

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5 CLERK OF THE SENATE

2017 NOV 17 AM 10 39

GREFFIER DU SENAT

Greffière du Sénat / Clerk of the Senate
Sénat / Senate
Ottawa, Ontario

Madame Nicole Proulx,

Veillez trouver ci-joint aux fins de dépôt au Sénat, en vertu de l'article 12-24 du Règlement du Sénat, et aux fins de renvoi au Comité sénatorial permanent des banques et du commerce, deux copies, dans les deux langues officielles, de la réponse du gouvernement du Canada au 15^e Rapport du comité intitulé « *Corridor national – améliorer et faciliter le commerce et les échanges intérieurs* ».

Veillez agréer, Madame, l'expression de mes sentiments les meilleurs.

Ms. Nicole Proulx,

Enclosed for tabling in the Senate, pursuant to section 12-24 of the Rules of the Senate, and for referral to the Standing Senate Committee on Banking, Trade and Commerce, are two copies, in both official languages, of the Government of Canada's response to the 15th Report of the Committee entitled: "*National Corridor – Enhancing and Facilitating Commerce and Internal Trade*".

Sincerely,

L'honorable / The Honourable Marc Garneau,
C.P., député / P.C., M.P.
Ministre des Transports / Minister of Transport

P.j. / Enclosures

Canada

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GREFFIER DU SENAT

The Honourable David Tkachuk
Chair
Standing Committee on Banking, Trade and Commerce
Senate of Canada
Ottawa ON K1A 0A4

Dear Senator Tkachuk:

Pursuant to section 12-24 of the Rules of the Senate, we are pleased to provide the Government of Canada's response to the Fifteenth Report of the Standing Senate Committee on Banking, Trade and Commerce entitled, *National Corridor – Enhancing and Facilitating Commerce and Internal Trade*.

We thank the Committee for its work examining the potential development of a transportation, communications and energy corridor in Canada's North and near-North.

The Government agrees with the Committee's finding that improving national transportation and communication networks will encourage economic growth and facilitate exports. The Government also agrees that the active involvement of Indigenous groups is critical for the success of specific development projects and, in general, to advance reconciliation and renew a nation-to-nation relationship with Indigenous peoples, based on recognition of rights, respect, cooperation and partnership. For example, Transportation 2030, the Minister of Transport's strategic plan for the future of transportation in Canada, aims to improve transportation system performance to get products to markets to grow Canada's economy; and to work with the territorial governments, Indigenous people, and communities in the North to address transportation infrastructure needs and adapt to a changing climate.

To that end, on July 4, 2017, the Government launched the first call for proposals for the National Trade Corridors Fund (NTCF). The NTCF is one component of the historic Investing in Canada plan, the Government's strategy for investing over \$180 billion in federal funding to address long-term infrastructure needs in Canada and support middle-class growth and jobs. This \$2 billion, 11-year, merit-based program will invest in projects that strengthen the efficiency and resilience of trade and transportation corridors, including in the territorial North. The objective is to provide a foundation for long-term economic growth, support job creation, and position Canada as a target market for international investors.

Canada

The Government recognizes that transportation infrastructure needs in Canada's territorial North are varied and distinct, and that critical transportation investments hold much potential for residents to unlock new economic and social opportunities, while strengthening transportation connections with established continental networks. In support of this, a dedicated allotment of up to \$400 million of the NTCF will support trade and transportation infrastructure investments that are located in Canada's three northern territories. Such investments will directly improve connectivity for communities in Yukon, Northwest Territories and Nunavut.

In addition to investing in physical infrastructure projects to address transportation bottlenecks, vulnerabilities and congestion, activities eligible for funding also include studies to guide the development of infrastructure. Universities, research centres and Indigenous groups, such as those identified in the Committee's report, are eligible to apply. In that context, the Government welcomes applications from all eligible potential project proponents for consideration under the NTCF, including from the University of Calgary's School of Public Policy in support of their proposed Canadian Northern Corridor research initiative.

The Government has committed that NTCF funding will be allocated to projects based on in-depth assessments of their individual merits. Eligible applications will be assessed in terms of how well their project would advance the Fund's objectives to: (a) support the fluidity of Canadian trade and improve supply chain performance; (b) increase the resilience of the Canadian transportation system in a changing climate and ensure it adapts to new technologies and future innovation; (c) address unique and urgent needs in the territories related to transportation safety and economic and social development; and (d) leverage investments from multiple public and/or private partners.

The calls for proposals provide applicants with the opportunity to demonstrate the merits of their project through a fair and competitive process. Applicants would also have the opportunity to propose specific project elements, such as timelines, milestones, and mechanisms for ensuring that Indigenous peoples are actively involved from the beginning of a proposed research program. Since leveraging investments is one of the objectives of the NTCF, an important success factor for a proposal would be the level of private sector engagement in the funding and delivery of the project.

The Government is also acting to improve connectivity in remote and northern communities through a number of other programs and services.

Indigenous and Northern Affairs Canada supports First Nations communities' connectedness through infrastructure programming that includes investments in on-reserve roads, bridges, Internet connectivity and energy systems. The positive impact of these infrastructure initiatives on First Nations communities is reinforced by broader economic development investments that assist Indigenous businesses and communities to pursue opportunities locally and regionally. Indigenous and Northern Affairs Canada delivers these initiatives in close cooperation with other federal departments including Natural Resources Canada and Innovation, Science and Economic Development Canada.

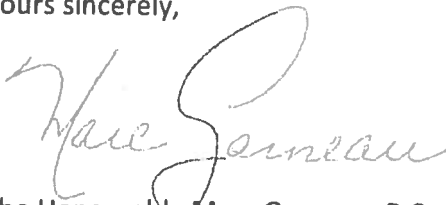
In addition, the Rural and Northern Communities stream of the Investing in Canada Infrastructure Program will provide broad eligibility to support the wide-ranging nature of infrastructure needs of rural and northern communities, from expanding road access and Internet connectivity, to upgrading existing heating systems, to pursuing renewable sources of energy and reducing reliance on diesel. Provinces and territories will be responsible for prioritizing any investments in roads (excluding any major transportation routes) as well as broadband connectivity, among many other potential investments.

As part of the Government of Canada's Investing in Canada Plan, the Government has also established a new Canada Infrastructure Bank (CIB). The CIB will invest \$35 billion from the federal government into transformative infrastructure projects that are in the public interest and have revenue-generating potential. At least \$5 billion will be invested through the CIB to address trade and transportation priorities across the country, and another \$5 billion for green infrastructure projects, including green energy transmission. Projects submitted for consideration under the NTCF, and other initiatives of the Investing in Canada plan, may also be referred to the CIB for further consideration.

The Government recognizes the importance of improving Internet connectivity in northern regions. In particular, Innovation, Science and Economic Development Canada's Connect to Innovate program will invest \$500 million by 2021 to expand and improve broadband access in rural and remote areas, including the North. Further to this, on December 21, 2016, the Canadian Radio-television and Telecommunications Commission (CRTC) declared broadband Internet as a basic telecommunications service for all Canadians. The CRTC established speed targets of 50 Megabits per second (Mbps) download and 10 Mbps upload across the country, and created a new \$750 million fund to help meet them. The CRTC initiated follow-up proceedings to work out the details of this new fund and a final decision is anticipated in spring 2018.

Once again, we would like to thank you and the members of the Committee for this work.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Marc Garneau', is written over a light blue circular stamp.

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport