



House of Commons
CANADA

Standing Committee on Transport, Infrastructure and Communities

TRAN • NUMBER 009 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, January 29, 2008

—
Chair

Mr. Mervin Tweed

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Transport, Infrastructure and Communities

Tuesday, January 29, 2008

•(1105)

[English]

The Chair (Mr. Mervin Tweed (Brandon—Souris, CPC)): Good morning. Welcome, everyone, to meeting number nine of the Standing Committee on Transport, Infrastructure and Communities.

Just before we start, I'd like to wish my colleagues a belated happy new year, and welcome back.

Pursuant to the order of reference of Tuesday, December 4, 2007, we have Bill C-23, an act to amend the Canada Marine Act, the Canada Transportation Act, the Pilotage Act, and other acts in consequence.

Since we've had some discussion, I think I'm going to take the chair's advice. I'll introduce the chair and he can introduce the people with him, and then move to his presentation.

With that, I'll welcome Sean Hanrahan for the Association of Canadian Port Authorities. Welcome, and please proceed.

Mr. Sean Hanrahan (Chair, Association of Canadian Port Authorities): Thank you very much, Mr. Chairman.

Good morning. Thank you for having us here today, and belated happy new year to all committee members.

My name is Sean Hanrahan. I'm the CEO of the St. John's Port Authority in Newfoundland and I'm also the chair for this year of the Association of Canadian Port Authorities.

With me is Mr. Patrice Pelletier, who's the new CEO at the Montreal Port Authority, and Captain Gordon Houston, who is the CEO of the Vancouver Fraser Port Authority. We also have Gary Leroux, who is the executive director of our association.

Ms. Lisa Raitt, who is also a member of our executive, was to come here but is absent due to pressing business in Toronto. She sends her regrets as well as her full support of the brief to follow.

Again, Mr. Chairman and committee members, I'd like to thank the committee for the invitation here this morning, and indeed I'd like to thank the government for moving forward with these key amendments to the Canada Marine Act.

I will address the issues related to the proposed amendments in Bill C-23, but first I'd like to offer a brief introduction. I don't anticipate my remarks will be any longer than five or seven minutes, Mr. Chairman.

The Canada Marine Act, which created the Canada port authorities or CPAs, has been beneficial for governments, for the

public, and most importantly for the port users. Section 4 of the Canada Marine Act outlines clear objectives for port authorities, and since 1998 CPAs have lived up to these very important policy goals. The act stipulated a strong public policy role for ports and at the same time mandated them to be self-sufficient and commercial. Further, CPAs must subscribe to rigorous management regulations as well as environmental assessment regulations conferred on them by the act. And finally, we as ports send to the federal treasury for general use a percentage of gross revenues every year. In addition, we also make payments in lieu of taxes to our respective municipalities, as set down in the Payments in Lieu of Taxes Act.

Since the inception of the CMA in 1998, Canada's 19 port authorities—which are now actually 17 port authorities, given the west coast merger—grew the amount of cargo annually in Canada from 240 million tonnes to 280 million tonnes. In dollar value that's \$100 billion to \$146 billion. Since that time, all CPAs have made investments in infrastructure, undertaken environmental initiatives, ensured strong security measures on port property and other facilities, and continue to facilitate trade and commerce to the benefit of all Canadians. As a trading nation, 40% of Canada's GDP depends on trade, and more than one-quarter of that trade is shipped via the Canadian ports system. Port authorities are mindful of the need to continue to facilitate this trade while carrying on their important stewardship role in the cities and harbours in which we do business.

What is a CPA itself? In general, we are a construct of the Canada Marine Act, and from an operational perspective exist as landlord ports with many diverse tenants, which, by and large, have long-term commercial leases with us as landlords. The port authority ensures that these businesses have what they need for the safe and efficient flow of freight, and, given the cruise industry, the passengers as well. While a port authority itself as an entity may have only a relatively small staff to fulfill their mandate under the Canada Marine Act, there are thousands of other people who work on port property with the myriad of enterprises that involves, all of which are generating millions of dollars in economic activity and in taxes paid to each level of government.

Port authorities have been called vital economic engines because of the contribution they make to the local and regional economies. They will continue to be crucial in this regard, with the growth rate in trade projected to double by 2020. Port authorities and all landside connections, road and rail, must prepare for this trade. If we aren't ready, Canada's prosperity will be diminished. Ports operate in a highly competitive world, and we ignore that at our peril.

• (1110)

The proposed amendments to the Canada Marine Act will add to Canada's competitiveness. I make this statement with the unanimous support of our full membership. Seven issues on which amendments have been proposed have also been unanimously approved by our membership. I'll go through them now.

The first issue is the introductory provisions to the act itself, mainly based around section 4. Changes to the Canada Marine Act, indeed, have been a long time coming. In fact the five-year mandatory review was completed in June of 2003. Here we are now another five years later, in 2008, but with what I feel to be a better product in front of us. The proposed amendments are indeed a right step for Canada's major ports. The proposed changes acknowledge the vital role that port authorities play in the economic health of the country, and they do so by providing more flexibility to grow and prosper. In so doing, the amendments in no way relinquish or reduce any responsibility on our part for full accountability under the act. CPAs have always played an important role in the coordination of transportation in and around ports. We are all only as strong, however, as our weakest link—and of course that is the message to all of us, so that all levels of authority or government ensure that roads, bridges, rail lines, and other transportation infrastructure are operating at their full peak. The CMA and the proposed changes provide an excellent framework for port authorities to do business in Canada. The Association of Canadian Port Authorities endorses the proposed changes to section 4 of the Canada Marine Act to more adequately recognize our role as vital economic engines in Canada.

Second is the fees and leases issue, and the definitional issues surrounding them. This is in regard to sections 2 and 53 of the act. For port authorities to continue to operate their assets in a commercial manner and to remain self-sufficient, a critical component of our ability to do so is to set fee schedules, as well as to negotiate commercial leases and contracts. Experience has shown that it is imperative that lease and rent negotiations be market driven, and not be subject to external review or adjudication or amendment. Government and port authorities have long agreed on this need; hence, the value of this proposed amendment to bring the regulation and the definition in line with practice—and also, frankly, to bring these in line with Federal Court of Appeal dicta in this regard. The ability to set fees based on commercial needs is a critical element for port authorities to remain self-sufficient, as required under the Canada Marine Act. The association again endorses the amendment of the definition of fees and leases.

Number three—access to government funding programs—is related mostly to section 25 of the current act. Port authorities are currently prohibited from accessing federal funding programs. ACPA, our association, has long argued that port authorities should have program parity with other Canadian commercial enterprises, which have such access. We have pointed out that the federal

program guidelines and the criteria themselves ought to dictate who receives funding. In the current situation, port authorities are at a disadvantage with respect to federal programs. For example, access to security funding after the tragic events of 9/11 had to be provided by a consequential amendment to another act, the Public Safety Act, rather than our own Canada Marine Act. Unfortunately, the three-year window provided in that act has now closed, and port authorities are now ineligible for any future funding from this specific security contribution program.

Another example of how this has impacted port authorities relates to Transport Canada's freight efficiency program. Denying access to programs like it prevents CPAs from taking on development projects that could lead to more efficient and sustainable freight movement.

Finally, many public and private enterprises have accessed important federal funding to enhance infrastructure in order to facilitate the movement of goods and people. As noted earlier, and as stated in section 4 of the act, port authorities have an important public policy role to facilitate trade, and yet we cannot obtain federal infrastructure support for this important function.

• (1115)

On the list of conditions set out for a port authority to receive federal contribution funding as per the proposed amendments, the association indeed supports the amendment, without question. However, it would make a very minor amendment to the actual wording. Proposed subparagraph 14(b)(iv), which relates to the current section 25, would be amended to have the word "and" deleted and the word "or" substituted to more accurately express the intent of the clause.

Item four is our borrowing limits, and this relates to sections 28 and 30 of the act. We have asked for changes to the current borrowing regime under the Canada Marine Act, and we are very pleased that this has been addressed in the current bill. This amendment will provide the opportunity for port authorities to work with government to establish appropriate borrowing frameworks that meet the diverse requirements of Canada's 17 CPAs.

The development of a workable borrowing code remains a key part of ensuring the success of this policy initiative. Port authorities will work with government officials to seek minor improvements to the draft borrowing code to ensure the effectiveness of this proposed new mechanism. We endorse wholeheartedly the proposed amendments related to borrowing limits.

Item five is amalgamation, and this pertains to section 13 of the act. The Canada Marine Act review panel had recommended that amalgamations be permitted where there was a strong business case to do so. The proposed amendments to the Canada Marine Act provide more clarity related to the transition to such amalgamated port authorities, and are welcomed. We endorse the proposed amendment.

Item six pertains to section 14 of the act and the board of directors term renewal limits. Port authorities have benefited greatly from the new governance structure created under the Canada Marine Act in 1998. This structure recognizes the importance of having local representation in place on our boards. It also recognizes the important need to have broad experience on the board, with directors nominated from each level of government, and the majority of directors selected by the federal minister after consultation and receipt of nominations proposed by the user classes of a port authority.

While the various nominating parties nominate directors, once on the board, under current governance law, the fiduciary duty of a director is to the port authority. The proposed amendments strengthen this structure by providing an additional three-year term for directors that allows port authorities to benefit from their experience. Finally, the idea of having directors remain in place until they are reappointed, or until another director is appointed, would prevent situations where vacancies exist for an untenable length of time. We endorse the proposed amendments in this regard.

Finally are enforcement provisions that relate to section 61 of the act. The proposed amendments related to enforcement provide port authorities with a more efficient process for ensuring compliance with regulations under the act, while also providing a suitable review and appeal mechanism of such enforcement decisions. The proposed amendments to address regulatory non-compliance would also preclude the need for redress to the courts in many cases. ACPA endorses the proposed enforcement provision in the Canada Marine Act.

Mr. Chairman, I have outlined seven particular issues and the amendments pertaining thereto with which the Association of Canadian Port Authorities unanimously agrees. We feel Bill C-23 is a huge advance for our industry. We encourage quick and speedy passage of the legislation, and look forward to any questions you may have.

Thank you very much.

• (1120)

The Chair: Thank you very much.

Mr. Volpe.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Thank you very much, Mr. Chairman. Welcome back. Happy new year to you.

And thank you, gentlemen, for coming before us.

You probably already know that the bill in its initial form went through the House fairly quickly. That's why it's before the committee. You've probably done your homework and found that members of all parties of Parliament felt this was a piece of legislation that deserved immediate study. I don't know whether it

will pass in the House, but all indications suggest that members at least recognize the economic impact of the ports.

Those of us on this side of the table, in the Liberal Party, were pleased to give initial support, and we're looking to see what you have to say about the advantages of the legislation. Obviously we're anxious to ensure the legislation meets the needs, not only of the port authorities themselves but also of the economies they sustain.

I'm anxious to hear your perception of the relationship your port authorities have with their host municipalities. You briefly alluded to the three ports in the lower British Columbia mainland, i.e., Vancouver, Delta, and Richmond, and I am wondering whether you have any insights into how some of the other ports in Canada relate to the municipalities that would help us get a better understanding of the economic impact of this bill.

Mr. Sean Hanrahan: Thank you, Mr. Volpe.

Captain Houston, whose port you made reference to, might like to take that for a first comment.

Captain Gordon Houston (President and Chief Executive Officer, Vancouver Fraser Port Authority): Thank you very much.

You're right about the amalgamation. It caused us to look at the model we have for liaising with municipalities. In fact we're developing what we call our "municipal liaison forum", which is going to be an annual conference with boards and councillors and that type of thing. It's a formalization of what we've been doing on an ad hoc basis for years and years. With 16 municipalities it's daunting to do it on an ad hoc basis now, so formality is required within this new port authority.

As far as the municipalities in other areas of the country, to be perfectly honest I have no formal answer. From my understanding through discussions with other CEOs, etc., there seems to be a very good relationship between the municipalities and the ports in most of the areas. Most of the ports have only one municipality to deal with, which makes for a different type of relationship from the one we have at Vancouver Fraser.

• (1125)

Hon. Joseph Volpe: The reason I asked the question was because you highlighted in your presentation that the port and the authority are only as good as the access to the port itself. That conjures up images of a port authority relating to the municipality or municipalities that generate it. The regulatory powers for building an infrastructure leading up to the usage of the port quite often reside in municipal authorities, occasionally in provincial authorities, sometimes a combination of both, and only rarely on exclusive federal authority. That's why I asked the question.

Does that relate to the governance model that's proposed in this bill? If so, what measures do you think are effective in terms of engaging stakeholders, users, and the various levels of government?

Captain Gordon Houston: That's a very good question.

You are right. In fact in the Vancouver lower mainland all three levels of government have some form of authority over access to the port, as it comes through various municipal, provincial, or even federal roads.

We are required, as ports, to have a land use plan. It's in the act. All of the ports have a plan, which we're having to redo because of our new structure. I know the individual ports went to each municipality and sought input for that plan. They received changes and corrections to the plan and came to an agreement.

Every project that's handled within our port is also submitted to the municipality of jurisdiction for their comments. We are not required to do that, but we submit it through the development process of the municipality and we take into account their concerns and comments. Where we can, we will accommodate them.

There is a history that makes sure the municipalities have a lot of say on how the port is developed, be it a new terminal, a simple road access, or a small business. All of these things, certainly in our port, go to the municipality for input.

Hon. Joseph Volpe: I don't mean to be confrontational or to raise an issue that might lead to a perception that there is confrontation between ports and the local municipalities, or, as I say, even provincial jurisdictions, but you say that you consult with the local authorities. My understanding is that the act does not compel you to employ the regulatory process of the municipalities, and that your first objective, your first goal, is to ensure that the federal assets—because that's what those ports are—function in accordance with the federal policies and directions that are associated with the proper working of these port authorities in the context of the Canadian economy.

I don't mean by this to put a federal government against a provincial government, but I do mean a macro view of the economy. What guarantees are built into this to either protect that or mitigate it for the purposes of still addressing local issues?

Mr. Sean Hanrahan: Mr. Volpe, I know that Patrice Pelletier would like to say something.

Would you like to answer specifically to that, or shall I?

Mr. Patrice Pelletier (President and Chief Executive Officer, Montreal Port Authority): Well, it was more on the first two questions. Perhaps you can address this one and I can come back. I wanted to talk to Mr. Volpe a bit more about the principle involved in our relationship with the city in our case.

Mr. Sean Hanrahan: Sure.

Mr. Volpe, in terms of the act, in terms of the legislation of which you speak, we are directed, under section 4, to liaise.

I don't know if Gary can tell me the wording of section 4....

National objectives? Yes, I got it, thank you.

I'll say a couple of things, Mr. Volpe. First of all, fundamentally what you're talking about is the division of powers. It comes straight from the Constitution. In fact, that hit the Supreme Court of Canada only last June. There was a ruling that set out the law in the matter. Now, you're not talking about setting law, you're talking about

communication and compromise and working together. The Constitution doesn't bump that out of the act.

Under section 4, we are charged with managing the marine infrastructure and services, as a commercial manager that encourages and takes into account input from users and the community in which a port is located. So in the national marine policy of the country, there in section 4 is the charge that, if I take what you're saying, ought to be given to the port authorities. We had that here under section 4.

I'd also point out—

• (1130)

Hon. Joseph Volpe: But do you institutionalize that through appointments on your board of directors?

Mr. Sean Hanrahan: Pardon me, sir?

Hon. Joseph Volpe: Do you institutionalize that charge by appointing members?

Mr. Sean Hanrahan: Yes, and that was my second point. There is a seat on the board of directors to be nominated from the municipality in which the port resides. So yes, there is also a person there as well as a policy charge.

Third, particularly in smaller ports such as St. John's, there is continuous liaison between the two entities. There is both land use planning and application procedures.

Also, I can tell you that in a prior life, as a former city councillor myself, they're very happy to have the tax base generated by the federal entity known as the port authority. In St. John's, for example, we probably comprise the second or third largest tax source for the City of St. John's. They're appreciative of that. That doesn't mean you have any kind of a hammer over anybody's head. It just means they appreciate us and we appreciate them.

The Chair: Monsieur Laframboise.

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you, Mr. Chairman. Thank you, gentlemen.

First of all, Mr. Pelletier, on behalf of the Bloc Québécois, I'd like to congratulate you on your appointment as CEO of the Port of Montreal. I'd like to address my questions specifically to you. The Bloc Québécois supports the bill, but we have certain concerns, especially with regard to maritime traffic on the St. Lawrence River. In the early 80s, 130 million tonnes were transported on the St. Lawrence River. Right now, it's about 105 million tonnes. So there's been a reduction in traffic since the 80s, whereas there's been a phenomenal growth in maritime transport worldwide, an increase in the order of 600%. The Mississippi River has had an increase, from 450 million tonnes to 700 million tonnes over the same period. I'd like you to reassure me. Will such a bill work in our favour? Will it favour the St. Lawrence River?

