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Chair: Mr. Peter Schiefke



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• (1545)

[*Translation*]

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

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

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, January 31, 2022, the committee is meeting to study the state of Canada's supply chain.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of Thursday, November 25, 2021. Members are attending in person in the room or remotely using the Zoom application.

Based on the Board of Internal Economy directive of March 10, 2022, all those attending the meeting in person must wear a mask, except members when seated in their seats during parliamentary proceedings.

[*English*]

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

Please wait until I recognize you by name before speaking. For those participating by video conference, please click on the microphone icon to activate your mike and please mute yourself when you are not speaking. With respect to interpretation, for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. For those in the room, you can use the earpiece, as you know, and select the desired channel.

I remind everyone that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand as always. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as well as we can, and we appreciate your patience and understanding in this regard.

Colleagues, since the onset of the COVID-19 pandemic, Canada's economy has been impacted, as you know, by global supply chain disruptions. This has only been exacerbated by recent natural disasters, including forest fires and flooding in British Columbia. While Canada's supply chain does remain strong, these challenges have exposed some vulnerabilities and some areas to improve resiliency and efficiency. That is why the study we begin today is so important for Canadians.

On behalf of the committee members, I want to thank the first witnesses for this study who are appearing today. Witnesses include the Canadian Canola Growers Association, represented by Dave Carey, vice-president, government and industry relations; and Steve Pratte, manager, policy development. We also have the Canadian Produce Marketing Association with Guy Milette, chair of the board of directors; and Ron Lemaire, president. As well we have Supply Chain Canada, with Christian Alan Buhagiar, president and chief executive officer.

We will now begin the opening remarks with the Canadian Canola Growers Association for five minutes.

Go ahead, please. The floor is now yours.

Mr. Dave Carey (Vice-President, Government and Industry Relations, Canadian Canola Growers Association): Thank you, Mr. Chair, for inviting the Canadian Canola Growers Association to speak about your study in response to the state of Canada's supply chains. I'm joined today by my colleague, Steve Pratte, senior manager, transportation and biofuel policy. He will be sharing my opening comments to you.

CCGA is a national association governed by a farmer board of directors, and it represents Canada's 43,000 canola farmers.

Canada typically produces 20 million tonnes of canola a year and exports 90% of that canola in three forms: raw seed, canola oil and canola meal. These products are exported to more than 50 countries around the world and in 2021 were valued at \$13.7 billion. Canada is the world's largest producer and exporter of canola. Our industry supports 207,000 Canadian jobs and contributes \$29.9 billion to the Canadian economy annually.

Canola travels, on average, 1,500 kilometres from the farm to be in an export position. There is no alternative to rail for long-distance transport of our products across the continent.

Farmers strive to maximize both the quantity and the quality of their production each year. Once it is harvested, they sell their canola into the commercial system based on their specific marketing plan, with the overall goal of capturing the highest possible prices at any given time in our dynamic global commodity market.

Transportation of grain is one of several commercial elements that directly affect the price offered to farmers. When issues arise in the supply chain, the price farmers receive for their crop, their grain, can drop, at times even going below where global commodity levels are. In periods of prolonged rail disruptions, the worst-case scenario is that space in grain elevators becomes full and grain companies stop accepting or buying grain from farmers. This can occur even when a farmer has an existing contract for delivery, potentially straining their ability to have cash flow for their operations.

Today's grain supply chain is predicated on having the right grain in the right place at the right time. There are a lot of moving parts in this complex system.

I'll now turn it over to Steve, Mr. Chair.

● (1550)

Mr. Steve Pratte (Manager, Policy Development, Canadian Canola Growers Association): Thank you.

I'll address this specific question: What is the state of Canada's supply chain?

In crop year 2021, the railway set a new benchmark in the movement of western Canadian grain, shipping over 61 million tonnes. All stakeholders benefited from the strong supply chain performance, and it showed what could be done when the grain handling and transportation system works effectively.

This 2021-22 crop year has been an illustration of great contrast and has given us yet another illustration as to how fragile our rail-based agricultural supply chain can actually be. There were two distinct sources of major disruptions: weather events and the recent railway labour issues.

Extreme weather events in 2021 severed the critical mainline railway artery twice in five months in the same general area in British Columbia. Since fully reopening on December 5, 2021, the railway system recovery has continued to be an ongoing struggle. This could have been a dire situation for the entire sector, but to some degree, the negative impacts on farmers have been mitigated by the 40% smaller crop harvested last year and a strong export program in the weeks before the railway disruptions.

This has had a major impact on the grain sector. Currently, 70% of western bulk grain is destined to go to the Port of Vancouver. This has been enabled by the significant investment by grain exporters in the port. The importance of this export outlet cannot be understated.

The most recent labour disruption at CP was just the latest issue to imperil the agricultural supply chain. Thankfully, this was resolved within days, but the knock-on effects will still be felt.

Looking forward, we clearly see further rising demand for our products, both domestically and internationally. As a country, we need to prioritize and coordinate an approach to critical infrastructure. There is work being done, but it needs to be expanded. It is complicated, as oftentimes the ownership of tunnels, bridges, railway lines and roads varies among participants in the supply chain.

I would point to the north shore grain terminals in the Port of Vancouver as just one example. There is one rail line that transits through a tunnel and over a lift-bridge to access the four grain terminals on the north shore. This route also serves other bulk commodity terminals. There's no backup routing to serve these terminals in the event of a disruption with the tunnel or the bridge. When critical supply chain infrastructure is imperilled, the entire system is affected.

We need to get back into the business of nation-building projects. Canadian farmers and the industry will need an effective rail-based transportation system, not just for the transportation of the current crop sizes but for those of the future, particularly as demand increases. Farmers will not be able to capitalize on opportunities from trade agreements without a reliable rail system that grain shippers and our global customers can have confidence in.

Thank you.

The Chair: Thank you very much, Mr. Carey and Mr. Pratte, for those opening remarks.

We'll now turn it over to the Canadian Produce Marketing Association.

I believe you will be splitting your time, Chair Milette and President Lemaire, so I'll turn the floor over to you.

Mr. Ron Lemaire (President, Canadian Produce Marketing Association): We will. Thank you, Mr. Chair.

Good afternoon, Chair and committee members.

The Canadian Produce Marketing Association represents over 840 companies growing, distributing and selling fresh fruit and vegetables in Canada. Ongoing supply chain disruptions continue to have a significant impact on our industry and the Canadian economy.

As noted, with me today is my board chair, Guy Milette, who will provide first-hand information relative to our sector's challenges.

It's important to note that many of the supply chain issues we face today existed before the pandemic and have been dramatically amplified and have further complicated business over the past two years. As we move into what could be another wave in Canada and other jurisdictions around the world, we need to ensure we have learned from the past and apply best practices for the future.

Compounded issues mean our members are facing death by a thousand cuts. This includes port congestion, delays and exploding costs in container shipping, continuing labour shortages from farm to retail, growing costs of inputs and shortages and inconsistent product delivery. My chair will touch on these challenges in a few moments, but I will say that all of them are impacting the fresh produce supply chain that deals in just-in-time delivery of highly perishable food. For our sector, delays at ports or other points along the supply chain can mean not only lost sales but also product spoilage and food waste.

There is no doubt that these ongoing supply chain disruptions are complex and interconnected, and so too are the solutions, requiring action across multiple federal ministries and departments, as well as collaboration with provincial, territorial and municipal partners. To ensure an effective whole-of-government approach, there is a need for a supply chain commissioner, mandated and empowered to bring necessary parties together to find short- and long-term solutions.

In the short term, we must start with the creation of a mechanism to prioritize the movement of perishable and essential goods. In the medium-to-long term, the revitalization of our port infrastructure, strengthening government oversight over port service standards and the expansion of programs to streamline the movement of essential and perishable goods must all be considered.

In addition, efforts under way in the U.S. to reform shipping legislation and ensure competitiveness and transparency in the shipping industry offer an important model for Canada to follow.

At this time, I would like to hand over the screen to my chair, Mr. Milette, to provide his perspective on the situation.

• (1555)

[*Translation*]

Mr. Guy Milette (Chair of the Board of Directors, Canadian Produce Marketing Association): Good afternoon, everyone.

Mr. Chair, members of the committee, and Mr. Lemaire, as president of the Canadian Produce Marketing Association, or CPMA, I am well aware of the scope of the problems affecting the supply chain.

As a Canadian wholesaler, importer and exporter operating out of Montreal, I face these challenges every day. While international shipping companies send many empty containers back to Asia and report record profits, the availability and cost of containers have become huge obstacles for Canadian importers and exporters.

Over the past two years, the cost of shipping goods by truck has also increased by 50-80%, both at the border and domestically.

Here are some examples I can give to the committee members, based on my own experience at Courchesne Larose. Between May and December 2021, for a volume of at least 400 trucks per week, we experienced an increase of over \$250,000 per week in transport costs. Since January, the increase in fuel prices alone has added more than \$200,000 to these costs.

