

NEWSLETTER

Fall 1997, Issue 11

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Invitation to Submit: Submissions for the Newsletter are welcome and can be forwarded to Vivian Pander by mail, fax or e-mail. Please include your phone and fax numbers. Submis-

DERRICK de KERCKHOVE LUNCHEON SPEECH

We are pleased to bring Derrick de Kerckhove to Calgary for a luncheon speaking event on November 19th, 1997. Mr. de Kerckhove is the Director of the McLuhan Program in Culture and Technology at the University of Toronto. With the generous support of our sponsors - the Royal Bank of Canada, Shaw Cable and The Calgary Chamber of Commerce - he will be speaking on the topic of *Convergence and Emergence in the Virtual Economy*.

In addition, the Institute is partnering with the University of Calgary to offer a unique experience to students. After the luncheon, Mr. de Kerckhove will be addressing students at both the University of Calgary, and the University of Alberta in Edmonton, via the Distance Learning Centre located in Calgary. Through the wonders of technology, students in Edmonton will be able to simultaneously see and hear Mr. de Kerckhove, as well as interact with him during the question period.

The topic of this event is particularly timely. The convergence we are witnessing in all forms of media from the telegraph to the Internet, is a trend that seems to have expanded exponentially. Each expansion has been driven not only by an acceleration of technology in terms of speed, but also in terms of the numbers of connections. In the electronic media, information processing power doubles every two years, with a kind of vengeance.

A "Virtual Estate" is now developing which will probably multiply the growth of the real economy. We are witnessing the virtualization of all sectors: financing, billings and payments, banking, government services, education, medical practice, consulting, tourism, etc.. This virtual estate is already challenging the conditions of the real one. There is a shift from the "broadcast" economy based on advertising, one-way via radio and TV, to a newer, leaner, faster "network" economy.

Animated and enthusiastic when discussing the future of technology, culture and the mass media, Mr. de Kerckhove is controversial, exciting and consistently "wired." With decades of background on observing and reflecting technological change, he addresses issues ranging from virtual reality, and the art of new technologies, to business management of the future.

Hailed as a "media guru" around the world, Mr. de Kerckhove is author of the best-

THE CRB FOUNDATION GRANT

selling *The Skin of Culture: Investigating the New Electronic Reality*. His newly-released book, *Connected Intelligence: The Arrival of the Web Society* provides an essential understanding of the meaning of networks on the World Wide Web.

The Institute would like to gratefully acknowledge receipt of a grant of \$10,000 from The CRB Foundation. One of the specific objectives of the Foundation is to enhance Canadianism, in our case by encouraging greater knowledge and awareness of transportation and related regulatory issues in Canada. Chaired by Charles R. Bronfman, the Foundation was set up in December 1986. Early efforts involved the Foundation in the area of television and film aimed at young people, and in other educa-

GLOBAL CROSSROADS SUMMIT

For the past year, the Institute has been examining the strategic role that Canada could and should play in the global transportation network into the next century. This initiative is called "Global Crossroads." Cross-Canada consultations with representatives of the air, marine, rail, road, energy and telecommunications transportation sectors have revealed an urgent need for national solutions to a host of issues affecting Canada's global competitiveness.

We are pleased to announce that *The Global Crossroads Summit: Defining a New Transportation Strategy for Canada* is being held on January 29th and 30th, 1998 in Calgary. This unique event will feature senior leaders, along with Federal Transport Minister, the Honourable David Collenette, advancing a new vision for Canadian transportation policy, regulation, and infrastructure planning and investment, which will enhance global business strategies.

Please follow the progress of this exciting Initiative in our next newsletter.

CANADIAN TRANSPORTATION RESEARCH FORUM CONFERENCE

The Canadian Transportation Research Forum (CTRF) holds an annual conference in different cities around the country. Next year, Alberta will be hosting the delegates in Edmonton May 25 - 28, 1998 on the theme "Logistics in a Changing Global Economy." The Conference participants represent a blend of the best of Canada's academic transportation research community including senior government policy makers, carrier executives, users of transportation services, consultants and students. The Alberta '98 conference will be augmented by interested parties attending a Shipper-Carrier Conference also during that week, and by delegates for the opening of National Transportation Week. The Van Horne Institute is pleased to be able to take an organizational role in hosting this CTRF event in Alberta. Please refer to the enclosed flyer for further information about the conference. Consider not just partici-

KEVIN BENSON

Kevin Benson, President and CEO of Canadian Airlines, gave a luncheon address at the Calgary Chamber of Commerce on September 18, 1997, an event which the Institute co-sponsored. He spoke about "Canadian's New Flight Path." The following is a synopsis of his address.

In 1992, and then again in 1994, Canadian experienced cash flow problems and took action to correct the situation. Steps were taken to reduce and control costs while improving revenues, but it did not go far enough.

Mr. Benson provided some highlights from 1996. Results for the first half of 1996 showed improvements, with revenues 18% ahead of 1995, and losses reduced by \$30 million, or by about 20%. The relationship with American Airlines, which began in 1994, strengthened with the granting of anti-trust immunity by the U.S. Department of Transportation. Also, a new alliance was commenced with British Airways, the premier European carrier. However, in the third quarter of 1996, it became clear that due to a number of outside factors, the second half of the year would be well short of expectations. Mr. Benson acknowledged that it was truly the time to decide whether Canadian had a future.

