

A NEW VISION FOR CANADIAN TRANSPORTATION

Over the past year the Board of Directors of the Transportation Association of Canada has considered the role of transportation in maintaining and enhancing Canada's competitiveness in the face of a rapidly changing continental and global economic environment. The Board has observed that Canada would be best served by pursuing new directions in transportation regulation, taxation, investment decision making, productivity and other areas. To provide a framework for desirable change, the Board has prepared and endorsed this new vision for Canadian transportation. It is intended to focus national attention and stimulate cooperative efforts to achieve common goals.

TO IMPROVE CANADIAN COMPETITIVENESS IN A RAPIDLY CHANGING WORLD, A NEW VISION FOR TRANSPORTATION IS NEEDED...

Canada depends on transportation.

Transportation always has been, and will always be, an important part of the Canadian economy and way of life. Our production, trade, travel and social fabric are critically dependent on it.

Effective and efficient transportation is therefore a key element to continued national prosperity and economic competitiveness in all sectors. Without it we can lose resource, manufacturing and service industry sales and related employment — along with taxes which help pay for quality of life improvements including education, health care, social services and environmental protection.

What worked in the past will not work in the future.

Canada's early vision of transportation was based on large scale, nation building projects, regulations, subsidies, public ownership and centralized control of infrastructure and national carriers.

That vision served us well since Confederation, but the old order is rapidly changing. Canadian transportation has recently seen deregulation, privatization and devolution of federal activities, together with downsizing of plant and services. Around the world we see the

emergence of regional trading blocs, international flows of capital, continental and global patterns of production and consumption, North American free trade, new high technology, information based economies and increased competition on every front.

In this new world, Canada is losing the competitive edge it once enjoyed and the transportation system is caught up in the changes:

- governments are unable to finance infrastructure and services in the same way and to the same extent as before.
- shippers are experiencing competitive disadvantages caused by uncompetitive transportation services and lack of choice.
- carriers are losing market shares and revenues to foreign competition, with many facing operating losses and some going out of business.
- jobs are being lost in the transportation industry and may never be regained.

As a result, serious questions are being asked within the transportation community about the best blend of public and private sector investments, present regulatory and taxation prac-

tices, management/labour relations, the real benefits and costs of present transportation policies — and about what kind of transportation system the nation wants in the future, and for what reasons.

In this era of change and uncertainty it is becoming clear that past practices will not serve us well in the future and that a new vision for Canadian transportation is needed — so that we can shape and enhance our global competitiveness and not simply react to external forces. Implementing that vision will require the creation of new partnerships and the cooperative efforts of all key players in the public and private sectors.

There is a great sense of urgency.

This BRIEFING presents a new vision for Canadian transportation based on 19 elements, and suggests a number of immediate actions that are required.

The target date for achieving this vision is 2003, only 10 years from now. This close horizon reflects the great sense of urgency perceived by the Transportation Association of Canada. Rapid progress must be made if our transportation system is to truly enhance Canadian prosperity and economic competitiveness in a rapidly changing world.

A VISION FOR CANADIAN TRANSPORTATION IN THE YEAR 2003

Canada's economy and society are strengthened by a responsive, progressive and competitive transportation system, geared to the needs of shippers and passengers and operated as a sustainable, seamless network providing quality, efficient and affordable services.

ELEMENTS OF THE VISION IN THE YEAR 2003 ...

1. Modal Integration

Transportation infrastructure and services are planned and operated as an integrated, seamless, multi-modal system. Governments, carriers, labour and customers have formed partnerships and all cooperate to achieve this goal.

2. Industry Viability

Canada has a viable transportation industry, earning adequate returns on inputs of capital, labour, energy and materials.

3. Competition

Competition and market forces are, whenever possible, the prime agents in providing viable and effective transportation services.

4. Consumer Satisfaction

Transportation system users experience a high level of satisfaction.

5. Freight

Producers of goods and services compete domestically and internationally, assisted by a viable and competitive transportation system.

6. Passengers

Personal mobility is increasing as travel impediments decrease. All segments of the population including the physically challenged enjoy an expanding choice of affordable, secure, convenient and barrier-free travel options, consistent with Canada's social standards.

7. Policy

Transportation responsibilities and policies of all levels of government are coordinated and harmonized, for both developed and remote regions of Canada and are consistent with the policies of major trading partners. This supports trade, avoids undue costs to carriers, shippers, and users, and helps improve capital and labour productivity.