I don't think that a loan is a problem for the Port of Montreal, unless I'm wrong. But this won't be to your advantage. I agree that you should have access to a financing program, but if you're penalized because you have fewer loans than others and you're told to borrow... I want to be comforted here. I don't want you to be penalized more than other ports. Am I wrong?

Mr. Patrice Pelletier: I fully agree with the comments made by my colleagues and the Port of Montreal is in full agreement with the position of the association and supports this bill. Among the essential reasons for that position, there is traffic along the St. Lawrence which you mentioned. We've had growth for 27 years. The results for 2007 will be announced very soon. Once again, we beat our record for the previous year. This year, we had more than a 9% increase in cargo container traffic, which is double that of the previous year.

There's also been a certain transformation with regard to cargo transport. Formerly, there was a certain quantity of bulk cargo that disappeared in favour of some form of containerization. That is an effect of globalization, we didn't invent it. That transformation has been going on for 30 years and will continue to increase. Ships are getting bigger and bigger and they will transport more and more goods by container.

We believe that growth is possible in Montreal. Today, in 2008, we know there will be a capacity problem in 2015. Within only seven years, the Port of Montreal will have attained its full capacity. We must take measures now in order to be able to grow because this demand exists. You can rest assured, this increase will come.

Moreover, to achieve our growth objectives, we will have to expand. There will certainly be a major expansion project for the Port of Montreal, which will enable it to increase its capacity in accordance with the needs that will appear within seven years. Without going into detail, we're talking about an investment of over \$500 million just for that work.

We also have other objectives. We have to look after our existing infrastructure first. In the next five years, we're going to spend over \$220 million in capital expenditures. Those are our own funds; so we're not talking about loans. That's the minimum we have to invest in the next five years. If we do forecasts for the next 10 years, that amount will certainly easily be multiplied. In the last five years, the total investment in capital expenditures was only \$110 million. So we can see that there's growth.

There's also the issues of cruises on the St. Lawrence, consolidation, better access, maritime stations that perform better. That could be a very good project for Montreal and for Canada. And that wouldn't be just because of income, but also because of openness and recognition both in North America and worldwide. In our opinion, this expansion project could very well complement the objective of governments with regard to domestic trade and international trade. Montreal is a hub; it's the gateway to a pool of 100 million consumers located within an hour or an hour and a half from Montreal by plane. That's important.

The other issue I was discussing with Mr. Volpe is that by law, our administration certainly has socio-economic obligations, or in other words, our activities have repercussions on society. For Montreal, that in fact adds up to about \$2 billion in economic spinoffs and 17,000 direct and indirect jobs. If you look at all ports, be it Vancouver, St. John's or anywhere else, they have an incredible multiplying effect on the economy.

● (1135)

Mr. Mario Laframboise: I'm convinced there is no problem. As a matter of fact, I want Montreal to flourish and the St. Lawrence to be

used to maximum capacity. Of course, if you're telling me that in a project... You're telling me that you're going to invest \$220 million to maintain existing infrastructure and that you have a \$500 million expansion project which would probably require loans and government assistance.

Mr. Patrice Pelletier: Exactly.

Mr. Mario Laframboise: If there were programs, they would help you. Afterwards, you'd be given the opportunity to negotiate leases, to have certain... This new legislation would probably enable you to negotiate territories, land, things like that.

Mr. Patrice Pelletier: Exactly. The issue is flexibility, notably the temporary use of some land as opposed to more long-term use. In fact, the entire bill revolves around that flexibility. You mentioned it with regard to loans, but that same flexibility also exists with regard to land. Right now, we have 200 leases on the territory, and the bill will allow some flexibility for the use made of that land, be it temporary or longer term.

Mr. Mario Laframboise: That's fine.

With regard to the mission, do you do that with the city? Do you always negotiate those things...?

● (1140)

Mr. Patrice Pelletier: It depends on the owner. These entities can be private or commercial. Naturally, there's a whole range of stakeholders or people who are owners.

Mr. Mario Laframboise: If I understand correctly, your rate of indebtedness is non-existent and you're not afraid that the government will tell you to take out loans rather than use government programs. You expect to be treated the same way as other ports, regardless of your taxation rate.

Mr. Patrice Pelletier: Exactly. I think that the government will be able to judge the overall objectives of social and economic spinoffs that this administration will define. This expansion project will generate a certain amount of trade and make exports to the United States more efficient. We feel there will be a host of different types of financing, which will mean that we can carry out our expansion and growth project. I don't think we will be disadvantaged, given, as we mentioned, Montreal's importance to the country's economy.

[English]

Mr. Brian Masse (Windsor West, NDP): Thank you for your presentation this morning.

Mr. Hanrahan, I'm glad you have municipal background and experience, because there's one thing that's giving me concern about the bill. There are a lot of advantageous elements, and nobody can disregard the fact that our ports do need modernization, especially given our competition with the United States, which has already been moving on this issue. But one thing is the issue of land use conflict and planning.

This bill will allow for a much more comprehensive usage of your footprint—leases up to 99 years in duration. Normally if you were going to change the land use in a municipality, there would be a process. You would go through the planning advisory committee. There are people there who would vet the process. You would work with the different departments of the city or the town, the municipality. Your adjacent neighbours would be allowed the opportunity to input and there would always be work that happens, outreach and so forth, and then finally it would go to the council for approval. Then there are appeals at the OMB in Ontario if there is disagreement.

Would your association be open to going through local municipal planning principles, similar to other land use changes that other owners have?

Mr. Sean Hanrahan: I can give you two answers. I think they're complementary, but I'll let you judge.

Mr. Brian Masse: Okay.

Mr. Sean Hanrahan: The first one, to be rather strict, is that this is a pure division-of-powers constitutional argument, and that was decided and set by the Supreme Court of Canada in June 2007. So that's the cold, calculated answer.

The second part of it is that I can't speak from an association perspective as to the relationships between each port and each city. I can speak to my own only. I know that ours is a collegial one and it's one that is constant and is mutually beneficial. You've heard those points being made before. But unless there are others here at the table who want to talk about their particular ports, we haven't taken a pan-Canadian and association position on a port-by-port basis of that.

Mr. Brian Masse: I know a cold hard fact is that you have the ultimate hammer at the end of the day, and this is what gives me concern. In my community we have a good relationship with the port authority, but let's take Toronto, for example, where they haven't paid their taxes to the city of Toronto and I believe they're suing the city of Toronto and there's obviously an ongoing conflict with regard to their operation there. My concern is that expanding their powers to basically have a quite significant departure of current port activity and business right now with this new model is one that could increase the conflict if we don't have better resolution models involved.

Do you have any suggestions in this bill on how situations like that could be improved? Because that seems to be the icon of ports and problems.

Mr. Sean Hanrahan: Yes. I'll let Captain Houston give input there, sir, but I will say one thing that I forgot to say earlier, and that is, there's a schedule to the letter of patent that constitutes each port authority, which restricts the level and the types of activities that each port can undertake as well. So that's something that may be worth a review. But I'll let Captain Houston take it from there.

Captain Gordon Houston: Thank you.

Actually, as Sean said earlier, it is clear in the policy statement that you have to have community support for your land use plan. The land use plan is the document a municipality would call its development plan. It's a similar document. So we have to go to them

and get buy-in on the land use plan. If we were going to change the land use of an area within the port, it would have to be done through that land use plan, and in that case, you would have to go to that municipality for discussion and comment.

•(1145)

Mr. Brian Masse: Yes, but there is a different set of rights for other property owners who are adjacent.

I have limited time, so maybe I can move to another section of this that I think hasn't been discussed yet.

I know that borrowing and increased access to capital, including government grants, is important for ports of all sizes—not just the large ones but also the smaller ones. One thing the bill doesn't cover off is giving the Auditor General the ability to audit a port. Would you be open to allowing the Auditor General to audit the ports? Because once again, you'll now be accessing government contributions directly and having other business relations. Once again, the use of different lands will require oversight, I think. Many of the issues touch on security.

I'd be interested to know whether you'd be open to that.

Mr. Sean Hanrahan: Mr. Masse, we have seen no consensus about moving away from the current situation, that being that we have at each port an external audit. Many ports have taken on internal audits. Also, we currently have, under the Canada Marine Act, a special examination that must be undertaken by auditors every five years, and that's an extremely comprehensive piece of work. So we feel that there's no fiduciary duty on the financial end of things that's been left untouched in this regard.

Mr. Brian Masse: That would be a no, then. That's fine. I'm just trying to get to the reason. I'm not here to attack your position; I just want to know what it is.

Mr. Sean Hanrahan: We feel that it's covered by the three things I just mentioned.

Mr. Brian Masse: Okay.

