain outcomes.

Mr. Marko Dekovic: I think, as I mentioned, that it's creating that additional infrastructure, that pipeline, if you will—be it road or rail infrastructure—leading to and from ports. Ultimately, it's important to remember that 70% of everything we trade here is moved by rail from the west coast. Making sure that our rail system is resilient and can support the growth of the supply chain is of the utmost importance.

• (1610)

Mr. Churence Rogers: Thank you.

Turning to Mr. McConchie, should Bill C-33 pass? The federal government would have the authority to make regulations with respect to how anchorages are managed at the ports. What kinds of things would you like to see in these potential regulations that might be enacted to manage that?

Mr. Bruce McConchie: Our ultimate goal is the elimination of the anchorages because they are unnecessary and language to that effect to give the Minister of Transport the authority to declare the southern Gulf Islands waters and adjacent Vancouver Island waters a special sanctuary zone.

The Minister of Transport under the Canada Shipping Act has that power already, and we would like to see it in the legislation that's coming forward to back that up.

Mr. Churence Rogers: Given the amount of traffic that flows through Vancouver as a port, is that realistic, in your mind?

Mr. Bruce McConchie: Member, container ships don't anchor. They are scheduled wonderfully to be in the port, because it's a very economic penalty for them to be hovering on anchor.

The main ships are coal and, if you can believe it, Canada is still allowing the export of thermal coal. A lot of it is being mined in the United States. Washington, Oregon and California prohibit it due to environmental concerns, yet we're still bringing it up on trains and shipping it out. There are a lot of ships arriving very early to pick up thermal coal, which we all know is a huge contributor to climate change.

The grain can't be loaded in the rain in Vancouver yet. That makes vessels sit idle at anchorages, and the prairie grain farmers don't get paid. They can't ship their product. Improve that and get rid of thermal coal, and you're a long way on your way towards elimination.

Mr. Churence Rogers: Thank you for that.

Ms. Gee, some of the previous witnesses we've heard from have raised the need for more flexibility for smaller ports. Do you agree with this? What types of flexibility do you think would be most beneficial for smaller ports?

Ms. Bonnie Gee: Ports were devolved 25 years ago. They have different resources and they have the same aging infrastructure to maintain. My thought is that they probably need some better financing options to maintain the infrastructure they currently have. In terms of what's being proposed in Bill C-33 to add new advisory and indigenous and community advisory committees, many of these offices are very small in terms of their staffing and their capabilities, so to add those obligations onto the smaller port authorities is challenging.

Mr. Churence Rogers: Thank you.

Mr. McConchie, I'll come back to you. What are the challenges with how the Vancouver Fraser Port Authority currently manages anchorages? You mentioned a number of them. Can you give one final comment on that for the benefit of the committee?

Mr. Bruce McConchie: Actually, they only manage the anchorages under the interim protocols for ships anchoring in the southern B.C. waters, currently. The federal government still has jurisdiction. The port of Vancouver has no jurisdiction. They just came up with an interim plan that has not worked. It was supposed to allocate these ships to different anchorages, and it basically spread the pain. As I pointed out earlier, we saw a huge increase in the number and the usages of those anchorages.

Mr. Churence Rogers: Thank you very much.

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

[*Translation*]

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

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

Mr. Dekovic, the appointment by government of chairpersons to the boards of directors of ports was mentioned a number of times by witnesses in previous meetings. This is an amendment being proposed in Bill C-33.

As a client, your company maintains a business relationship with the ports. How do you view the government's desire to control the appointment of port authority chairpersons?

• (1615)

[*English*]

Mr. Marko Dekovic: Thank you for that question.

It goes back to what I mentioned earlier. Ultimately, Bill C-33 has to decide which way we want to go. Do we want to create port authorities that are more government-like and more government agency-like, or create them or push them to be more private sector market players with some government oversight?

What we have right now, though, which we have experienced in Vancouver, is that ultimately there is no direct link or accountability for when port authority leadership is not necessarily in line with what the priorities may or may not be of the government or the tenants. Many tenants had some challenges in Vancouver, and ultimately there was no mechanism to directly address that. By having the chair of the port ultimately accountable to somebody in government, that will increase that accountability or chain of command to the minister, so that at least the tenants, the private sector and users of the port can approach the minister and expect some answer or action. Currently, when that is done, the answer is that ports are at arm's length and nothing can be done. Of course, that's an example of where it's also a negative, where the government can potentially more politically influence the operations of the port and the leadership of the port. There are some challenges with that.

There is no perfect answer. The question is more this: Which way does the government want to push the port authorities, to be more government or more private sector?

[Translation]

Mr. Xavier Barsalou-Duval: If I understand correctly, it sends the message that the government will have greater influence over port management, since a minister will be appointing the chairpersons of the boards of directors.

Ms. Gee, may I ask your opinion on that same subject?

[English]

Ms. Bonnie Gee: It's similar to what Mr. Dekovic just mentioned. Our concern would be the politicization of the chair appointment.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

Earlier, you spoke about the potential impact of these new measures on small ports. I'm really interested in this aspect. I have no doubts about the ability of major ports like Montreal and Vancouver to implement what is being asked of them, in other words, to ensure greater consultation of groups and communities, as well as the First Nations, and to produce quarterly financial statements. However, I have serious doubts about the impact that this could have on smaller ports, which already have limited staff and resources.