8. Regulation

Carriers operate in a regulatory environment which promotes effectiveness, efficiency and safety. For both domestic and international trade and travel, regulations affecting the transportation industry are harmonized and equitably applied across jurisdictions. Minor variations may exist to protect local carriers in remote markets. The regulatory burden is minimized.

9. Taxation

Federal, provincial and municipal taxation policies support the competitiveness of carriers and shippers operating in domestic, continental and global markets. Taxation is neither detrimental to the competitive position of any carrier, nor is it excessive or unfair to any user of the transportation system.

10. Canadian Control

Majority control of the domestic transportation system is held by Canadians, thus supporting the economic competitiveness of Canadian industries. This is the natural outcome of Canadian carriers competing successfully in the market place and providing quality service to shippers and users; it does not require undue government support or inflated taxes. Canadian companies, however, have alliances with foreign firms which benefit their competitiveness.

11. Free Market and National Interests

Canadian carriers are allowed to compete freely in domestic and international markets. Where transportation is deemed to be essential to regional and/or national interests but cannot be supported on a commercial basis, as in the north, compensation is provided from public funds in an open and easily understood manner.

12. Infrastructure

Transportation effectiveness and efficiency are enhanced by the provision of high quality, well maintained infrastructure in all modes.

13. Financing

Costs of infrastructure and services are increasingly borne by beneficiaries. Providers of infrastructure and services are accountable to beneficiaries for the disbursement of such funds. Additional financing from public funds (to promote competitiveness, evolution of new modes, equity of access, regional development, or service in remote areas) is transparent and not detrimental to the competitive position of any mode or carrier. All Canadians recognize the benefits of an effective and efficient transportation system and are prepared to pay for it in a fair and equitable manner.

14. Productivity

Transportation management and labour productivity rank among the top five in the world, in a workplace which promotes labour-management cooperation, innovation, skill development, and equal employment opportunities.

15. Labour Force

The transportation industry has one of the best trained, motivated and innovative workforces in the world. This results in a high degree of employment stability, job security and job satisfaction, and attracts the most capable people.

16. New Technology

Cost effective use of new technology plays a fundamental role in stimulating progress within all modes and is a source of competitive advantage. A continuing commitment to research and development and technical innovation ensures that Canada sustains a competitive international position from the use of new technology for infrastructure, equipment, operations and management in domestic and export markets.

17. Safety

Canada has the best transportation safety record in the world, with safety as a primary goal in all modes.

18. Environment

Noise pollution, air pollution, soil and water contamination from all modes are decreasing. Where feasible, environmental costs are internalized, encouraging efficient modal choices and investment decisions. Canadians perceive the transportation sector as environmentally-sensitive and responsible, and operating in accordance with a sound environmental policy and code of ethics.

19. Urban Transportation

Substantial progress is being made in achieving TAC's 30 year New Vision for Urban Transportation (published March 1993).

ACTIONS TO ACHIEVE THE VISION BY 2003 ...

Regulatory Efficiency

- Remove impediments to Canadian competitiveness by removing unnecessary regulatory and reporting burdens, establishing uniformity in requirements within Canada, and harmonizing Canadian regulations with international standards.
- *This subject is being addressed by the Regulations Committee of the TAC Task Force on Competitiveness.*

Equitable Taxation

- Revise federal, provincial and municipal tax structures applied to the transportation sector so as to enhance the viability and competitiveness of Canadian industry.
- *This subject is being addressed by the Taxation Committee of the TAC Task Force on Competitiveness.*

Benefit/Cost Analysis

- Develop and implement new Canadian methodologies for multi-modal transportation investment decision making based on benefit/cost analysis, including cost allocation, to maximize economic returns from limited financial resources.
- Include external costs such as accidents and pollution in the methodologies.
- Governments, carriers, shippers and users should cooperate to establish the necessary data base.
- *This subject is being addressed by the TAC Multi-Modal Council.*

Financing

- Explore alternative financing methods to rehabilitate the present system and build for future needs, including user-pay options that can be effectively implemented, and private/public partnerships that share risks and rewards.
- For all user-pay options ensure that costs are apportioned fairly to encourage efficient modal choice and investment decisions.
- For all user-pay options, carefully consider the impact on Canadian competitiveness in the North American market place.
- Ensure that all new funds generated by user-pay or other means are dedicated to transportation enhancements, with built in systems of accountability.

Infrastructure Renewal

- Rebuild where necessary and maintain Canada's multi-modal transportation infrastructure to ensure enhancement of national and international competitiveness.
- Develop new infrastructure where appropriate.

