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SPEAKING NOTES FOR JEAN PATENAUDE, DIRECTOR GENERAL, STRATEGIC POLICY ON BEHALF OF TRANSPORT MINISTER DAVID COLLENETTE

VAN HORNE INSTITUTE / WESTAC WORKSHOP CALGARY, ALBERTA MARCH 26, 2003

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Canada

Good morning. Minister Collenette regrets that he was not able to be here this morning and he has asked me to speak on his behalf.

He wanted to thank the Van Horne Institute and WESTAC for holding this workshop and inviting him to participate. He appreciated the opportunity to discuss *Straight Ahead*, the Government of Canada's new vision for the future of our transportation system. And he was very pleased that you are taking the time to examine this document closely. He is certain that your deliberations this week will help us to move forward on this agenda.

Minister Collenette launched a process in 2001 to develop a long-term multi-modal vision for a safe, secure, efficient and environmentally-responsible transportation system for Canada because transportation plays a key role in the lives of all Canadians.

As you know, *Straight Ahead* is the result of extensive consultations we held with a wide range of stakeholders, including many in this room.

Straight Ahead will guide transportation development over the next decade. It proposes one vision for the whole transportation sector, a vision that provides direction as we adapt to new realities and challenges. It is a living document that enables us to respond quickly to changes in transportation demands and adapt to emerging national and global trends, as well as unforeseen circumstances.

While *Straight Ahead* sets out the vision for the **future** of transportation in Canada, it is already having an impact. It is helping to stimulate debate about fundamental issues. People are talking about transportation issues in meetings like this one. And that's how it should be.

Each year, the transportation system moves more than \$1 trillion worth of goods. Forty per cent of Canada's GDP is directly linked to trade, much of it in merchandise that is transported by truck and train, by ship and plane, between Canada and the United States and markets around the globe.

And if our transportation system isn't running smoothly, it affects our quality of life — from how much time we spend commuting, to what is available on store shelves and how much it costs.

Straight Ahead covers a lot of ground, but today I would like to focus on four key areas that I know are of particular interest to you — marketplace frameworks; environmental impacts; innovation and skills; and safety and security — because these are among the fundamental challenges that underpin our vision for the future of transportation.

The Minister believes that the transportation system of tomorrow should remain largely market driven, with government setting the competitive framework where modes compete on the basis of their inherent advantages.

Government should intervene only where social, environmental or economic outcomes cannot be achieved by a market-based framework. When it intervenes, government should not favour or reduce the inherent advantage of a particular mode.

This means modes will not be competing on the basis of some regulatory, or hidden advantage, but on the basis of their inherent advantage or efficiency. For this to happen, we need better pricing signals — prices that more accurately reflect the total costs of providing a transportation service.

Better prices could lead to better investment decisions by carriers and infrastructure service providers as a result of changes in user demand and willingness to pay. These pricing signals should not apply only to infrastructure costs, but also to external costs.

First we have to identify and understand the full costs of our transportation system — the economic, social and environmental impacts of transportation on society as a whole, including costs related to safety and security. To fully understand the impact of the transportation choices we make, we must take into account hidden, or non-market costs such as congestion, pollution, noise and accidents.

Pricing signals that take these costs into account would result in the appropriate distribution of traffic among the modes. For example, we could expect modes of transportation that are more environmentally friendly or safer to get a boost from prices that better reflect these costs.

The *Canada Transportation Act* Review Panel suggested that governments should reconsider the allocation of the financial costs of providing road infrastructure. From there we could move toward looking at external costs generated by transportation activities, such as noise and air pollution, for instance.

This is a good idea, but we would have to do it for all modes, not just road, if we are to progress towards modal neutrality. Transport Canada is committed to developing, with provinces and stakeholders, a full-cost accounting framework and then using that framework to determine the impact of charging users for the environmental and social costs of transportation.

This is the only way to achieve a fair and transparent distribution of traffic and costs among modes and to achieve an effective transportation infrastructure that earns sufficient revenue to sustain our economy.

Of course, we couldn't make a change like this unilaterally. We will work with you in industry and with other governments on developing appropriate ways to measure all costs and allocating them among users.

Achieving a fair and transparent distribution of traffic and costs would permit a greater focus on intermodalism. A more integrated intermodal transportation system will require that the various modes re-evaluate how they compete with one another. They will need to shift their focus away from competition between modes to competition between integrated transportation systems. For example, Canadian ports, trucks and railways will all gain if they work together to provide seamless transportation services to compete with U.S. ports and their transportation systems for traffic.

The federal government will place a high priority, when making strategic investments, on investments that facilitate intermodal transportation. Our focus will be the integration of the various modes within a national system.

We will also have to start paying more attention to environmental costs, because the environmental impacts of transportation can have serious implications for public health and our quality of life.

