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• (1535)

[*Translation*]

The Chair (Hon. Jean-Yves Duclos (Québec Centre, Lib.)): I call this meeting to order.

Good afternoon, everyone.

Welcome to meeting number 30 of the House of Commons Standing Committee on Public Safety and National Security.

Before we hear from the witnesses, I want to ask the committee to consider the budget that the clerk distributed to the members yesterday. The budget concerns our study of the Canada Border Services Agency's role in the H2O highway corridor and port clearance practices.

Please note that the budget amounts are estimates and that the committee may spend less on this study. The unexpended funds will be returned to the Liaison Committee. If you have any questions, the clerk will be happy to answer them.

Is it the pleasure of the committee to adopt the budget?

(Motion agreed to)

The Chair: Now that the budget has been adopted, we can move on to the next item.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, March 24, 2026, we're meeting today to study the role of the Canada Border Services Agency in the H2O highway corridor and port clearance practices.

I would now like to welcome our two witnesses for the first hour.

From the Canada Border Services Agency, we're joined by Daniel Anson, director general, intelligence and investigations, and Cathy Toxopeus, director general, commercial programs directorate.

You have five minutes for your opening remarks.

Cathy Toxopeus (Director General, Commercial Programs Directorate, Canada Border Services Agency): Good afternoon.

My name is Cathy Toxopeus. I'm the director general of commercial programs at the Canada Border Services Agency, or CBSA. I'm joined by Daniel Anson, the director general of intelligence and investigations.

We appreciate the opportunity to contribute to the committee's study. Facilitating trade and the movement of goods is a critical part

of the CBSA's mandate. We take our work supporting and strengthening the Canadian economy seriously.

[*English*]

Another central part of our mandate is to protect the health, safety and security of Canadians. The CBSA's presence in the trade continuum is required not only to move goods efficiently but also to intercept contraband from being imported into or exported out of Canada. CBSA officers examine high-risk marine cargo at a vessel's first point of arrival.

[*Translation*]

The Chair: Sorry to interrupt you, Ms. Toxopeus. You're speaking a bit fast. The interpreters are having trouble keeping up with you.

Cathy Toxopeus: Should I speak more slowly?

The Chair: Yes.

Cathy Toxopeus: Okay. Thank you.

[*English*]

Inspections may be performed at dockside or they may involve full off-load examinations at dedicated marine container examination facilities. Such facilities are currently in place at Canada's five major ports: Halifax, Saint John, Montreal, Vancouver and Prince Rupert. These locations deploy state-of-the-art tools, such as monitored radiation screening portals, non-intrusive large-scale imaging, and secure examination spaces, in addition to trained CBSA personnel.

Good security is the foundation that allows trade to flow smoothly and reliably. The CBSA's presence at ports also helps disrupt transnational organized crime by intercepting contraband such as drugs, precursors and stolen vehicles.

In support of supply chain fluidity, in addition to Canada's five major ports, there are also 213 marine ports that deal with the import and export of bulk goods such as grain, steel and natural gas. The CBSA also leverages inland warehouses across the country to conduct commercial examinations away from the big five marine ports.

• (1540)

[*Translation*]

The CBSA is aware of calls for increased presence and capacity at some smaller ports on the St. Lawrence River. I can assure you that the agency is always looking at ways to better support trade in Canada.

We're committed to continuing to work and collaborate with our commercial partners and supply chain stakeholders, including smaller port operators, in order to strengthen the Canadian economy and protect Canadians. The agency regularly assesses the allocation of resources in order to respond to evolving trends, threats and service needs at all ports of entry, including shipping ports and rail yards.

It's important to note that decisions made relating to port infrastructure and supply chain fluidity fall outside the scope of the CBSA. Supporting stability in the commercial supply chain requires a whole-of-government approach.

[*English*]

We work with Transport Canada, Global Affairs and other federal and provincial departments and agencies to support regional and national trade goals. We are always looking at what's needed to determine whether to expand service at priority locations.

The CBSA and port owners and operators also have a joint responsibility for the costs related to port development. In order for ports to receive international marine containerized cargo, they must meet CBSA requirements for licensing and infrastructure to support the resources and detection technology to adequately screen for health, safety and security needs. To this end, the CBSA is committed to working with stakeholders to ensure that the supply chain is tooled for efficiency and best serves Canada's economic needs and ambition.

In closing, we want to thank the CBSA employees, who work around the clock and across the country. Their presence ensures public safety, facilitates trade and supports our economy.

[*Translation*]

Thank you for the opportunity to appear before the committee. I would be happy to answer any questions.

The Chair: Good. Thank you for your remarks.

I'll now give the floor to Ms. Kirkland for six minutes.

[*English*]

Rhonda Kirkland (Oshawa, CPC): Thank you.

I'm sorry, I'm behind the eight ball a bit. I was expecting Mr. Anson to do five minutes as well, but I obviously didn't catch on as quickly as I should have.

I appreciate your remarks at the beginning. They were very quick, so I'm trying to catch up.

Mr. Anson and Ms. Toxopeus, I appreciate that you take the work seriously. The safety of Canadians is very important. You agree, of course, that it's a very important job and that our border must be secure. At this committee, I have repeatedly talked about

the psychological safety of our employees at the CBSA. I will talk about that in terms of keeping our border safe, in that vein of questioning.

I'd like to ask each of you—you can answer just yes or no—if you are aware of the growing complaints of stonewalling investigations and toxic work environments from current and former CBSA employees.

Cathy Toxopeus: Yes.

Rhonda Kirkland: You're both aware. I would like to hear each of your reactions to the complaints and how you feel about them.

Marcus Powlowski (Thunder Bay—Rainy River, Lib.): On a point of order, Chair, I'm not quite sure how this relates to the study. I thought we were studying ports. Why are we asking about the work environment of the CBSA? I know there should be some accommodation and some spectrum of questions, but this seems totally off-topic.

The Chair: Thank you, Mr. Powlowski.

Madame Kirkland heard the suggestion, so she can see whether it is useful.

Rhonda Kirkland: Thank you for the suggestion. However, the trade ability, supply chains and the safety at our ports.... It is very relevant that folks feel psychologically safe when they're working for the CBSA.

I'm actually going to jump to the detector dog service—

Jacques Ramsay (La Prairie—Atateken, Lib.): On a point of order, we already have a study planned on this matter, so I think we might be doubling what could be said.

The Chair: This is technically not a point of order, but a suggestion that Madame Kirkland may or may not want to use, depending on her own judgment.

Madame Kirkland, the floor is yours.

• (1545)

Rhonda Kirkland: The points of order seem strange to me. I don't really understand why this is happening. I'm being very open and honest about the safety of workers at the CBSA.

An hon. member: Oh, oh!

Rhonda Kirkland: Perhaps the men on this committee can—

The Chair: Your time is not running, MP Kirkland.

Okay, guys. Order. Otherwise, we'll have to suspend, and we have important work to do and important witnesses to listen to. We'll be fair to the witnesses, who took the time to come here, and we'll also be fair to Madame Kirkland, who wants to use her time to ask questions.

You have about—

[*Translation*]

Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): I have a point of order, Mr. Chair.

The Chair: You have the floor, Mr. Barsalou-Duval.

Xavier Barsalou-Duval: Mr. Chair, I would like to know whether you have the authority required to address the behaviour of the committee members. I find some of the behaviour displayed towards others rather rude. I don't want to name names. However, you must have an idea of whom I'm talking about.

I don't think that this reflects well on the committee, on parliamentarians and on our work. Even if the statements aren't recorded, we shouldn't accept this here. I would like you to step in or at least refocus the debate, if possible.

The Chair: I would like to share three responses to this topic.

First, welcome, Mr. Barsalou-Duval, to your first meeting with this committee.

Second, this committee has run quite smoothly up until now. Perhaps your presence, although I don't think so, is creating this mess.

Third, given how smoothly the committee has run so far, I'm hopeful and confident that we'll continue to run smoothly in a spirit of respect for everyone and effective dialogue.

That said, let's pull ourselves together.

[*English*]

MP Kirkland, the floor is yours.

Rhonda Kirkland: Do I get to reclaim my time?

The Chair: Your time hasn't been affected.

Rhonda Kirkland: Thank you.

Ms. Toxopeus, are you aware of CBSA's detector dog service 90-day leave policy?

Cathy Toxopeus: I am.

Rhonda Kirkland: With that policy and specific female handlers within CBSA, it's been raised repeatedly as a human rights concern. We've been told time and time again that it's been addressed, yet as recently as March—this month—the policy still doesn't really clearly reflect protections for women. Do you feel that there's a straightforward fix to that? Is there anything you would add to the fix on that?

Cathy Toxopeus: The 90-day policy has been updated, as you said, and it applies across the board. It's not just specific to women. It's general to everybody, to every dog handler. Whether they are on extended leave, whether it's maternity or paternity leave or extended leave related to medical, they are allowed to continue on as detector dog handlers, provided a series of things are met upon their return.

Rhonda Kirkland: Do you believe that it should require an individualized human rights-based assessment in every case in order to have it fixed?

Cathy Toxopeus: I don't think so.

Rhonda Kirkland: Do you believe that it was a human rights violation?

Cathy Toxopeus: I think there was no clear national policy. I think that's been rectified since then. I think it's better serving and more nationally consistent, and it is now in line with any perceived inconsistencies with any sort of human rights violation.

Rhonda Kirkland: I would like to suggest that the fix is actually very straightforward. The policy simply needs to clearly state that any application of the 90-day rule must be assessed—

Marcus Powlowski: I have a point of order, Chair.

The Chair: I'm sorry to interrupt, Madame Kirkland.

Go ahead.

Marcus Powlowski: Anybody who knows me knows that I almost never do this, but this is totally irrelevant to what we're here to talk about. We're here to talk about the ports and their ability to clear...to have customs services at the ports. How is this related to the dogs, the human rights and stuff? Maybe it's important, but it's totally off-topic.

At some point, you have to bring it back to the topic at hand. A lot of us want to hear what's happening with the ports and the CBSA. This is important to a lot of communities: Quebec City, Hamilton, Thunder Bay, Goderich and Picton. There are a lot of people who actually have some interest in this subject. I would urge her to return to the subject at hand.

The Chair: Thank you.

That's an invitation and advice that Madame Kirkland might want to take into account.

MP Caputo.

• (1550)

Frank Caputo (Kamloops—Thompson—Nicola, CPC): Look, I really like MP Powlowski, but I can't agree with him here. At the end of the day, a standing order has to be offended. No standing order is being offended.

We are looking at a study that has a wide berth. Central to CBSA doing its job is the culture at CBSA. I think Ms. Kirkland is well within her rights to explore that.

Thank you.

The Chair: Thank you for that piece of advice, MP Caputo.

Now, as you might expect, I want to reduce and condense these types of interventions. As MP Powlowski just mentioned, we want to go to the matter of this study.

MP Ehsassi, if it's a point of order, I can turn to you. Otherwise, we will continue.

Hon. Ali Ehsassi (Willowdale, Lib.): Yes, it is, Mr. Chair.

First of all, I wanted to thank you for having pointed out that all members should be respectful and efficient in our approach in this committee. That is why I agree entirely with what Mr. Powlowski has said.

The reality is that the issues Ms. Kirkland is raising are very significant—there's no doubt about it—but we have a study that will be looking at—

Rhonda Kirkland: Is this a point of order?

Hon. Ali Ehsassi: In addition to that, I don't think—

Rhonda Kirkland: What standing—

Hon. Ali Ehsassi: Excuse me. I didn't interrupt you. I'd appreciate it if you didn't interrupt me.

In addition to that, I don't think Ms. Toxopeus is general counsel at CBSA, so it's not fair to subject a witness who is here to questions that don't fall within the ambit of her responsibilities at the CBSA.

The Chair: Thank you. The questions of wisdom are well understood.

Let's try sticking to the matter of the study, respecting also the freedom and the time that Ms. Kirkland will want to use to continue her intervention.

The time was stopped, MP Kirkland. You can now resume with your questions.

Rhonda Kirkland: Thank you very much. I appreciate that.

As a woman here, I would say it is awfully lovely to see the men across the way mansplaining what I need to do to ask the questions on a committee that I have a right to sit on. I would appreciate it if they would stop interrupting so that I could get to my questions.

Does either of you believe that a female employee at CBSA should ever be discriminated against by a manager or their employer for becoming sick or pregnant? Just give a simple answer.

Cathy Toxopeus: No.

Daniel Anson (Director General, Intelligence and Investigations, Canada Border Services Agency): Not at all.

Rhonda Kirkland: You agree, Mr. Anson.

Mr. Anson, if anyone in your department ever had a founded harassment complaint, would you feel comfortable keeping them on?

Daniel Anson: It's very difficult to comment on an example without the conditions, so—

Rhonda Kirkland: It has been founded. It has been determined that the harassment complaint has been founded. Would you keep them on?

Daniel Anson: Again, it's very difficult to make a comment on a hypothetical—

Rhonda Kirkland: I'm going to change tack. How's that? I'll change my thoughts here. I'll talk a bit about ATIPs.

Mr. Anson, at our last committee meeting my colleague raised an issue about ATIPs and how Correctional Service of Canada employees use pseudonyms to avoid ATIP responses and accountability. I have heard that there are similar issues at the CBSA. Do you know of any cases at the CBSA in which employees have used pseudonyms or nicknames to avoid ATIP responses?

Daniel Anson: I am definitely not aware of any circumstances such as that. I have not been privy to, nor am I indirectly aware of, any situations in which people have used pseudonyms to obfuscate the names they are referencing—not at all.

Rhonda Kirkland: Whether or not you're personally aware, does the CBSA have any policies currently in place to prevent employees from using pseudonyms to evade ATIP accountability? If not, can you tell me why not?

Daniel Anson: I cannot speak with great authority on the full suite of policies within the agency, specifically whether there's one that applies to that in particular. What I will say is that I'm sure that my senior leadership, as well as all the staff within the agency, would see that as something that is perceived as unethical—and, really, an unfair, if not unethical, practice. We absolutely aspire to represent the fullest of integrity in all the actions we do day-to-day, and that includes our communications and correspondence with each other. I think it is an institutional expectation that we would not employ such a tactic in order to obfuscate the names that are being referenced.

Directly or indirectly, I'm not aware of this occurring. However, again, were any of us in a leadership position—and, certainly, I'm sure the president would echo these views, as well as the officers on the front line—exposed to such circumstances, I'm sure they would be addressed and rectified as soon as we could.

Rhonda Kirkland: Thank you. I'm very happy to hear that.

The Chair: I'm sorry, Madame Kirkland, but the time is over.

Madame Acan, go ahead for six minutes, please.

• (1555)

Sima Acan (Oakville West, Lib.): Thank you very much, Mr. Chair.

Mr. Anson and Ms. Toxopeus, thank you very much for joining us today. I hope that my questions will bring us back to the subject of the study for today.

I'm going to ask a few technical questions.

The detection tools section on the CBSA website mentions the use of virtual X-ray and pre-screening systems. How is the data from these pre-arrival scans integrated with real-time field operations, and are these images being used to train machine-learning algorithms to assist officers in automated threat detection?

Cathy Toxopeus: In terms of scanning, the majority of our scanning is done at the port. There's currently no border technology network to share all of those images across scanning. That is something that the agency is working for, so that we could leverage that for image analytics for future AI.

Daniel Anson: If I may add to that, something we do in some circumstances—it is a bit manual, but we do our best to systematize or automate to the extent possible—is that where there are unique concealment methods or new methods of detection of unique components, dimensions or concealment methods, we develop intelligence products or information products, and then we ensure the widest dissemination within the agency of what it looks like, what we're looking for. In particular, firearms components are a good example. We also share that with partners internationally, as well as our Five Eyes partners, ensuring that we have the greatest profusion of situational awareness of the types of things we can detect so that we can be more efficient identifying threats in all commercial modes.

Sima Acan: Thank you very much, Mr. Anson.

Regarding the technology performance between X-ray and gamma versus backscatter systems, my question will be about the newer Smiths Detection HCVM series, which can penetrate approximately 12 inches of steel. Compared to the legacy X-ray and gamma ray systems, what is the specific operational advantage in image resolution when scanning high-density freight? How do the new backscatter imaging units complement high-energy X-ray for detecting organic materials like narcotics or explosives?

Cathy Toxopeus: First, I will preface my answer by saying that I'm not an engineer. Therefore, I will not have specific answers, but I can kind of give you an overall.... In general, when we do use the HCVM—also known as mobile large-scale imaging—it does penetrate a lot more, so it gives us a better image of what's inside the container, including identifying any areas within the container itself where things may be hidden. When we're looking at intercepting contraband in our marine ports, it's not just about the contents of the container, but also the container itself. As organized crime advances its smuggling methods, we know that we have to keep up with that, so we have various scanners at the marine ports.

Now, with the backscatter van, what's interesting and different about it is that it is able to have lower X-ray emittance. What that really means is that it can be used in much smaller quarters, which is super important in terms of marine operations. In marine operations, when you're using the HCVM, you have to have a very wide clearance zone, because we don't want to expose our employees or other people at the port to any of those X-rays. However, with backscatter, because it's much lower, it doesn't penetrate as much as the HCVM, but it can identify things. It can still look within the containers but in a much smaller space, so we can find things like stolen vehicles. That's what we used in the intermodal rail yards during the stolen vehicle crisis to identify if there were any stolen vehicles within those.

The difference is that backscatters are less powerful, but a lot more operationally viable, especially when you're looking at rail yards and marine ports.

Sima Acan: That's amazing. You actually did answer perfectly. Thank you so much.

With 1.5 million containers and 4.5 million trucks crossing annually, the CBSA emphasizes an intelligence-driven approach over universal scanning. How does the agency technically validate that the current risk-based selection is capturing a statistically significant sample of non-flagged, low-risk cargo to ensure that the intelligence models aren't missing any emerging concealment trends?

Daniel Anson: These are excellent questions.

What I would explain is that we apply something of an.... It's intelligence-driven, for sure, but it's a model that is iterative in nature. Intelligence will inform this, and seizures will inform this, and it is also informed by targeting. The national targeting centre is a big part of this, but so are the discretion, expertise and awareness of our border service officers at the front line, who are also teaching the targeting centre how to be more efficient.

Starting with that approach, we use advanced data analytics to identify anomalous patterns and trends, things that would surface as irregular within the commercial stream. When we are looking at two million marine containers per year, it is important that we are very efficient in applying targeting referrals for commercial officers to action, so that we are ensuring that we're achieving national security and public safety interests, but also ensuring the fluidity of trade at the same time.

As we set targets or containers for examination, we learn from those. We learn from our resultant rates—where we've opened a container, where we've done a tail-end examination, whether we've sent something to a container examination facility or used the LSI, a scanner. Whether or not we are successful is really important for us because when we're looking at thousands of potential examinations and thousands of potential resultant examinations, every one of those will teach more of them. If we've identified something based on certain indicators—for example, we've received advance commercial information—how we identify that will inform the next five seizures, and those five will, in turn, inform more.

I'll go back to the point that I mentioned about identifying—

• (1600)

The Chair: I'm sorry, Mr. Anson. I have to ask you to finish up.

Daniel Anson: Thanks, Mr. Chair.

It's a fascinating topic. It's something that we have a lot of experience on, and it's a really important process for us.

Thank you.

The Chair: It does feel fascinating, and you're also fascinated, quite obviously.

That allows us to turn to the next person.

[*Translation*]

It will be Mr. Barsalou-Duval or Mrs. DeBellefeuille.

Claude DeBellefeuille (Beauharnois—Salaberry—Soulanges—Huntingdon, BQ): I'm here.

The Chair: Thank you, Mrs. DeBellefeuille. Please take a few moments to settle in while I pretend to say something useful.

Claude DeBellefeuille: Thank you.

The Chair: I would like to take this opportunity to thank your colleague, Mr. Barsalou-Duval, for stepping in for you.

I'll now give you the floor for six minutes, Mrs. DeBellefeuille.

Claude DeBellefeuille: Mr. Chair, I would just like to start by saying that I'm happy to ask questions regarding the topic and the motion at hand. I heard that some of my colleagues may be using the witnesses' appearance to resolve another non-priority issue. I just want to warn my colleagues that I won't be playing that game.

With that out of the way, can you confirm, Ms. Toxopeus, that the portable radiation portal used by customs officers complies with the agreement with the United States?

Cathy Toxopeus: Yes, of course.

[*English*]

Following the events of September 11, we signed on to the container security initiative, so it's not just us—

[*Translation*]

Claude DeBellefeuille: I'll interrupt you for just a moment. The interpretation isn't working.

The Chair: We'll check.

Claude DeBellefeuille: The issue is now resolved.

[*English*]

Cathy Toxopeus: After September 11, Canada was one of 15—

[*Translation*]

Claude DeBellefeuille: I know.

I'm asking you whether the portable radiation portal complies with the provisions of the agreement signed with the United States in 2001.

Is this the case?

Cathy Toxopeus: Yes.

Claude DeBellefeuille: Good.

How do you determine the number of officers needed to clear containers using the portable radiation portal?

I'll give you an example.

There are 20 containers to clear at the Port of Valleyfield. How do you decide whether two or four officers will be needed to clear the 20 containers?

What criteria are you using?

[*English*]

Cathy Toxopeus: In general, depending on the size of the port and the volume of containers—

[*Translation*]

Claude DeBellefeuille: Let me give you the example of the Port of Valleyfield. I think that you're quite familiar with it.

[*English*]

Cathy Toxopeus: The port of Valleyfield is not there for receiving containerized goods. If they were, they would have to have probably about—

[*Translation*]

Claude DeBellefeuille: Sorry to interrupt. Maybe two months ago, customs officers went to clear containers at the Port of Valleyfield. Customs officers were there for 10 years as well, until the new port manager came in.

I would just like to know how many officers it takes to clear 20 containers using a portable radiation portal.

[*English*]

Cathy Toxopeus: It depends. Are all those 20 containers coming in at once?

[*Translation*]

Claude DeBellefeuille: Yes. They're all coming in at once.

[*English*]

Cathy Toxopeus: We'd probably have at least two. We have a double-up policy at CBSA that requires two officers to be together at all times.

[Translation]

Claude DeBellefeuille: Okay. So it's two officers.

Can you tell me where the portable radiation portal used in Quebec is parked? Is it parked at the Port of Montreal or at the Lacolle border crossing?

• (1605)

[English]

Cathy Toxopeus: Are you talking about the carborne units? Those are only to be used—

[Translation]

Claude DeBellefeuille: I'm talking about the portable radiation portal. When you move it, does it—

[English]

Cathy Toxopeus: Yes, those are the carbornes. They are there. They're not as efficient or reliable as fixed radiation screeners.

They are at the port of Montreal.

[Translation]

Claude DeBellefeuille: Is the portable radiation portal parked at the Port of Montreal or at the Lacolle border crossing?

[English]

Cathy Toxopeus: I believe they are at the port of Montreal.

Claude DeBellefeuille: You said, "I believe".

[Translation]

Does that mean "I believe" and that you aren't sure?

[English]

Cathy Toxopeus: Well, they're mobile, so—

[Translation]

Claude DeBellefeuille: Are the officers who handle customs clearance with the portable radiation portal, for example at the Port of Valleyfield, from Lacolle or Montreal?

[English]

Cathy Toxopeus: Those ones I believe come from Lacolle.

[Translation]

Claude DeBellefeuille: Can you drive the portable radiation portal? Is it a truck equipped with the equipment in question that you can drive directly to the port—

[English]

Cathy Toxopeus: Yes.

[Translation]

Claude DeBellefeuille: —or does it need to be towed?

[English]

Cathy Toxopeus: You can drive them.

[Translation]

Claude DeBellefeuille: So you can drive it.

How many portable radiation portals are there in Quebec?

[English]

Cathy Toxopeus: I'm not sure.

[Translation]

Claude DeBellefeuille: Could you send us the answer?

[English]

Cathy Toxopeus: I can find that out.

[Translation]

Claude DeBellefeuille: I think that there are two. I would like you to confirm this. Moreover, I don't think that they're both working. One is broken.

Could you tell the committee the condition of the portable radiation portals in Quebec so that we know how many are available and whether they're fully functional?

[English]

Cathy Toxopeus: I would have to come back to you with that.

[Translation]

Claude DeBellefeuille: Thank you.

Do I have any time left, Mr. Chair?

The Chair: You have two minutes left.

Claude DeBellefeuille: Okay.

Do you know of any other equipment that could basically be used to clear containers and keep us in line with the agreement with the United States?

Could new technologies and equipment be used that rival the portable radiation portal in terms of reliability?

[English]

Cathy Toxopeus: The portable radiation ones aren't necessarily supposed to be used all the time. It's those fixed ones that are supposed to be respecting that agreement with the United States. There's also scanning of containers and examination—

[Translation]

Claude DeBellefeuille: Sorry to interrupt. The interpreter just said something that I would like to check.

According to the interpreter, you just said that only fixed radiation portals comply with the provisions of the agreement with the United States. That's how she interpreted your comments.

You told me earlier that—

[English]

Cathy Toxopeus: That's what we're supposed to be doing, yes.

[Translation]

Claude DeBellefeuille: —the portable radiation portal complied with the provisions of the agreement.

[English]

Cathy Toxopeus: They're not as reliable.

[Translation]

Claude DeBellefeuille: Okay, but it complies with the provisions of the agreement. You aren't violating the agreement when you use the portable radiation portal.

I don't think so. You have been doing it for 10 years and you did it two months ago. If you're using it, then it's legal. You aren't violating the agreement.

Are you telling us that you're—

[English]

Cathy Toxopeus: They're just not as reliable.

[Translation]

Claude DeBellefeuille: Yet they're used, right?

[English]

Cathy Toxopeus: Not from a standard practice.... The standard practice, on first ports of arrival, is that we use the fixed radiation portals.

[Translation]

Claude DeBellefeuille: I understand what you're saying. However, I would like to go back to the start of our discussion.

The portable radiation portal exists. It's in use. My first question was whether the portal complied with the provisions of the agreement with the United States. You told me that it did.

[English]

Cathy Toxopeus: Yes.

[Translation]

Claude DeBellefeuille: Good.

The Chair: We'll need to come back to you a bit later, Mrs. DeBellefeuille. Thank you.

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

[English]

Frank Caputo: Thank you very much, Mr. Chair.

I have a fairly narrow question for the two witnesses. We are talking about practices with respect to ports, but I'm told that one of the issues in the Windsor area is that CBSA can only police.... When I say "police", I use that term lightly. You are restricted to designated ports of entry. You cannot intercept between ports. In the Windsor area, unless you're dealing with a port there, there's nothing you can do, say, even 15 or 20 metres outside of that port. Do you understand what I'm saying?

Cathy Toxopeus: I do. There are some exceptions, though.

Frank Caputo: Okay, but you're not patrolling.

Cathy Toxopeus: No.

Frank Caputo: From what I could see and what I've been advised of when it comes to Windsor, this is a gap, because it's really up to the Windsor police. They do the majority of the random patrol, if you will, or they might have focused patrols.

Is either of you familiar with the situation at all?

• (1610)

Daniel Anson: Yes, I'm relatively familiar with the area and some of the geographical challenges, as well as the commercial shipping challenges at POEs, ports of entry.

I would also say that in addition to your example of police of jurisdiction locally, we also work quite a bit and very hand in hand with the Royal Canadian Mounted Police, who are also responsible and are shared partners with us in managing the border. They also manage the "between the ports" aspect of it, where we also fulfill an intelligence role in terms of informing on irregular migration and smuggling trends, which helps them from an enforcement standpoint too.

Absolutely, we do understand.

Frank Caputo: Right, so you're dealing with port security, with the RCMP and with local police, and CBSA has a role. There's one thing I'm inquiring about. Is there a situation where...? Here's my concern: You have a whole bunch of pieces of the pie and, collectively, it's too much patchwork. It's too piecemeal an approach.

Somebody came to me and said, "Look, what about having one authority that perhaps combines all of these elements?" It would probably cost less money because you have defined contributions, but because there would be focused work on this, it wouldn't just be a CBSA initiative or anything like that. It would be a joint effort, which we have seen in law enforcement in other areas of the country. We see it, for instance, in criminal law. I see IHIT in the Lower Mainland of B.C.

Can you envision something like that helping in this area?

Daniel Anson: I would say there's merit in the theory, for sure, but to the extent necessary at this time, we have a variety of joint models that see the execution of an integrated approach to these.

Using the example of the Windsor-Detroit area—or perhaps Cornwall, which is geographically very complex—what we do is work together with policing partners. Using Cornwall as an example, we'll have the Cornwall Police Service, the OPP, the RCMP and the CBSA all involved. We have similar partnerships in the Windsor-Detroit area, in addition to the U.S. Customs and Border Protection and the U.S. border patrol between the ports. We'll have a variety of different joint operations, integrated border enforcement teams and border enforcement security task forces. There are a lot of teams that work together to bring those different patches into one unified command, but also into one unified enforcement response.

Out of the reality we have, as opposed to creating one unified joint authority or command model, I think we've developed a lot of really efficient approaches to how we work together with our policing partners and security partners. I really believe our enforcement results—to use your example—speak for themselves. Whereas we might be constrained with our authorities to ports of entry, our intelligence will guide RCMP actions between the ports in that particular area, where we've lit up a lot of different irregular migration and human smuggling networks.

Frank Caputo: Thank you.

I'll give the remainder of my time to Ms. Kirkland.

Rhonda Kirkland: Ms. Toxopeus, are you aware that the new policy regarding the detector dog service does not include any mention of human rights considerations? Did you know that?

Cathy Toxopeus: Do you mean in the policy itself? No, but they were taken into consideration when we were developing it.

Rhonda Kirkland: Given the systemic issues and concerns around workplace culture, you can understand why I'm concerned that if it's left to management's discretion versus being explicitly written in the policy.... You can understand why I would be concerned about that.

Cathy Toxopeus: That's fair enough. I would hope that our policies are by default compliant with human rights.

Rhonda Kirkland: I'd rather it not be by default. It would be good for them to be there explicitly.

The Chair: Thank you for that exchange.

We'll go to MP Powlowski for five minutes.

Marcus Powlowski: Hopefully, I can have a really quick answer on this. Exactly what machinery do you need to screen containers? Is it an X-ray machine and a radiation detector? Is that it?

Cathy Toxopeus: It's a lot of things. It depends on the type of commodity as well. In general, it's X-rays, but they can be different types. You can have large-scale imaging, which can look at containers. You can have some pallets, which will look at large bulk that comes out of the container. You can also have other types of X-rays that penetrate more, like foodstuffs, etc., to try to find that thing, plus radiation portals as well.

Marcus Powlowski: Madame DeBellefeuille has very clearly made the case that this portable equipment exists and has been used before. I know it's not your preference, but you have used it in the past.

This issue of the CBSA in many ports along the Great Lakes-St. Lawrence Seaway is very important to a lot of people, including to me as the MP for Thunder Bay. I'm a little surprised that the MP for Oshawa is not pursuing this as well, because it applies to the ports of Oshawa and Hamilton, which are very interested in getting CBSA facilities.