If these new measures were only applicable to larger ports, at what point would a port be considered a major port?

[English]

Ms. Bonnie Gee: Thank you for the question.

When I was looking at their revenue structure.... I think it's important to note that the purpose of the Canada Marine Act is to provide trade-enabling infrastructure. When you look at the financial statements, the primary source of revenue for some of these ports is from managing marinas, not facilitating trade.

A criteria that you might look at as well may be how they derive their revenue.

[Translation]

Mr. Xavier Barsalou-Duval: In your opinion, then, it's essentially a matter of revenue, meaning how they derive their revenue.

I suppose that volume is also a consideration. For example, a port that sees three vessels per year doesn't have the same capacity as a port that sees three per day.

● (1620)

[English]

Ms. Bonnie Gee: That's correct.

Then we have a harbour authority that actually receives quite a number of cruise vessels, yet it's not a port authority. That certainly needs to be looked at carefully.

[Translation]

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

[English]

Next we have Ms. Zarrillo.

The floors is yours. You have six minutes.

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you so much.

It certainly seems that it's time for some modernizing of how we're managing or not managing the ports.

I'm going to focus on something relatively narrow, though. It's for Mr. McConchie. This is in relation to the frustration of islanders and how long this anchorage problem has been going on.

You mentioned that there was a visit here five years ago. I'm sure it was going on long before that. It's certainly one reason why my colleague, Alistair MacGregor, has a private member's bill around this. It's Bill C-305, an act to amend the shipping act.

This is really in regard to modernization. Considerations around protecting biodiversity and around the environment didn't seem to play into the initial planning. As my colleague, MP MacGregor, has said many times, it's to stop using the precious waterways as an overflow parking lot.

I did want to get some more insight and understanding on how we got from 19 to 476 vessels hanging out in the overflow parking lot.

Mr. Bruce McConchie: Since I was a teenager, I've been going into the Gulf Islands. I bought property there in 1978 and have lived there permanently for 23 years. I know those waterways wonderfully, and they're precious. With extreme winds in the winter time, strong currents and those kinds of things, we rarely saw a cargo ship anchoring in those waters before 2009. It was rare. All of a sudden, there was a change and then it kept increasing. There was no stoppage.

In 2018, when the federal government came out with the interim protocols, suddenly the anchoring increased again. In fact, Lady-smith and Saltair, which never saw ships before 2018, suddenly were inundated with ships. Now they're anchoring constantly just offshore from very small communities and creating huge underwater and above-water noise there.

The port wanted to expand, but it didn't provide the infrastructure and it didn't address the supply chain. Then it accepted American thermal coal to ship, on top of that. You can see how it compounds. A lot of the vessels that are arriving early are getting there because it's free anchorage. There's no jurisdiction and no monitoring—nothing. As a result, we've been seeing the anchor drag groundings and collisions in our local waters.

Ms. Bonita Zarrillo: Thank you so much for that.

I'm going to ask Ms. Gee the same question about insights.

Could you share with us some insight on why the vessels went from 19 to 476 in a matter of just around 10 years?

Ms. Bonnie Gee: There's been tremendous growth in our bulk exports through the port of Vancouver. There have been some changes as well in the operational policies within the port, where vessels are limited to stay seven days within the port of Vancouver. We do often see vessels bouncing around more often.

I just wanted to clarify that these vessels are not arriving to just randomly wait for cargo. These vessels are actually contracted to be there. There's a laycan within their charter parties where vessels need to arrive within a certain time to be inspected and ready to load grain. To eliminate the anchorages would severely disrupt the supply chain. Often vessels are entered into contracts with shippers maybe 10 to 12 weeks in advance. Unfortunately, I don't think shippers have confidence in when they'll actually get rail service. What happens is that they think that their cargo may be arriving at the ports within a certain time or certain date, so they ask the vessel to be there. In reality, that just doesn't work.

There's been a lot of focus on improving data, digitalization of the supply chain and understanding where are the bottlenecks. Are there areas where we can improve the fluidity of the supply chain? I think that a lot of that work is going to happen under the supply chain task force. We're hopeful. That's a start. We need to understand what we're working with.

• (1625)

Ms. Bonita Zarrillo: Thank you.

I'm going to ask Mr. Dekovic a question in relation to the amount of debt or the amount of borrowing that's happened. Has the amount of borrowing driven up the number of vessels that are coming in?

Mr. Marko Dekovic: No, I don't think that correlation could be drawn directly. Ultimately, if the port grows it is expected that the number of anchorages will grow. Think of it as a shopping mall. If the mall expands, you will need more parking spots for the cars outside the mall to service that facility.

Ms. Bonita Zarrillo: I'll go back to Ms. Gee to ask about the rail.

What are the problems with rail? Even in my office, in Port Moody—Coquitlam, I hear from suppliers, people who are waiting.

What's the problem with rail right now?

Ms. Bonnie Gee: I think it's the reliability. There's such a demand on the railways right now. There's quite a diversification of cargoes that are moving right now. Fortunately, right now the container volumes are lower than usual, so we should have better fluidity than in previous years. It's just managing the diversity of cargoes that are coming through the ports.