The just-in-time management and production method, which has taken more than 10 years to develop and implement in the industry,

is being challenged by logistical problems, a labour shortage and numerous delays. This also explains why consumers are faced with frequent stock outs.

There are also significant delays in loading and unloading at sea-ports, making it difficult to manage our integrated supply chain. Naturally, these issues all have an impact on the average price of fresh fruit and vegetables, which has risen by at least 16% in the last year alone. It is important to understand that, despite our best efforts to avoid price increases, we cannot control many of the factors related to the various stages of the supply chain.

Most of these price fluctuations are reflected in the price that the consumer pays, as we have seen with the figures on food price inflation. I want to reiterate that these problems cannot be solved by a single department or in isolation.

The Canadian Produce Marketing Association thanks you for the opportunity to participate in the National Supply Chain Summit last January. It is imperative that such interdepartmental initiatives continue.

We thank you for the opportunity to speak to the committee today, and we look forward to answering your questions, which we hope will be many.

The Chair: Thank you very much, Mr. Milette and Mr. Lemaire.

[*English*]

Next we have President Buhagiar from Supply Chain Canada.

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

Mr. Christian Buhagiar (President and Chief Executive Officer, Supply Chain Canada): Thank you, Mr. Chair, and good afternoon.

On behalf of Supply Chain Canada and our almost 8,000 members, I want to start by thanking the committee for the opportunity to speak with you today.

The COVID-19 crisis has, over the last two years, demonstrated just how vulnerable our supply chains can be. Disruptions create real challenges in the everyday lives of Canadians. Supply chain issues do fuel inflation and resolving global supply chain issues would help with inflation, but the issues are complex and multifaceted. Labour disruptions and challenges related to production, sourcing and transportation have all created challenges and disruptions, coupled with the challenge of increased demand in certain sectors.

I want to take a moment to recognize the hard work and innovative approach so many supply chain professionals have taken over the last few years. They rose to the challenge and they ensured that Canadians were supplied and supported through great effort. I saw the innovation. I personally saw the collaboration and the plain old elbow grease and hard work every day as I watched these folks.

However, disruptions have been real, and they will continue to present challenges moving forward. Supply chains, as my colleagues have said, are complex, multifactorial systems that have a significant downstream effect, which means that even when things are improving, the challenges are by no means over. We are pleased that the Government of Canada is creating a supply chain task force to make recommendations on short- and long-term actions. At Supply Chain Canada, we look forward to playing a role with the task force.

COVID-19 has revealed and exacerbated weaknesses that already existed in the system. This was noted earlier by my colleague. Challenges have included production, sourcing, labour and transportation issues that have led to many disruptions and shortages. It's vital that Canada become more self-reliant, have more internal capacity and have systems that can collaborate more easily to solve these challenges. Think, for instance, of a port authority that can more easily integrate with rail and shipping to quickly increase or decrease capacity as needed. That would certainly allow for a significant smoothing of the chain.

The COVID-19 pandemic saw changes in demand patterns from consumers, major congestion at various ports across Canada, and certainly, as noted, higher container rates. Today, approximately 12% of global ocean vessel capacity is unavailable due to delays. Prior to the pandemic, that was more normally at 2%.

Existing infrastructure is also a major concern. Canada must focus on increasing the capacity and scalability of our gateways and ports to ensure that our supply chains remain healthy and prepared for future impacts. The modernization and digitization, including the automation of some duties of existing infrastructure, will help to ensure that industry workers have the capability to move cargo more efficiently and responsibly. This is a major overhaul, but one that we believe is critical.

The infrastructure of our five major gateways is extremely stretched. Modernizing port infrastructure creates a heavy financial burden and oftentimes requires a drawn-out process, which generally deters the private sector from making the necessary improvements. It will be valuable for government to work with the private sector to ensure that infrastructure is upgraded and capable. Doing so will reduce dwell times, thereby smoothing the functioning of the entire chain and loosening bottlenecks. A smooth and reliable

supply chain helps to ensure that cross-border trade between Canada and our partners is predictable. It is vital that governments and industry leaders work toward improving logistical systems across Canada to allow for a more interconnected and collaborative approach.

Supply chain solutions cannot be implemented through an isolated approach. My colleague Ron mentioned a whole-of-government approach. I believe that's necessary among all levels of government to properly address the difficulties faced by different sectors of the supply chain. The interconnectedness of supply chains in Canada is going to require an ambitious national strategy aimed at tackling the challenges of the various sectors.

Mr. Chair, thank you, and certainly, as my colleagues have noted, I'll also be pleased to answer any questions that members have.

• (1600)

The Chair: Thank you very much for your opening remarks, Mr. Buhagiar.

We will begin the rounds of questioning today with Member of Parliament Muys.

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

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

Thank you to all of the witnesses for taking time out today to be with us and to provide your perspectives.

My first question is for our friends in the Canola Growers Association.

You outlined some of the concerns and challenges and indicated that last year's harvest was 40% smaller than usual. As we're going into the coming season, knowing it's such an important part of the western Canadian economy and we face these supply chain disruptions, how concerned are canola growers about the ability to ship their product at the end of the season?

Mr. Dave Carey: I can start. Thank you for the question, Mr. Chair.

I think there's certainly optimism going into the planting season, but there's also significant concern generally. These disruptions have a knock-on effect.

Steve alluded to the outage around the B.C. Fraser Canyon area. We're still feeling the repercussions from that. What it really comes down to is that, while Canada controls about 60% of the global trade of canola, it is a fierce global marketplace. Our concern is that delays can ultimately end up impacting Canada's reputation as a reliable supplier of canola or oilseeds, and that's when it becomes a major concern. We have markets that really depend on us.

Steve, would you like to add anything?

• (1605)

Mr. Steve Pratte: Just quickly, certainly in the farming community, we take it year by year. Last year was last year, and hopefully all people in the supply chain and all parties have learned from that. We're looking forward to the melting here and putting a new crop in the ground. Hopefully, we'll see all parties tightening things up for next year.

Mr. Dan Muys: Thank you. You talked about the need to build capacity out for rising demand.

How do we make sure we do that quickly enough so that we don't lose that market share you just talked about, given we're in a competitive global marketplace and this is very much a Canadian Cinderella crop?

Mr. Steve Pratte: Certainly in the grains sector, we look to the west coast as being that dominant outflow to the world, and Vancouver specifically. Pretty much all of the real estate there is now accounted for and spoken for. What we see from the shippers of our product is optimizing the existing footprints they have at port. That means upgrading loaders, upgrading the discharging, tweaking the actual way that the railcars come in—things like that—and trying to get a bit of a boost out of the existing infrastructure. Because there's no real estate left for new builds, it's going to have to be putting more through in the future with the existing facilities we have.

Mr. Dan Muys: Thank you.

I have a question for the Canadian Produce Marketing Association.

In November, you put out an urgent call to action, including a letter to the Prime Minister and 12 different cabinet ministers. The summary I saw had six different challenges, some of which were articulated today in terms of the cost of container shipping being exponential, in terms of port congestion for the fresh produce sector.

I had a virtual meeting with members of your association in January, and they described the story of a container of fruit in the Port of Vancouver where the fruit had rotted before it even had a chance to be shipped from the port.

Now, four months later, have you heard back from the Prime Minister and the ministers? Are we better off? Are we worse off? Where are things at?

Mr. Ron Lemaire: I can take that first. Thank you, Mr. Muys.

We are seeing change, slow but sure. We have heard back from the government and we participated in the round tables around the supply chain issues, trying to provide some input from agriculture. Ms. Koutrakis was one of the co-chairs in our session—it's good to see you again—as well as Francis Drouin.

The key that we're seeing, though, has to do with the foundational changes around the supply chain for us. It goes back to labour as one of those core components, and then on top of that, we're facing, as I mentioned, compounding issues. My colleague Christian cited this as a global challenge and talked about the 12% of shipping containers that are not available.

That's significant for us. It's one thing to look at our own ports, but it's another thing to look at how this entire system works like a symphony. It comes together, and all the pieces have to be working in harmony. When you see one piece of the entire system falling apart—and it could be truck, rail, containers or the labour component therein—you start hearing the symphony's misbeats. That's where we are still. The symphony isn't sounding finely tuned. We have to get back to that tuning of the symphony. To do that, we need to look at some key tools.

I'm going to say that the reputation of Canada is at stake. We need to make sure that the global market knows we're open for business and that we are putting in place tools and tactics to address the issues within our own borders. We need to recognize some of the other levers that are happening globally and use those levers effectively.

I can hand it over to my chair, because I know he's living it.

Mr. Guy Milette: Yes, absolutely and it's been a constant challenge. The produce industry has this higher component that a lot of other food products do not have. It's the high perishability of the product. Unfortunately, the main shipping lines are not Canadian companies. They're international companies. They don't follow our rules. They follow their own rules, and they sent to most of their customers back several months ago a notice that they are not responsible for delays.