Unless you've been living under a rock for the last six months, you know we want to diversify our trade. We know that if we're going to diversify our trade, we have to cut transportation costs as much as possible. A lot of shipping globally used to be a lot of bulk, but increasingly it's through containers. Right now, only the port of Montreal can clear containers. That's my understanding.

That presents a problem, because my understanding is that bulk can come from Amsterdam or Rotterdam to Montreal in 10 days, and then it has to wait 10 days to clear the port of Montreal. This significantly increases costs and delays, and it creates inefficiency in shipping.

They seem to have managed this in the U.S. For example, they can clear containers in Cleveland and in Duluth. We can't do that in Thunder Bay. My port in Thunder Bay gets big windmills. The big windmill comes into Thunder Bay, but the smaller parts are in containers, which can't come into Thunder Bay. It would be more efficient to ship them through Duluth. We're creating an economic disadvantage for Canadian companies.

The Chamber of Marine Commerce, in this big long report, has made a pretty good case for the economic importance of trying to create other points of entry on the Great Lakes-St. Lawrence Seaway. It's made a very good argument that significant government revenue could be generated by having more CBSA ports. I think it made a good economic case.

What's the problem? It would seem like the costs are fairly minimal. It seems like there is portable equipment.... You're shaking your head. Is the problem the CBSA? Maybe the CBSA is going to say it's not economically efficient, but the CBSA is not a bunch of economists. Who's making this decision?

It was a long question. I'm sorry.

• (1615)

Cathy Toxopeus: I'll see if I can answer.

Essentially, trade facilitation is part of our mandate, but part of that mandate is also the health, safety and security of Canadians and national security. When we're looking at being able to import and export containerized goods, it presents a new vulnerability to national security. We know that organized crime is exploiting any type of vulnerability it can. It doesn't really care about the type of contraband, whether it be stolen vehicles, guns or drugs. Whatever it can make money from, it does. When we're talking about ports, we're also talking about making sure we can examine those containers.

Marcus Powlowski: If I could just interject.... I mean, as with everything, there are risks and benefits. I'm a long-time doctor. When you treat somebody, there is a risk and a benefit. So, okay, there's a risk, but the benefit is significant. I think the port authorities certainly feel it is. The communities feel it is.

Okay, there's a risk. What else do you have?

Cathy Toxopeus: You are correct that we do not have economists, really, at CBSA. That's why we're working with our partners over in Transport Canada and GAC, who do have chief economists, to figure out where to place those types of ports and what gets prioritized. It does spend money, so—

Marcus Powlowski: Who do we have to get on, Transport Canada or—

Cathy Toxopeus: Transport Canada.

Marcus Powlowski: Transport Canada on trade?

Cathy Toxopeus: Yes. Transport Canada will probably be best positioned, because they are in charge of trade corridor funds and that type of thing.

Marcus Powlowski: Chair, do I have any time left?

The Chair: You have 25 seconds.

Marcus Powlowski: I'll just put in a pitch that this is very important.

[*Translation*]

The Port of Québec is also a major port. It's important for you too.

The Chair: Thank you for speaking so highly of Quebec City, Mr. Powlowski.

Mrs. DeBellefeuille, you have the floor for two and a half minutes.

Claude DeBellefeuille: Thank you.

Ms. Toxopeus, I'll read you a text that the interpreter just received:

Section 24(1)(a) of the Customs Act enables the Minister of Public Safety and Emergency Preparedness to issue a licence to operate a sufferance warehouse for goods that have been imported but not yet released by a customs officer.

According to Memorandum D4-1-4, Customs Sufferance Warehouses, prepared in October 2024 by the CBSA, these sufferance warehouses are divided into five main types:

Type A — operated by airlines, marine companies, railway companies or harbour commissions and used to store various imported goods. Contains five sub-types, including Type AW, "harbour commissions, stevedoring companies, and others." This is the type of licence that was previously held by the Port of Valleyfield.

[...] The criteria for obtaining a licence are set out in the Customs Sufferance Warehouses Regulations [...]. Neither the Regulations nor the Customs Act refer to the above types.

Does this mean that the types are derived from the agency's internal administrative guidelines?

• (1620)

Cathy Toxopeus: I didn't quite understand your question. The interpretation isn't working for me.

Claude DeBellefeuille: You should have interrupted me before if you couldn't hear me.

Mr. Chair, should I start again?

The Chair: Please start from the beginning, Mrs. DeBellefeuille. We'll make sure that the interpretation works.

Claude DeBellefeuille: Mr. Chair, I don't know whether the text has been forwarded to the interpreters.

I'm told that they received it. Good.

Have you selected the correct channel, Ms. Toxopeus? We'll take the time to check.

The Chair: We'll do a test, Ms. Toxopeus.

[*English*]

Let me know when you are ready.

[*Translation*]

I'll speak in French to make sure that the interpretation works.

It works now.

You have the floor for two and a half minutes, Mrs. DeBellefeuille.

Claude DeBellefeuille: I'll read it quickly:

Section 24(1)(a) of the Customs Act enables the Minister of Public Safety and Emergency Preparedness to issue a licence to operate a sufferance warehouse for goods that have been imported but not yet released by a customs officer.

According to Memorandum D4-1-4, Customs Sufferance Warehouses, prepared in October 2024 by the CBSA, these sufferance warehouses are divided into five main types:

Type A — operated by airlines, marine companies, railway companies or harbour commissions and used to store various imported goods. Contains five sub-types, including Type AW, "harbour commissions, stevedoring companies, and others." This is the type of licence that was previously held by the Port of Valleyfield.

[...] The criteria for obtaining a licence are set out in the Customs Sufferance Warehouses Regulations, SOR/86-1065 (the Regulations). Neither the Regulations nor the Customs Act refer to the above types. It is therefore likely that they are derived from the CBSA's internal administrative guidelines.

Can you confirm that these types are administrative guidelines?

[*English*]

Cathy Toxopeus: Quickly, those are for the warehouses. There are examinations done in warehouses, but not related to health, safety—

[*Translation*]

Claude DeBellefeuille: There isn't any interpretation.

[*English*]

The Chair: Okay. Let's see what happens if I speak to you in English, Madame DeBellefeuille.

It's okay. Go ahead.

Cathy Toxopeus: Okay.

There are warehouse licences, yes. What it means is that it doesn't release from CBSA control. Those are for things done for commercial examinations or things from other government departments that they would like to look at, whether it's a CFIA-related issue or a Health Canada issue. We don't want to clog the big five marine ports with those types of—

[*Translation*]

Claude DeBellefeuille: Just a moment, Ms. Toxopeus. It isn't easy with the interpretation.

Are you telling me that these administrative guidelines will ultimately be useful to other departments?

Is that what you're telling me?

[English]

Cathy Toxopeus: It's under the sufferance warehouses regulations, so it is a regulated thing. Yes, it's in the regulations.

[Translation]

The Chair: Thank you for this discussion.

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

[English]

Rhonda Kirkland: Thank you, Chair.

Mr. Anson, I'd like to talk about combatting firearms smuggling at the border, as you mentioned it briefly when you were questioned before. How are things going with getting information and presentations out to the front line about combatting firearms smuggling at our borders? Are officers understanding, being briefed and learning all they need to learn?

Daniel Anson: I believe so. I believe we are efficient and are only getting better at the distribution of awareness of both trends and the tactics employed by criminal actors who are trying to get weapons smuggled into Canada, in particular parts and components, which are much more difficult to detect, particularly in postal and courier streams.

We have a variety of methods of doing that. Again, we produce intelligence bulletins that will give updates on some of the tactics that are applied. We produce systematic biannual and annual reports that do a full analysis of all the firearms that have been detected, but we also have models in place where our intelligence staff within the regions will give dedicated briefings and updates to frontline staff, the ones who are very much responsible at the front line for interdicting firearms.

Lastly, we also have dedicated training teams in the headquarters that will go to the different regional and operational staff across the country and provide up-to-date training materials as well as updates on the trends we are seeing, concealment methods, where to look and what to look for: what is being smuggled, and what is most common in the commercial stream that we tend to interdict.

• (1625)

Rhonda Kirkland: I've heard about something called "ignite" in terms of presentations. Can you tell me about that?

Daniel Anson: Yes. Project ignite is a dedicated training model that we have. We have some unique expertise, in particular some specific individuals who have profound subject matter knowledge and have been responsible for developing training materials and going around to frontline staff to provide training and operational updates.

That's very successful, and it's also a conduit for expertise from some of our partners, U.S. partners in particular, who have a lot of exposure and experience with firearms enforcement and smuggling. That's what project ignite is.

Rhonda Kirkland: In terms of project ignite, we obviously have a lot of ports and a lot of border to cover. Could you tell us, off the top of your head—I've never actually asked this question—approximately how many ports we have in Canada?

Daniel Anson: We have 220.

Rhonda Kirkland: For those 220, do you know how many project ignite presentations have been given in the last fiscal year?

Daniel Anson: No, I'm not able to provide that information. I'm not sure how many presentations have been given, but again—

Rhonda Kirkland: If there are 200 ports of entry, then I would assume that if presentations are done for each shift, and if there are three shifts, we're looking at probably—I can do the math—600 potential presentations you've done with project ignite in the past fiscal year.

It's my understanding that they're not getting the presentations they feel they need at the border, so is there a plan to make those happen, and more quickly? I believe we're looking at a dozen, maybe, that have happened, from what I've heard.

Daniel Anson: The plan, which we are executing right now, is not a matter of the one team or the people responsible for developing the training materials visiting all 200-plus ports of entry. It is the diffusion of the expertise and the fact that we have a nationally connected intelligence apparatus that sees nationally distributed products go to frontline intelligence officers and analysts, who will in turn brief their ports of entry across the regions—

Rhonda Kirkland: I'll interrupt you, because that does answer my question.

I want to bring back just briefly... Earlier, in answering the question about whether if anyone in your department had founded harassment complaints against them you would keep them on, you said you couldn't really answer whether or not you would keep them on. Does that mean there are instances where people have founded harassment complaints against them and you would keep them on?

Daniel Anson: In circumstances of harassment, I do not work within the labour relations area, but it is my understanding—

Rhonda Kirkland: I just mean in your department specifically. If someone works in your department and there have been founded harassment complaints, would you let them go, or would you let them stay on?