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

Thank you, Ms. Zarrillo.

Next we have Mr. Muys.

The floor is yours. You have five minutes.

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

Thank you to all our witnesses here today for their contribution to our review of Bill C-33.

Mr. Dekovic, you talked about that continuum between government-like versus private sector market players with some government oversight.

Where do you see Bill C-33 pushing that continuum?

Mr. Marko Dekovic: I think it is not clear. There are some things that are moving more towards a government-centric authority, like with assessing fees, and Bill C-52, for example, is going to provide some greater transparency and oversight. There are other things that are basically allowing them to continue to have more private sector powers that are backed up by government. On some of the private sector profit-driven things that the port authority does, there are no corresponding guardrails. If you have a monopolistic quasi-private entity that also has government regulatory powers and no direct accountability to anyone, that is the challenge we've seen with some port authorities.

Again, to what was pointed out before by Ms. Gee, there are different sizes of port authorities. This is perhaps only applicable to larger port authorities. Smaller port authorities have different challenges, and perhaps that should also be looked at through this act, to actually target and revisit how port authorities are classified or even created.

Mr. Dan Muys: At the beginning of this study we had some witnesses from Transport Canada. We asked the question of whether a cost analysis had been done for the various oversight bodies, the regulations that were going to be added, etc. Surprisingly, the answer was no.

As a tenant of ports, and with what you've said, does that concern you?

Mr. Marko Dekovic: Yes.

Mr. Dan Muys: You raised the point that there are different sizes of ports. We've had witness testimony that it could be \$200,000 per annum. That's what one group told us. There were a couple of additional employees from another group who told us.... You said at the outset that private companies like yours are assuming all the risks.

Do you see Bill C-33 adding to some of these burdens? Is it excessive? What's the right balance?

Mr. Marko Dekovic: Yes, the right balance is to be struck. I think that a cost analysis of these additional advisory bodies' oversights should be done. At the same time, additional powers that would be granted to port authorities to assess fees also need to be balanced with the kinds of powers they have and with transparency on what they do with those fees.

I think it's important to actually look at Bill C-33 in companionship with Bill C-52. It will be important to get Bill C-52 right so that the right level of transparency is provided to the tenants and the public about what port authorities do with the revenues they generate.

• (1630)

Mr. Dan Muys: From your first read of Bill C-52, do you see that happening or are there concerns?

Mr. Marko Dekovic: Bill C-52 is definitely a step in the right direction. It will, for the first time, give tenants and users of the port authorities the ability to at least ask and question the increases to the fees, the sizes of the fees or what is being done. I'm sure that there will be some little tweaks when we study and dig deeper into the bill, but it's definitely a step in the right direction.

Mr. Dan Muys: You talked in your opening statement, as well, about unleashing private sector investment. I think that's important if we're going to achieve what I think is the intention of supply chain fluidity and the economic potential we have. Obviously, the port of Vancouver is our gateway to Asia, and it's critically important to our economy. Maybe you could elaborate a bit more about that and where Bill C-33 may be deficient in that regard.

Mr. Marko Dekovic: In Bill C-33, it is not clear where it actually makes the operating environment for the private sector more cost-effective, more nimble or more predictable. Those are things that attract private sector investment, and it appears that it adds more regulatory advisory bodies, more hoops and challenges for anybody looking to invest into the gateway, more procedures, etc. It is not clear that this would be attractive to the private sector.

Furthermore, with regard to existing private sector operators, if limits to borrowing powers of port authorities are further removed, or if there is less accountability and fewer checks and balances, this will further provide a cold-water shower onto investment from the existing terminal operators because they won't know what the cost burden will be.

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

Thank you, Mr. Muys.

Next we'll go to Mr. Iacono.

[*Translation*]

Mr. Iacono, you have five minutes.

[*English*]

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

I'd like to welcome all the witnesses. Thank you for all your input with respect to Bill C-33.

Ms. Gee, do you think the provisions in Bill C-33 will help the port to better manage traffic? Do you think that this will improve the overall situation with anchorages in B.C.?

Ms. Bonnie Gee: The ports, and the port of Vancouver specifically, are already moving forward on allocating anchorages, so there are authorities within their current letters patent that enable them to direct traffic within their jurisdiction and vessels that are due into their port as well. Data is a big part of what we need to improve our operations. Our vessels definitely want to improve the port optimization. They also definitely don't want to be sitting around waiting for cargos.

I think we're all on the right track. We're moving in the direction of getting more data to better understand where the bottlenecks are, but I don't think that Bill C-33 necessarily changes the direction that's already under way.

Mr. Angelo Iacono: Does Bill C-33 change anything? Does it bring some improvements?

Ms. Bonnie Gee: Frankly, I don't see much in it.

Mr. Angelo Iacono: Okay. Thank you.

Mr. McConchie, I have the same question for you on the provisions in Bill C-33. Will it help the port better manage its traffic and also improve the overall situation with the anchorages?

Mr. Bruce McConchie: It's not the case currently, and that's why we're hoping that the amendments come through.