A container used to take 20 or 21 days when it comes from South America, and it's now over 40 to 42 days. If they respect the required temperature in the container they will not take any responsibility for the delay, but if you're shipping citrus and the shelf life is about six weeks, by the time the produce arrives here it's almost end of life. Nobody is responsible. The shipper is not responsible and the carrier is not responsible, so the Canadian importer has to take the beating on this. It's been costing hundreds of thousands of dollars for wasted product that arrives end of life.

• (1610)

[*Translation*]

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

[*English*]

Thank you very much, Mr. Muys.

The next round of questioning goes to Mr. Rogers.

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

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

I'd like to say welcome to all of our guests today as well.

Certainly this is a topic that has seen considerable discussion and concern, particularly since the pandemic disruptions and so on. When we talk about climate change, the emergencies and the damage done by storms and so on, and other factors beyond our control in some cases, the supply chain has been hammered the last couple of years.

Mr. Buhagiar, maybe you could comment on what you see as the most important structural challenges facing our supply chain.

Mr. Christian Buhagiar: Mr. Chair, through you to the member, I appreciate the question. I think it's an important, foundation-setting question.

I want to start with having the members understand that disruption in the supply chain is not new. It existed before, and supply chain professionals have worked through those disruptions. The challenge, of course, is that there are too many potential points of failure within the chain. If I'm going to answer the question and suggest where we feel there are points of relief, and what we talk to our members about... They're not easy. We will always have those in the supply chain who are able to manage the disruptions, but the changes we need in order to be more resilient are more fundamental, and larger, and will require more significant investment.

Let me paint a picture of a couple of these.

Today, corporations have different visibility into their supply chain. Those that are more mature and have the resources may be able to see what we would call tier one, tier two or tier three suppliers. You can imagine that, in a chain, you have tier one, or those that supply you. Tier two supplies your suppliers. Downstream, you may have multiple levels, depending on how complex your corporation is. Many Canadian corporations—again, many of these challenges are not unique to Canada—only have the ability to see tier one and maybe tier two. They don't have the visibility, downstream, into their supply chains to understand exactly where things are coming from.

Recently, with the Russian invasion of Ukraine, we surveyed our members and asked them if they felt they had the necessary visibility to adjust to that geopolitical situation. Only 14% thought they had the requisite visibility. A number of them didn't realize they had suppliers in Russia or Ukraine, because these were tier two, tier three or tier four. Visibility—the transparency of the supply chain—is critically important as we go forward. Fixing that will not be easy.

The other change is automation. We've gotten very good at automation at certain points in the supply chain. For example, warehouses with robotic automation do a great job. Go to anybody's distribution centre and you'll see incredible automation, but go to one of our ports and you won't see that same level of automation. You'll see things that are manual and things that are paper. Again, the ability to automate cannot just be a solution in one aspect of the supply chain. It's great if a warehouse is fully automated, but if things haven't been able to get there because there is no automation, then, again, the system breaks down.

Visibility, transparency, automation, and certainly infrastructure investments—and you can count those as some of them—are all things we feel will be fundamental. As I suggested, they're not going to be easy, fast or cheap to resolve, and it will take a mindset change for many within the supply chain. However, they're going to be necessary if we're truly going to be resilient going forward.

• (1615)

Mr. Churence Rogers: Thank you.

That was a great answer, by the way. I enjoyed the presentation you gave and the comments to the questions.

Mr. Lemaire, you mentioned challenges prior to the pandemic. Can you elaborate on some possible solutions? How do we get our supply chain working more efficiently, or get it right?

Mr. Ron Lemaire: I want to build on the automation discussion. I think there is opportunity on automation, but I do want to go back to the component around labour.

We need to look at an effective immigration policy that will enable us to bring in the right labour. It could be truck drivers. It could be other skilled labour that can work within the operations' warehouses. We have a 26% gap in our warehouse structure right now through the supply chain. With absenteeism if another wave comes through, we will see an increase on that impact.

As we look at automation, it can do a lot for us, but in the end, people drive our business, and we need to look at how we are getting more truck drivers into the system on a domestic level. We don't use a lot of rail, but when rail is impacted, as we saw recently with the potential strike, everyone moves to trucks. All of a sudden the trucking industry tightens up even more.

We need to look to ensure how we can work with the provinces to drive licensing, insurance and some other opportunities to improve access for new truck drivers, to find them—around the world, if possible, and domestically—and to try to drive that change in those pieces.

I hate to say it, but we need to segment down the issues and look at them individually, and then reconnect them to make sure we deal with the entire problem and that it's not just siloed.

[*Translation*]

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

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

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

My first question is for Mr. Pratte or Mr. Carey.

Some time ago, a strike at CN made quite a stir and led to a propane shortage in Quebec. I assume that if it affected our farmers in Quebec, it affected people in western Canada as well.

On the one hand, do you think that such a situation could happen again, given the difficulties we are currently seeing everywhere in terms of supply?

On the other hand, are there ways to guard against this, whether by anticipating, for example, certain shortages or supply problems, or by adapting our methods accordingly?

[English]

Mr. Dave Carey: I can begin and then let Steve speak to the details of that particular one.

Steve can correct me if I'm wrong, but we've had almost a labour issue a year with one of the national railroads, if we go back about 10 years. That does not include blockades, natural disasters or the severing of lines, so yes, it's a considerable concern. I believe there's the potential later this year for a potential CN disruption, but I will defer to Steve for the details.

It is concerning, and I think we need vision, leadership and strategy. Some of that comes down to the ministerial supply chain summit that happened earlier this year and that we participated in, committees like yours that are taking on this topic and making it a priority, and having a vision that is not tied to electoral cycles. We need five-, 10-, 20- and 50-year visions for our infrastructure in Canada.

For the actual details, maybe I will ask Steve to quickly comment on that particular CN issue, but it is concerning, absolutely.

Mr. Steve Pratte: Very briefly, within the railways, they have their multiple unions that have their agreements with the employers. There is a whole schedule of those. Interested parties such as us or you can see them, so you know when these are coming up.

It's just that, again, with all the legal protection for that collective bargaining arrangement, it is concerning, and that is something that's within our nation's control. That's one of those things about the visibility for external customers around the world. It's one thing when people can appreciate an act of God, a natural disaster, etc. They scratch their heads, though, when it seems like it's reoccurring labour issues breaking down the supply chain and, as you mentioned, consistently.

• (1620)

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

You also alluded to events such as the blockade that took place in western Canada, which was organized by indigenous nations. One could think of the possibility of a natural cataclysm. It seems that a lot can happen in the supply chain.

What makes us more aware of this today, when these are all problems, or at least risks, that have always existed?

[English]

Mr. Dave Carey: I believe the risks have always been there. That certainly has been compounded by things like COVID and the other things we've discussed.

I think, too, that as an industry, the concern is that these are issues that we're having with our current capacity. As an industry, the canola industry, we're looking to intensify production, to produce more on the same amount of land using less inputs. The vision for our industry—remember, we're one of Canada's largest agricultural commodities—is to move more product. There is more demand than we can really supply, so the concern is that, if we're having these disruptions with our current levels of production, as we look

to intensify and increase our production that will further exacerbate the system.

I think the visibility is higher because of things like COVID, but these concerns have been ongoing, as my colleagues with Supply Chain Canada and the CPMA have said. We're feeling them more acutely now, I think, as Canadians are more focused on supply chains—as are parliamentarians—because we saw in parts of the pandemic that things weren't available. I think it has become an acute thing, but these are long-term conversations that we need to have.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you.

My next question is for the representatives of the Canadian Produce Marketing Association, Mr. Milette and Mr. Lemaire.

There has been a lot of talk about difficulties in supplying fruit and vegetables. These are foods that come from far away, from regions where the climate allows for year-round production. However, over the past two years, the Quebec government and the public have begun to wonder whether it would not be in our interest to reorient our production to increase local production. Obviously, we're not talking about replacing everything.

Do you think that could be part of the solution?

Mr. Guy Milette: Absolutely. In fact, it is already part of the solution. The consumption of local products has always been very important. I believe that we must consume as locally as possible in order to have the best possible costs and be less subject to transportation.

However, there are categories of products for which we can do absolutely nothing. If we look at the supply of North American vegetables, these are mainly vegetables that are transported in winter from the United States, Mexico or the rest of Canada. Fruit production comes mainly from international imports. In season, there is local production here in Canada, otherwise it comes from the United States and abroad. In the fruit and vegetable market, it is mainly fruit that is transported by container.

This production is still relatively limited here, although we have diversified enormously in Quebec. We have a lot of good projects, whether it's vertical farming or growing certain fruits in greenhouses. These are still expensive crops that may not appeal to the average consumer. Buying greenhouse strawberries at \$5 or \$6 a carton may not be for everyone.

But in the last few years, there have been a lot of initiatives in the vegetable sector and, as far as possible, in the fruit sector as well. You have to understand that we are limited. Bananas, pineapples, citrus and many other fruits will never come from Canada or the northern United States in certain seasons.

That being said, sourcing as close to the consumer as possible has always been a priority, and today this is even more true.

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

Thank you, Mr. Barsalou-Duval.