You mentioned in your brief, with regard to the supportive changes, that you have on the board of directors, currently, seven to fourteen directors. The bill changes that to five to eleven directors. What is your position on that? Are you supportive of reducing the number of directors, and if so, what is the reasoning behind the reduction of directors? Or if you're opposed to it, why would you encourage the status quo?

Mr. Sean Hanrahan: Thank you, Mr. Masse.

Yes, go ahead, Gary.

Mr. Gary Leroux (Executive Director, Association of Canadian Port Authorities): Some smaller ports have seven employees, so it makes it a little bit difficult when you have seven board members. It's kind of odd. A lot of smaller port authorities have as many board members as employees. There's no need to have as many, as long as there's a good governance structure and we are able to comply with the act in terms of representation on the board.

Mr. Brian Masse: Okay. I'm concerned about local representation. Maybe you could get back to us on that if you do have an official position. Maybe you don't take one, but if you do at the end of the day take one, I would be interested to find out the reasons for that.

My last question really relates, again, to the investment of the third party. I want to understand from your perspective the use of different lands and the lease operations that could be happening. Kind of run through a scenario. Say, for example, a port was deciding to use its land for maybe a new commercial operation, and the property adjacent to it, which was previously zoned for that, now finds itself in competition in terms of the land. Yours is more attractive for some reason. How would you resolve this, or what would be the mechanisms your board would use to engage adjacent property owners in terms of similar land and competition in the market?

Mr. Sean Hanrahan: Gordon or Gary, would you like to take that?

Captain Gordon Houston: Again, as Sean has alluded to, you can only talk about your own port, because we don't really know what goes on at the others. We have always taken a position that as a crown corporation, we don't compete with private industry. So we would be very unlikely to start a business if there were something outside the harbour wall that was doing the same thing. We don't compete with private industry. We actually augment it; we don't compete with it.

• (1150)

Mr. Brian Masse: But with this bill, aside from condominium development, I think it's rather open in terms of your land use, and hence, without a process.

My concern is that the adjacent property owners' land value is basically depreciated in many respects, because they'll have restrictions and also a process to go through in terms of land development if they want to do a similar operation or are competing for development, or a proposed development, adjacent to port-available lands that have leases for 99 years that don't have the same processes and are perhaps a quicker operation to run through in terms of development. How do we deal with these situations, as opposed to conflict, at the end of the day?

Mr. Sean Hanrahan: We are bound, though, by fair market value as well. We wouldn't be able to undercut for the sake of getting the commercial endeavour to move on the other side of the fence.

Mr. Brian Masse: Yes, but the flexibility of your land use is often more important than anything else.

Captain Gordon Houston: If I may interject as well, because it's federal land, we are subject to the environmental assessment process, while a private business isn't. So our development process is much longer than for a private business; it's not shorter.

The Chair: Mr. Fast.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

Thank you all for appearing here this morning, and a special welcome to Captain Houston.

I'm a Vancouver native. My community of Abbotsford actually knows very well how much we depend on the success of the Pacific

Gateway. I understand, Captain Houston, you're actually quite involved in providing advice on that through your Greater Vancouver Gateway Council.

Perhaps I could start with you, Captain Houston.

One of the issues raised by both Mr. Volpe and Mr. Masse is land use. As we've moved forward with developing this bill, obviously staff within the minister's office have been consulting with municipalities that are impacted by ports. But I'm wondering what steps you have taken in terms of leading the Vancouver Fraser Port Authority to liaise with the City of Vancouver, Metro Vancouver, and surrounding municipalities to ensure their needs are met. Perhaps you could also comment on whether you've found any significant opposition to this legislation from those communities.

Captain Gordon Houston: Thank you very much.

There are a lot of initiatives we've done. Again, this new port authority is 28 days old, so I can only use the history of the other ones, especially Vancouver, where I came from.

We were very active in communities such as Abbotsford and Langley. In fact, we started a task force in Langley to try to solve the problem they had with the trains coming to the port and dividing the town in two. Some of these trains are nearly two miles long. If the trains stop, the community is bisected. That becomes a problem for emergency vehicle access, and so on.

Although Langley is not technically one of the municipalities that was involved at that time with the Port of Vancouver—even the new port is not involved, as it's not one of the municipalities—we sat down as a task force and developed the scenario that said yes, they needed overpasses.

We convinced Transport Canada to do a study. The study reported that it needed \$300 million for nine overpasses. We contributed \$50 million to the port. That has nothing to do with the port per se, but it guarantees our traffic. Those are the types of things we've done in the past.

I'm sorry, what was the second part of your question?

Mr. Ed Fast: Have you sensed any opposition to this legislation from the communities you're presently representing?

Captain Gordon Houston: No. We went to the municipalities and made sure they knew that the amendments were under way and that Bill C-23 was there, because there has been some discussion in the lower mainland on the new port authority. They wanted three appointees instead of one.

They're not representatives, they're appointees, so their fiduciary duty is to the port, not who put them there. So it doesn't matter whether it's one appointee or three appointees, they still have to vote in the best interests of the port.

That is the only thing we have gotten back from the municipalities that would indicate they have a problem. We told them we as a port could do nothing about it, and to wait until the changes to the act come through and then go forward with it. I don't know whether they have or not, but we advised them to do it that way.

Mr. Ed Fast: Mr. Hanrahan, as this legislation has evolved through Bill C-61 in the previous Parliament to this one, there have been some changes. One of those is, of course, adding the borrowing empowerment. Why is that important to you? You touched on it briefly in your initial presentation.

Also, what kinds of projects would you have undertaken in the past but couldn't because of the limitations that are presently in the act?

• (1155)

Mr. Sean Hanrahan: I know others will want to speak on that as well.

First and foremost, going forward, if the bill passes as it is constructed currently, there will be two levels of ports, tier one and tier two, for the purposes of borrowing. A code, which is yet to be finalized, would require more work, we feel, between our officials and Transport Canada, and both sides are committed to coming up with an end product that will make it most efficient. That's a work in progress.

As to the philosophy, we were delighted to see in the bill that the government has shown an interest in proceeding with this kind of mechanism. We are all very pleased. The finer points have yet to be worked out by way of a code.

To the second part of your question, on what we would do, I mentioned in my presentation earlier the size of trade and the fact that it's going to double by 2020. What has to happen is that we make sure, as a port community and as a country, that we don't find ourselves in some kind of infrastructural deficit vis-à-vis ports in the U.S. and indeed elsewhere.

What we will do in our long-term planning—in consultation with others, of course, in our communities—is make sure that does not happen. That infrastructural deficit cannot happen.

There's rising volumes of trade; there's changing trade patterns; there's improving corridors of trade. All of these have to be addressed. The way you address all those concepts is by concrete—building things. That's what we would do, and that's what we haven't been able to do specifically in the past.

But even more, what we have to do is dovetail development with the increase in the trade patterns and volumes that are happening right now.

I'm sure I should share the floor on that one, if I may.

Mr. Ed Fast: Let me address the question to both Captain Houston and also Mr. Pelletier.

Are there projects you would have undertaken in the past that you just couldn't because of these restrictions? Give us examples.

Mr. Patrice Pelletier: Yes, I'll try to be concrete in terms of our plan.

There are basically two elements. One is about our current infrastructure. I'm not talking about a new terminal; I'm talking about our current infrastructure.

Today, one of the elements for the Port of Montreal is to look at how we can optimize the water draft. Basically, if I can gain a few inches, if not a foot, that would permit the ship to come with more cargo. This is significant. You're talking, let's say on a 3,000- to 4,000-TEU ship—or even the 5,000-TEU ship that came to Montreal this year—about 15% to 20% additional cargo, with that additional foot. It's substantial.

That costs money. Naturally, there are all kinds of issues and impacts that we have to study and find mitigation measures for, but it's quite feasible. This is a concrete element.

The other concrete project we're looking at is all about the St. Lawrence cruise aspect. How can we, with better installations and better facilities, bring more ships and more passengers and therefore directly have more economic impact for the cities of the ports where the ship will call? This is another clear element.

The other one, to which I was referring earlier, is about the future, the 2015 horizon—not to talk about the 2020 horizon, which will be even more challenging. This, in our case, means an expansion. It means a new terminal, and that means investment, and it is only seven years away.

One could ask, “Why didn't you do this five or seven years ago?” Maybe the time was not right in terms of our need for additional capacity, or in terms of the transformation of the shipping industry to being very focused on the port of call, through the design of the ship. People put a lot of effort into designing the ship today, in ways not necessarily the same as before. This is very good timing in terms of our future development.

Captain Gordon Houston: Thank you, Patrice.