I worked in the aviation industry for 39 years, and I'm very familiar with efficient arrival systems and especially non-efficient arrival systems. I can't understand, in this day and age, how the port of Vancouver cannot communicate with vessels that are across the ocean and schedule them in properly like an airport would do. Airports that didn't schedule properly paid the price. The ones that got their scheduling improved and expanded.... A good example is Chicago; it has excellent arrival systems. Other areas have poor arrival systems, with aircraft circling overhead burning excess amounts of fuel.

In essence, we have sort of the same thing. Unfortunately, I take a little exception to Ms. Gee's comments about ships needing to come and be checked and that taking time. Does it take weeks and months? We have to look at that kind of thing.

Bill C-33 needs to strengthen the ability of the port and demand that it improve its infrastructure, as I mentioned, with all-weather grain loading and those kinds of things.

• (1635)

Mr. Angelo Iacono: Can you elaborate a bit more on what part it has to strengthen?

Mr. Bruce McConchie: Currently, as I expressed earlier, the concern is that, under the current amendment, the word “anchorage” opens the door to giving the port of Vancouver jurisdiction over the southern Gulf Islands and adjacent Vancouver Island waters.

That's a huge concern for us. It's right at the bottom of the list for efficiency currently. It needs to improve that dramatically, and we need to give the transport minister the power to demand that these things improve.

Mr. Angelo Iacono: Mr. Dekovic, as a terminal operator, can you speak to some of the challenges you face in working with the port authorities? Do you think Bill C-33 will help improve the relationships between ports and tenants?

Mr. Marko Dekovic: I can speak only to the one port authority where we operate, the Vancouver Fraser Port Authority. We did operate terminals in the ports of New York and New Jersey, but there is a very different approach there.

There isn't much in Bill C-33 other than perhaps that there will be a mechanism for the minister to appoint the chair, which, as I mentioned earlier, would then at least give some powers for tenants and users of the port to at least go to a political master of the port authority to ask for some remedies or at least to review our input. That is not provided right now, so that is potentially the only way that it can improve a situation where tenants, port authorities and users are maybe not collaborating or seeing eye to eye.

Historically, when terminal operators grow, port authorities grow, and there's a symbiotic, must-have relationship there. We've had some challenges and bumps along the way. I can report that, even with the recent leadership changes at the Vancouver Fraser Port Authority, we're starting to see some change in how the Canada Marine Act is interpreted by the port authority and approached with the tenants.

There's some improvement and light on the horizon.

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

Thank you Mr. Iacono.

[*Translation*]

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

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

Mr. McConchie, I'm rather surprised to see the increased number of vessels at anchor, and I think that others have made that point previously. As you said, there were few prior to 2009 and, since 2018, that number has exploded. I'm having trouble understanding your explanation of the situation, which is the result of a lack of planning or coordination with the vessels coming into port, the handling of goods and port management. There seems to be a lack of coordination among the stakeholders involved in the process.

I wonder about efficiency. The crew is being paid, and vessels are burning fuel. A vessel that isn't moving, whether intentional or not, is unproductive. It's a vessel that isn't making money for the company. Why is this still happening? Can you answer me that?

[*English*]

Mr. Bruce McConchie: We search for the answer. To give you an example, in 2009—we have some great data, even though we're all volunteers—there were 262 total days at anchor for ships. When the interim protocols came out in 2018, there were 3,082 anchorage days. In 2022, that increased to 5,900, so the ships are arriving earlier. It supports that, because that translates into weeks for some of them, and months occasionally.

We have been pointing out and providing solutions that we think from our perspective would help. I go back to the thermal coal exports, the infrastructure improvements and supply chain improvements. As I mentioned, five years ago this month, my friend, Chris Straw, brought up those same economic issues.

When a ship is sitting at anchor, it does nothing for the Canadian economy. It's empty. People complain about the fact that they're not getting their goods and that, but, no, these are not container ships. These are empty ships arriving.

• (1640)

[*Translation*]

Mr. Xavier Barsalou-Duval: It's—

The Chair: Unfortunately, Mr. Barsalou-Duval, your time's up.

[*English*]

Next we have Ms. Zarrillo.

Ms. Zarrillo, the floor is yours. You have two and a half minutes, please.

Ms. Bonita Zarrillo: Thank you so much.

Mr. McConchie, I'm so intrigued by what is going on and why these increases have been so dramatic. I want to get to the bottom of that a little bit. I want to understand that.

Could you give me any hints of what data I should be looking for internally to get that answer? I also wonder if you wouldn't mind sharing some of the impacts that this kind of increase in traffic has had on coastal communities.

Mr. Bruce McConchie: There are absolutely huge impacts. As I mentioned, you have the above-water noise of the generators. The ships are sitting quite high out of the water, and with the generators and noise carrying across water—if you have ever been on a lake, you can hear someone talking on the other side—that constant level has increased as high as, at some places in Ladysmith, 66 decibels. This is in the middle of the night. People are being impacted that way.

The underwater noise is extensive too. The studies are coming out now that the marine life is being affected by the vibration of these diesel generators at anchor under water.

Then add in the transits. The federal government closed an area near my home to all vessel traffic for sports—everyone—right off Plumper Sound on North Pender. However, it allows all of these bulk carriers to transit right past that exact.... The reason they closed it was that it is the southern resident killer whales' foraging zone and it was impacting that. They shut it down to us and allowed the freighters to continue.