[English]

Next we have Mr. Bachrach.

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

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

Thank you to all of our witnesses for their testimony on this interesting and quite complex topic.

I want to kick off by picking up on what Mr. Buhagiar was saying.

At one point in your testimony, you were playing with a metaphor involving a symphony and you said that when the supply chain is working, it's this complex symphony and all of these parts are working in unison. We're at a point now where those parts need tuning. I was thinking about the aptness of that metaphor but also about the problem being that the concert house is on fire, so we can tune all the parts but we have this larger existential issue of the global climate predicament.

Could you talk about your views on the long-term implications of global climate change, especially what some of the models are predicting for our country and the implications for that finely tuned symphony that you described in your testimony?

• (1625)

Mr. Christian Buhagiar: Mr. Chair, through you to the member, I can't play any instrument. I grew up a baseball player. I know it was my colleague Mr. Lemaire who actually used the metaphor, so I might turn to him to respond regarding his good analogy, but I can certainly take a follow-up question if you'd like. You don't want a baseball player trying to be a symphony conductor. That's for sure.

Mr. Ron Lemaire: I'm happy to comment if it pleases the member.

The Chair: Please go ahead.

Mr. Ron Lemaire: Climate change is a significant concern for the agri-food sector and our community. When we look at the atmospheric rivers, the heat dome that came first in Vancouver and the disruptions that it created in supply but also in production, we're seeing this more frequently and we're seeing it around the world. As Mr. Milette noted, we rely heavily on strong domestic production but also on a global import strategy to meet the demands of the cultural mosaic that is Canada. How we need to address our climate change strategy goes hand in hand with our supply chain solutions. It does link into our discussions around energy and fuel.

With fuel costs going through the roof, what other options are available to us to fast-track—to Christian's comment—automation? What are we doing within the logistics field on moving towards more electric vehicles? How are we moving into transitioning away from fossil fuels and looking at strategies that are cost-effective?

I think in the end, we have to recognize that all the pieces of the symphony have to be connected. We can't add a new instrument into the symphony without making sure it knows the song, it knows what tune it should be playing, and it knows where it is in the sym-

phony. Whether it's the number one cellist or the number four, it has to understand where it fits to move itself to the front. Therefore, yes, there's a significant opportunity.

Mr. Taylor Bachrach: Thank you, Mr. Lemaire, and my apologies for having the wrong witness with that great metaphor. I don't play an instrument either, so that might be part of the problem.

To pick up where you left off, it seems to me that some of the problems with the supply chain are well within our control, and we can envision strategies that deal with things like the availability of shipping containers or challenges with labour relations. Those are things we can impact through better policy. This larger instability that's being introduced into the system at an ever-greater rate seems to be a real challenge for this somewhat fragile symphony we've built, this just-in-time model that relies on very dependable, very consistent connections between various modes of transportation.

My question—and any of the witnesses can provide their thoughts on this—is whether that just-in-time model is the best model in light of the great uncertainties that are coming with global climate change.

Mr. Guy Milette: I can start if you want, just for a few seconds.

The just-in-time delivery model has actually taken a long time to put in place, because with today's perishability of product, people want to have the freshest product and the longest possible shelf life for the product, no matter what it is. My concern is with produce, but the just-in-time model actually gives the end consumer that three, four, five or six extra days to be in total control in order to avoid food waste.

We can no doubt start loading a larger quantity just in case, but the problem is that we're going to go totally against what we're trying to build on food waste, and this is a major component. Maybe there are some non-perishable products that can probably be managed more easily in the chain, but freshness in an agricultural product is a key component. It's going to be very hard to go back to a non-just-in-time situation.

• (1630)

Mr. Taylor Bachrach: Maybe while you're responding, I'll pick up on something you mentioned. I hope I have the right witness.

You mentioned the idea of a supply chain commissioner. Do I have the right...?

Mr. Ron Lemaire: That's right. My suggestion around that is actually that it would be a government-appointed position that could have oversight across multiple jurisdictions and departments. That's the key relative to connecting the dots.

I would encourage someone from industry. We work closely with many and all government bureaucrats and elected officials, but you need to live and understand how the industry works and you need a person who has their hands in the mud, so to speak, to get the job done.

Mr. Taylor Bachrach: I guess the question came—

The Chair: Thank you very much, Mr. Lemaire and Mr. Bachrach. I'm sorry. That is a very interesting question.

Mr. Taylor Bachrach: Thanks, Mr. Chair. It's all good. I'll pick up on it next time.

The Chair: Hopefully another one of our colleagues, if not you, Mr. Bachrach, will pick up on that in the next round.

Next we have Mr. Jeneroux.

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

Ms. Marilyn Gladu (Sarnia—Lambton, CPC): Actually, Chair, it's going to be Marilyn Gladu. Hello there, and good afternoon.

The Chair: Ms. Gladu, it's good to see you virtually. Welcome to the committee today.

Ms. Marilyn Gladu: I always love it when you guys have a great topic of conversation.

I'm going to start my questions with the chemistry industry, to my friend, Bob Masterson. We've seen a lot of...

He's not on yet? Okay. Do we have the Association of Port Authorities? I'm sorry. I'm coming in late on this one.

Do you want to ask yours, then, Matt? You start.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): If it's okay with you, Mr. Chair, we'll switch back to me taking the questions.

The Chair: That's not a problem at all, Mr. Jeneroux. Go ahead.

Mr. Matt Jeneroux: Thanks.

I appreciate your coming and virtually taking the time at committee today on a Thursday afternoon.

Not only are we facing supply chain issues, but we're also facing a massive housing crisis too. We're seeing the average cost of a Canadian home right now reaching \$868,000, making it virtually unaffordable for a lot of young Canadians who are looking to get into the market. The Canadian Home Builders' Association said that sourcing materials has driven up the cost of materials and added tens of thousands of dollars to the cost of building a home.

The Bank of Canada said that the production shortage on various goods, such as appliances, plumbing fixtures, windows, as well as shipping bottlenecks at ports all over the world, continues to cause delays for many of the builders. I know that's not necessarily the area of expertise of the canola growers or the Produce Marketing Association, but I suspect you probably have some experience in seeing what these delays might cause.

I'm going to first go to Christian, if you're okay with that, Christian. Maybe you can just explain some of the issues happening at the ports.

You see on English Bay the big tankers sitting there, and they sit there for months in a lot of ways. Is it getting through the ports? Is it on our side, the Canadian side? Has it gone smoothly up to that point? Is it the trucking side? From your perspective, maybe break it down a little bit for us, if you don't mind.

Mr. Christian Buhagiar: Mr. Chair, through you to the member, it's a wonderful question and I appreciate it.

The first thing that I want all of the members to appreciate is that this is not a unique situation to Canada. It's not a unique situation to Canada's ports. I think that's important for us to recognize. All ports globally are finding the same challenges.

However, here's the issue: All ports, for the most part, operate the same way. They operate in a way where there is not a synchronization between all of the parties that exist within a port. It's still a relatively manual process. It is labour-intensive. It relies on there being enough chassis to take the container and move the container before something else can move.

There is a lot of discussion now around whether or not that remains, in today's world, the best way to manage, schedule and off-load ports. Again, it's not just here in Canada. It's at every port.

• (1635)

Mr. Matt Jeneroux: Christian, can you give examples? What's happening in the Port of Vancouver? We went as a committee a few years back and toured it. At the time, it seemed like the trucking industry was where a lot of the holdups were.

Could you be specific to something like the Port of Vancouver and what the holdup is in that particular port?

Mr. Christian Buhagiar: No, Mr. Chair, I can't. I think it would be unfair for me to speak about Vancouver.

Again, Vancouver is no different from any other port in the sense of how it operates, is synchronized and how the different players and pieces function in ports. People don't realize that in a port, you have a number of different actors who are all working together.

Mr. Matt Jeneroux: How quickly are things getting off the boats, then?

Again, with those tankers out there in English Bay.... I'm picking on Vancouver, but as you say, it's everywhere. Are they getting off the boats and then sitting in the ports? Are they waiting out in the ocean? I'm trying to figure out where the solutions are that we can really focus on during this study.

Mr. Christian Buhagiar: Yes. I think you've asked the right question. The challenge is that the answer isn't one piece within that. I think that's what I would really want the members to appreciate. The synchronization of all of that has to change fundamentally in how it operates. That will come through automation, which will allow the right scheduling so that things can move faster. It's not that they're not being as effective and efficient as they can be within the construct that they have. We probably need to change the construct.

Now, I will say, and I've been slapped on the wrist before for saying this, that when we talk.... I was at the supply chain summit, with my colleagues who are on the phone, and I raised the issue of automation in the ports. That immediately raised concern from the labour unions who were also participating. My point was that this isn't a question about reducing the human capacity. I'm not here to try to suggest that we shouldn't have union workers and that we shouldn't have more, but they don't have the tools, the automation tools, to be able to do things. This is a fundamental shift in how all ports need to operate. Is Canada going to step up and invest and push the envelope to make those changes, or are we going to wait for someone in Europe or someone in San Francisco to do it? That will be the challenge.