In Vancouver Fraser, our borrowing limit is \$510 million. Currently, we have two-thirds of that committed, but we have up until now managed to pay for it with our own investments, etc. This year, for the first year, we've made an arrangement for \$175 million worth of borrowing. We have \$350 million worth of commitments, on \$500 million.

But we also have a \$1.3 billion terminal coming down. In fact, tomorrow we'll get the proposals back from the four short-listed proponents. So we're going to be up somewhere around \$1.7 billion requirement potentially. I obviously don't know what the deal with the new proponent is going to be, because tomorrow is the day, but potentially, we could be looking at about \$1.7 billion worth of investment required to move the Asia Pacific Gateway forward.

Clearly, a new regime would be very much in our interest.

• (1200)

The Chair: Mr. Zed.

Mr. Paul Zed (Saint John, Lib.): Gentlemen, thank you very much for being here today.

My home town of Saint John, New Brunswick, is obviously very much a port community. One of the things I thought we would do is take advantage of your being here today to have you give us a couple of examples and also some help, and maybe we'll leave you with some homework.

I think my colleague Ed had talked about the municipality services and the kinds of things that a community needs to have as a result of working with a port. In Saint John, for example, there are new challenges for policing and security. The post-9/11 environment has created new challenges for your industry.

We all acknowledge that they are centres of activity, and in certain circumstances, whether it's in Montreal or the west, there are opportunities when certain lands may be surplus and these are community opportunities when, in concert, working with a community or a municipality or an organization, there may be a joint development that would occur.

I wonder if you would share with us your philosophy. Also, when we're talking about infrastructure costs, I'd like to hear from you if there is a study, and if there isn't a study, whether you would consider a study as to what the global bill of our ports would be for infrastructure, not blue-skying, but to say how much money would be re-invested in the communities from Quebec, the Maritimes, the west, where we need, as a global competitive country, to be able to attack the global competition that's occurring in China and India. As a country, what are some of the general principles we might move forward with?

Mr. Gary Leroux: Mr. Zed, Saint John is indeed a great port, and Captain Soppitt is doing a fantastic job as the CEO.

Mr. Paul Zed: It's okay, he doesn't work for me.

Mr. Gary Leroux: In terms of joint development, I think the Port of Saint John is doing a lot of joint development, as you know, with the Irvings and with the local uptown group. They've done a lot of good with the boardwalk they've built there, and with tourism and that kind of thing. They've enhanced that community greatly. They continue to work. They're on all kinds of committees and local partnerships. I think joint development is certainly a focus of the Port of Saint John, from what I know, and I don't know in great detail.

I agree with you that a study on the cost of the global bill, as you put it, for infrastructure would be a good one to have, and we don't have it, quite frankly. I know that the TD Bank Financial Group did a study a couple of a years ago and said there was a \$120 billion deficit in infrastructure in Canada globally. The ports have significant infrastructure requirements, as well.

What the bill would be, I don't know. A few years ago we did a study, and the capital plans of the eight top ports in Canada was a \$1 billion requirement. That's now probably doubled. In the U.S. the Port of Seattle has \$8 billion for one port, and most of that comes from federal and state governments. They're funded to the hilt.

We have to go out and find ways and means of financing that infrastructure investment. With this new borrowing regime, we hope that the cost of borrowing will be reduced, because you have more dollars brought to the table when you're financing with the banks or private partners, and you're dealing with partners as equals because you're bringing money to the table as opposed to trying to get their

money to do the investment in the port authority. There are lots of benefits from this.

● (1205)

Captain Gordon Houston: If I may, I don't want to break the unanimity of this group in front of you, but I might just be going to do that.

When we put a piece of infrastructure in place, like a terminal, it's there for about a hundred years. It's a long-term vision that you need before you do that. Up until now, of course, we've only been able to build infrastructure for port purposes. So what you're suggesting, actually, is quite new to us.

I would have a bit of caution around doing something like that on port property. The fortunes of ports ebb and flow, and what isn't used today may very well be crucial in 15 years' time, 20 years' time, outside most people's planning horizon. So there's always that caution, certainly from our perspective, when you look at something like this.

From my own perspective, I would rather, if it needs to have some sort of joint venture with a municipality, do it outside the port. You just never know when a piece of land is going to become really valuable to moving cargo.

Mr. Paul Zed: The Federation of Canadian Municipalities has just completed a report that talks about a deficit in Canada of \$123 billion. Our party has spent a lot of time lately with the urban caucus, travelling around Canada, trying to get a list and a canvass of the kinds of things that need to be reinvested. That's why I think it would be very helpful if your association would canvass your agencies throughout the country and prepare for this committee a response to this specific question. What are your short-term, medium-term, and long-term infrastructure requirements, even over a five- or ten-year period?

The other thing is, we have to be very careful when you go to borrow money that we don't end up in the situation we ended up in when you were indeed given some new autonomy with the previous Liberal government, when Doug Young was the minister, where the changes occurred that allowed you the ability to be somewhat independent of the national government.

I think those are important principles to be guided by.

The last point, Mr. Chair, is a short question. I think I know the answer to this. Where is labour in all this? I think they are an important partner. I know they have been an important partner. I think they're on the witness list, but I think it would be helpful, again, for us as legislators to know where labour is and how they view this, and whether they're prepared to participate in the future. They're a critical component of all this.

Captain Gordon Houston: I have spoken to the president of the Canadian area of the ILWU. We told them this was going to happen and asked whether he would be supportive of these changes. As he said before, many times, they are very, very supportive of anything that will help the ports grow. Obviously, it creates labour and jobs for their members.

As far as the west coast goes, and actually the Canadian area, with this one president, they're very supportive of the changes.

Mr. Patrice Pelletier: Perhaps I can add a similar comment, not only from inside the administration but also from everybody involved in the ports. I've talked to the president of the union about this, about the plan. Basically, from their side, it's this: What can we do to help you?

As an anecdote, I go to their office and I look on their board and I see an article on the port of Montreal. The section about growth and expansion is highlighted. They welcome this. Everything that will facilitate that growth and these expansions and improvements are very much welcomed.

The Chair: Monsieur Carrier.

[*Translation*]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chairman.

Good afternoon, gentlemen. I am pleased to meet you. I would like to address my question to Mr. Pelletier since he represents all of Quebec when it comes to maritime transport. I'll take this opportunity to congratulate him on his recent appointment.

The Bloc Québécois certainly supports the principle of the bill since it would favour the St. Lawrence—Great Lakes trade corridor. However, we'd like some clarification. For example, you say that the Port of Montreal has experienced growth for the past several years. I'd like to know exactly how many millions of tons you handle annually.

• (1210)

Mr. Patrice Pelletier: During fiscal 2007, we handled almost 26 million tonnes, the vast majority of which was containerized, which fact has had a certain impact, especially on our financial health. As I said earlier, this overall growth in cargo has increased on average 3% to 4% per year, and especially in 2007. Perhaps you know that there's been no growth in the United States in 2007. Here, there's been 9% growth in containerized merchandise.

Mr. Robert Carrier: You're also part of the Sodes, the St. Lawrence Economic Development Council, a corporation that has been in existence for about a year. I'd like to know whether the Sodes supports the bill.

Mr. Patrice Pelletier: Absolutely. I spoke to the former president of that organization as well as the new one, whom I met, and to Mr. Gagnon, the director general. Moreover, there has been a meeting of all the CEOs of St. Lawrence ports, namely Quebec City, Sept-Îles and the Saguenay. We met to discuss Bill C-23 and the amendment. We unanimously supported the bill and we continue to do so.

Mr. Robert Carrier: The bill will allow port administrations to come together. Is that one of the reasons why the Sodes sees this favourably? Is this kind of merger which seeks to improve the operations of port administrations part of the Sodes projects?

Mr. Patrice Pelletier: I haven't heard about any merger project. I think that the main objective of the Sodes, which looks after grouping activities and infrastructures that affect the St. Lawrence, is to increase trade at the gateway, as you've already mentioned. That objective does not necessarily have to be achieved through a merger. We think that with the means we have at our disposal right now, together with those that you will enable us to obtain through these

amendments to the legislation, we will be able to achieve that objective.

Mr. Robert Carrier: Among various possibilities available for increasing transport on the St. Lawrence Seaway in terms of tonnage, is intermodal transport one solution that you favour?

Mr. Patrice Pelletier: For me, what's at stake here fundamentally is to bring more traffic to the St. Lawrence. The problem is upstream, not in maritime terms but in economic terms. For example, the Port of Montreal's most important client right now is Northern Europe. The North Atlantic route therefore brings in a very large part of our business.