If you want lots of data, we have been asking the federal government to accept our data. We have some wonderful data, which is all backed up factually. We have been gathering it for many years now. I have been at this for a long time. I'm going grey over it. We would be pleased to provide any information in that regard to you.

Ms. Bonita Zarrillo: Please, I'm making an open request here for that data to come to this committee.

I have one more question, if I have a minute. I want to ask you specifically about the ministerial authority over vessel direction that's been proposed here. Do you believe that this will reduce those anchorage times?

Mr. Bruce McConchie: I'm sorry. Do you mean the...?

Ms. Bonita Zarrillo: With regard to the amendment for a ministerial authority to direct vessels, do you think it will reduce...?

Mr. Bruce McConchie: If the ministerial authority gives the strength to the Minister of Transport to declare that area...and immediately start reducing and then eliminating the use of the anchorages there due to its environmental value and fragile ecosystems, that's what we would like to see.

Once again, economics cannot buy back our environment.

The Chair: Thank you, Mr. McConchie, and thank you, Ms. Zarrillo.

Next we have Mr. Strahl.

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

Mr. Mark Strahl: Thank you, Chair.

Mr. Dekovic, I'll go back to you.

We heard from many port authorities about their desire to have the borrowing limit essentially eliminated, and for them to be able to borrow as much money as they would like.

In your opening statement, I think you mentioned taxpayer risk. How is the taxpayer put at risk by the borrowing of port authorities? Can you maybe explain that a little bit more?

Mr. Marko Dekovic: Thank you.

The borrowing limit and whatever money is borrowed by the port authority, as I mentioned, is ultimately paid by the tenants and the users. In situations where that borrowing far exceeds what ultimately can be borne by the tenants and the users, there is a risk—and it has never been stress-tested—that the port authority may basically default on its payments, especially if it has borrowed on low interest rates and interest rates keep rising.

An example would be a multi-billion dollar project, a \$5-billion or \$7-billion project like Roberts Bank terminal 2, that the Vancouver Fraser Port Authority is trying to borrow money for. That level of borrowing could potentially bankrupt the port if the project doesn't materialize and they are not able to find a private sector partner to pay for that project. That would ultimately put the taxpayers at risk. Somebody would have to pay. Government would have to step in and bail out a port authority, and that in turn would put taxpayer monies at risk.

Mr. Mark Strahl: You mention Roberts Bank terminal 2 and the multi-billion dollar price tag.

Was that exemption to the borrowing limit built into that application and that approval, or were they able to borrow \$5 billion to \$7 billion based on the current system? Do the port authorities need an increased borrowing limit if they're already being approved for RBT2, that level of project?

• (1645)

Mr. Marko Dekovic: That is a good question. That is probably a great question, but as far as I know, that is a separate decision that the government needs to make around borrowing limits, regardless of the environmental assessment decision for individual projects.

Mr. Mark Strahl: One of the things we've heard about, as well, in witness testimony, is concern about the composition of the board of directors for port authorities. Obviously, the users have a nominating committee. They recommend people to be appointed to the board.

There's been some suggestion that perhaps ILWU should have a seat on the board, for instance, at the port of Vancouver. I know that users have indicated that maybe they should have active people from their organizations, that terminal operators or grain terminal operators should have someone on the board.

What are your views on that? We've certainly heard from some who have said it would present a clear conflict of interest to have active members of either labour or management, or the port users, on the board. Do you have an opinion on that?

Mr. Marko Dekovic: It goes back to an earlier point I was trying to make about where on the spectrum, if you will, the port authority lands. If the port authority is going to become more of a regulatory body but some of the commercial aspects of it are going to be siphoned off, it is okay to have a representative board with such representation, because there is no direct impact or influence on profit-making.

If the port authority is going to be as it is now, where it ultimately is in the profit-making business, having a representative body would put those individuals in a conflict of interest. Right now, the representatives on the port authority board have a fiduciary duty ultimately to the port authority to do what is best for the port authority to generate revenue.

It becomes an issue of how the pendulum is going to swing, and what direction the lawmakers are going to give on where the port is going to exist.

Mr. Mark Strahl: If Parliament decides it wants it to continue to generate revenue, the fiduciary duty to the port authority must be maintained and we couldn't see...or it would be irresponsible to have people who have other loyalties to sit on that board. Am I correct in that?

Mr. Marko Dekovic: That is a reasonable opinion, and that would also be my personal opinion too.

The Chair: Thank you very much, Mr. Strahl. That was perfect timing.

Thank you, Mr. Dekovic.

Next, we'll go to Mr. Badawey for five minutes.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chair, and I appreciate all the witnesses for coming out today.

My question is for Mr. Veldman.

Mr. Veldman, you're very much involved in the economy of my area, the Niagara region, as well as many areas throughout the country from coast to coast to coast.

You mentioned in your presentation that the Welland Canal corridor is, in fact, a port, because of its partnership with the Hamilton-Oshawa Port Authority, and with that is amongst the five biggest ports in the country. You also mentioned that it needs to modernize to fully optimize this Transport Canada asset. I want to emphasize this, because the Welland Canal is, in fact, a Transport Canada asset, currently managed by the St. Lawrence Seaway Management Corporation.

Do you feel that the Welland Canal corridor, being a port and this bill is attaching itself to modernizing ports, should be aligned with the intentions set out in Bill C-33?