It's a complex issue. These are all complex issues. That's the challenge. I wish I had silver bullets. We don't, though.

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

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

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

I really appreciate this discussion. I'll be concentrating my questions on Mr. Buhagiar.

Back in 2019 the Standing Committee on Transport, Infrastructure and Communities presented a report to the House of Commons. It was entitled "Interim Report on Establishing a Canadian Transportation and Logistics Strategy". I would recommend that all the witnesses today take a good read and then possibly send us—me in particular, as one member of the committee—some of your thoughts on that strategy.

The reason for that, Mr. Buhagiar, goes to your comments with respect to what you're speaking about. I want you to comment a bit more on it and dig a bit deeper into the weeds. I want you to comment on the need for redundancy, whether it be rail, road, air or water, but primarily rail and road, because we see a lot of the port-related infrastructure to some extent at par with expectations, as well as air. I will get back to that in a second.

The second area is the importance of infrastructure investments, and add to that all the investments of new capital projects. Equally important is maintaining and managing the assets that we currently have. For example, there's the St. Lawrence Seaway system, and the Welland Canal in my neck of the woods, but also the Asia-Pacific, Halifax, Montreal, CentrePort and the list goes on. How important is it to have strategically located trade corridors that can take advantage of that multimodal network that's available throughout the country?

Ports modernization you mentioned earlier. We are embarking on a ports modernization review as we speak. How important is that? Of course, getting into this report, I'd like your testimony about that and the other points I'm bringing up. Integrating, distribution, data, digital logistics—I need to hear from you on that and get your testimony on the record.

Finally, my message to the analysts is that they add as an exhibit the actual Canadian transportation and logistics strategy as part of

this study so that it can be referenced, because a lot of the 31 recommendations can be leveraged in this study as well.

Mr. Buhagiar, the floor is yours.

• (1640)

Mr. Christian Buhagiar: Mr. Chair, through you to the member, thank you.

You certainly have our organization's commitment to look at the study, and we'll send you our feedback directly.

There are just a few things, because you touched on many of them. I think they're all valuable and I think you're spot on. Let me deal with three comments, for the sake of time.

One was your questions around what I would call secondary transport corridors, twinning of our transportation routes. Doing that is critical, but it's a challenge. We're a large country. Twinning all of our transport corridors would probably not be economical. The question then becomes one of strategically looking at where we need to ensure we have secondary corridors and then making the investments in those places.

With respect to ports, one of the challenges we have—I spoke earlier mostly about automation—is that we don't have, beyond our five international gateways, really the ability to quickly put into action other international ports.

Canada Border Services has had an issue with that in the past. I think that's an area this committee might spend some of its time on to understand how we can ensure that we have alternative international gateways, so that when our five are congested, there is an opportunity to use others. There I'm going to pick up on what is certainly your neck of the woods, the St. Lawrence and the Great Lakes. We have an opportunity with the St. Lawrence and the Great Lakes to look at how those can be incorporated into our international gateway system.

Certainly I think all of those types of opportunities to expand our transport corridors would be helpful.

I hope that was an answer, and we'll certainly follow up on the strategy comment.

Mr. Vance Badawey: Mr. Buhagiar, my last question is with respect to the importance of working with our binational partners too. When we look at the Great Lakes, for example, and the St. Lawrence system, the Americans share that resource with us.

How important is it for us to work with our American partners on everything I mentioned earlier in terms of the investments, the fluidity, etc.?

Mr. Christian Buhagiar: My quick answer will be that it is critical. The reason for that, as I suggested in my testimony, is that a national strategy is important for a supply chain, and even more important would be having a North American strategy.

In a supply chain, the larger you expand the strategy, the more beneficial it is to ensure that the flow works, so I think you're on to something. I would certainly encourage you to continue down that path.

Mr. Vance Badawey: That's great.

Thank you for that and thank you for being here, Mr. Buhagiar and all the other witnesses.

Mr. Chairman, thank you.

[*Translation*]

The Chair: Thank you, Mr. Badawey.

I'll now give the floor to Mr. Barsalou-Duval.

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

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

My question is for Mr. Buhagiar.

So far, we have not discussed the issue of cyber security. However, in the last few weeks, several witnesses before the committee told us that this is an increasingly important issue for supply chains.

To what extent is this the case? How could this be addressed?

• (1645)

[*English*]

Mr. Christian Buhagiar: Mr. Chair, through you to the member, I think this is an important question.

Let me just give you one statistic to start. I mentioned earlier that recently we did a survey of our members with respect to the Russian invasion of Ukraine. One of the questions we asked in that survey was whether or not their companies were discussing cybersecurity and business continuity with their suppliers. I can tell you that in that survey only 37% of the respondents said they were having discussions on cybersecurity with their tier one suppliers.

Herein lies the issue again. It's a critical issue. It can disrupt supply chains, but not all of our corporations are necessarily going to have the conversations. If they're having conversations within the confines of their corporation, they may or may not be having enough conversations downstream through the tiers of their suppliers.

This is a critical issue, and I wish I had the answer for it, but I think this committee and the government need to really look at ensuring that our corporations are having those discussions and that the support is there for them and their suppliers to make sure they have resolutions in place.

[*Translation*]

Mr. Xavier Barsalou-Duval: Since I still have some time left, I will ask a brief question to the people who deal with the transport of fruit and vegetables.

Earlier, I spoke briefly about local production. We are seeing the emergence of microproducers, that is, producers whose crops come from much smaller areas than the large lands used in the past.

To what extent could these vegetable microproducers be integrated into a larger supply chain? Do you see any opportunities for that?

Mr. Guy Milette: The future of these microproducers is very promising.

However, we should not necessarily seek to give these microproducers greater access to the supply chain. Rather, there should be thousands of these microproducers, because there is a regional connotation to microproduction. It meets a regional need and its distribution is local. There is pride in local production in very close proximity.

Microentrepreneurs are very much encouraged to do this. This is much more evident in the organic system than in the conventional system, since most microenterprises work in the organic sector. In fact, some microenterprises stand out.

This is a promising way forward. We hope that hundreds, if not thousands, of people will start this microproduction.

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

[*English*]

Next we have Mr. Bachrach. The floor is yours. You have two and a half minutes.

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

There was recently some news from Canfor indicating that they're going to be cutting back production at their western Canadian sawmills due to constraints in the supply chain. In the riding that I represent, this means that sawmills will be cutting back shifts and workers will have less work. That's a big concern for us.

Mr. Buhagiar, what can be done to mitigate the impact of these supply chain challenges on the forest industry?

Second, can you comment on the issue of shipping product? When you have a backlog of product that needs to get to market, who makes the decisions about prioritization? How can that be resolved, so that companies like Canfor can get their product to market in a reliable way?

Mr. Christian Buhagiar: Mr. Chair, through you to the member, thanks for the question.

I can't answer the first part of the question. I don't have that knowledge. Let me come to the second, on prioritization.

If we look to the earlier conversation of ports, there isn't a prioritization. There generally isn't a prioritization in the transport system. That's one of the things that came up with critical supplies during the pandemic. Things work in a very linear fashion in that world. We can't pick and choose what we want to take off a ship or what we want to put on a train and get moving. That's the challenge of the linear nature of the system. Our system isn't as responsive in that sense as we might think or hope that it is.

Those are fundamental changes that need to happen before that sense of prioritizing certain things and getting them out and on the road would even be able to take place.

Mr. Taylor Bachrach: I'll use the time I have left to ask a question of Mr. Lemaire.

I believe it was you, Mr. Lemaire, who mentioned this idea of a supply chain commissioner. I wonder if that kind of prioritization might be something that someone in that role could work on. My understanding is, as it now sits, that you might have perishable product from the Produce Marketing Association that needs to get to market, where other non-perishable products are ahead of those products in the line and have been prioritized.

Is that kind of prioritization something that you would see the commissioner that you mentioned tackling?

• (1650)

The Chair: Give a very quick response.

Mr. Ron Lemaire: The short answer is yes, and then looking at what the right municipal, provincial and federal levers need to be in place to help that happen.

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

Thank you very much, Mr. Bachrach.

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

Ms. Marilyn Gladu: That's good. I have the right list of witnesses now, but the questions are the same.

Let's talk to any of the witnesses who want to talk about the rail situation in Canada. We've seen numerous rail blockades, disputes and labour disputes that have impacted the supply chain in rail across Canada. That situation looks like it's vulnerable.

I'm interested to hear from the Canadian Canola Growers Association or Supply Chain Canada. What do you think the federal government needs to do to put some more resiliency and confidence in that supply chain?

Mr. Dave Carey: Do you want to start, Steve?