Daniel Anson: It's my understanding, based on the legislation as well as policy and processes, that—

Rhonda Kirkland: I'm just asking for your position personally. How do you feel about it? Would you keep them?

Daniel Anson: These are not decisions that necessarily come to the operational decision-maker. There are occupational health and safety committees that will make determinations to assess, after founded harassment complaints, how to restore the workplace to a safe and respectful environment. It is those teams, I understand, that will make those determinations, based on the severity of the harassment as well as the nature of the founded complaint. The complainant and the respondent are typically consulted on these processes.

But again, there's a very—

Rhonda Kirkland: So it's nothing to do with you.

The Chair: I will have to interrupt. I'm sorry.

[*Translation*]

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

[*English*]

Jacques Ramsay: I don't know where this comes from, exactly. I believe it is from the CBSA. I'll quote from it and ask for an answer afterwards: Under the Government of Canada expanding trade chain priorities, the CBSA is currently assessing marine ports of entry within Canada, including the port of Valleyfield, to determine CBSA service requirements moving forward.

Where are you with this assessment?

Cathy Toxopeus: Currently, we are assessing multiple requests for ports. Many along the seaway and the Great Lakes have put in their request. We're still awaiting some other ports that have not yet submitted requests. I can't speak to exactly where each one is, except to say that we are working with our partners at Transport Canada to figure out what makes the best economic sense and how to prioritize where we go. For CBSA, we just need to figure out what funding that would need as well.

• (1630)

Jacques Ramsay: Specifically for the port of Valleyfield, where are you with your study?

Cathy Toxopeus: We are evaluating the business plan that was submitted. It's also pending additional documentation.

Jacques Ramsay: Budget 2025 stated that CBSA, Public Safety Canada, Transport Canada and Global Affairs Canada would work together “to identify additional ports for container import and export designation” in the Great Lakes-St. Lawrence region. Have you had any meetings so far?

Cathy Toxopeus: Yes, we have. We meet with a lot of our port authorities and terminal operators who present cases. We help them navigate that kind of application.

It's not official yet—it is pending the building of a warehouse—but Hamilton has received an AR licence to receive cargo after it disembarks at the port of Montreal. We will be proceeding with that once all of the lovely infrastructure stuff is up to snuff and gets the final check mark.

Jacques Ramsay: Okay.

I'd like to know which department or person would be the best to answer questions related to technical matters, such as scans and things like that, within CBSA.

Cathy Toxopeus: Do you mean for scanners?

Jacques Ramsay: I mean for technical requirements.

Cathy Toxopeus: I can attempt to answer. Depending on how technical the question is, I might have to defer to my engineer colleagues.

Jacques Ramsay: It could be an engineer from your department.

Cathy Toxopeus: Yes.

Jacques Ramsay: Okay.

This is for Mr. Anson, or maybe Ms. Toxopeus.

How many containers that come in internationally are inspected in Canada right now? I'd like a percentage, please. I would assume that this is informed by intelligence, so please answer within those lines.

Daniel Anson: We'll have to look at how many containers were specifically examined. We do have over 52,000 seizures of illicit goods within the past year. For the number of containers, we'd have to verify the number that have been examined.

Again, part of the challenge is that there are dockside examinations, ones where they'll open up the end of a marine container, a sea container, and then there's LSI, which is another form of examination. There are also marine container examination facilities, where it will go through a full unloading, fumigation and examination, and it will also be examined on pallet scanners, etc.

There are a little over 36,000 total examinations, and that would include all the different categories across all five different ports.

Jacques Ramsay: Would you say that the examinations we do are essentially the same as what they're doing at the U.S. ports of entry? Is it in the same order?

Daniel Anson: In the same order...?

[*Translation*]

Jacques Ramsay: The same order of magnitude. Sorry.

[*English*]

Daniel Anson: Roughly speaking, yes, we generally have similar processes. There is compatibility in corresponding types of examination equipment and detection technology. We learn from each other, in the U.S. and Canada. We both have national targeting centres, frontline officers, commercial districts and traveller streams. We learn how to target and share lessons learned and become more efficient together.

How the U.S. does its targeting and then its enforcement examinations is something that is roughly the same model, I would say. There are variances, certainly, based on the size, the volume and the variety of different types of ports of entry that the U.S. entertains, as well as the courier facilities, but specific to the marine commercial domain, a lot of the processes are somewhat similar. Also, how we do intelligence targeting, enforcement and examinations again does roughly correspond.

• (1635)

[*Translation*]

The Chair: Sorry to interrupt. Our time is up for this first hour.

Thank you, Mr. Anson and Ms. Toxopeus, for taking the time and effort to keep us informed. We wish you a good evening.

We'll suspend the meeting for a few moments.

• (1635)

(Pause)

• (1635)

The Chair: Thank you for returning for this second hour.

We'll continue this meeting with new witnesses. We're joined by Ian Hamilton, president and chief executive officer of the Hamilton-Oshawa Port Authority, and Isabelle Viau, general director of the Société du Port de Valleyfield.

Welcome. You each have five minutes for your remarks.

Mr. Hamilton, you may begin.

[*English*]

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

Chair and members of the committee, thanks for the opportunity to appear today. My name is Ian Hamilton. I'm the president and CEO of the Hamilton-Oshawa Port Authority: HOPA Ports.

We appreciate the committee's focus on Canada's transportation system and supply chain resilience, issues that are central to our mandate and to Canada's economic competitiveness.

HOPA Ports represents the largest port network on the Canadian Great Lakes, with operations in Hamilton, Oshawa and Niagara. We cover more than 1,400 acres and carry more than 11 million metric tons of cargo, which represents about \$4 billion in value. Each year, we serve as a catalyst to economic growth, job creation and trade-enabling infrastructure in communities across Ontario. The cargo we carry through our ports supports about 40,000 jobs in the province and in the rest of Canada.

Ports are vital economic engines for Canada. They integrate marine, rail and trucking networks and connect Canadian producers to domestic and global markets. We are pleased to see advertisements running quite regularly celebrating the St. Lawrence Seaway as a nation-building project. It truly was. That same system holds the key to what Canada needs to accomplish now: growing our trade, being our own best customer, getting Canadian goods to overseas markets more efficiently and diversifying our trading partners.

Today, this corridor has significant unused capacity, carrying roughly half of what it is capable of moving. One of the most viable opportunities to do this is to expand the Great Lakes' carrying into containerization and containers. That is why we were pleased to see budget 2025 specifically recognize Hamilton as a location for expanded container activity on the Great Lakes and to see Great Lakes ports identified as potential first ports of arrival.

Today, CBSA clears marine containers at only five Canadian ports. No Great Lakes port in Ontario or Canada has full container clearance capacity. This prevents direct overseas container imports into Canada's largest population and industrial regions and limits the role that Great Lakes ports can play in international trade.

Expanding CBSA services in the Great Lakes could deliver both economic and security benefits. Southern Ontario is Canada's population and industrial heartland. Clearing containers closer to their origins and destinations reduces congestion, shortens dwell times and improves reliability. It also strengthens resilience. We have all seen labour and rail disruptions at major gateways, particularly Montreal, create delays of up to 10 days. In some cases, containers sit at Canadian ports longer than they are at sea. This is bad for business, bad for the Canadian brand and bad for us as a trading nation. Our reliance on a small number of designated clearance ports creates bottlenecks and systemic supply chain vulnerabilities. A more distributed clearance network would reduce risk and allow container traffic to be rerouted during disruptions, disasters or security incidents, strengthening Canada's economic sovereignty.

From a security perspective, container movements through the Great Lakes benefit from a shorter, more controlled inland supply chain. Reduced congestion at inland ports allows for more deliberate and effective inspections than are sometimes possible at overburdened coastal gateways. HOPA already maintains strong security governance. We coordinate closely with tenants and maintain active working relationships with municipal, provincial and federal law enforcement. We collaborate regularly with Transport Canada, the Canadian Coast Guard and CBSA. Our harbourmaster, Vicki Gruber, also chairs the national port security committees through the Association of Canadian Port Authorities.

Looking forward, expanded CBSA services can be paired with practical risk-based measures to further strengthen security. You heard from Cathy earlier—it will be announced on Wednesday—that Canada will get an AR service to allow us to bring in uncleared containers. That's a big step forward in this journey. This includes formalized information sharing that recognizes ports as trusted partners and secure-by-design infrastructure for new and expanded container yards. In specific circumstances, CBSA could also authorize designated port security officers to inspect containers in coordination with law enforcement, and that's discussing a potential for delegated authority to increase the overall productivity and capacity of CBSA.

If Canada is serious about increasing trade and diversifying supply chains, we need to think differently about how we plan infrastructure. Traditionally, we have looked backwards, measuring historical demand and responding incrementally. That approach will not get us to where we want and need to go. To achieve our trade expansion goals, our infrastructure must be built for future demand. We need to skate to where the puck is going.

• (1640)

Both Transport Canada and Global Affairs Canada have identified that if we want to shift our trade diversification from where it sits today, which is at 72% of exports going to the United States, to the goal of 55%, we're short by about 50% in terms of the capacity we need at our container ports to deal with that demand.

Strategic infrastructure investment is essential to building prosperous waterfronts and unlocking trade opportunities. Inland container clearance improves export competitiveness, reduces highway congestion, lowers emissions and enhances resilience during supply chain disruptions. With expanded CBSA support, tailored service models and strategic investment, Canada can unlock the full economic and security potential of the Great Lakes marine system.

The Great Lakes-St. Lawrence Seaway is not just a nation-building project of our past; it remains a cornerstone of Canada's prosperous future.

Thank you.

• (1645)

[*Translation*]

The Chair: Thank you, Mr. Hamilton.

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

Isabelle Viau (General Director, Société du Port de Valleyfield): Mr. Chair, committee members, thank you for the opportunity to contribute to this study.

The Port of Valleyfield is a municipal port located in the heart of Valleyfield's main industrial park and in a strategic logistical corridor connecting Quebec, Ontario and the United States. The port authority manages, maintains and develops the infrastructure, while three specialized operators carry out its operations: Valleytank, McAsphalt and Desgagnés Logistik Valport.

The Port of Valleyfield is a multi-purpose port specializing in solid and liquid bulk, general cargo and special projects. For

decades, it has played a strategic role in the Arctic supply chain by consolidating cargo for northern communities and mining projects.

In 2015, the Port of Valleyfield began receiving containers from Europe, for which customs clearance was provided on request by the Canada Border Services Agency. In 2023, following a change of operator at the port and a request for a licence transfer, the agency reassessed its service offer and, without notice, put an end to customs clearance in Valleyfield.