Mr. Justus Veldman: My quick answer is yes, absolutely. Some of the infrastructure along the Welland Canal corridor needs fairly significant capital upgrades. By leveraging the private sector's investment and Transport Canada's ability to now invest into some of these assets through Bill C-33, it would allow the Welland Canal to flourish and, by that, the Niagara region would attract more industry.

Mr. Vance Badawey: You just mentioned the attachment it has to the expansion of new industry in Niagara, quite frankly in terms of the multimodal network being a niche for the area. As this corridor is considered a port in partnership with the Hamilton-Oshawa Port Authority, do you feel that a change in governance along the Welland Canal corridor can, in fact, help all partners define performance measurements?

• (1650)

Mr. Justus Veldman: It's a touchy subject. I will answer that as carefully as I can.

I think the opportunity to enhance the Welland Canal by way of having a change of management through the Hamilton-Oshawa Port Authority is positive. We're happy to contribute, and I feel we are.

I guess the fact of the matter is that, over the last 50 years, Transport Canada has owned all kinds of lands along the Welland Canal and has had its port infrastructure basically.... The ability for vessels to stop along the Welland Canal has significantly decreased. Allowing investment into the Welland Canada through Bill C-33 and localizing some of the inland port investments I think will help not only the private companies along the Welland Canada but also the Transport Canada lands that the seaway corporation currently manages.

Yes, some change is required, because it hasn't worked for the last 50 years.

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

I have a third question. How does the Niagara ports trade corridor diversify as well as strengthen Niagara's economy and improve multimodal performance, resiliency and fluidity in global supply chains?

Mr. Justus Veldman: I'll give you a practical example. We purchased a building that had been abandoned for eight years—the Hayes Dana assembly plant—and completely refurbished it. Currently, one of our tenants in there is High Strength plate and steel. They import plate and steel from all over the world. By having our port open and the Welland Canal right at wharfs 7 and 8, we're able to berth a vessel and actually bring steel right into the Niagara region to add value to such commodities.

Very practically, having vessels being able to berth at our docks into the future obviously opens up the transportation corridor into Niagara in a big way.

Mr. Vance Badawey: With the investments you've made, particularly in the city of Thorold, with refurbishing and bringing back the economy to the two empty pulp and paper mills and the work you're doing in partnership with the Hamilton-Oshawa Port Authority with respect to the McCleary docks, as well as what you mentioned about the Hayes Dana property, how do you see your interests actually creating that fluidity within the supply chain not only within Niagara and within Ontario but across the entire country?

Mr. Justus Veldman: It's like water. I always picture cargo like water. It has to be able to stop. If there is abandoned infrastructure that means a vessel cannot berth—and we have not invested in dock infrastructure in the Welland Canada area for way too long—then that vessel simply has to carry on. That means the cargo has to be trucked back to the Niagara region in order to reach its destination. Meanwhile, 50 years ago, the vessel could have stopped.

I think that with the good work the Hamilton-Oshawa Port Authority is doing and possibly some realignment between Transport Canada and the seaway corporation, I will tell you that the private sector, just like us.... We're not the only ones in the private sector who will step up along the Niagara region, but so far we have done so, and we'll continue to bring industry to Niagara.

The Chair: Thank you.

Mr. Vance Badawey: Thank you, Mr. Veldman, and again, thank you for participating in Niagara's economy.

The Chair: Thank you, Mr. Veldman.

Thank you, Mr. Badawey.

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

Mr. Dan Muys: Thank you.

Let me pick up on some of the discussion we've heard already.

Ms. Gee, what is preventing additional anchorages from being created in different areas?

Ms. Bonnie Gee: Under the UN Convention on the Law of the Sea, vessels can actually anchor whenever necessary, but we know our carriers don't want to do that because of the potential unknown risks. We understand that there really is no process for establishing new anchorages. When the harbours board—I think that's what it's called—dissolved, the anchorages outside of port jurisdiction were left in an unmanaged sphere, I guess you would say. Ultimately, anchorages are the responsibility of Transport Canada. The minister can identify when anchorages that are being used are not in the appropriate location.

• (1655)

Mr. Dan Muys: Currently, do your member companies have any issues with—

The Chair: I'm sorry, Mr. Muys. I have a point of order from Mr. Barsalou-Duval.

[*Translation*]

Mr. Xavier Barsalou-Duval: Ms. Gee's screen has frozen. The same thing happened earlier with Mr. Veldman. I wonder whether the problem is on our side or theirs. I'd like to see the feed, if possible.

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

We'll check.

[*English*]

Ms. Gee, can you hear us?

Ms. Bonnie Gee: I'm sorry. I think my camera is frozen again.

The Chair: If it's okay with members, we will proceed.

If you don't mind, Ms. Gee, we'll proceed without being able to see you.

Ms. Bonnie Gee: Sure. That's fine.

The Chair: Does that work for everyone?

Please proceed, Mr. Muys. I'll make sure that you have the time that you had remaining.

Mr. Dan Muys: Currently, do your member companies have any issues complying with the government directives on how they operate and where they are anchored?

Ms. Bonnie Gee: No. Because some of the anchorages of concern that have been raised today are outside the port authority's jurisdiction, our members have agreed to follow an interim protocol that was established with Transport Canada and the port authority.