Mr. Steve Pratte: On the labour side, under the Canada Labour Code, there are mechanisms in place now. Perhaps a role.... We could perhaps migrate towards having longer contracts between the various labour unions and the employers, because we seem to be on a two-year or three-year cycle, which puts that vulnerability in. Oftentimes, in the shipping community, shippers see that, eventually, these disputes end up in binding arbitration two days or eight days after the actual strike or lockout. Is there a way to perhaps effect that, prior to the actual lockout occurring? Prior to a lockout, the railways have to start winding down their operations. Even if the lockout or strike doesn't occur, they have to wind operations back up, which has an immediate, tangible impact on the supply chain for all shippers.

To your second point around infrastructure, we see individual companies in our supply chain putting in investments. Certainly, around prioritizing, the companies have their own...what they need to do and the shippers do what they need to do. A role of government could be to have.... Some of this was talked about in the 2015

Canada Transportation Act review, which might seem like a lifetime ago, but it's only been seven years. There were some good things in there around governance. That's a role the federal government could play around long-term infrastructure planning, investment, etc.

Ms. Marilyn Gladu: I think the speed of the government's response, when there is an issue, is critical. I'll take a look at that report.

With respect to the ports, I'm interested in understanding Canada's position in sustaining our supply chain there, especially since we've had issues with the B.C. disasters—flooding, etc. How are we positioned for growth? How are we positioned, right now, for capacity in Canada?

Perhaps Christian can answer that one.

Mr. Christian Buhagiar: We're not positioned for growth. We have a limited capacity. We're over that capacity, in some sense, which is why we have the issues we talked about regarding ships at sea. We're not going to speed that up unless we do two things.

One will be changing the process of how ports work. That's going to require automation and investment. Two, we have to open up additional international gateway ports. It's not as if we only have five ports in the country, but we only have five ports that act as international gateways. If we need to open up more, I think that's a conversation for the government, and for parts of the government such as CBSA, to have in order to ensure that we can have growth.

We all want growth in the economy. The question is very apt in that sense, but we don't have capacity now. We're not going to clear the backlog we have in the next few days, which the members need to recognize. If you want growth, you're going to have to automate and expand new international gateways for us.

• (1655)

Ms. Marilyn Gladu: I heard about the shipping container shortage. Is there anything the federal government could do there?

I'll put that out to anybody who wants to weigh in.

Mr. Christian Buhagiar: Only if you're going to open up a company and make them.... I say that in jest. I don't mean to sound disrespectful, but there are only so many containers that are made and in the field, so unless we're going to make more, it is a challenge.

Dwell time is an issue, and the more we can do to ensure that we empty containers as quickly as possible and get them back into the system.... That's critical, but some of that is due to the fact that we do not have enough capacity. Certainly, during the pandemic, we were backed up. Because we were backed up, we couldn't empty containers and get containers back into the system quickly enough. We ran out of warehouse space in a lot of sectors, so warehouses became the containers. There is a limited number of containers in the world.

We struggle with geopolitical considerations—

The Chair: Thank you very much, Mr. Buhagiar and Ms. Gladu.

Next, we have Mr. Iacono.

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

[*Translation*]

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

I thank the witnesses for being here today.

Mr. Buhagiar, how could better data collection and sharing improve our supply chains?

Can you give us some examples?

[*English*]

Mr. Christian Buhagiar: Mr. Chair, this is an interesting question, and we won't have time for the response. We might take it off-line, if the member wishes.

Everybody believes the sharing of data will be the panacea. Certainly, visibility and the sharing of data are important and critical, but sharing data in and of itself is not going to be the answer. In fact, we don't even use the same data across all the systems that work within the supply chain. The ability to have a single operative working language for what we're talking about doesn't exist yet.

If the member would like.... In the U.S., they're looking at a study called "FLOW", which is trying to bring together a number of parties to look at this. There are a number of thoughtful individuals in the supply chain who think this won't resolve the issue, though, because they're not looking at the right issue.

Again, I'm happy if the member would like to take this off-line and have a conversation at some point, or I'll share back to the committee. It is a complicated issue, actually, and one that I think we should understand, because we talk a lot about data sharing in the supply chain, and visibility. I've mentioned it myself.

It's not as simple as it seems, but it's a great question and one I think the committee should unpack.

Mr. Angelo Iacono: You mentioned that many collect different types of data. Is it possible to share with us what data you collect and why, at least, so we can look at it around the globe? Why are X and Y collecting such data? This way we can figure out where to go with that. It could help us a lot, since you are saying not everybody is collecting the same type of data. If that could be provided to the clerk, I'd appreciate it.

Mr. Christian Buhagiar: We will provide that to the committee through the clerk.

Mr. Angelo Iacono: Thank you.

[*Translation*]

My question is for Mr. Lemaire or Mr. Carey.

Would your organization or your member companies be willing to share proprietary data to improve the fluidity of our supply chains?

[*English*]

Mr. Ron Lemaire: Perhaps I can start. Thank you for the question.

There may not be a need to share exclusive data relative to the data that is being collected. I think the bigger question is how we consolidate the data the government itself is collecting and how we more effectively leverage that data.

In terms of the complexity around moving food, you start by looking at the import and export data. We have, through CFIA, an import-export portal. Beyond that, streamlining more effective mechanisms so data is shared throughout departments is key. The reality for industry is that, if there's non-competitive data missing that can be made available, most definitely...whether leveraging and using the associations to help provide that data or sitting down one-on-one.

• (1700)

Mr. Angelo Iacono: Can you provide us with the type of data you collect, since we're hearing that everybody collects different data? Second, is there any type of data you would not share, and why? This gives us an understanding. Could you also provide us with that?

Mr. Ron Lemaire: I can, most certainly.

Mr. Angelo Iacono: What information would you insist on keeping confidential?

Mr. Dave Carey: We can certainly provide data. The data for imports and exports of canola is publicly available. It's all done through harmonized sales codes. We have all of that.

The data we really track—which Steve does—is on the performance of the railways. We have grain-shipping data and reports that Steve can walk you through, which we can certainly share with the committee. We spend a lot of time working with grain shippers to understand the performance of the railroads and see where those bottlenecks are. We can see when there are 14 ships off the Port of Vancouver that are idling and costing grain companies money, which means they might offer less money to farmers. We certainly have reports in spades.

My colleague Steve and I can talk off-line about what would be the most appropriate, but we're happy to share our data. The rest of it is publicly available, as it goes through the harmonized sales system. Thank you for the opportunity to share that.

Mr. Angelo Iacono: Thank you.

This is a question for all of you.

What countries do you think are the best examples in terms of getting supply chains right? Obviously, if you're going to highlight one country, you certainly know their data or what their interest is. What would you suggest?

The Chair: Whoever takes that one on, please give a quick response.

Mr. Christian Buhagiar: I think it goes back to my earlier comment to one of the members.

I said that a national strategy would be great but a North American strategy would be even greater. I don't know whether anyone has the secret sauce yet, but in Europe, at least—because of the European Union—they're able to look at things beyond the individual borders of countries. If we had the opportunity to do that in North America, we would probably do better. That would be one place to look, only because their construct allows them to work as a unit as opposed to individual countries.

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

Next, we have Mr. Dowdall.

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

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

I want to thank the presenters here today. It's certainly interesting to listen to all of them and see the issues we have today, which seem to be continuing.

I don't know exactly to whom I'd put my question.

I've had discussions with some of the port authorities and with different companies having issues with shipping in the last little while, and I'm curious. The comment I heard back quite often from these people is that they want to expand what they are doing, and they sometimes want to have extra spots for storage. What I'm hearing quite often from those individuals is that the problem definitely seems to be that there's a bureaucratic wall up. Expansion is taking long periods of time, large investment and large dollars. They want to go forward, but I think we're going to have a major problem, as we do with the housing market, where we don't realize the issue is as big as it is and we don't realize that we need to act today. I'm getting a lot of red tape and bureaucratic push-back.

I'm interested to hear from our presenters if that's what they're hearing, as well, because it is so important that we move forward. This is going to be a problem. COVID aside and climate change aside, this is a major issue that we all have to address.

Mr. Christian Buhagiar: Mr. Chair, I'm happy to respond.

We hear similar things. Again, the investments that private corporations wish to make need the right environment, and what we hear is that the environment is one.... First of all, these are costly infrastructure investments. This already suggests that private corporations are going to be thoughtful about what they're going to do. When you layer lengthy approval periods on top of that, you end up with an environment where, alone, private sector corporations are going to be less apt to make those investments. It's the climate that we create.

I will say that we also hear this climate can be assisted, of course, by public-private partnerships and government contributions, but when the expectation is that private sector is going to do it within that type of environment—costly to do, with slow approval processes—it becomes less of an environment and climate where they are apt to make those investments.

• (1705)

Mr. Terry Dowdall: As a supplement to that.... You said earlier that there is basically just one way to get your products and it's a huge issue—exporting and importing tariffs. It's just constant. I am constantly hearing from people in my riding, no matter what industry they are in. I'm in an agricultural riding, as well.

I'm just wondering. When you say you might need another track, what are the chances of something like that happening in today's environment, that we're actually going to come up with a solution that will address the problem?

Mr. Ron Lemaire: Mr. Chair, perhaps I could quickly answer that.