Open Markets

- Embrace free trade principles.
- Reduce trade barriers within Canada.
- Recognize that shippers must operate in a free trade environment.
- Promote access by Canadian carriers to foreign markets. Ensure that foreign access to domestic markets is neither more nor less than that accorded to Canadians in reciprocity.
- Monitor foreign competitors who are subsidized and, as appropriate, enter negotiation/dispute resolution or apply countervailing duties.
- Monitor foreign competitors for compliance with Canadian environmental and safety standards.
- Liberalize entry and exit in all modes.
- Ensure that inter- and intra-carrier commercial transactions are free from monopolistic predatory practices.

Education

- Industry should forge closer links with education at all levels so that the importance of transportation will be better understood and so that curricula can be developed in line with industry needs.
- Accelerate technology and innovation transfer through strategic industry-university networking, so that made-in-Canada transportation products and services can gain international competitive advantage.
- Encourage ongoing upgrading of labour and management skills, recognizing that this is essential for competitiveness.
- Develop strong community programs in critical transportation centres, especially in remote areas.

Technical Innovation

- Encourage and enhance R&D programs which address unique Canadian problems, and apply the results of international research to Canada.
- Promote the use of new technology through technology transfer methods and pilot projects.
- Encourage R&D spending in joint ventures which leverage each partner's investment.
- Encourage private sector risk taking in new technology by replacing existing licensing/certification/approval methods with stable performance criteria based on incentives and rewards, with emphasis on exploiting commercial and industrial opportunities for Canada.

Productivity Improvements

- Foster ways and means to improve management and labour productivity in all modes of transportation.
- Devise ways to increase mutual understanding of key issues between labour/management (shippers and carriers) and government.

Inter-Modal and Inter-Line Services

- Promote and foster improved inter-modal and inter-line connections and services in all markets, both passenger and freight.

High Quality Service

- Providers of transportation services should be flexible and adaptable in order to respond effectively to changing customer needs.
- Governments should recognize the business nature of transportation services and the need for a viable industry in order to stimulate investment and provide competitive and responsive services.

Improved Safety

- Promote the TAC/CGMTA Safety Coordinating Advisory Council's target of reducing fatal and non-fatal accidents by 25% over five years.
- Ensure that the National Safety Code is applied uniformly to all intra and extra provincial/territorial transport.

Environmental Codes of Practice

- Each jurisdiction and corporation (or industry sector) should implement environmental codes of practice and guidelines consistent with the TAC Environmental Policy and Code of Ethics, (published September 1992).

Success Stories

- Publicize successful examples of:
 - a) productivity improvements resulting from labour-management cooperation, training/retraining programs, total quality management programs, etc.
 - b) actions which preserve and protect the natural environment.
 - c) Canada's transportation safety record.

COOPERATION AND LEADERSHIP ARE REQUIRED TO MOVE AHEAD...

Implementing the new vision will be an institutional and social challenge. It will require the determined effort of a large number of sectoral groups, most of whom have their own goals and objectives which often appear to be in conflict. Success will lie in building consensus around the common aspirations shared by all members of the transportation community, namely the desire to see a future in which:

- prosperity and competitiveness are daily realities.
- workers enjoy job security and fair compensation.
- shippers have access to quality services at prices derived from market forces.
- carriers are commercially viable and can compete on an equal basis with their foreign counterparts.

The Transportation Association of Canada cannot implement the changes required to achieve this new vision. However, it has a mandate to act as a catalyst for positive change by providing information and creating a forum to help the responsible parties work together toward common goals. TAC is prepared to accept that challenge. This BRIEFING is the first step.

This Briefing was developed by the TAC Board Task Force on Competitiveness, with input from, and review by, the Association's full Board of Directors. It was assembled by John Hartman, Secretary of the TAC Multi-Modal Council and member of the TAC Secretariat staff.

TAC is the foremost, broad-based assembly of transportation stakeholders in Canada. It is a national non-profit, non-partisan association of more than 550 voluntary corporate members including the federal, all provincial and territorial and many municipal governments, passenger

transport services, goods carriers, contractors, manufacturers, consultants, academic and research groups, and others. Its interests cover all modes of transportation. It acts as a neutral forum for the discussion of transportation issues and concerns, and as a technical focus in the road-way transportation area. It was founded in 1914 as the Canadian Good Roads Association, became RTAC in 1970 and TAC in 1990.



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