This decision was made without consideration for the supply chains in place, without action to ensure continuity of service, without consideration of the impacts on stakeholders and the economy, forcing customers to redirect to other terminals. At the time service was ended, the port was handling approximately 1,000 containers a year in a growing market. However, these volumes reflect only a portion of the impacts.

In Valleyfield, ships frequently carry mixed cargo, meaning containers and general cargo. The port's inability to process these containers forces ships to unload their entire cargo at other ports, resulting in a direct loss of economic activity for our region, increased supply chain inefficiency, increased costs, delays and increased pressure on ground infrastructure and a loss of opportunity for the port.

In some cases, customers have to use two separate ships, one that stops in Valleyfield for main freighter transportation, and a second carrying only one or two containers of parts needed for project assembly, which stops at another port. This results in a significant level of inefficiency for the entire supply chain.

Over the past five years, many businesses have set up close to the Port of Valleyfield, banking on the presence of this strategic infrastructure and the possibility of using it for their current or future logistical needs, particularly for container imports. The agency's decision undermines this value proposition as well as the port's attractiveness.

The reasons cited by the agency have evolved over time, without any solutions tailored to our reality. Furthermore, all of the options we proposed, including the implementation of a pilot project or a partnership with the Montreal Port Authority, were rejected.

Our request was simple. We were not asking for exceptional treatment or to transform the Port of Valleyfield into a large container port. We were just asking that the agency restore the container clearance service in a proactive, agile, innovative and adapted approach to our reality of approximately 1,000 containers a year, a service that we have benefited from for several years and that has proven its worth.

The Société du Port de Valleyfield remains fully committed to a collaborative approach aimed at finding a solution that meets the government's security needs while preserving the port's business model and competitiveness. We are convinced that these imperatives can be reconciled by focusing on solutions aligned with the reality of ports, rather than the agency imposing a one-size-fits-all model that hinders their development.

Thank you for your attention.

• (1650)

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

We now go to the members for questions.

Ms. Kirkland, you have the floor for six minutes.

[English]

Rhonda Kirkland: Thank you, Chair.

Thank you, Madame Viau and Mr. Hamilton, for being here. I think you can probably appreciate that my questions will be directed to Mr. Hamilton, of course, since he is here with us from the Hamilton-Oshawa Port Authority.

Mr. Hamilton, you and I have met a couple of times. We've had brief conversations, but that was before I became a member of Parliament. It's nice to be able to have these conversations here, at this committee. I really appreciated your introduction. You touched on a few things that I'm going to touch on here as well.

The port of Oshawa is a critical gateway for jobs, manufacturing and trade in the entire Durham region. I've had the privilege of touring the port of Oshawa and meeting the employees there. Can you walk us through just how important the Oshawa port is to the local economy and the supply chains?

Ian Hamilton: As it stands today, Oshawa deals in a few key bulk commodities. We've invested about \$35 million into the development of agricultural facilities for the export of Durham region farmers' produce.

Oshawa is one of the unfortunate communities that have been hit particularly hard by the trade tariffs, particularly around the automotive industry. We believe that, going forward, Oshawa's strategy around the development of defence, moving into those areas and taking advantage of the educational institutions there, as well as the manufacturing capacity and skilled workforce, gives it the opportunity to grow into new markets. Those markets won't necessarily be moved by bulk or break-bulk ships; they'll be moved much more in containers.

On the backbone, there's an LCBO distribution facility in Oshawa, which I think would benefit a great deal, from a sustainability side, from containers coming directly into the port of Oshawa, but also from the development of new export opportunities and

bringing Oshawa products to international markets. It would reduce the complexity and the cost of the supply chains if you were able to load containers directly in Oshawa and move them out.

Rhonda Kirkland: That would be absolutely fantastic.

In terms of operational challenges, can you describe how the limited, inconsistent or completely unavailable CBSA presence can impact the port of Oshawa's ability to move goods efficiently?

Ian Hamilton: The lack of a CBSA-bonded licence or customs licence.... It's impossible to move forward without it, but that's not the only challenge. We also need to make sure that we bring in the right marine infrastructure and that we have the right model for loading and unloading containers, just so that we can create a sustainable, cost-effective model. CBSA is the biggest roadblock. Nothing moves without a CBSA-bonded facility, but that's not a silver bullet where as soon as that's done, everything is just going to start to flow. We have lots of other work.

We're delighted to see the trade diversification corridors fund in place now, and some potential for investment that will help us build that infrastructure.

Rhonda Kirkland: Do you think that if we had the CBSA presence there, it would be the beginning, that it would open the door completely for all those other things that you suggested we need to grow and build there?

Ian Hamilton: Yes. We're sure of that.

We also have a very good relationship with the LCBO. They have a big commitment toward sustainability. They'd very much like to experiment with bringing containers directly into Oshawa, if we can find the right operational model. However, without CBSA, it all makes it a challenge.

Rhonda Kirkland: Are there any instances that you have seen of lack of coordination? Has a lack of coordination among CBSA, HOPA and maybe even the Durham Regional Police Service led to any delays, confusion or significant errors at the port of Oshawa? Are you aware of any?

Ian Hamilton: No.

Again, we deal with bulk and break-bulk commodities. We're aware of no material problems that have occurred as a result of a lack of coordination, but recognizing there is no.... CBSA there can work on clearance of bulk and break-bulk goods, but it cannot work on clearance of containers.

Rhonda Kirkland: Mr. Hamilton, we've heard from the president of the Customs and Immigration Union. He talked about how scanning equipment is important—and it is—but of course it can't replace trained officers on the ground, so that presence would be wonderful. From your perspective at the port of Oshawa, how critical is that human element, both in security and in keeping that trade moving—if in security at all, and if not, please let me know. Is there anything the federal government can do or needs to do to provide that, or are they falling short? What can they do?

• (1655)

Ian Hamilton: The human element is critically important. Right now, based on how the cargo moves, I believe the CBSA is a relatively siloed organization in terms of, “I can clear containers”; “I can clear air cargo”; “I can clear something else.” Having the approach of how to increase the productivity of CBSA by cross-training officers.... I talked a bit in my presentation about how I think there are some opportunities to explore delegated authority. How can we use existing manpower?

As I mentioned, Vicki Gruber, our harbourmaster, has a team of about 12 people. How can we start to use these qualified people to support the CBSA—not replace it—to increase its productivity?

Rhonda Kirkland: Have you made requests of the federal government to have the CBSA present at the Oshawa port?

Ian Hamilton: We haven't made specific requests for containers. We made one in Hamilton. We backed away from our request around marine and focused on rail, which, again, as I mentioned, will be announced on April 1. We're quite delighted.

Rhonda Kirkland: Okay.

How much time do I have left?

The Chair: None.

Rhonda Kirkland: I did that right in my mind, then. I knew we were done.

The Chair: That was very precisely done and precisely ended. Thank you.

MP Ehsassi, you have six minutes.

Hon. Ali Ehsassi: Thank you, Mr. Chair.

Thank you to our two witnesses. I found your opening remarks quite informative.

I saw you were sitting here while the CBSA witnesses were testifying. By happenstance, was there anything they said that you may have disagreed with?

Ian Hamilton: No, I don't think they said anything I would characterize myself as disagreeing with.

However, I believe the CBSA would benefit from having a mandate, which they touched on, recognizing how valuable and important it is in terms of trade development, as opposed to just fulfilling that regulatory model. Certainly, part of your questions and part of their answers dealt very much with that regulatory side, but the CBSA is critically important in creating trade flows and giving Canada the tools it needs to diversify.

Hon. Ali Ehsassi: In your remarks, Mr. Hamilton, you referenced the fact that the three ports you're responsible for—Hamil-

ton, Oshawa and Niagara—are, on average, 50% underutilized. What is one supposed to attribute that to?

Ian Hamilton: What I actually said was that the overall St. Lawrence Seaway is 50% underutilized, so we could handle double the cargo through the system. Today, there are, let's say, around 35 million tonnes of cargo that could go through, but when you have road that, in normal circumstances, is over capacity and rail that's running at capacity, and you have 50% capacity on the seaway, it's a tool that's available to Canadians to develop and take advantage of.

Hon. Ali Ehsassi: Better synchronization between those things would—

Ian Hamilton: It's better synchronization and probably some productivity work, but really, it's attracting a different type of cargo to the system. The system was built traditionally to effectively bring steelmaking and materials in, and take agricultural products out of Ontario. Now, those markets.... While agriculture is booming, steelmaking is on the decline, especially with the transformation to electric arc furnaces and a different type of raw material. It has created capacity. We should look at where the cargo is growing, and that's in containerization.

Hon. Ali Ehsassi: Thank you.

Now, I'll go to Madame Viau.

We heard from the CBSA about the container screening initiative and the treaty between Canada and the U.S. One thing I'm still uncertain and unclear about is whether there is a threshold for the screening devices that are used for containers coming in. We kept hearing the CBSA suggesting that the mobile scanners were not as accurate. I don't know if those mobile scanners meet the threshold or the standards that are contained in this bilateral agreement.

What is that threshold? Do you know what the legal threshold is in the agreement?

[*Translation*]

Isabelle Viau: Thank you for your question.

I have no knowledge of the threshold you're referring to. However, I can say that in Valleyfield, we used the agency's service for many years.

The agency used mobile equipment. Containers would be set down on a paved area, and then customs officers from Lacolle would come and do the work. They were scanning containers electronically with mobile equipment.

• (1700)

[*English*]

Hon. Ali Ehsassi: I understand that. I get that.

However, in their responses, they kept saying that these scanners are not as accurate as regular scanners. I'm wondering whether that's any semblance of a justification on their part.

[*Translation*]

Isabelle Viau: We never got any explanation. No one's ever said that.

[*English*]

Hon. Ali Ehsassi: Okay. Thank you.

[*Translation*]

Isabelle Viau: At the time, the service was provided in Valleyfield without any problem.

[*English*]

Hon. Ali Ehsassi: I understand that Valleyfield is approximately 60 kilometres away from the port of Montreal. Is that correct?

[*Translation*]

Isabelle Viau: Yes. It's about an hour from Montreal, 60 kilometres away.

[*English*]

Hon. Ali Ehsassi: Could it be that, from the CBSA's standpoint, they're saying that they're not going to make additional investments at Valleyfield because if they did, then a lot of customers would prefer to come to your port and perhaps this would pose some challenges? Does that make sense? That's the only thing I can come up with as to why they're not accommodating your port.