The federal government has put dollars aside looking at the national trade corridors fund—\$1.9 billion—and also looking at December funding on the fluidity of supply chains. If we're going to open up new international trade corridors, do we have CBSA? I think Christian mentioned push-back from some of the departments around resources.

How many people do we have from CBSA to man those new ports, and from CFIA on food safety? Do we have the appropriate CULT chain mechanism in place within those ports? You start going through the basic logistical human resources and infrastructure requirements that are needed to update these facilities. It's not a short-term solution, but it is something that has to start. We use the example of Halifax. When the Montreal port was under strike, everyone diverted either to the U.S. or to Halifax. Halifax couldn't handle the volume of product going through, so we had greater delays coming out of the Halifax port.

There is a need to look at a strategic approach around the various agencies involved in just manning the system.

The Chair: You have about 10 seconds left, Mr. Dowdall.

Mr. Terry Dowdall: I guess I'll just thank you again, then, for being here on this. Perhaps we could get a copy of the earlier report from 2019 that Mr. Badawey had. I'd really like to see that and I'm sure that the individuals here would. I'd like to see how many of those recommendations we did complete for you.

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

Next we have Ms. Koutrakis.

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

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

Thank you to all our witnesses for being here this afternoon.

It's really nice to see you again, Mr. Lemaire and Mr. Buhagiar. I don't recall if Monsieur Milette was at our round table.

It's really great to hear you. It gives me an opportunity to pick your brain a little more, Mr. Lemaire, on the supply chain commissioner. I'm sure you've put a lot of thought behind this. I'm wondering if you could share a little more with us about the kinds of powers this commissioner would have and the kinds of resources he or she would need.

It makes sense, obviously, for it to be an industry person. To whom would they report? What kinds of qualifications would be needed? Finally, do you know of any other country that has a supply chain commissioner in place, and how does that work?

Mr. Ron Lemaire: Thank you for the question. It's very good to see you again.

The quick answer is that the U.S. now has what they call a supply chain "czar", but I don't think that's the right word that you want to use in this day and age. The commissioner, in essence, needs to have the authority.... You hit on a couple of key questions, and I think the U.S. is a good example to build on, but not the perfect example.

If we look at a commissioner in Canada in terms of the skill set, the individual has to have direct experience with the various modes of transportation in Canada in understanding the ports, understanding the trains and understanding the rail. There are some individuals who have that diversity. As Christian mentioned, the complexity that the industry person has to bring to the table is then in reconnecting, educating and bringing the departments together to make sure we understand where the short-term, mid-term and long-term solutions are.

On the power, this comes into a big discussion. Unfortunately, I do not think it sits within Transport. You need to elevate that responsibility higher within government. With regard to that, we've had some discussions on a couple of different areas, but as of yet, we haven't landed on what we feel would be the best mechanism. We're still looking at who would be in the best position to work with bureaucrats and elected officials to provide recommendations on changes to the regulatory environment in terms of looking at our Competition Act, looking at the Transportation Act and looking at the challenges we have around antitrust concerns relative to the shipping industry and some of those concerns on how we could potentially rectify it.

I would be happy to sit down in a meeting with any of the committee members to talk more. It's a complex answer, and I don't have time to deliver fully on it. I apologize.

• (1710)

Ms. Annie Koutrakis: Thank you, Mr. Lemaire. Anything you can send forward to the committee for digging deeper into the weeds would be appreciated by all the members. Thank you for that.

My next question is for you, Mr. Buhagiar. You speak quite a bit about automation. You did the same thing during our round-table discussion about where automation is key. I'm wondering if you know of any ports in the U.S. or elsewhere that are leading in automation and that we can model.

Mr. Christian Buhagiar: Ms. Koutrakis, it's good to see you again.

MP Gladu, I think, was asking those questions earlier and suggested some organizations, such as the port authorities. They must be coming in for the next meeting of the committee. I might suggest that they might be in a better position to answer the question, but having said that, let me take it away and come back to the committee if we have some suggestions that might be best for you.

Ms. Annie Koutrakis: Okay. That's great.

I have all my notes from the round table. As I was quickly writing down notes, you used an expression that I'll paraphrase. You said that innovation is not always big and sexy. You said that if we have innovation, we cannot have sacred cows. I believe that the sacred cows you were referring to were restrictions. If we are to remain competitive, do you feel that we need to be making some changes to red tape and, if so, what types of restrictions were you referring to?

Mr. Christian Buhagiar: Mr. Chair, through you to Ms. Koutrakis, I appreciate that I said those things and those are the things that you took down. Nevertheless, yes, I think that red tape has to be looked at.

I will say that, when I was speaking about sacred cows there—and here I'm going to look at the industry that I represent—supply chain professionals have grown up doing it a certain way. They've been taught to do it a certain way. One of the members, and I hope to follow up with him at some point, asked questions about just-in-time. Just-in-time works in Ron's field and it's critical. It's not critical everywhere.

We have to do supply chain differently. There are a lot of thinkers now who are suggesting that the way we did it, the way we looked at forecasting, because.... This committee's interest is really around transportation and infrastructure, but let's not forget that supply chain is beyond transportation and infrastructure and logistics. It's demand and forecasting. It's a very long end-to-end chain, and it all has to function together.

This notion that we can just get better at forecasting, as one sacred cow, because the supply chain professionals generally think, let's get better at forecasting.... We're not going to get better at forecasting, so we have to get rid of those sacred cows.

The Chair: Thank you, Ms. Koutrakis.

[*Translation*]

We will continue with Mr. Barsalou-Duval.

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

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

Mr. Buhagiar, I liked the fact that you finished answering the question by referring to sacred cows. Before that, you talked about just-in-time. Now, when I was a student, just-in-time was the holy grail of supply. I'm not saying that this method doesn't have its advantages, quite the contrary.

In a way, do you consider that just-in-time can be seen by many people in the industry as a sacred cow?

• (1715)

[English]

Mr. Christian Buhagiar: Mr. Chair, through you to the member, I think for sure, for some within the industry, that and other types of ways and approaches to doing business are sacred cows. If we're going to be a country that is truly resilient, we have to work through that. That's going to take the leadership of individuals who sit on this committee, governments, other business leaders and organizations like Ron's and Dave's and Steve's and mine, to start the conversation so that they're not viewed as sacred cows and they're not scary.

Let's be clear: People grew up and were trained in these ways, as you suggested yourself. The key for me in moving forward is that if we're going to be resilient.... I don't love the word because I'm not sure I can define it, but we need to be responsive. Supply chains need to respond better than they're able to do in the construct of what we have today. That's beneficial for everybody. That responsiveness necessitates visibility. If you don't know where you are and how you're operating at that moment in time, you can't respond well.

That's the key for me with resiliency, and something that I would certainly encourage this committee to continue to unpack with other witnesses.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you for your answer.

I will go further. Since we started this discussion, I feel that everyone is coming to some kind of consensus that the supply chain problem was predictable. The causes were identifiable, in that the problems are now occurring in the form of a major crisis, but we will not necessarily be able to find short-term solutions, because we are dealing with a backlog of problems.

Despite the apparent consensus on the need to take a long-term view and the fact that changes will take time, are there short-term measures that can be taken to improve the situation?

The Chair: I'll ask for a short answer, please.

[English]

Mr. Christian Buhagiar: Mr. Chair, through you to the member, I think there are probably a number of things we can do. However, if there are those types of small wins, I think they are going to be restricted to certain segments and sectors. Ron has talked about this, and Dave has talked about this. I think you have to pick some sectors, some parts within the sector, and you'll get smaller wins there.

For a system change, there are not going to be quick fast wins. I think you're correct in saying that there's a longer-term approach, but we need to lead to get there.

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

[Translation]

Thank you very much, Mr. Barsalou-Duval.

[English]

Next we have Mr. Bachrach.

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

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

I have a question about automation in the port sector, probably for Mr. Buhagiar again.

We talked about automation as an approach to resolving some of these supply chain issues. It would seem that there are limitations to that on the labour side. When L.A. and Long Beach automated, it cost 70% of their workforce. When I talk to folks in the port sector, especially ports that are growing rapidly, they tell me that rapid growth really mitigates the labour-shedding impact of automation, but there must be limits to that.

I'm wondering how we mitigate the long-term impacts of automation in the port sector. We're talking about a 70% reduction in workforce. That's really significant for communities. What are your thoughts on that?

Mr. Christian Buhagiar: Mr. Chair, through you to the member, I'm not sure I could give an answer that would be valuable or instructive. What I will say is that the goal of automation can be to replace workforce. The goal of automation can be to elevate the workforce and allow them to do their work. Those are choices that will be made at individual ports and through strategies, so it's best to ask the individual ports.

Mr. Taylor Bachrach: I appreciate the response, Mr. Buhagiar. I think that, in an ideal world, we would use technology to increase the requirement for labour for people working in all of these sectors. The reality, though, that we see across so many sectors, whether it's the auto sector or the forest sector in my neck of the woods, is that investments in technology result in fewer jobs per unit of output or, in the transport sector, per unit shipped.