However, new routes are being developed, such as the one in the Caribbean. In 2014, the Panama Canal will be widened, which will enable larger ships to pass through it and travel up the eastern coast of North America. I didn't say America but North America. One of our clients who currently comes to Montreal is from the Caribbean. This route didn't exist previously. There's also the Mediterranean, India via the Suez canal. Those are new routes that will give rise to an increase in traffic.

From that point, it will be necessary to determine how to ship goods arriving in Montreal and destined to western Canada most efficiently, that is from Montreal to Toronto and to the American Midwest. Are railroads going to be used? That's highly probable. In my opinion, it's the most economical and efficient way. This is what our dear competitors on the east coast of the United States have invested in. Indeed, east coast American states have invested over \$2 billion in their infrastructure, and specifically rail infrastructure.

• (1215)

Mr. Robert Carrier: What significant projects would the passing of this legislation allow you to implement? Do you have any projects in mind for the expansion or improvement of your facilities?

Mr. Patrice Pelletier: We would particularly like to consolidate and optimize our existing infrastructure. It is of course very important to me that as we undertake this second growth phase we have an even stronger foundation than we did for the first, which took place between 1970 and 1980.

Still on the St. Lawrence River, when we talk about the cost effectiveness of the channel, we are seeking ways to obtain even a few more inches or a foot in order to allow for greater capacity. I also talked about cruise ships. Building a cruise ship terminal in Montreal does represent a considerable investment. In order to answer several of your questions, I would say that in my opinion, this is a project that is directly related to the city, and would have significant social and community repercussions. The partners for such a project or cruise ship terminal have yet to be determined, but it is clear that the city will be involved in this development, which will be more than a cruise ship terminal.

As far as the expansion is concerned, we are talking about a size that will allow us to deal with the expansion plan for the next few years. This is a very significant investment.

[*English*]

The Chair: Mr. Watson.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair. Thank you to our witnesses here today.

I have two questions. One will be for you, Mr. Hanrahan.

You obviously have some of the larger ports represented here and talking about economic development. What does Bill C-23 mean for smaller ports—say, for Windsor, Ontario, or for Hamilton, or ports like that?

Secondly, the question I want to ask the bigger ports here is this. It seems that in order to capitalize on the economic expansion you need to do, there are currently two hindrances. One is access to the significant federal funds that are available, whether it's the billion dollars of Asia-Pacific money or \$2.1 billion for the borders and gateways initiatives; and the second obstacle is the ability to access more private capital.

The question for you is, could you have moved ahead on some of your projects more quickly had a bill like this been in place months ago, years ago, or whenever?

I'm getting to a timing issue here. If we delay this, is that going to mean a problem for you? Could you have moved ahead more quickly? Because those two obstacles are clearly going to be removed by a bill like this.

Those are my questions.

Mr. Sean Hanrahan: On the first question, Mr. Watson, as one of the smaller ports in size and revenue we are very pleased to see government's advance in two specific areas. One is the access, as you say, to federal funding. It's not on an unequal footing; it's just making the playing field more level, frankly. It's just an allowance of program parity, in that we would be able to make application for the same level footing as any other commercialized entity. That, from my perspective, is a great thing.

The second thing, and this is yet to come in finalized form, is the borrowing code, which ought to be as streamlined as possible. The philosophy behind increasing borrowing limits and making them more commercialized, if you will, is a tremendous advance.

As to how it plays itself out for the smaller ports, the tier two ports, in subsequent codes that will be put in place, that's something we're going to work together with Transport Canada on.

That's my end of things, sir.

Captain Gordon Houston: Thank you. In terms of whether we would have been able to go ahead faster, we're actually very fortunate that this act is being changed just as we're entering into this period of very heavy commitments financially. It wouldn't really have helped us earlier on. Obviously, you build as you grow, and that's the stage we're at.

Mr. Jeff Watson: With minority parliaments being precarious in terms of their duration—and we're typically reaching the outside limit of a minority parliament in terms of historical duration—on a scale of one to ten, how urgently do you need to get this through? Are we talking about the spring, this fall? How badly will delays hurt you? I just want to get a sense of that.

Captain Gordon Houston: Yesterday.

Mr. Sean Hanrahan: My colleague said yesterday.

Mr. Jeff Watson: It's a timing issue that I think would inform the work of the committee, first of all, and then the broader Parliament

beyond that. That's what I'm getting at. It's not a partisan issue. I'm talking about historical realities and wanting to inform the work of the committee in terms of how quickly we get into and through this to get it passed—for your sake.

• (1220)

Mr. Sean Hanrahan: It's an excellent question, Mr. Watson. The short answer would be spring. If all of this could be done with final proclamation by spring, that would be the best.

I'll reflect back to what I said earlier. Trade is projected to double by 2020, and that is 11 years away. We simply have to dovetail everything that encourages commercialization and development at the same time as we hit this impending growth. So spring would be the answer, sir.

The Chair: Mr. Maloney has offered his time to Mr. Volpe.

Hon. Joseph Volpe: I suspect he's doing that because he wanted somebody to make an intervention on behalf of a Great Lakes gateway from an economic perspective in terms of developing the entire economy of Canada.

I thank you, gentlemen, for pointing out that there is a Pacific gateway strategy. The government members are keen to take full credit for it. We're not going to engage in partisanship, but it is one of the gateways. On the other, I see Mr. Hanrahan and Mr. Leroux, along with Monsieur Pelletier, have done well, speaking about the gateway that comes from Atlantic Canada and through the Port of Montreal.

I want to thank you before I make my comment on focusing strictly on the changing economic and trade patterns that impact on the way the port authorities see the world, and the way they must prepare for the world.

We have a variety of ports in Ontario. Mr. Watson has pointed to one, Windsor. There are several others. I'm thinking in terms of my own home city—Toronto—although other people might view themselves as expert on what happens in that city. I know that what you'll want to do is give us an indication about why it's important to think about the macro-economic changes for which we must prepare. That's why I asked you—and I'm wondering, Mr. Hanrahan, whether you'll do it perhaps from a different perspective—to talk in terms of governance issues in a CPA that will take into consideration any potential or foreseeable differences with local authorities about developing the infrastructure for changing trade patterns—why it would be important from your perspective that the jurisdictional authorities vested in CPAs, and confirmed by the courts, stay within the structure of material that must be dealt with from an investment perspective locally, but within a larger perspective.

And I'm taking the lead from Monsieur Pelletier, who said that the Port of Montreal really has a great dependency on the northern European market, secondarily on the southern Mediterranean, and thirdly from the Indian market accessing the Atlantic through the Suez Canal. This strikes me as a more studious approach to what should be happening with a port like Montreal if it's going to be a gateway into the Great Lakes basin, the northeastern United States, the midwest United States, and the biggest market in Canada, the Golden Horseshoe.

Those Canadian ports that are resident in the interior of that gateway, the Great Lakes ports, must have a similar strategy based on significantly similar economic assessment of where the future is going. So I'm wondering whether from your perspective the governance issues addressed by Bill C-23 are focused appropriately on that expansive mode, or whether they should concentrate, notwithstanding the jurisdictional decisions that have already been confirmed by the courts, on local issues only.

• (1225)

Mr. Patrice Pelletier: I can perhaps address part of it, but I'll let you judge if it has something to do with Bill C-23.

There are three gateways in the country: Atlantic, continental, and the Pacific. In terms of the continental gateway, there is a subdivision that addresses the St. Lawrence and the Great Lakes and one that addresses southern Ontario. The idea is to come up with a plan together. That plan is driven in terms of the St. Lawrence and Great Lakes. Right now there is a market study that will give the common strategy about what the market is and how this market can be conveyed to the end destination.

People within that gateway are getting organized the same way as the Pacific gateway. They have organized themselves very well. I think Gordon can talk about this.

I see a little bit of the same thing in many respects. We didn't talk about environment, but there is action with Green Marine—Alliance verte—in our part of the world. That is before laws and really avant-garde of auto regulations toward improving the environment. I see a convergence toward this. I don't see that because it's a smaller authority or an authority in a different basin or adjacent basin that it will be disfavoured.

I think the element underlying all of this is how we increase trade from a national perspective. We know there are gateways. We have to interlink with the southern Ontario gateway, which is very different from ours, but we're connected because we know where we're going. Sixty percent of the trade coming into Montreal stays in Canada, 40% goes to the United States. And 75% of that 40% goes to the Midwest, because that is the hub for merchandising and so on. Our neighbours in Ontario have to deal with the same issue. Personally, I see convergence in terms of our overall objective.

Hon. Joseph Volpe: This is, in essence, from your perspective of protection and enhancement of an asset that may be used down the road.

The Chair: I'm sorry, you're well over the five minutes.

Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

As you can see, there is a demand for time—there never seems to be enough.