We're actually doing a nighttime planning pilot right now where vessels will not arrive between the hours of 11 p.m. and 7 a.m., I believe. There's a pilot in place right now to reduce disturbances to the communities that are surrounding those anchorages.

Mr. Dan Muys: Mr. Dekovic quantified three things: nimble, predictable and cost-effective. Bill C-33 is none of those.

What is your reaction to that?

Ms. Bonnie Gee: What Bill C-33 does do is try to manage how ports handle disruptions. When we talk about the increased use of vessels at anchorages, we've had a significant number of disruptions in the last five years. We've mentioned that anchorages are a symptom of a supply chain that isn't working.

Other than that, I don't see a lot of other benefits in the bill's amendments.

Mr. Dan Muys: You talked about the administrative burden for your members.

Do you feel that Bill C-33 actually adds to that rather than remedies it?

Ms. Bonnie Gee: Yes, it potentially would, under the Marine Transportation Security Act.

Mr. Dan Muys: Can you give us some examples?

Ms. Bonnie Gee: For instance, I think every marine facility has a security plan in place. If they have to incorporate how they manage human health risks within those marine security plans, that will create a lot of work for the marine facility itself. There will be some interaction with the ship base requirements as well.

That's one example.

Mr. Dan Muys: In discussion with some of your members, have you been able to quantify what the cost impact of that would be?

Ms. Bonnie Gee: We have not, at this point.

Mr. Dan Muys: Okay.

I'm switching back to Mr. Dekovic.

I liked your analysis of the three words, so I've borrowed that now: nimble, predictable and cost-effective. Can you expand on that a bit more?

Mr. Marko Dekovic: Sure.

I would agree with Ms. Gee that, ultimately, if there are some parts in the middle that would make how ports react to disruptions in the supply chain more predictable, that is a good piece of the bill.

Other parts are not necessarily nimble because they add a variety of administrative burdens. It is not necessarily cost-effective, ultimately, as there doesn't appear to have been a cost analysis done for the additional measures introduced in the bill, so I'm not sure how that would be cost-effective.

Predictability is key to attracting private investment. Adding layers of regulation and adding advisory bodies that would have inputs into the decision-making of government entities can further potentially delay decision-making by government bodies—in this case the port authorities. That, of course, is less predictable and can scare private investment.

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

Thank you, Mr. Dekovic.

[*Translation*]

Mr. Stéphane Lauzon is up next.

Mr. Lauzon, welcome to the Standing Committee on Transport, Infrastructure and Communities.

You have five minutes.

Mr. Stéphane Lauzon (Argenteuil—La Petite-Nation, Lib.): Thank you, Mr. Chair. I'm pleased to join this committee.

I want to thank the witnesses for coming today.

• (1700)

[*English*]

I would like to share my time with Ms. Elizabeth May.

[*Translation*]

Mr. McConchie, you spoke a lot about environmental challenges, and we are very concerned about this, particularly in light of the increased number of vessels at anchor.

Do you keep records of emissions produced by vessels at anchor? Twenty years ago, there was little concern for such emissions, but that is no longer the case today.

At present, do you conduct an environmental assessment for each vessel at anchor?

[*English*]

Mr. Bruce McConchie: Yes. As I mentioned earlier, each vessel.... It's been calculated. The diesel generators on board emit some 10 tonnes of CO₂ per ship per day. Multiply that by 5,900 anchoring days, and that's quite impressive.

Also, as I mentioned earlier, the provincial government has recognized the area. It is a very sensitive zone for air movement. Who's at risk? The people who are living there. It becomes a health concern just from the emissions alone. Then add in the amount of fuel burned in transit to these anchorages. It takes some four or five hours to transit up to these anchorages, and then back they go to their port eventually.

You have continuous transits, which are burning the main engine fuels, and then at anchor they are burning the diesel in on-board generators.

[*Translation*]

Mr. Stéphane Lauzon: Could you tell us a bit about the devastating impact that an oil spill could have, given how many such vessels there are? What action should we be taking?

I believe you have some experience in environmental issues. What measures should we take in the event of an oil spill? What measures should be included in legislation to respond to that kind of situation?

[*English*]

Mr. Bruce McConchie: That's the problem. The waters are very narrow. Winter storms race up through these waters, and there is no ability for the port of Vancouver or anybody to have continuous monitoring of them. The Coast Guard has told me that, if it swings on an anchor drag outside of its swing radius, which has been mapped, some bells will go off and they will call the ship's agent. Don't you think that's a little late?

What happened right next to me in Plumper Sound, right in front of me.... I was home that day. We looked out to see two vessels that had collided. Those were the vessels in 2020. As a result of that, the marine transportation safety investigation report stated that there were, "Between January 2015 and March 2020, a total of 102 dragging...occurrences along the BC coastline".

We were lucky. We dodged a bullet. Back in 2009, the *Hebei Li-on* grounded on a reef in the Navy Channel, just up the water from where I live. The only reason that did not create a spill at the time was that there was a rising tide, and they were able to float it off beforehand.

Since then, there have been more and more incidents. If you check the Pacific Pilotage Authority, they have to send a pilot out to reposition a vessel when it goes outside of its swing radius. That's happened numerous times, and it's ever-increasing. That is our huge worry.