This is a very concerning situation. Obviously we're not going to solve it in the remaining five minutes today, but I am struck by the challenges that this creates for communities, especially communities where a significant part of the workforce is employed in the transportation sector in the supply chain. Looking down the road, we're going to have to address that challenge around employment.

I'm sorry. That didn't have a question mark at the end. It was just a general comment.

I'll cede the remainder of my time, Mr. Chair.

• (1720)

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

Next we have Ms. Lantsman.

Ms. Lantsman, you have five minutes. The floor is now yours.

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

Thanks to all of the witnesses for being with us on this Thursday afternoon.

I want to question the canola growers.

You talked a little bit about the labour shortage—at least I think I have that right in terms of who mentioned it. I know this isn't the labour committee, but I want to know if you can comment on Canada's capacity to train and recruit the right labour when it comes to supply chain jobs and supply chain expertise.

Mr. Dave Carey: I believe that would probably be better for Mr. Lemaire. The labour issues we alluded to were more around the union dynamics with the rail, but I think Ron spoke more to labour issues and maybe the foreign worker side.

I can speak to there just generally being a problem filling positions across the economy, certainly as we return from COVID, but I might defer to Mr. Lemaire, as I believe it was his testimony.

Mr. Ron Lemaire: Mr. Chair, I'm happy to quickly respond.

The temporary foreign worker program, whether on farm or off farm, is unto itself a separate program, but the temporary foreign worker program from post-farm gate is where we're asking the government to increase the cap from 10% to 30% in an emergency strategy to try to bring more workers in to fill some of those key roles. That could be everything from butchers to working in meat plants to functioning in warehouses and produce packing sheds or anything that doesn't have a direct link to the farm. That's one example of a quick change in solutions.

I had mentioned immigration as another key strategy and targeted structure. The work currently under way with the government to streamline and support those Ukrainians who are coming to Canada during the crisis and trying to support them, potentially with whatever resources they need and potential employment, is another option that our industry is very open to, not only for those Ukrainian refugees coming to Canada but others coming to the country as well.

Ms. Melissa Lantsman: I want to change over to the issue of rail. We've had a number of issues over the past couple of years and just recently.

Can you talk a bit about what the stopgap is? Is it the lack of infrastructure? Is it the lack of service? Is it in terms of getting products to market or getting products to the coasts?

Mr. Dave Carey: Guy, do you want to answer that?

Mr. Guy Milette: Yes, I'm going to share that answer.

One of the problems we have with rail is the fleet, and the quantity of equipment that is available. We have seen in the past several years the number of ships going to the Halifax port increase incredibly. If the rails only have 500 pieces of equipment available in a day and there's a capacity for 1,000 containers, it's just backlogging continuously.

Don't forget that there are at least two, three or four different companies involved from the shipping line to the unloading, to the subcontracting carrier that will move the containers, sometimes directly from the port to rail, which may be only one or two kilometres, but sometimes it's not available straight at the port. Then there are the rail transportation services and a fourth company, locally, that will actually take the container to your yard.

Most of these companies are short on labour, so you have a lack of equipment and everyone is backlogging on jobs. For every company you deal with, every step will have a few days' delay here and a few days' delay there. In the end, it easily adds up to a week to 10 days, but the availability of equipment is definitely a key feature.

• (1725)

Ms. Melissa Lantsman: Does anybody else want to opine on that? I think we're going down an interesting path here.

Mr. Steve Pratte: I can make a quick comment.

Certainly in our sector, the western Canadian grain sector, we've seen billions of dollars in investment from grain exporting and handling companies in-country with the redevelopment and the new building of the best technology for grain collection. We've seen billions of dollars in the last decade at port, specifically Vancouver, as far as getting the grain out of the export terminals into the boats. On both ends of that, there are contractual relationships with daily charges that go both ways for contract breaches and time penalties.

We do give credit. The railways have a tough job. We have a tough geography in which to operate. We have long distances to move that grain from within the country to the export position. Certainly, the shippers of grain products in western Canada would like to see some tightened contractual relationships with the railways and the ability to have more robust reciprocal penalties.

That's been talked about by this committee and in various pieces of legislation since about 2009, but that's still something we'd like to see as a sector, tightening up the—

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

Thank you very much, Ms. Lantsman.

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

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

Thank you to all of you for your testimony today. I'm going to begin with Mr. Lemaire.

You talked a bit about reforming shipping legislation, like what they are doing in the U.S. Could you talk a bit more on that and what lessons we can learn, whether it's from that specific legislation or any other examples?

Mr. Ron Lemaire: I'll just reference some recent information from the U.S., looking at some of the key pieces coming out of the House of Representatives bill. The introduction of the ocean shipping antitrust enforcement act is one key piece trying to deal with the oligarchy of shipping lines that are in the market, totally controlling channel routes and container movement. It is a challenge for a Canadian jurisdiction, and even a large entity like the U.S.

The other side is looking at how to understand the actual... The U.S. is looking at the consideration of its ocean shipping reform act. When we look at Canada and the Canada Transportation Act, we look at how we can leverage it to ensure we have shipping lines and the broader transportation system more effectively supported. We heard Mr. Pratte mention a few key pieces around rail, on dispute resolution and some other key elements. We need to take it as a whole and start looking at the regulatory levers we can effectively adjust and put in place to basically enable businesses that aren't in a position to negotiate with the power to effectively compete in domestic and global markets.

Mr. George Chahal: Thank you for that.

Mr. Buhagiar, I have a question for you.

You talked about needing a national strategy and a North American strategy. I'm wondering if you could provide any insights on interprovincial barriers that are making our supply chains less efficient, and if you have any ideas of areas in which we can improve on that.

Mr. Christian Buhagiar: Mr. Chair, through you to the member, thanks for the question. It's an important one.

I'm not sure if today I have specific examples, but I'll follow up with some to the committee. I do want to make a general observation, though. Supply chains don't have political borders. They don't see geography in that sense, so there are.... During the pandemic there were lots of examples of provinces putting certain restrictions in place on the transportation sector, which meant that when somebody crossed the border, all of a sudden they had different rules. We have some of that today with respect to the type of information that provinces want, particularly in trucking, as people go through provinces.

It's a challenge, and that's why for me a national strategy with all levels of government...and let me be clear that the municipalities play a role in that. The federal government could have the most incredible transportation strategy, even working with provinces, and it could break down in a municipality. When Toronto—I'm going to pick on Toronto today because I'm from the GTA—places certain rules on transportation within its streets, that breaks down the chain again.

Ron and I have spoken passionately about this before. A whole-of-government approach, which is a whole-of-governments—plural—approach is really what is key if we're going to have a supply chain in Canada that is the best in the world.

• (1730)

Mr. George Chahal: I'm glad you mentioned that, and to add on that, there's a lot of talk about challenges at our ports and about modernization. What are the opportunities for growth particularly in western Canada—we know what's happening in Vancouver and

Prince Rupert—with growth for inland ports in Edmonton and Calgary? My riding has the Calgary International Airport. We have two rail lines that come into our city.

What are the opportunities for inland ports and what do we have to do in western Canada to make sure that centres like Calgary, Edmonton and Regina can also flourish with growth and opportunities for inland ports?

Mr. Christian Buhagiar: Mr. Chair, through you to the member, that's a perfect question. We talk mostly about our sea ports, but our inland ports are critical. I'd be remiss if I didn't mention, in the centre of our country, CentrePort in Manitoba, which is another great example.

The simple answer is that we need to invest more. We need more inland logistics ports, and it isn't just a western issue. I appreciate your perspective on the west, but it is an issue that we need to address all over Canada. Inland ports are a critical piece of the overall infrastructure we have to look at and invest in.

Mr. George Chahal: Chair, I think my time is up. I'd like to ask more if I have more time, but....

The Chair: It is, unfortunately, Mr. Chahal. I'd like to thank you and I'd like to thank, on behalf of the entire committee, all of our witnesses for being here today and for providing their expertise and time to us on this very important study for all Canadians.

I'd invite you all to now log off and I kindly request that my colleagues remain online for some very important housekeeping that I've been asked by the clerk to engage in.

Thank you very much, again, witnesses.

Colleagues, I know that especially some of you who take flights have made very clear that you'd like to leave as quickly as possible after 5:30. We started a little late today, so I apologize for that. We were waiting for members to get back into the committee room.

The clerk has asked me to take care of some housekeeping today, which will take one minute, if you'll permit me, and it's regarding two study budgets that we need to approve quickly.

Mr. Clerk, I will turn it over to you for perhaps a minute to explain exactly what we need to be doing, and then we'll have a quick vote.

The Clerk of the Committee (Mr. Michael MacPherson): Actually we just need someone to—

I see Marilyn.

Ms. Marilyn Gladu: I move to approve both of the budgets as presented.

The Chair: That was quick. That's why we miss you, Marilyn.

(Motion agreed to)

This meeting is now adjourned.

The Chair: Thank you very much to all members for the great meeting we just had. I wish you all a wonderful weekend.

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