Traffic in all modes produces air pollution and noise, while fossil fuel combustion produces greenhouse gases that contribute to climate change. Problems, including smog, are obviously greater in urban areas and are exacerbated by congestion.

The impact of transportation on climate change is a key challenge we face. In addition to our activities under the Climate Change plan, Transport Canada will work to better understand how transportation may be vulnerable to the effects of climate change and to develop effective strategies to respond to harmful impacts.

Transport Canada's Sustainable Development Strategy is helping us to foster a more sustainable transportation system. Now we are taking another step forward, by establishing a legislative basis for greater integration of environmental objectives in our decision making.

We've already begun to act. The federal government has taken significant steps to address transportation's environmental impacts within its jurisdiction. These include regulation of emissions and noise from transportation activities. Federal action has been responsible for some major environmental improvements in the last few decades, particularly reductions in air pollutants and other contaminants, through new technologies and changes in operating practices at federal facilities and federally regulated carriers.

Amendments to the *Canada Transportation Act*, that the Minister introduced at the same time as he tabled *Straight Ahead* in the House of Commons, enshrine the Government of Canada's commitment to environmental responsibility in the National Transportation Policy declaration. This is a clear signal of the new prominence that will be given to environmental issues in Canada's transportation policies in the future.

Transport Canada will continue to work with others to develop and promote standards to reduce pollution in all modes of transportation. We will also promote more fuel-efficient vehicles and the increased use of alternative modes of transportation for passenger travel and more efficient transportation of goods.

If we are to have any hope of dealing with the issues outlined in *Straight Ahead*, we will need to put a premium on innovation and skills. Canada's success will depend on the transportation sector's ability to innovate and on the skills of its workers.

For too long, transportation has been regarded as being only capital and labour intensive. Increasingly, however, it is becoming a knowledge-based sector. From the research, development and application of technologies that contribute to intelligent transportation systems, to the adoption of new management practices, Canada's transportation system will need to see improved efficiency, environmental performance, safety and security through innovation.

How well the sector can integrate and how fast it can adopt technological developments and make full use of them, will determine in large measure its ability to remain productive, competitive and efficient. We have to adopt technological advances in the sector so that Canada can meet its objectives on climate change, congestion, and fostering healthy and competitive cities.

We need increased research in logistics in order to identify the barriers to the more efficient movement of goods and people. Transport Canada will continue to work with stakeholders within and outside the transportation sector to increase transportation-related research and development. We will be looking for ways to facilitate increased research on transportation in the private sector and at universities. And we will explore existing federal programs to identify opportunities for further transportation R&D.

At the same time, a skilled, professional and adaptable workforce in transportation is essential.

The sector's ability to attract talented people will be vital in ensuring a productive and healthy industry. We need to strengthen our efforts to market transportation as a career of choice if we are to successfully appeal to potential recruits of the right calibre. Some in the industry are already making great strides in this direction. But we need to do more. We need to develop strategies, build partnerships and find solutions.

The initiative by the Transportation Awareness Partnership, with Peter Wallis as its Chair and WESTAC as one of its key members, aims to raise public awareness of the importance of transportation in people's daily lives. This initiative shows the kind of cooperation — among a wide range of transportation interests — that the sector needs now and will continue to need in the future.

Finally, the Minister wanted to talk about the safety and security of our transportation systems because these remain our top priorities. Canada's transportation safety record speaks for itself. Despite significant increases in traffic, accidents and fatalities are declining in all modes. We are, nonetheless, committed to maintaining and even improving on this record. We believe this can be done by enhancing our performance-based approach to managing safety and by continuing to promote a safety culture.

And while we have always had one of the most secure transportation systems in the world, we enhanced that system with swift and effective action following the terrible events of September 11, 2001, to reinforce security across all modes of transportation. We will continue to build on those efforts and we will remain vigilant so that Canada maintains a secure transportation system with effective and efficient borders that facilitate trade and the movement of people and goods.

Partnerships and integration among the federal government, provinces, territories and the private sector to coordinate and harmonize joint actions will become increasingly important as we adapt to changes and unexpected events.

As I said earlier, *Straight Ahead* covers a lot of ground and I have only been able to review a portion of that today.

Minister Collenette launched the *Straight Ahead* process and put the resources of my department into it because transportation built Canada and transportation will help determine our future success.

A safe, secure, efficient and environmentally-responsible transportation system is fundamental to the well-being of every Canadian. It is essential for our economic growth and international trading success. It is central to our lives.

On behalf of the Minister, let me say in closing that we, at Transport Canada, appreciate the attention you're giving to *Straight Ahead*. We wish you a successful conclusion to this workshop and look forward to hearing about the proceedings in more detail and about how you see yourselves participating in implementing this new transportation agenda.

Our vision for the transportation sector is vital and dynamic. Working together we can achieve a transportation system that meets the current and future needs of Canadians as we continue to move straight ahead.

Thank you.