I have two questions. First, the competitive disadvantage the St. Lawrence has in relation to the level of the water, is that felt in other ports or other areas? In essence, if the water level were higher, it would be better?

Mr. Patrice Pelletier: Here's the paradox: 2007 was considered a low-water year, and that's no big secret, but we had the largest traffic

ever in container arrivals. Post-Panamax ships from Maersk call at Montreal. Post-Panamax is the largest ship that ever came to Montreal. At the same time, we're talking about Toronto.

The issue I was trying to raise in terms of water is how to optimize. We have to remember that we don't control trade, we facilitate trade. We are the door and we know how big or tall the door is.

Mr. Brian Jean: I only have so much time, I'm sorry, but do other ports feel this as well? That's really my question. It's very important.

Captain Gordon Houston: Yes, we do. There is a draft limitation in the Fraser River site of the Vancouver Fraser port as well because of the river.

Mr. Brian Jean: Does a lot of dredging need to be done?

Captain Gordon Houston: About \$12 million a year.

Mr. Brian Jean: Is that the same for the St. Lawrence dredging? Would that suffice, or is it rock bottom?

Mr. Patrice Pelletier: What will suffice?

Mr. Brian Jean: Dredging.

Mr. Patrice Pelletier: Yes, it's possible, but it's got to be in specific places. Our issues are not all along the St. Lawrence, but specific points.

Mr. Brian Jean: Has that been costed? Has any study been done on that?

Mr. Patrice Pelletier: We have elements that permit the evaluation of the price.

Mr. Brian Jean: I have a final question, if I may, Mr. Chair.

I notice the amount of cargo grew in tonnage by 17% but the value of the cargo by 46%. It seems that the growth is in specific areas. I was wondering what the change in the product mix has been. Obviously there's a significant difference between 17% and 46% in value. What is the new product? What has happened?

• (1230)

Mr. Gary Leroux: I think that's probably due mostly to the growth in containers into Canada. The bulk goods, of course, are a lot less costly—coal, and you have potash or other bulk goods.

Mr. Brian Jean: So the commodities have always been there, but now you have different commodities?

Mr. Gary Leroux: The commodities coming into Canada are for the Wal-Marts, the Targets, and the Costcos, so they're higher-cost goods, as opposed to bulk goods.

Mr. Brian Jean: My question, I guess, is if that is a way we can go in the future to maximize our profitability.

Mr. Gary Leroux: The projected growth from the new container port in Prince Rupert will increase container movement into Canada, and as Gordon Houston said, the Vancouver Fraser port also has tremendous growth in container traffic, so that will also put the value of the goods higher.

Mr. Brian Jean: That trend will continue?

Mr. Gary Leroux: That trend will continue.

Mr. Brian Jean: Great.

Thank you.

The Chair: We are nearing completion of our time allocation.

I know there are a few short questions, and we have a motion we have to deal with.

I have Monsieur Laframboise and Mr. Volpe on my two-minute list.

[*Translation*]

Mr. Mario Laframboise: Thank you, Mr. Chairman.

Section 45 is amended. It says the following:

(3.2) A port authority may lease or licence any federal real property or federal immovable it manages [...]

This will allow you to lease lands that you are currently managing. In the short term, does the Port of Montreal plan to deal with the private sector and lease out part of the space that it owns?

Mr. Patrice Pelletier: We have short and long-term leaseholders. We have no immediate plans to partially or radically change our way of doing business.

Mr. Mario Laframboise: Have there been requests of this nature, because of the fact that people are aware of this?

Mr. Patrice Pelletier: No.

[*English*]

The Chair: Good.

Mr. Volpe.

Hon. Joseph Volpe: Thank you very much, Mr. Chairman.

I find myself in a position where I must say something on behalf of some of my other colleagues, most especially Mr. Don Bell, who could not be here, and especially given that Mr. Houston is here representing the lower mainland ports.

I just want to advise the committee that our B.C. caucus has in fact met not only on the amalgamation of the ports, but also on the impact of Bill C-23 on both the lower mainland and the larger issue of the Pacific gateway. And without putting any words into their mouths and constraining what we will do or say on this, I just thought Mr. Houston might want to know that the members of the Liberal caucus are in sync on movements in that area. That will make Mr. Fast very, very happy, I'm sure. It's important that the stakeholders also know where members of Parliament are coming from—as I say, that has nothing to do with those of us who are much more parochial—because we want to advance the issues of the continental gateway as it starts with and ends in Toronto.

The Chair: Seeing there is no other comment, I will thank our guests for appearing today. We appreciate your time and the

presentations you've made, and I'm sure the committee will take your words into account when we move forward with the bill. Thank you very much.

We're going to take a brief two-minute recess, and then we'll come back and discuss Mr. Volpe's motion and other business.

•

_____ (Pause) _____

•

• (1240)

The Chair: Perhaps I could have everyone's attention. We have a couple of items, a notice from Mr. Volpe.

Very quickly, if I may, on Thursday, from eleven to twelve o'clock we have the Chamber of Marine Commerce. From twelve to one, I'm wondering if we might set aside that hour for a full committee. I was going to have a subcommittee, but we're all here, everybody's input is valuable—if that's okay.

Next Tuesday we have Mr. Cannon appearing from twelve until one, and I just want the committee to think about whether there's anything we would like to do from eleven to twelve. I don't have anything scheduled at this point.

And we have actually a motion and a request for a motion.

Mr. Jean.

Mr. Brian Jean: Yes, I missed giving notice to the committee by I think something like six hours on a motion that I have actually personally been interested in for years. And indeed I have heard from many stakeholders, as I think most members of Parliament have. I would like to have the opportunity to present that, but I need unanimous consent to do so, or else I can do it on Thursday. It's in relation to navigable waterways and a study of it. I have it translated in both French and English and I'd like to circulate it, if possible.

The Chair: So we would need unanimous consent of the committee to bring this forward after Mr. Volpe's motion.

Mr. Brian Jean: It's only to discuss the motion itself, but I'd rather do it in a full committee because I think it's very prevalent in Alberta and the west and also in Quebec for those issues.

The Chair: Consent?

Some hon. members: Agreed.

The Chair: Okay, we'll go to Mr. Volpe's motion first. Mr. Volpe.

Hon. Joseph Volpe: Mr. Chairman, let me begin with a bit of history on this for a moment.

It refers to the vehicle accident in Bathurst, New Brunswick, where the young boys from the basketball team died in a car accident, along with one of the accompanying adults. Yesterday this was the topic of an SO 31 in the House. I know we were all, as members of Parliament, moved by it and we all would have offered, given the opportunity, our condolences to the families and the school and the community for such a tragic event.

The motion you see before you was really designed to take a look at the regulatory guidelines that fall under the purview of Transport Canada. There are at least two other investigations on this right now. One is by the RCMP. I believe, Mr. Zed, one's by the province.

Hon. Paul Zed: Yes.

Hon. Joseph Volpe: As well as from some of the local authorities.

Notwithstanding that I gave this motion when I did, I'm now suggesting that maybe all of us would probably have a much more germane discussion of the motion once we see some of those reports. For colleagues around the table, you might find it strange, but I'm hoping that what we would do is maybe defer it until we have the substantive reports of the ongoing investigations before we deal with this with the seriousness it demands.

• (1245)

The Chair: Are there any comments?

Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise: I understand Mr. Volpe's position, but I would like us to perhaps meet with officials from Transport Canada in order to ask them some questions. I agree that we will probably have to wait for the results of the investigations, but it may still be relevant to ask questions about how Transport Canada licenses certain vehicles and the way in which the system functions. It is not clear in my mind. You were saying that we had an hour to fill up next Tuesday. Perhaps we could invite officials from Transport Canada.

[*English*]

The Chair: Mr. Masse.

Mr. Brian Masse: I was pleased to see the motion, and I am disappointed to hear the mover has some hesitation now because of these other studies. I think they're important as part of it. But when you look at this particular vehicle that was involved, it raises questions about Transport Canada's role outside those particular studies. In fact, the United States has actually had congressional hearings on this, and this vehicle is illegal in 40 states for purchase by school boards.

In Canada, Edmonton has different rules for it; Calgary has different rules for it; Nova Scotia has banned the vehicle. We have I guess almost a dog's breakfast, in terms of how this vehicle can be used. It's not just with regard to this particular tragedy. These vehicles in particular—I know this is not just limited to that vehicle, but this vehicle is a good example of some of the questions out there—are used for church groups when they go to different functions and are used for a whole variety of operations.

There's quite a lot of scientific evidence on this vehicle. On the questions I have to Transport Canada, I'm wondering about the act and how it relates. There doesn't seem to be any type of opportunity for them to engage in leadership on this issue and the use of vehicles like this. To me, I would think it would be worthwhile, especially if we have some open time, to maybe start to investigate this a little. I believe there is a real role.