The future was in the Asian market, and Canadian had a unique opportunity to position itself to take advantage of it. The opportunity was to become the carrier of choice to Asia for American Airline's passengers, as American handles a quarter of U.S. domestic traffic, but had few rights to Asia. Canadian carries nearly a third of Asia/Canada traffic, but less than 1% of U.S./Asia traffic. North American to Asia traffic is predicted to grow 10 to 12% a year for the next 5 years, compared to only 2 to 4% growth from Europe. So, Canadian was poised to offer more choices to the fastest growing travel market in the world.

On November 1, 1996, Canadian announced its Operational Restructuring Plan to fundamentally reshape the company. The objective was to improve the bottom line by \$200 million a year for the next four years. The first part of the plan was to realign its network using new planning models with a bottom line improvement of \$60 million. Employees contributed salary and wage reductions of \$32 million. Overhead reductions contributed another \$22 million. Governments agreed to reduce taxes on fuel, giving a savings of \$38 million. Finally, American Airlines agreed to cut fees for processing, telecommunications and development by \$48 million.

Mr. Benson was happy to report that these changes have met or exceeded forecasts. Canadian is now focusing its attention on building operations in Vancouver into a fortress hub from which its network can fan out with alliance partners: American Airlines, British Airways, Quantas and JAL. Now that the short-

NEW MEMBERS

We are pleased to announce the following new members to The Van Horne Institute:

Bell Mobility
NAV CANADA

NAV CANADA was set up to operate the civil air navigation

NEW BOARD MEMBERS

system transferred by Transport Canada.

We would like to welcome the following appointments to our Board:

Andrew J. Kyle

Mr. Kyle was appointed Vice President and General Manager, Western Region for MetroNet in April 1997 and prior to that time served as President of MetroNet Alberta Region from October 1996 to April 1997, and as President of MetroNet and Metro Calgary Fiber Services Inc. until October 1996. Mr. Kyle has over 15 years of marketing and general management experience. Mr. Kyle was the founder of Northline Telecommunications Inc. and served as its General Manager from July 1993 to March 1995. Prior to joining Northline Telecommunications Inc., Mr. Kyle jointly founded in 1988 Dalex Real Estate Strategies Inc., a commercial real estate firm specializing in office leasing in the Calgary market.

MetroNet Communications is a Canadian company dedicated to delivering telecommunications solutions to businesses and government in major centres across Canada. Advanced state-of-the-art fibre optic networks have been constructed in metropolitan areas across Canada to support these services. Early in 1998, MetroNet will be among the first to enter the competitive local exchange market.

Jacques Lamarre

Jacques Lamarre studied at Laval University in Quebec City, obtaining a Bachelor of Arts degree in 1962 and a B.A.Sc. in 1966. More recently, he attended Harvard University's Senior Executive Development Program. On graduation, he began his career with the National Research Council of Canada in Ottawa. In 1968, he joined Lavalin-Lalonde, Valois, Lamarre, Valois & Associates Inc., where until 1977 he was Project Manager and Project Coordinator.

In 1977, he became corporate Vice-President of Lavalin Inc., responsible for the administration of various divisions and subsidiaries of the Lavalin Group and management of large en-

gineering projects. From 1980 to 1987, he was Partner and Group Vice-President of the Lavalin Group, responsible for overall construction, planning and cost control and for a number of subsidiaries.

Mr. Lamarre came to the SNC-Lavalin Group at the time of the 1991 merger. He proceeded to form the Transportation Group, which is now carrying out such major projects as the Ankara Metro in Turkey, the Kuala Lumpur light rapid transit system in Malaysia and the Teleglobe Odyssey program. He was appointed Executive Vice-President in November 1994, and made responsible for transport systems and the executive of large projects, notably in the management and construction of infrastructure, and in such sectors as telecommunications. Mr. Lamarre was appointed President and Chief Executive Officer of the SNC-Lavalin Group in May 1996.

Nick Mulder

Nick Mulder is President and Chief Executive Officer of Stentor Telecom Policy Inc., the policy advisory, communications and government relations corporation for the owner companies of the Stentor Alliance and their affiliates.

As President and CEO, Mr. Mulder directs the activities of policy and legislative specialists who examine the trends and issues that affect the Canadian telecommunications industry. Stentor Telecom Policy represents the positions and views of its owner companies on these issues to the federal government, national associations and various foreign organizations and governments.

Mr. Mulder brings significant leadership and experience in policy formulation, government/industry relations and public/private sector partnerships to this position. In a career with the public service that spanned more than 30 years, he held various executive positions at both provincial and federal levels. He served as the Economic Advisor to the Premier of New

MEMBER NEWS

Brunswick and was the federal Deputy Minister of Supply and Services, of Employment and Immigration, of Environment Canada and most recently, the Deputy Minister of Transport Canada.

Born in the Netherlands, Mr. Mulder earned a B.A. and a Masters in Economics from the University of New Brunswick and studied at the University of Illinois and Sweden.

At its last annual meeting, the Canadian Transport Lawyers' Association elected Alex MacWilliam of Milner Fenerty as its Alberta Director. The Canadian Transport Lawyers' Association (CTLA) was established in 1978 by lawyers specialized in the transportation sector and includes lawyers from all provinces in Canada and many parts of the United States. The

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Jon Slangerup, Federal Express

ABOUT THE VAN HORNE INSTITUTE

The Van Horne Institute has been established to address important **transportation** and related **regulatory** issues confronting industry and government, in North America and internationally, through research and education.

The Institute was incorporated federally in 1991 as a not-for-profit organization, and was granted affiliation with The University of Calgary in January 1992.

KEY CONTACTS:

PETER C. WALLIS, *President & CEO*

VIVIAN PANDER, *Programs Coordinator and Manager Administration*

CARLA FREDE, *Executive Assistant*

For more information on membership, please contact Peter Wallis of our office at