[*Translation*]

Isabelle Viau: You have to understand that although we're located near Montreal, we're not at all in the same market.

The Port of Montreal is a container port. It's dedicated to large volumes of consumer goods and food products. The Port of Valleyfield is much more focused on diversification, and we handle specialized container cargo. We meet sporadic regional market needs. The volume and type of cargo are totally different. In Valleyfield, it's a service—

[*English*]

Hon. Ali Ehsassi: Speaking of that very different type of cargo, was there ever any discussion that perhaps your port wasn't supposed to import containers? Could that have been some of the misunderstanding?

[*Translation*]

The Chair: A brief answer, please, Ms. Viau.

Isabelle Viau: I'm not sure I understand the question. We've always been licenced to receive containers in Valleyfield. It was a small volume of containers.

It's a niche meant to accommodate the region. We're talking about products in the energy sector, for example, or specific products for local businesses.

The Chair: Thank you.

Mrs. DeBellefeuille, you have the floor for six minutes.

Claude DeBellefeuille: Thank you very much, Mr. Chair.

Congratulations, Ms. Viau and Mr. Hamilton. I don't know about you, Mr. Hamilton, but I know this is Ms. Viau's first appearance before the committee. Appearing before the committee is always a little nerve-racking. Thank you very much for being here.

You sort of answered my question in answering my colleague.

The Port of Valleyfield is not a competitor to the Port of Montreal, is it?

Isabelle Viau: Not at all.

The Port of Valleyfield operates in a completely different market.

Claude DeBellefeuille: The director of the Montreal Port Authority told me the two ports were complementary. She said it worked for her to have customs clearance in Valleyfield. She said it bothered her to have mixed freighters at the Port of Montreal. Since the Port of Montreal manages a large volume of containers, the fact that mixed freighters stopped at Valleyfield was a good thing.

To answer my colleague Mr. Ehsassi's question, it's not a competitor.

Earlier, I asked the CBSA representative how many people it takes to clear 20 containers to 30 containers of mixed cargo. She said it took two agents eight hours using the mobile radiation portal.

Do you agree?

Isabelle Viau: That was the pace when these activities were being carried out in Valleyfield.

Containers were unloaded and set down on the ground. The La-colle crew would clear about 40 containers. Yes, it took about eight hours with two customs officers. The portal would move around the containers, they would clear the containers, and then we would have the go-ahead to release the cargo.

• (1705)

Claude DeBellefeuille: Okay.

Ms. Viau, you're telling me that since you lost that licence, and therefore the agency's service, container cargo ships have been diverted.

Could you give us some tangible examples so committee members can clearly understand what losing this service means for our region?

Can you give us some examples of container ships that had to be rerouted?

Isabelle Viau: I can give you examples of cargoes that have been lost, but I can also give you examples of cargoes that have to stop elsewhere because we don't have that licence. I can talk about the new bridge being built in Île-aux-Tourtes.

The beams for the bridge come from Spain through the Port of Valleyfield. When the first ship arrived, there were two containers of the hardware, parts and specialized components to assemble the beams that, unfortunately, had to be unloaded in Montreal, before the ship could continue its route to Valleyfield.

Claude DeBellefeuille: Ms. Viau, in this case, we're talking about beams intended for a very important bridge that connects Montreal Island to Montérégie. We're talking about two containers of beam-related hardware. For the customer, that means two stops and additional costs.

Did you make a special request to the agency to get the service and be more efficient?

Isabelle Viau: Yes, we did, and we were denied.

On another occasion last year, an international ship was returning from the Arctic with 20 containers. We applied to be able to clear containers at Valleyfield, but our request was denied. The ship had to stop in Montreal, wait for a dock to become available, dock, unload the 20 containers and have them cleared in Montreal. The containers then had to be loaded back on the ship and transported to Valleyfield to be unloaded a second time.

The Port of Montreal is sometimes congested, and a mandatory stop was added there, when everything could have been done in Valleyfield.

We want to position Canada in international Arctic projects. The Société du Port de Valleyfield also has expertise when it comes to the Arctic. We can ship containers, but we can't receive them in Valleyfield.

Claude DeBellefeuille: What would you like to ask the government team, which will then pass your requests on to the Department of Public Safety and the Canada Border Services Agency?

Isabelle Viau: We're asking for the service to be offered once again in Valleyfield. We're asking the agency to review its model and approach so it's more agile, more flexible and allows for innovative proposals.

We'd like a neutral party to conduct a study so we can really understand the requirements for receiving containers in Valleyfield and the needs in terms of implementation, infrastructure and equipment. Above all, we want these requirements to be adapted to the volume and needs of the ports.

Claude DeBellefeuille: Do I have any time left, Mr. Chair?

The Chair: You have 15 seconds left.

Claude DeBellefeuille: I'll use those 15 seconds to thank the witnesses for being so clear. I think it's clear when it comes to the Port of Valleyfield and other ports in the Great Lakes and the St. Lawrence River.

The Chair: Thank you very much for that discussion, Mrs. DeBellefeuille.

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

Frank Caputo: It's Mr. Gill's turn.

[*English*]

The Chair: Thank you, MP Caputo.

MP Gill, you have the floor for five minutes, please.

Sukhman Gill (Abbotsford—South Langley, CPC): Thank you, Chair.

Thank you very much for your time here today. It shows the passion that you have brought to the table. It's encouraging that we will hopefully, collectively working together, move forward and make sure that these studies we are trying to implement are successful here.

We see that North America's supply chains are under pressure from rising trade volumes, security requirements and evolving international rules. Ports are a key part of Canada's trade infrastructure, yet they continue to face persistent challenges.

Mr. Hamilton, in your assessment, what are the main structural barriers preventing an efficient flow of goods through our ports, and what steps should be taken to address these challenges from your perspective?

● (1710)

Ian Hamilton: That's a broad-reaching question.

I certainly believe that one of the key elements.... As I mentioned earlier, Transport Canada and Global Affairs Canada have identified that if we want to pursue our global agenda to diversify our trade partners, we actually have to build the capacity at the ports. We also need to improve our productivity. Our ports today are not the most productive in the world. Through the utilization of information and AI, we can create better models to improve productivity and make sure we've made the right infrastructure investments.

The legislative environment is specifically unique to the Great Lakes ports in trying to develop more container traffic flowing through and take advantage of that capacity. It means a more friendly and forward-looking environment, which is to say that CB-SA plays a critical role in increasing that capacity by fundamentally taking advantage of the available capacity today.

Sukhman Gill: I definitely agree with you, Mr. Hamilton.

When you're talking about these delays that are happening, can you expand on the extent to which delays are being driven by container inspections, outdated processing systems or the physical infrastructure that constrains the port?

Ian Hamilton: The infrastructure side of it quite simply means that we just don't have the capacity when there are peaks in demand. We saw that when we came out of COVID. We just didn't have the capacity to actually deal with the sheer demand that existed.

I think the other issue that we very much want to ensure is that, from a labour perspective.... At times it has affected our brand globally. We need to make sure that we have customers globally who can look at Canada and say, "Yes, I can rely on them to move my goods through these facilities. I don't have to worry about strikes or some form of disruption." We saw that with both the rail and some of the port activities in the last few years.

I think in some ways there are probably a number of different tools available to you as parliamentarians, but certainly we view port operations as essential services.

Sukhman Gill: I would like to get into which stage of the container clearance process, such as pre-arrival screening, unloading inspection or inland transportation, is the most significant bottleneck or challenge occurring within the system.

Ian Hamilton: Mr. Gill, I wish I could answer that question, but of course we're not allowed to move containers through our ports. In our world, the biggest obstacle is the fact that we do not have the actual licences to move containers through our facilities.

Sukhman Gill: That's the biggest disadvantage for your port.

Ian Hamilton: That's right.

Sukhman Gill: Are there any other inconsistencies that you are aware of related to how rules are applied, just like we're talking right now about how certain things are allowed at other ports but they're different from the ports that you manage?

Ian Hamilton: I'm probably not the right authority to talk about those other facilities.

Sukhman Gill: Okay.

For my last question, I want to go back a little bit to 2023, when Parliament recommended improved data sharing between ports and supply chain stakeholders. Government indicated that it supported this recommendation. I want to understand if any concrete progress has been made to improve this data sharing, from your perspective.

Ian Hamilton: From my perspective, it has not been significant. I think we house a lot more data as a country than we're putting out there for industry to take advantage of, develop creative solutions, create more productive supply chains and develop new products. I think there's still a challenge sometimes with collection, but it's also about how we distribute and how we create a more transparent environment to share data.

Sukhman Gill: Thank you.

The Chair: Thank you, MP Gill. That's very good of you.

We have MP Powlowski for five minutes, please.

Marcus Powlowski: Mr. Hamilton, since we last talked, I think you've made some progress in terms of getting CBSA facilities for the port of Hamilton. Have you been approved for CBSA clearance of containers from boats or from trains? I think you wanted to do both, didn't you?

• (1715)

Ian Hamilton: Yes. We ultimately want all of the Great Lakes to be handling containers, but with our primary focus today on Hamilton, we'd like to see Hamilton handling well over 200,000 containers per year. The first step in that model is what's called an AR clearance facility. That allows us to hook with the first ports of ar-

rival and then receive the containers directly onto rail. Those containers would not have been cleared, so they'd arrive in Hamilton uncleared. We could hold them there and distribute them from there once they've cleared.

Marcus Powlowski: So far, you haven't been approved to get the containers by boat into Hamilton and then clear them.

Ian Hamilton: We have not. To be fair, right now we do not have any outstanding applications for that particular service. We wanted to focus on the rail side of things. We believe that's the catalyst and the first step in that process.

Marcus Powlowski: Could you briefly tell me what economic benefits to the Hamilton area you believe would result from being able to handle containers at your port?

Ian Hamilton: Yes. We think there are a number of them. Certainly, even with the small.... In terms of the rail side we're doing, we believe there's about \$30 million in savings to the Canadian consumers in the region. It also has a dramatic reduction in truck miles, which improves on congestion issues as well as emissions and sustainability. The GTHA is now considered probably the fourth-largest economy in all of North America. Having a direct service in and out of that region would give both exporters and importers some cost advantages in their supply chains.

[Translation]

Marcus Powlowski: Ms. Viau, I'll ask you the same question.

What would be the financial benefit of having containers inspected at your port?

Isabelle Viau: It would allow us to add capacity in Valleyfield and increase our revenues. We could pick up where we were left off in 2023.

We'd be able to get our customers back, re-establish the supply chains, which were already well established, and set up a more agile system. Economically, it would allow us to add capacity to our region. Businesses have set up in the region. Valleyfield has been growing in the past few years. So we'd be able to meet the needs of businesses.

Marcus Powlowski: Is that important for your region's economy?

Isabelle Viau: It's very important. Valleyfield is an industrial region, and many companies that have set up in Valleyfield in recent years need the port. That would ensure economic growth in our region.

[*English*]

Marcus Powlowski: Mr. Hamilton, you talked a little bit.... If we were to have significant transportation of containers on the Great Lakes-St. Lawrence Seaway, what would that mean in terms of reducing the number of trucks on the 401 to the Trans-Canada? What would be the environmental impact of doing so?

Ian Hamilton: Very specifically, the analysis that we've done on Hamilton is that anything we put directly into Hamilton by vessel would probably reduce the truck kilometres for distribution from the railhead by about 150 to 200 kilometres. We would end up with that both as a cost savings and as a reduction in the emissions associated with that movement.

Marcus Powlowski: How many trucks would be off the road?

Ian Hamilton: In some situations, if we were to move just the trucks off the road, we would be talking in the hundreds of thousands per year.

Marcus Powlowski: In terms of decreased greenhouse gas emissions, how significant would that be? Do you have any estimates?

Ian Hamilton: We do have some estimates. We actually completed a study on it. Unfortunately, the numbers are just not at the top of my mind right now.

• (1720)

Marcus Powlowski: The other thing—

The Chair: Thank you, MP Powlowski. That's a great question, but your time is over.

[*Translation*]

Mrs. DeBellefeuille, you have the floor for two and a half minutes.

Claude DeBellefeuille: Thank you, Mr. Chair.

Ms. Viau, an agency representative told us earlier today that she is waiting for documents regarding your business plan. I'm quite familiar with that file, so if the department was waiting for documents, I think I would know.

That's not my understanding of the situation.

Would you agree?

Isabelle Viau: There are no documents pending. We went through the process. In fact, since the day we learned our licence was being revoked, we've followed the entire process the agency recommended. We have—

Claude DeBellefeuille: I'm sorry to interrupt, Ms. Viau, but I have only two and a half minutes.

My colleague Jacques Ramsay asked an excellent question, and you confirmed you have no documents pending for the agency.

Isabelle Viau: We have no documents pending.

Claude DeBellefeuille: Public Safety Canada and the agency say it's not really worth sending resources to the Port of Valleyfield, un-

like the Port of Hamilton, for example, because you don't have the volume. It's not cost-effective.

What's your response to the agency when it says allocating resources to the Port of Valleyfield is not optimal, that it's better to allocate them to Hamilton where 10,000 railway containers can be processed, instead of in Valleyfield twice a month for 1,000 containers a year?

Isabelle Viau: I think you have to see the big picture.

Developing an agile and competitive network means ensuring cargo is delivered close to its destination. You have to look at ports as a whole.

I would refer you to the very enlightening Chamber of Marine Commerce study. It says Canada relies heavily on its main centres, undermining supply chains. Allowing various ports to open strengthens the system and security throughout the chain.

Claude DeBellefeuille: Two customs officers for eight hours, twice a month. We can't ask for anything better to economically develop our region and the Port of Valleyfield.

It might not be a big deal for the agency, but I don't understand how it doesn't see the importance of the Port of Valleyfield for the region and supply chain. That's how I feel.

The Chair: Thank you, Mrs. DeBellefeuille.

[*English*]

Madame Kronis, you have five minutes, please.

Tamara Kronis (Nanaimo—Ladysmith, CPC): Thanks, Mr. Chair.

I'm going to ask Mr. Hamilton some questions.

I listened to both of you speak, and of course I come from Nanaimo—Ladysmith, where we have a number of ports that are actually grappling with the same issues. One issue is this: How do we realize our potential by getting CBSA agents in sufficient numbers to be able to realize the significant opportunity that sits in front of us?

Of course, it is an exciting time for Canada's ports, because there are those bottlenecks on the road, and there are the bottlenecks in the chain; the challenges are there, and you are in a situation where you have capacity and you want to help.

My first question is this: What's the timeline for your plan to realize your potential for getting to that full load?

Ian Hamilton: The AR facility—which, again, will be announced on Wednesday—is probably a great example. From the time we're told we have the necessary legislative approval to go ahead, we would be operational in somewhere between four and six months.

Tamara Kronis: Do you have that legislative operational authority to go ahead?

Ian Hamilton: We have it; it will be granted conditionally on Wednesday of next week.

Tamara Kronis: Congratulations. That is really exciting.

In terms of the infrastructure plans that are going to support that, how much economic growth...? You talked about the seaway being underutilized by about 50%. What's the percentage for your port, for your particular facility?

Ian Hamilton: Up until now, between ourselves and Hamilton Container Terminal, which is our partner on the site, we've invested in the acquisition of land and equipment, development of the rail and the readiness of the property. It was a bit of a gamble. We never thought the permit or the licence would take this long to receive, but we're in for about \$60 million.

• (1725)

Tamara Kronis: Did your costs increase because of those government delays?

Ian Hamilton: Yes. Maybe we were a bit naive to believe that it was such a simple and cut-and-dried case. We've had a fairly substantial burn rate in maintaining and holding on to those assets while we weren't able to utilize them.

Tamara Kronis: What's driving that burn rate, in terms of coordination? We have a national supply chain to build, or to rebuild or expand, in this space. What's driving those delays?

Ian Hamilton: Driving the delay has been in some ways the process that CBSA has in place for deciding the merits of a facility and whether it should be approved or not. What's been driving the cost, in our situation, is the cost of capital. We've had close to \$60 million tied up for a couple of years now just waiting to try to move forward with the project.

Tamara Kronis: I know there are a number of port CEOs in this country who have a lot of empathy for those remarks.

We did hear from CBSA that it doesn't have economists in-house and that it does have to rely on Transport Canada and trade. It sounds like there are a lot of fingers in that cookie jar, in CBSA's decision-making.

Do you know of any plans to make that better, in terms of the things that are slowing down their decision-making?

Ian Hamilton: You bring up an extremely important point. There's been a certain amount of finger-pointing that has gone on historically in waiting for Treasury Board or Transport Canada to tell us. However, in the budget, we were very encouraged to see that CBSA was asked to work closely with GAC and Transport Canada in a collaborative way to decide which facilities it should move forward with and where the business cases are.

That was only in October, so we're still seeing how that develops. There's certainly a recognition, and we're appreciative of it, that it has to be a team sport that shouldn't leave CBSA on its own because, again, it is designed to be a regulatory agency.

Tamara Kronis: What I hear you say is that the pace of the government is actually a major factor in your ability to succeed in this endeavour, and it's been debating this for six months.

Ian Hamilton: Six months ago, the requirement for collaboration was announced in the budget.

Tamara Kronis: Is that collaboration in place?

What I hear, on the one hand, is that we need to build at speeds we've never built at before—there are wonderful announcements—

and on the other hand, what I'm hearing here is that there are a lot of agencies that still have their hands in the CBSA cookie jar. You're six months in and there's actually no assurance that they're going to come out of that cookie jar.

The Chair: I'm sorry for interrupting. It's the same pattern as earlier. It's a great question, but we need to move on to MP Ramsay for five minutes.

[Translation]

Jacques Ramsay: Although the budget was tabled six months ago, it was passed only recently, thanks to the co-operation of our friends opposite.

Mr. Hamilton, Ms. Viau, you say the Canada Border Services Agency is hindering development. I'll ask you a simple, yet complicated question.

What would be the impact on your revenues if you had the services you want?

Roughly how much money does that represent? How many millions of dollars?

[English]

Ian Hamilton: We certainly believe it has the potential to represent well over 25% of our business in the short term. We think Hamilton would—again, I'm picking the low-hanging fruit—move about 200,000 containers through our facilities. Along with that would come the investments that go into the distribution network and the other pieces that come in. We're a fairly sizable organization now, with about \$55 million in revenue.

Jacques Ramsay: It's 25% of your revenue.

• (1730)

Ian Hamilton: We can see it growing to that level with containers.

[Translation]

Jacques Ramsay: Okay.

Ms. Viau, do you want to add anything?

Isabelle Viau: For us, our operations aren't on the same scale as the Port of Hamilton. It may be a little harder to put a number on it. What we don't know about are future business opportunities, since we don't have the licence right now.

If we refer to the Chamber of Marine Commerce study, this could represent new business revenues of \$5.8 million for Valleyfield.

Jacques Ramsay: I'll ask you to think outside the box a little bit.

We often hear about the Canada Border Services Agency in a context of streamlining available money and resources. We want to move towards perhaps more ambitious projects.

That said, I've heard people like Ms. Kronis and Mrs. DeBellefeuille say regional economies can never compete with major centres.

Nevertheless, we can't disregard regional economies. In that sense, I'd like to know what you'd think about a public-private partnership. Would that be possible?

I hear there's a lot of interest, that 20 to 30 ports would like to have services. However, it's unrealistic to think that, in a short period of time, the agency alone could do that.

Would a public-private partnership, a user-pay model or any other strategy you could collaborate on financially be a solution?

Maybe that's never been discussed, but I'd like to hear your thoughts on it.

[*English*]

Ian Hamilton: In terms of payment for services for CBSA inspections, I think that's a door worth opening and exploring.

In terms of public-private partnerships, the ports across the country have been very successful in developing them, particularly on the infrastructure side, and even in the building of the CBSA facilities. When the CBSA comes into a port and gives it the licence, the

port becomes responsible for building that facility, accommodating them and taking up that cost. Historically, we've always believed the port and the port partners have fundamentally borne the biggest cost burden—and less so the CBSA—which has probably been the frustrating area.

The MP over here talked about two people for eight hours, and that's the thing we're looking at. We're saying that we have \$60 million tied up and we can't move forward because you're not putting two people out there for eight hours.

In the big scheme of things, we're not particularly afraid of exploring a cost-sharing type of model, but certainly, from an infrastructure side, we are already doing that today.

[*Translation*]

Isabelle Viau: The same goes for the Société du Port de Valleyfield.

We'd be open to exploring that kind of option. It's not something we've explored before. Instead, we were looking at labour solutions in Valleyfield. The need was very sporadic. It was on-demand, once a month or every two weeks, so we haven't gone so far as to explore that option, but it's an interesting one.

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