Mr. Stéphane Lauzon: Thanks for your answer.

The Chair: Thank you, Monsieur Lauzon.

We'll now turn it over to Ms. May for one question.

You have one minute and 15 seconds, Ms. May.

[*Translation*]

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Thank you very much, Mr. Chair.

[*English*]

I'm going to switch to English.

To Bruce McConchie, my question is.... You've outlined pretty clearly the economic downsides, the ecological risks and damage, and the impact on people's quality of life. To your knowledge, does this also impact indigenous rights? These are waters within the territories of the W̓sáneč people. Have they been consulted by Transport Canada? Have they given permission for these anchorages?

Mr. Bruce McConchie: There has been little to no consultation with any coastal residents or any of our coastal first nations with regard to that.

All of us have replied in opposition to what is going on there with very little feedback from the current federal ministry of transport.

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

Thank you, Mr. McConchie.

[*Translation*]

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

• (1705)

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

Mr. McConchie, I must say that I'm quite sensitive to the picture you are painting for us. I live in a riding that borders the St. Lawrence River, and sometimes my constituents call me to tell me about a problem with vessels anchoring in front of their home. They tell me how unbearably loud it is at night and how they can't sleep. They see people walking on the boat deck across from them and doing all their daily activities. Sometimes, the vessels are anchored there for a long time.

You're here to talk about Bill C-33, but I wonder whether the government doesn't already have the means, if the political will exists, to limit the anchorage of vessels in proximity to homes or in environmentally sensitive areas, or to require vessels to relocate outside those areas. If you have any good amendments to suggest, I'll support them, but I still wonder whether the government doesn't already have the means to resolve these issues.

[*English*]

Mr. Bruce McConchie: In the Prime Minister's mandate letter to the transport minister, it actually says, "I expect you to seek opportunities within your portfolio to support our whole-of-government effort to reduce emissions, create clean jobs and address the climate-related challenges communities are already facing." It's in the mandate letter.

The purpose of the act provides for the preservation of safety and the environment. Can you strengthen that in the language to give the Minister of Transport pressure to act with regard to that, so that we can finally see an end to this, the damaging ecological aspects of it and the potentially horrific, catastrophic oil spill that is inevitable?

[*Translation*]

Mr. Xavier Barsalou-Duval: Do you believe this can be achieved by supporting the amendments to Bill C-33?

I don't think that you have really answered my question, which was whether legislation or other means already exist. I didn't get an answer but I think that the federal government already has the means to prohibit vessels from anchoring in an environmentally sensitive area or a few metres from homes, which risks destroying people's quality of life.

To your knowledge, do the means to prevent this not already exist, rather than amending Bill C-33?

[*English*]

The Chair: Please make it a 15-second response.

Mr. Bruce McConchie: The minister has the authority under the Canada Shipping Act to stop it right now. We've now gone through three transport ministers who have ignored us and our pleas for this to take place. Our concern in this bill is the words under proposed paragraph (f.2), "manage traffic, including mooring and anchorage". Those words in there suddenly open up the fact that the federal government is willing to accept these things.

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

[*Translation*]

Thank you, Mr. Barsalou-Duval.

[*English*]

Concluding our line of questioning this evening, we have Ms. Zarrillo.

Ms. Zarrillo, the floor is yours. You have two and a half minutes.

Ms. Bonita Zarrillo: Thank you so much.

I am a B.C. resident and I am very concerned, as are many of the residents I speak to, about the resident killer whales.

Can you expand a little bit on the importance of this and on the impacts these anchorages are having in the Gulf Islands?

Mr. Bruce McConchie: There's tremendous impact. In fact, those whales have become so important that, as I mentioned just a little bit earlier, an interim order has just come out restricting vessel traffic—any private vessel traffic or any traffic—in certain areas of the waters right around where I live near the Pender Islands and near Saturna Island, yet it still allows these large ships to go cruising past them at whatever speed they choose.

For the southern resident killer whales, it's so important to preserve their foraging grounds and their ability to communicate with each other. We have to be very cautious not to impact that too much, or we're going to lose that very precious resource.

Ms. Bonita Zarrillo: Thank you so much.

My last question is for Ms. Gee, and it really relates to climate change. We haven't had a lot of discussion about the impact of climate change on supply chains. I was thinking about the trains, and I know that in the lower Fraser and in the Fraser Valley recently, there was catastrophic flooding that really limited the number of vehicles that could get in and out, whether by rail or road.

I just wonder if you could expand on how much climate change is affecting land transportation right now, whether that be rail or road.

• (1710)

Ms. Bonnie Gee: There have really been some unprecedented events in recent years, and we certainly need more resilient infrastructure. Definitely it has an impact throughout the supply chain. We're definitely all interested in trying to reduce GHG emissions where possible.

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

Thank you, Ms. Gee.

On behalf of all committee members, I would like to thank all of our witnesses who have joined us and provided us their testimony this evening, either virtually or in person.

With that, colleagues, we're going to go into committee business. I will suspend for five minutes to allow the team to make the necessary changes. I invite all the witnesses to log off.

Thank you, all, very much. We are now suspended.

[Proceedings continue in camera]

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