Once again, if we're not going to do it... Other municipalities are doing it and other provinces are doing it. I think there's a federal role.

If it's not good in one community for particular use, or for example it can only have ten or fewer people in it, then why would that be different somewhere else? I think it would be helpful to set some overall guidelines.

The Chair: Mr. Jean.

Mr. Brian Jean: Mr. Chair, I did have an opportunity to get some research done by the department. It wasn't in both official languages and I'm undertaking to get that done so we can circulate it to the committee. I will advise that I did give a copy to Mr. Volpe, because it was from the department and it dealt specifically with his motion.

I do want to say this. I think it's a good motion, but we should put it after we've heard these other investigations that are under way, especially because it's provincial jurisdiction, first of all. I want to make that very clear. We have the ability to do blanket studies, but the reality is Canadian legislation does not allow the imposition of a selective ban like that. Provinces and territories have the authority over road use.

Saying that, our understanding on a preliminary basis from Dr. Frank Wilson—and this is in the report—is that what happened in this particular case was the van went sideways, sliding on the road. If it had electronic stability control, which is going to be mandatory in a bit of time here in Canada, then the accident wouldn't have happened. In fact, it happened so quickly there wasn't even time to put on the brakes.

It wasn't a situation where the van flipped. It was a situation where there was just no time. It slid sideways and the truck hit it square-on and that's why it was such a mess. It would've happened to just about any vehicle.

Notwithstanding that, I would suggest that what we should do is put this off until such time as a provincial study's been done. I think the RCMP are doing an investigation. After that's been done, it would make more sense, I think, simply because it's not our jurisdiction in the first place. I will by that time have a copy of this in French so that I can circulate it to all the members so they can see the preliminary issues of the study. As I say, it's about five pages long, so it has some good information on it.

The Chair: If I may, just before I defer to Mr. Zed, because Mr. Volpe hasn't formally moved this, I think we'll continue the discussion a little. If we get to that point, then I would ask him either to move it or defer it.

Mr. Zed.

Mr. Paul Zed: Thanks, colleagues.

Look, it's an obvious major issue in our province, New Brunswick. My predisposition is to agree with Mr. Jean. At this time the province are obviously still in a bit of mourning. There are some major investigations under way. The premier himself has mandated a significant review. I think it would be more appropriate to allow the province to deal with this within its own jurisdiction at this time.

It's been such a national and public event. I think every jurisdiction provincially has witnessed it. Every municipality, school group, and church group is obviously looking at this. They don't need somebody in Ottawa telling them to go look at it.

Notwithstanding the fact that I agree with the substance of the motion, that's just my sensitivity, coming from New Brunswick.

●(1250)

The Chair: You may make a final comment, Mr. Jean.

Mr. Brian Jean: One of the main issues in this case is that winter tires weren't used—that's my understanding. So if winter tires had been used, they would have added safety. I missed that and should have mentioned it.

The Chair: Mr. Volpe.

Hon. Joseph Volpe: Thank you, Mr. Chairman.

Thank you for allowing this kind of preliminary discussion on the motion. Some of my colleagues have made some really good points. I appreciate that everyone feels as I did when I prepared the motion.

I think Mr. Jean is indicating to us that we may be rushing to some conclusions prior to actually having studied the issue thoroughly enough. I don't want to fall prey to that myself.

As for Mr. Masse's case, I have found myself in the same position as the driver of that van. I used to coach basketball teams. Teenage boys are a tough crowd to handle at the best of times, and when they go to basketball tournaments it's the worst of times. I drove precisely those types of vehicles. Those vehicles became outlawed in my city quickly enough, but it was done in indirect fashions. For example, school boards required the drivers to hold a particular licence and take out additional insurance prior to getting behind the wheel. Well, if you're the coach and driver and have to absorb the responsibility and costs, I think the lawyers around the table will tell you that sort of puts a chill on enthusiasm for doing other things. Of course, the school boards couldn't afford to assume the additional transportation costs, so programs were curbed.

That didn't stop many operators from engaging in after-sales market development of the vehicle. As I understand it, that is now banned in several places, at least for the kind of use I used to engage in, like many other coaches.

Notwithstanding the fact that this might seem strange to others, now that we've put it on the table I would like us to give this the thorough attention it requires. With all due respect to Monsieur Laframboise, I'm not sure that I'd be able to get that thoroughness of examination by slotting in Transport Canada at the next session when we have an hour of free time. I really think we need to spend much more time getting Transport Canada officials on this and getting the kinds of answers we need.

If Transport Canada is providing the guidelines and regulations, I don't want anybody to come here and try to pull the wool over my eyes—I'm not sure they would. I want to make sure that our effort is as genuine as the people who are the most immediate victims of that tragedy would like parliamentarians to be.

In that spirit, let's defer it until we have what the examination by people who are in the field gives us, so we can more appropriately ask Transport Canada the kinds of questions we want answers to. I wanted to make sure we got it on the table, but I'm asking for a deferral so our judgment of the responses will be much more studious.

●(1255)

The Chair: I will ask the committee to table it for now, and it can be brought forward by Mr. Volpe as soon as we get the reports.

We'll go now to Mr. Jean's motion.

Mr. Brian Jean: Has it been circulated to the members?

The Chair: Yes.

Mr. Brian Jean: I don't know if people are aware of this, but at least in my province—and I've heard it from several provincial ministers—the navigable waterways act is often a duplication of resources, and it slows up a lot of development. It causes some environmental concerns. And indeed, quite frankly, it is a nightmare in rural Canada. I would like to put this motion that we deal with at least looking at the navigable waterways act and the impact it has on governance, on use, and on environmental protection. I would like to study it. It's an act that goes back over a hundred years in many cases, so it needs something up to date.

To put it into perspective, if I had a ditch, and if this pen—which doesn't float, but it could possibly be a pencil, for my example—floated, that ditch would be a navigable waterway, and it would require a tremendous amount of input by the federal government. The difficulty with that is it's already required by many provincial governments, the same exact work, and it takes sometimes up to two or three years to get something done. This includes building a bridge, building a walkway. Mr. Watson had an example this morning of something that happened in his riding. A little ditch requires just a walkway for pedestrians, but it can't be built and has been held up for some years, simply because it has been deemed a navigable waterway, even though a canoe would never float in it no matter what happened. This is the difficulty.

I've looked at interpretation bulletins. I've looked at different situations. And I think the best thing to do is study it and have all members of this committee do so. I think we do have some free time to do it. For instance, the suggestion of one hour with the department next Thursday may even be possible, to at least get a preliminary on it if we do have time. I know that's a bit fast, but I think it would be appropriate.

I just wanted to mention as well that the minister, even though he's coming to speak on Bill C-23, is also prepared to answer questions on infrastructure, because I know that's been an issue. I would like to see maybe some future meetings deal with the infrastructure aspect, probably some time in the next 30 or 40 days.

The Chair: Mr. Masse.

Mr. Brian Masse: I'm open to looking at this, but before I commit I would like to see how many meetings and so forth, in the context of other committee business that's being proposed that we're having a meeting coming up for. I'm open if we want to start by having the ministers so the department can come and brief us. That's a good use of time, in my opinion. But I would like to see this in the context of all our committee business. It seems like something that's worthwhile to pursue. The ministerial meeting is good with me.

I'm going to have to bolt right now, but I'm quite comfortable with doing that.

Mr. Brian Jean: I just want to say two things. First, all provinces and territories are in agreement with revamping this. That's my understanding from the department. Second, I think that's a very good idea. I think we could have a briefing from the department, as Mr. Fast has just suggested, if the department is prepared to do so. Then we could decide what to do from there.

The Chair: Monsieur Laframboise.

[*Translation*]

Mr. Mario Laframboise: I was unable to have the motion analyzed by the leader's office. I do not have any basic objections to raise, but I cannot support it today given that I need the authorization of the leader's office. These are just technicalities.

[*English*]

The Chair: Mr. Volpe.

[*Translation*]

Hon. Joseph Volpe: It would not be a problem to invite representatives from the department to appear on Tuesday, for example.

[*English*]

The Chair: Would it be all right if we invited the department for the first hour on Thursday, just to give us a brief overview of where we're going, and then we can decide as a committee collectively what we're doing?

Mr. Brian Jean: Do I need to move the motion?

The Chair: Yes.

Mr. Brian Jean: I so move.

(Motion agreed to) [See *Minutes of Proceedings*]

● (1300)

The Chair: The first hour of our meeting on Thursday will involve the department to give us an update on navigable waters, followed by the minister.

Thank you.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.